

FRANCHISE DISCLOSURE DOCUMENT



Lenny's Holdings LLC
an Ohio limited liability company
5000 Arlington Centre Blvd.
Suite 5300
Columbus, Ohio 43220
(901) 753-4002
salesteam@lennys.com
www.lennys.com
www.lennysfranchise.com

Lenny's Holdings LLC is offering a franchise to operate Lennys Grill & Subs Restaurants (each a "**Lennys Restaurant**" or "**Restaurant**"), which are quick service restaurants offering a menu of submarine sandwiches served on bread that is baked on-premises, other deli sandwiches, Philly cheesesteaks, salads, desserts and beverages. Lennys Restaurants offer counter service with carry-out and on-premises dining. Some locations also offer breakfast items, delivery, catering services, and/or drive-through service.

The total investment necessary to begin operation of a Lennys Restaurant ranges from \$283,209 to \$577,426. This includes \$25,000 that must be paid to the franchisor. If you sign a Development Agreement to develop multiple Lennys Restaurants, you must pay a Development Fee in the amount of \$10,000 for each Lennys Restaurant that you commit to develop. There is no minimum number of Lennys Restaurants that you are required to develop under the Development Agreement. The Development Fee is credited against the Initial Franchise Fee that is payable under the Franchise Agreement.

This Franchise 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 governmental 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 Matt Cook, our Director of Franchise Development at 8295 Tournament Drive, Suite 200, Memphis, Tennessee 38125, (316) 305-1421 or MCook@lennys.com.

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 complicated 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 D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: June 30, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

Out-of-State Dispute Resolution. The Franchise and Development Agreements require you to resolve disputes with us by mediation and arbitration in our home state (currently Ohio). Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and arbitrate with us in our home state than in your own state.

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

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ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we” or “us” means Lenny’s Holdings LLC, the Franchisor. “You” means the person or entity that buys the franchise. If you are a corporation, limited liability company, partnership or other entity, “you” also may mean and refer to your owners.

The Franchisor

Lenny’s Holdings LLC is an Ohio limited liability company formed on September 3, 2019. Our principal place of business is located at 5000 Arlington Centre Blvd, Suite 5300, Columbus, Ohio 43220. We do not do business under any other name. We have offered franchises for Lennys Restaurants since April 1, 2020. We have never offered franchises in any other line of business. We do not engage in any other business activities and have not offered franchises in any other line of business. Our agents for service of process are listed in **Exhibit A**.

As of December 31, 2024, there were 58 franchised Lennys Restaurants and four company-owned Lennys Restaurant in operation. We do not own or operate any Lennys Restaurants; however, our affiliate, Lenny’s Steakery LLC, has owned and operated Lennys Restaurants since November 2019 and these restaurants are included as “**company-owned Restaurants**” for the purposes of this disclosure document.

Our Parent, Predecessors and Affiliates

We have no parents that are required to be disclosed in this Item. Our affiliate, Lenny’s Steakery LLC (“**LSL**”), an Ohio limited liability company formed on October 22, 2019, operates Lennys Restaurants. LSL shares our principal business address. LSL has never offered franchises in any line of business.

On November 4, 2019, we acquired substantially all of the assets of the Lennys Restaurant system from our predecessor, Lenny’s Franchise Systems, LLC (“**LFS**”), an Indiana limited liability company formed on December 7, 2012, and its affiliate LGS Restaurant #621, LLC, an Indiana limited liability company formed on October 24, 2018. We also acquired the intellectual property associated with the Lennys Restaurant system from Lenny’s Intellectual Property, LLC, a Delaware limited liability company formed on July 27, 2004. LFS offered Lennys Restaurant franchises from December 31, 2012 to November 3, 2019, and as of November 3, 2019, there were 76 franchised Lennys Restaurant in operation.

Our affiliate Gosh Enterprises, Inc. (“**GEI**”), an Ohio corporation incorporated on May 10, 1990, shares our principal business address and has offered franchises for Charleys Restaurants (under the Charleys Philly Steaks and Charley’s Grilled Subs name and marks) since May 1990. As of December 31, 2024, there were 69 company-owned Charleys Restaurants and 744 franchised Restaurants in the United States and its territories, and 58 franchised Restaurants in Bahrain, Canada, Germany, Italy, Japan, South Korea, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and the United Kingdom.

Except as noted above, we have no parent, predecessors or affiliates that are required to be disclosed in this Item.

The Franchise Offered

We are in the business of franchising Lennys Restaurants, which are quick service restaurants offering a menu of submarine sandwiches that are served on bread that is baked on-premises, other deli sandwiches, Philly cheesesteaks, salads, desserts and beverages. Lennys Restaurants offer counter service

with carry-out and on-premises dining. Some locations also offer breakfast items, delivery, catering services, and drive-thru service. Each Lennys Restaurant operates under a system (“**System**”) in accordance with a comprehensive restaurant format and operating system, which includes a standardized equipment system, color scheme and facility style, signs, certain standards, specifications and procedures of operation, quality and consistency standards for products and services offered, procedures for inventory control and management, and the provisions of our confidential operations manual (“**Manual**”), as amended from time to time.

Lennys Restaurants operate under the marks “Lennys Grill & Subs”, “Lennys”, and associated designs, trade names, service marks, trademarks, logos, and commercial symbols (collectively known as the “**Marks**”). Some Lennys Restaurants that opened prior to 2016 do business under the “Lenny’s Sub Shops” or “Lennys Subs” trademarks. These restaurants are in the process of being re-branded under the “Lennys Grill & Subs” trademark.

If we approve your application to acquire a Lennys Restaurant franchise, we will offer you the opportunity to enter into a Franchise Agreement granting you the right to operate a franchised Lennys Restaurant (“**Restaurant**”) at a specified location. A copy of the Franchise Agreement is attached to this Disclosure Document as **Exhibit B**.

We may offer you the right to develop multiple Lennys Restaurants under an Area Development Agreement, a copy of which is attached to this Disclosure Document as **Exhibit C**. If you sign an Area Development Agreement, you will receive a geographic area (“**Designated Territory**”) in which you will establish individual Restaurants under our then-current form of Franchise Agreement (which may differ from the form of Franchise Agreement attached as Exhibit B) according to the dates specified in a development schedule (“**Development Schedule**”).

Industry-Specific Laws and Regulations

Certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Safety and Health Act. The U.S. Food and Drug Administration (“FDA”), the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. The FDA and some states and municipalities regulate food labeling, nutrition, and health claims relating to food products. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of such laws impose limits on emissions resulting from commercial food preparation.

Market and Competition

The quick service restaurant industry is a highly competitive and developed market. Competitors include other quick service restaurants, fast casual dining restaurants, full-service restaurants and other food service providers. In addition, other quick service restaurant chains with greater financial resources have similar or competing operating concepts. Major chains, which also have substantially greater financial resources and longer operating histories, dominate the quick service segment of the restaurant industry.

**ITEM 2
BUSINESS EXPERIENCE**

Chief Executive Officer and Chairman: Charley M. Shin

Mr. Shin has served as our Chief Executive Officer and Chairman since September 2019. He has held this same position with LSL since October 2019 and with GEI since its founding in May 1990. Mr. Shin has served as President of GEI's affiliate, Charley's Steakery, Inc., in Columbus, Ohio since its incorporation in March 1986.

Candra Alisiswanto – Chief Operating Officer

Mr. Alisiswanto has served as our Chief Operating Officer since July 2024. He has also served as Executive Vice President of GEI, since February 2023. He served as President of GEI from January 2020 to February 2023. He was GEI's Chief Development Officer from September 2019 to January 2020. He was GEI's Chief Financial Officer from April 2013 to September 2019. From July 2010 to April 2013, Mr. Alisiswanto served as GEI's Vice President of Development and Real Estate. Mr. Alisiswanto also served as GEI's Senior Director of Development and Real Estate from July 2009 to July 2010 and as GEI's Controller from January 2000 to July 2009.

Director of Franchise Development: Matthew Cook

Mr. Cook has served as our Director of Franchise Development since September 2022. From August 2021 to September 2022, he served as our Franchise Business Consultant.

Director of IT: Anita Howald

Ms. Howald has served as our Director of IT since February 2019. From February 2004 to February 2019, she served as Director of IT for our predecessor LFS and its affiliates.

Director of Training: Todd Crabb

Mr. Crabb has served as our Director of Training since September 2023. From February 2021 to September 2023, he served as our Franchise Business Consultant. From August 2005 to February 2022, he served as Senior Business Consultant and Trainer for Ring Consulting Group LLC in Memphis, Tennessee.

Manager of Franchise Development: Dan Moran

Mr. Moran has served as our Manager of Franchise Development since August 2022. From March 2021 to August 2022, he served as our Lead Generation Manager. From August 2019 to February 2021, he served as Account Executive with Outfront Media Inc. in Memphis, Tennessee.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this item.

ITEM 5 INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay us an initial franchise fee (“**Initial Franchise Fee**”) in one lump sum in the amount of \$25,000 for your first Restaurant (\$20,000 for your second and any subsequent Restaurant) when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned upon receipt of payment by us and is non-refundable under any circumstances.

Manager Fee Reduction

We offer a \$5,000 reduction off of the standard Initial Franchise Fee if you have been employed as a manager of any Lennys Restaurant for at least two years.

VetFran Program

We are a member of the International Franchise Association’s VetFran Program. Under our VetFran Program, if you (or a holder of at least a 51% ownership interest in your franchisee entity) provide us with a DD Form 214 or other adequate documentation, as determined by us, demonstrating honorable discharge from the United States military and you sign a Franchise Agreement to develop and operate a new Restaurant, then we will reduce your Franchise Fee by \$10,000. You will sign a VetFran Program Addendum to the Franchise Agreement, a copy of which is attached as **Exhibit F**. If, prior to the first anniversary of the opening date of the Restaurant: (1) you wish to transfer the Restaurant or (2) we terminate the Franchise Agreement, you must pay us the \$10,000 that we waived under the VetFran Program.

Development Agreement

If you sign an Area Development Agreement, you will pay a Development Fee in the amount of \$10,000 for each Restaurant you agree to develop under the Development Schedule. The Development Fee is not refundable, but will be credited against the Initial Franchise Fees due under each Franchise Agreement that you sign under the Development Agreement. The aggregate amount of the Initial Franchise Fee credits will not exceed the Development Fee. There is no minimum number of Restaurants that you are required to develop under the Development Agreement.

Site Selection Extension

If you and we are unable to mutually agree on an acceptable site for your Restaurant within 90 days after signing the Franchise Agreement (the “Site Selection Period”), you can request an extension. We, in our sole discretion, will determine whether to grant one or more extensions to the Site Selection Period and you would have to pay a \$2,500 fee for each extension we approve. The site selection extension fee is deemed fully earned upon payment and is non-refundable.

* * *

Generally, each of the fees identified in this Item 5 are uniformly imposed on our franchisees; however, in certain unique circumstances we may reduce or waive a fee for a particular franchisee.

**ITEM 6
OTHER FEES**

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty	6% of weekly Gross Sales ³	Payable weekly on the Tuesday of the following week through your Electronic Depository Transfer Account (“ E-Transfer Account ”) ²	See Note 2 below.
Brand Marketing Fund ⁴	Currently 2% of weekly Gross Sales	Payable weekly on the Tuesday of the following week through your E-Transfer Account	See Note 3 below.
Local Advertising Expenditures ⁵	Currently 2% of weekly Gross Sales	When due to third parties or, when designated by us for a local cooperative or specific event, payable weekly on Tuesdays of the following week on Tuesday through your E-Transfer Account	Subject to our approval and verification. See Note 5 below.
Additional On-Site Training at Franchised Location	\$300 per day plus expenses	Payable on the Tuesday following the week in which the training has occurred	Payable in the event you cannot attend training programs at our training facilities and as a result your training must occur at your Restaurant.
Continuing Operations Training	Your expenses as well as your employees’ expenses	Time of program	Attendance will be required no more than twice a year, and training will last no more than a total of four days per year.
General Manager Training	\$250 per week	Time of training	Payable if you request our assistance in training or retraining your general manager.
POS Network Connection and Software Maintenance Fee	\$516 based on two POS terminals, one kiosk, and three kitchen display systems. Each additional terminal will add \$32/month to this fee.	Payable monthly through your E-Transfer Account	We utilize a PC-based POS system (“ POS System ”), and this is the monthly fee for network connection and maintenance.
Maintenance Costs	Will vary under circumstances	As incurred	If you fail or refuse to maintain your Restaurant as required, we have the right to do so on your behalf and at your expense.

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Failed Inspection or Non-Compliance Fees	Reimbursement of our travel expenses for subsequent evaluations and payment of our quality assurance fees (currently \$500 to \$1,500)	Upon demand	Payable if you fail an operations or food safety inspection.
Fees to Evaluate and Approve Alternative Suppliers	Our out-of-pocket expenses (estimated at \$1,500 to \$2,000)	Upon demand	You must pay for our reasonable inspection costs to evaluate your proposed alternative brands and suppliers.
LENNYS University Maintenance Fee	\$50	Payable monthly	We utilize a web-based training system, and this is the monthly fee for maintenance.
Renewal Fee	\$7,500	Payable upon signing the renewal Franchise Agreement	
Transfer Fee	\$10,000	Time of Transfer	Transfer includes sale, assignment, lease, gift, or other disposition of your interest in your Restaurant or the Franchise Agreement.
Audit Fee	Unpaid fees, late charges, interest and cost of audit	30 days after billing	Payable only if our audit of your records shows an understatement of at least 2% of Gross Sales for any single reporting period.
Late Charge	1.5% per month or highest applicable legal rate, whichever is higher	After due date	Any interest owed begins to accrue from the date of underpayment. Applies to all fees due us and our affiliates.
Operation of Restaurant by Us or Our Appointee in Case of Default	\$500 per day plus expenses	Payable daily out of Restaurant proceeds	In addition to our right to terminate the Franchise Agreement, we may operate your Restaurant if you fail to cure a default or commit a breach that has no cure period.

TYPE OF FEE¹	AMOUNT	DUE DATE	REMARKS
Daily Fine in Case of Default	\$200 per day	Payable daily through your E-Transfer Account	In addition to our right to terminate the Franchise Agreement and in lieu of us operating your Restaurant, we may fine you \$200 per day if you fail to cure a default or commit a breach that has no cure period.
Operation of Restaurant by Us or Our Appointee in Case of Your Absence, Incapacity or Death	\$500 per day plus expenses	Payable daily out of Restaurant proceeds	Prevents harmful interruption or depreciation of the Restaurant in case of your absence, incapacity or death
Failure to Attend Annual Franchise Summit or Continuing Operations Training	Up to \$2,500	Payable through your E-Transfer Account	We conduct annual franchise summits and continuing operations training that you or your Managing Director must attend. We will give you at least 30 days' advance notice of the training dates.
Relocation	Our reasonable costs, which shall not exceed \$10,000	Upon relocation	We have the right to charge you for any and all reasonable costs that we incur with respect to your relocation request.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claims or action	You will reimburse us for all costs or fees in enforcing obligations or defending any claim concerning the Franchise Agreement if we prevail.
Liquidated Damages	Three times the amount of royalties owed for the one-year period prior to termination	Within 30 days of our termination based upon your default	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the term of the Franchise Agreement.
Insurance Policies (Reimbursement)	Estimated annual premium is \$5,000	When Due	Payable to us if you fail to procure the required minimum insurance coverage for your Restaurant and we procure the insurance on your behalf.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Indemnification	All costs including attorneys' fees	When Due	You will, at our option, pay for us to defend or defend suits at your own cost and hold us harmless against suits involving damages resulting from the operation of your Restaurant.

Notes:

1. Type of Fee. Unless otherwise noted, all fees are imposed by and are payable to us. All fees paid to us are uniform and are non-refundable; however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee.

2. Payment of Fees. You will pay all Royalties, Brand Marketing Fund contributions, POS Network Connection and Software Maintenance Fees, and other amounts which you owe us through your E-Transfer Account. Immediately following the signing of the Franchise Agreement, you must set up an E-Transfer Account and we will have access to this account for the purpose of receiving payment for amounts which you owe us. Every week, you must make deposits to the E-Transfer Account sufficient to cover amounts which you owe us for Royalty fees, Brand Marketing Fund contributions, POS Network Connection and Software Maintenance Fees, and other funds owed to us for the preceding week ending on Sunday. Deposits for all other amounts owed to us must be in accordance with the procedures discussed in the Manual. A copy of the E-Transfer Account authorization form is attached to the Franchise Agreement as Attachment C. Reporting of accounting information, including monthly profits and losses, must be in accordance with the procedures discussed in Section 9 of the Franchise Agreement and the Manual. At our option, you will furnish us with a weekly reporting of all costs associated with labor expenses and the purchase of food, paper and beverage products for your Restaurant.

3. Gross Sales. “**Gross Sales**” includes all revenues and income from the sale of food products, beverages and other merchandise, products and services to your guests, whether or not sold or performed at or from the Restaurant, and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not you receive payment) or otherwise. Gross Sales excludes discounts as well as sales taxes you charge your guests if you pay these taxes to the appropriate taxing authority. All barter and/or exchange transactions in which you furnish goods and/or services in exchange for goods or services provided to you by a vendor, supplier or guest will, for the purpose of determining Gross Sales, shall be valued at the full retail value of the goods and/or services provided by you.

4. Brand Marketing Fund. Brand Marketing Fund contributions are used to pay for various types of expenses related to advertising and promotion, including marketing research, costs incurred in connection with development of advertising, sales promotions, and public relations, media costs, and administrative expenses. We decide the allocation of Brand Marketing Fund contributions. You are required to make contributions to the Brand Marketing Fund currently in the amount of 2% of your weekly Gross Sales. We reserve the right to raise this amount to 4% of your weekly Gross Sales provided we first give you 90 days prior written notice and further provided we reduce your Local Advertising Expenditures by an equal percentage to the raise in the Brand Marketing Fund. In no event will your combined Brand Marketing Fund and Local Advertising Expenditures exceed 4% of weekly Gross Sales.

5. Local Advertising Expenses. You are currently required to spend 2% of your weekly Gross Sales for local advertising and promotion of your franchised Restaurant. If we designate a local advertising cooperative, your Local Advertising Expenditures can be used for the cooperative advertising contribution. We also reserve the right to require you to contribute to advertising and promotional activity specifically directed by us to your trade area. Any such contributions will count towards your Local Advertising Expenditures. If, as described immediately above in Note 4, we raise the percentage of your weekly Gross Sales that you must pay to the Brand Marketing Fund, we will reduce the Local Advertising Expenditures by an equal percentage. In no event will your combined Brand Marketing Fund and Local Advertising Expenditures exceed 4% of your weekly Gross Sales.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE¹	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE²
Initial Franchise Fee ³	\$25,000	\$25,000	Lump Sum	Upon signing of the Franchise Agreement	Us
POS System, Kiosks System and related equipment	\$16,209	\$20,426	Lump Sum	When POS System is ordered	Approved Vendors
Training ⁴	\$2,500	\$8,000	As required by Third Parties	As incurred during training	Airlines, hotels, restaurants, employees, etc.
Pre-Opening & Opening Marketing (over 3 months)	\$10,000	\$10,000	As required by Third Parties	During the three months around opening	Approved Media Suppliers
Insurance ⁵	\$2,500	\$7,000	As required by Third Parties	As required by Third Parties	Insurance Company
Deposits, Utility Deposits & Other Prepaid Expenses ⁶	\$1,000	\$7,000	As required by Third Parties	As required by Third Parties	Vendors, regulatory agencies, Landlord, and other third parties
Leasehold Improvements ⁷	\$100,000	\$210,000	As required by Third Parties	As required by Third Parties	Contractor
Furniture, Fixtures, Equipment, Décor Package & Smallwares ⁸	90,000	\$225,000	As required by Third Parties	As required by Third Parties	Approved Suppliers
Professional Fees (Attorneys, Architects, Engineers) ⁹	\$10,000	\$20,000	As required by Third Parties	As required by Third Parties	Providers
Signage ¹⁰	\$6,000	\$15,000	As required by Third Parties	As required by Third Parties	Approved Suppliers

TYPE OF EXPENDITURE¹	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE²
Additional Funds – (Three Month Period) ¹¹	\$20,000	\$30,000	As required by Third Parties	As required by Third Parties	Unknown
TOTAL	\$283,209	\$577,426			

Notes:

1. Type of Expenditure. We do not offer any direct or indirect financing for any items listed in the above table. The amounts listed in the table above assume that you will operate your Restaurant in leased premises. We have not estimated the costs of new construction.
2. Refunds. We make no representation concerning whether amounts paid to third parties are refundable. Payments made to us are not refundable unless otherwise specified.
3. Initial Franchise Fee. You will pay the Initial Franchise Fee when you sign the Franchise Agreement.
4. Training. You must arrange transportation and pay the expenses for meals and lodging for any persons attending the initial training program. The amount you spend will depend on the distance you travel and the type of accommodations you choose. This estimate contemplates attendance for approximately four weeks by one to two people traveling to locations that we designate.
5. Insurance. You are required to procure the insurance policies outlined in Item 8 with their respective minimum limits of coverage and any other coverage that your landlord requires. The estimate covers annual insurance premiums for a Lennys Restaurant for the pre-opening and post-opening period. Your insurance carrier may not require prepayment of the entire year's premiums but will probably require prepayment of at least the first quarterly or semi-annual premium, which will likely be in the range of \$2,500 to \$7,000.
6. Deposits, Utility Deposits & Other Prepaid Expenses. You must rent premises suitable for the operation of your Restaurant. A typical Lennys Restaurant will require approximately 1,400 to 1,800 square feet of space. Preferred locations for Lennys Restaurants are high-visibility locations on main thoroughfares, near offices, large businesses and hotels.
7. Leasehold Improvements. The estimates provided are based on the cost of adapting our standard architectural plans for the finish-out of a Lennys Restaurant containing approximately 1,400 to 1,800 square feet. Actual costs may vary based upon non-traditional finish-outs. The leasehold improvement ranges will be affected by various factors such as the location of the Restaurant and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service. Your actual costs may or may not include site preparation, demising walls, and utility extensions, depending on the arrangements you negotiate with your landlord. Some landlords are willing to contribute toward the cost of finish-out, sometimes referred to as tenant improvement funds, which may reduce the overall leasehold improvement costs, but this amount is not included in the chart above because, if offered, the terms will vary widely.
8. Furniture, Fixtures, Equipment, Décor Package & Smallwares. You must purchase furniture, equipment, fixtures, décor package and smallwares for the operation of your Restaurant as required

by us. You must purchase or lease approved brands and models of fixtures from our Approved Suppliers (as this term is defined in Item 8). The cost of the furniture, fixtures, décor package and equipment (including office equipment, sound systems, and televisions) will depend upon financing terms available, the size of the facility, brands purchased, and other factors. The primary difference between the low and high estimates is based upon (a) additional equipment required for drive-thru restaurants; (b) additional restaurant seating in larger restaurants; and (c) equipment, like walk-in freezers, for restaurants with higher volume.

9. **Professional Fees.** You must use one of our approved architects for the planning and design of your Restaurant, and you are responsible for payment of the architectural and engineering fees incurred to prepare the plans for your Restaurant as well as any fees required for submission of permits to applicable governmental authorities. Prices will vary depending upon the amount of revision requested by you or applicable governmental authorities. In addition, restaurant developmental cost may be incurred for site surveys, engineering, architectural, design, permit expediting, and real estate, legal, accounting and other professional services. These estimates assume that there are no unusual conditions at the premises.
10. **Signage.** You must procure, maintain and display signs that are approved by us. Signage can include interior signs, exterior signs, drive-thru menu board if applicable, and awnings that bear the Marks. The cost of signage will vary depending upon the type, quantity, size and location of the signs, method of installation, landlord criteria, and may also be affected by local restrictions.
11. **Additional Funds (Three Month Period).** These figures are estimates and include initial supplies of products for initial start-up, utilities, working capital, payroll costs, uniforms, rent, and other additional funds for the first three months of operation. You will need to have on-hand sufficient capital to cover salaries for 10 to 25 employees. These figures do not include any amount to cover any owner draw or distributions. We relied on our experience in operating our company-owned Restaurants and information provided to us by our franchisees to compile this estimate.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers and Approved Supplies

You will be required to only use approved manufacturers, suppliers and distributors authorized for your Restaurant (“**Approved Suppliers**”) and approved food products, ingredients, inventory, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Restaurant (“**Approved Supplies**”). Additional suppliers, goods and services may be introduced in the future and you will be required to purchase all such goods and services. In addition, we may determine that additional or replacement equipment is needed because of a change in menu items or method of preparation or service or because of health or safety considerations. Certain Approved Supplies may only be available from one source, and we or an affiliate may be that source. You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates.

We are not an Approved Supplier or the sole approved supplier for any categories of goods and/or equipment. None of the Approved Suppliers are our affiliates. In addition, other than the possibility of owning less than 1% of a publicly traded company, our officers do not have any ownership in any currently Approved Suppliers.

From time to time, we will negotiate purchasing deals from suppliers of goods, equipment and/or services you will use in connection with your Restaurant. Oftentimes we receive rebates from these

suppliers. We use rebate revenue to help pay for our expenses and to keep your royalty rate as low as possible; therefore, we do not share rebate revenue directly with you. These rebates are usually based on an amount per case of product ordered and on a percentage of equipment sales. From January to December 2024, we received \$273,182 in rebates from franchisee purchases or leases from suppliers, which represented 9% of our total 2024 revenue of \$3,613,753 based on our 2024 financial statements.

Marimeter LLC (“**Marimeter**”) negotiates supplier contracts for certain goods and products sold to our franchisees. Marimeter is wholly owned by the wife of our Chief Executive Officer, Charley Shin. In 2024, Marimeter received \$972 from a supplier of paper receipt rolls, which represents a broker fee.

We anticipate that, in total, the items that you must purchase from us or designated or approved suppliers will constitute between approximately 75% to 90% of the products, supplies, fixtures, equipment, services, and leases that you must purchase when you first open the Restaurant, and approximately 50% to 80% of your total ongoing purchases once the Restaurant is open.

If you would like to sell or use any products, materials or supplies that are not Approved Supplies or if you would like to purchase any products from a supplier that is not an Approved Supplier, you must make a written request to us. We may require that you submit samples and other information to us or to a designated independent testing laboratory so that we can make an informed decision as to whether the proposed product or supplier meets our standards. We will issue approval or disapproval within 30 days of the submission of the product or supplier for testing. We may impose reasonable inspection fees to cover our costs in evaluating alternative approved brands or suppliers that you suggest.

In evaluating a proposed supplier, some of the factors we may use include:

1. Quality of goods or services;
2. Ability to purchase products in bulk;
3. Production and delivery capability;
4. Dependability of the supplier;
5. Financial standing, business reputation, and credit rating of the proposed supplier;
6. Prices charged by the proposed supplier; and
7. Proximity to Lennys Restaurants in order to make timely deliveries of products.

There are no purchasing or distribution cooperatives in existence at this time.

POS System

You must record all sales on a POS System designated or approved by us. You must purchase your POS System from one of our Approved Suppliers before you open your Restaurant. You must use one of our designated vendors to install your POS System at the Restaurant.

Insurance

You must maintain in full force and effect throughout the term of your Franchise Agreement that insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of your Restaurant, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, as set forth in the Manual and as specified by your lease or sublease. Currently, we require you to purchase the following insurance policies:

- (a) Worker’s compensation insurance, in addition to other insurance required by statute of the state in which the Restaurant operates;

- (b) Commercial general liability (CGL) insurance, including the following coverages:

<u>Coverage:</u>	<u>Minimum Limits of Coverage:</u>
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal Injury & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Legal Liability	\$ 300,000
Medical Expense (any one person)	\$ 10,000

- (c) Business Personal Property Insurance on the contents of the Restaurant for full repair or replacement value without any co-insurance clause;
- (d) Business Income/Extra Expense Insurance for actual losses sustained;
- (e) Automobile Liability coverage for owned, hired, and non-owned vehicles with minimum limits of \$1,000,000;
- (f) Excess Liability Coverage with limits of \$1,000,000 over the underlying CGL, automobile liability and workers' compensation coverage detailed above; and
- (g) Umbrella coverage in the minimum amount of One Million Dollars (\$1,000,000) over the basic comprehensive general liability, and commercial auto liability insurance.

Depending upon varying local/regional needs, we may require that you obtain different coverage such as windstorm, flood or earthquake, and different policy limits. The policies must be written by an insurance company that is licensed in the state in which the Restaurant operates and must have at least an "A-VII" rating classification as indicated in the Best's Key Rating Guide. The policies must name us and our subsidiaries, affiliates and parent companies as additional insureds. You must provide us with Certificates of Insurance showing compliance with these requirements before you open your Restaurant. All policies must include a provision that the insurance company will give us at least 30 days' written notice prior to cancellation or non-renewal of the policies. The policy amounts are minimum requirements. Your needs, investment and circumstances may dictate that additional coverage is prudent under the circumstances.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section In Franchise Agreement ("FA") or Area Development Agreement ("ADA")	Item In Disclosure Document
a. Site selection and acquisition/lease	FA Sections 1 and 6; ADA Section 4	Items 7, 8, and 11
b. Pre-opening purchases/leases	FA Section 6	Items 6, 7, and 8
c. Site development and other pre-opening requirements	FA Sections 5 and 6; ADA Section 4	Items 5, 7, 8, and 11
d. Initial and ongoing training	FA Section 7; ADA Section 4	Item 11

Obligation	Section In Franchise Agreement (“FA”) or Area Development Agreement (“ADA”)	Item In Disclosure Document
e. Opening	FA Section 5	Item 11
f. Fees	FA Sections 1, 2, 4, 5, 7, 8, 9, 12, 14, 16, 18, 19; ADA Section 3 and Appendix A	Items 5, 6, and 7
g. Compliance with standards and Policies/Manual	FA Sections 4, 6, 7, 9, 10, 11, 12, 16 and 19; ADA Sections 4 and 6	Items 8, 11, and 16
h. Trademarks and proprietary information	FA Sections 10 and 11; ADA Sections 6 and 8	Items 13 and 14
i. Restrictions on products/services offered	FA Section 4	Items 8 and 16
j. Warranty and guest service requirements	FA Section 4	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	FA Section 4	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	FA Section 4	Item 6
n. Insurance	FA Section 12	Items 6 and 7
o. Advertising and Marketing	FA Sections 4 and 8	Items 6 and 7
p. Indemnification	FA Section 12; ADA Section 11	Item 6
q. Owner’s participation/ management/ staffing	FA Sections 4 and 7	Item 15
r. Records/reports	FA Sections 4 and 9	Item 8
s. Inspections/audits	FA Sections 4 and 9	Items 6 and 11
t. Transfer	FA Section 14; ADA Section 9	Item 17
u. Renewal	FA Section 1	Item 17
v. Post-termination obligations	FA Section 16; ADA Section 8	Item 17
w. Non-competition covenants	FA Section 17	Item 17
x. Dispute resolution	FA Section 18; ADA Section 10	Item 17

**ITEM 10
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligations.

**ITEM 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

Except as listed below, Lenny’s Holdings LLC is not required to provide you with any assistance.

A. Pre-Opening Assistance: Before you open your Restaurant:

1. We will provide you with written notice of our consent to your proposed site within 60 days after receiving your written proposal. Many factors, such as visibility of location, accessibility of

location, amount and ease of parking, traffic patterns, traffic count, area demographics, the square footage available, and the condition of the building will be considered in approving the proposed site. Our consent to your proposed site does not guarantee any level of results for your Restaurant. (Franchise Agreement, Section 5)

2. We will provide you with assistance in analyzing your market area, determining site feasibility and designating a franchise location; however, it is your sole responsibility to undertake site selection activities and otherwise secure premises for your Restaurant. Failure to submit proposed site locations and/or to obtain site selection approval from us within 90 days of execution of the Franchise Agreement may result in termination of the Franchise Agreement and forfeiture by you of all monies paid to us. (Franchise Agreement, Section 5)

3. We will review and approve the lease for the premises of the Restaurant prior to your execution of the lease. (Franchise Agreement, Section 6) We will provide guidance and assist you in developing the layout and design of your Restaurant. We have designated approved architects. From these approved professionals, you will select your architect and you will be responsible for their fees. The plans for your Restaurant must be approved by us. (Franchise Agreement, Section 4 and Section 5)

4. For each Restaurant, we will train up to two individuals for approximately four weeks before the Restaurant is opened. We will not charge you for this training, but you are responsible for your expenses and the expenses of your employees in attending this program, including travel costs, room and board expenses and employees' salaries. All training will occur at locations designated by us. (Franchise Agreement, Section 5)

6. We will provide you with our guidelines for the Grand Opening Advertising relating to your Restaurant. You must submit your pre-opening and opening marketing plans along with a budget, at least twelve weeks prior to your Restaurant's opening. We will review and must approve your pre-opening and opening marketing plan prior to your Restaurant's opening. Upon our request, you must provide us with receipts and other proof that you complied with your approved plan. (Franchise Agreement, Section 5)

7. We will grant you online access to our Manual. The Manual is highly confidential, and you must use your best efforts to maintain the absolute confidentiality of it. The Manual remains our property. We reserve the right to revise or modify the Manual to reflect new standards, specifications and procedures. You must accept and comply with all such modifications, revisions, and additions. (Franchise Agreement, Sections 4 and 5) As of the issuance date of this Disclosure Document, the Manual had 186 pages. The table of contents of the Manual is included in **Exhibit G**.

B. Timing of Opening

The typical length of time between the commencement of lease negotiations and the opening of a Lennys Restaurant is between 120 days to 240 days. You are required to have your Restaurant open and operating within twelve months from the date you sign the Franchise Agreement. Before opening your Restaurant, you must have procured all necessary licenses, permits and approvals including any required construction and food-handling permits, hired and trained personnel, completed our training course, made all leasehold improvements, conducted required Grand Opening advertising and purchased initial inventory. We have the right to terminate the Franchise Agreement if you do not successfully open your Restaurant within twelve months from the date you sign the Franchise Agreement. Your opening date must be approved in advance by us.

C. Ongoing Assistance: During the operation of your Restaurant:

1. If you (or your Managing Owner) have not previously owned or managed a Lennys Restaurant, we will provide you with such opening assistance as we deem appropriate to assist you in starting the Restaurant operations, including on-site opening assistance for not more than seven days, as scheduled by us. (Franchise Agreement, Section 5)

2. We will review and must pre-approve all signs, posters, as well as all promotional materials and advertising you wish to use, including newspapers, radio and television advertising and specialty and novelty items, coupons, signs, containers, and boxes. (Franchise Agreement, Section 5)

3. We will provide the standard menu and copies of all menu inserts. (Franchise Agreement, Section 5)

4. We will update the Approved Supplies List and the Approved Suppliers List as we deem necessary. (Franchise Agreement, Section 5)

5. We will modify the System as we deem necessary, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new menu items, products, equipment or techniques. (Franchise Agreement, Section 5)

6. We may furnish you with guidance and/or assistance in the operation of your Restaurant as we deem necessary. (Franchise Agreement, Section 5)

D. Brand Marketing Fund

We will maintain and administer a Brand Marketing Fund (“**Brand Marketing Fund**”) and you must currently contribute to the Brand Marketing Fund an amount equivalent to 2% of your weekly Gross Sales. We reserve the right in our sole discretion to raise your contribution to the Brand Marketing Fund to an amount equivalent to up to 4% of your weekly Gross Sales provided we first give you 90 days prior written notice of such increase and further provided we reduce your Local Advertising Expenditures set forth immediately below in Item 11. E. by an equal percentage to the raise we make in the Brand Marketing Fund. In no event will your combined Brand Marketing Fund and Local Advertising Expenditures exceed an amount equivalent to 4% of your weekly Gross Sales.

We will direct all advertising programs with sole discretion over the creative concepts, materials and media used in these programs. We have, and we will, for each of our Company-owned or affiliate-owned Lennys Restaurants, make contributions to the Brand Marketing Fund equivalent to the contributions required of comparable franchised Restaurants. All monies collected for this Fund may be used to meet any costs of maintaining, administering, directing, producing and preparing promotions and advertising. We are not obligated to spend any sums on advertising in the vicinity of your Restaurant. These fees become our property to be spent in accordance with the Franchise Agreement. We will administratively segregate all contributions to the Brand Marketing Fund on our books and records. All contributions to the Brand Marketing Fund may be deposited in our general operating account and may be commingled with our general operating funds. Contributions to the Brand Marketing Fund are neither held in a “trust” nor do we hold them as a fiduciary or in a similar special capacity or relationship. We may elect to accumulate monies in the Brand Marketing Fund for periods of time as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during the same fiscal year. We will not use contributions to the Brand Marketing Fund for franchise sales activities.

In 2024, we spent contributions to the Brand Marketing Fund as follows: 49% for point of purchase items and merchandising; 25% for social and digital media; 1% for local store marketing; and 25% for administrative costs and salaries. We can be reimbursed by the Brand Marketing Fund for our costs of providing administrative support for the Brand Marketing Fund. We and our affiliates do not receive any other payments for goods and services provided to the Brand Marketing Fund. We will prepare an annual accounting of the Brand Marketing Fund operation and will make it available to you upon request. We reserve the right, at our option, to require that this annual accounting include an audit of the Brand Marketing Fund operation prepared by an independent certified public accountant we select and prepared at the Brand Marketing Fund's expense. We may terminate the Brand Marketing Fund at any time once all monies in the Brand Marketing Fund have been expended for advertising and promotional purposes.

We have a Franchise Advisory Council ("FAC") that serves as a liaison between us and our franchisees and provides feedback to us about matters and issues related to the Lennys franchise system. The FAC is comprised of five members, who are appointed by other franchisees to serve a two-year term. Each franchisee has one vote for the appointment of members. The FAC serves in an advisory capacity only and does not have any decision-making. We have the right to change or dissolve the FAC at any time.

E. Local Advertising

You are also currently required to spend an amount equivalent to 2% of your Gross Sales on local and cooperative advertising and promotion ("**Local Advertising Expenditures**"). As set forth in Item 11.D immediately above, we will reduce the amount you are required to spend on Local Advertising Expenditures by the amount we increase your contribution to the Brand Marketing Fund and in no event will your combined Brand Marketing Fund and Local Advertising Expenditures exceed an amount equivalent to 4% of your Gross Sales.

These Local Advertising Expenditures will be made directly by you as required by us in the Manual. Within 30 days of the end of each month, you must furnish to us, in a manner approved by us, an accurate accounting of your Local Advertising Expenditures for the preceding calendar month just ended. We will provide you with guidelines for local advertising and any deviation from those guidelines by you requires prior approval from us. We reserve the right to require you from time to time to contribute all or a portion of your Local Advertising Expenditures for advertising and promotional activity specifically directed by us in your trade area. As part of your ongoing marketing efforts and to build up the goodwill of your Restaurant in your community, we have the right to require you to participate in charitable programs and/or fundraising campaigns. You may not establish any website, mobile application, social media account, social media profile, loyalty program, or listing on the Internet or World Wide Web which uses or displays the Marks, trade names or other commercial symbols.

You are required to spend a minimum of \$10,000 between the time your lease is signed and within three months of your Restaurant opening on marketing, including local newspaper, direct mail, advertising, promotional items and other media ("**Grand Opening Advertising**"). You must submit a written plan to us at least twelve weeks before your Restaurant opens detailing your marketing plan, and we must approve your plan at least six weeks before your Restaurant opens. Upon our request, you must provide us with receipts and other proof that you complied with your approved plan.

We reserve the right to establish and maintain local or regional advertising cooperatives ("**Cooperatives**") based on designated marketing areas. If a Cooperative is formed or organized in your market, you must participate in and contribute to the Cooperative. You may have to contribute your entire Local Advertising Expenditures each month to the Cooperative. Each restaurant within a Cooperative, including restaurants owned by us or an affiliate of ours (except those located in Special Venues, as defined in Item 12) will be a member of the Cooperative. Each Cooperative will be required to adopt governing

bylaws that meet our approval and that we may require the Cooperative to amend from time to time. We will provide each Cooperative with a sample form of bylaws that the Cooperative must use, and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure included in the sample form. A Cooperative must submit to us its meeting minutes upon our request. All Cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation. The members of each Cooperative and their elected officers will be responsible for the administration of that Cooperative. We reserve the right to administer the Cooperatives' funds and require payment from its members via electronic funds transfer and may charge a reasonable fee to the Cooperative to cover our costs of providing this service. Each Cooperative must engage the services of a professional media buyer or advertising agency, as we determine the need exists, that meets with our approval and has expertise in the industry and in the particular market. Each Cooperative must consult with its own advisors to ensure that the Cooperative is not being used for anti-competitive purposes. Also, each Cooperative will be required to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the Cooperative. We have the right to require Cooperatives to be formed, changed, dissolved or merged. As of the date of this Disclosure Document, there are no Lennys Restaurant Cooperatives formed and operating in the United States.

F. Training

You and/or your managing owner, managing director, or an approved manager who will be “on premise” to directly and continuously supervise the operations of the restaurant (“**Certified Manager**”) are required to attend and complete to our satisfaction all initial training programs at locations designated by us, prior to opening your Restaurant. The training program is available for up to two individuals and generally lasts approximately four weeks. The training program is offered as needed throughout the year. The program includes on-the-job training and instruction on personnel management, basic operations, marketing management, purchasing management, cost control management, employee training and motivation, and other business and operations topics selected by us (and other topics you may select under certain circumstances). In addition, you are furnished with online access to the Manual. You are responsible for all travel and other associated expenses, including salaries for attending employees. You, your managing owner, managing director, or an approved manager must successfully complete this training program before you will be allowed to open your Restaurant for business to the public. We shall determine in our sole discretion whether or not there has been a successful completion of the training program by you or a manager. A typical initial training program is outlined in the following chart, but training programs are tailored to the individual needs of each franchisee and may vary from the training program set out below, depending upon the prior experience of those attending the training:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Orientation	4	0	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us
Marketing – Philosophy	4	0	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Marketing – Tactics	5	0	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us
Marketing – Exercises	3	10	Training Restaurant designated by us
Human Resources	2	3	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us
Legal	2	0	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us
Accounting & Finance	3	6	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us & Training Restaurant designated by us
Operations – Guest Service	6	12	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us & Training Restaurant designated by us
Operations – Cost Control	6	6	Our Restaurant Support Center in Memphis, Tennessee or at another location designated by us & Training Restaurant designated by us
Operations – Opening/Closing	0	16	Training Restaurant designated by us
Operations – Food Preparation	0	33	Training Restaurant designated by us
Operations – Management	3	24	Training Restaurant designated by us
Operations – Employee Training	2	10	Training Restaurant designated by us
TOTAL HOURS	40	120	

All training is conducted under the supervision of Todd Crabb, our Director of Training. Mr. Crabb has more than three years of training experience with us and more than 21 years of training experience in the food service industry.

We have also developed an extensive training program that consists of home training, in-store training, online training programs, and classroom training.

Following the initial training program, we will furnish to you at your Restaurant and at our expense a representative to assist you in opening your Restaurant for approximately five to ten days after your Restaurant has been fully approved for opening to the public.

At your request and at your expense, for approximately five to ten days around the time of the opening of your Restaurant, we may provide additional training at your Restaurant location, as described in Item 6 of this Disclosure Document.

We may require that previously-trained and experienced franchisees, their managing owner, managing director, Certified Manager, and/or employees attend and successfully complete continuing operations training programs at a location we designate. We do not charge a fee for refresher training programs. However, you will be responsible for room and board, travel costs, salaries, fringe benefits, payroll taxes, unemployment compensation, workers compensation insurance, and all other expenses for the attending personnel. We will not require attendance at more than two of these programs in any calendar year and these programs will not collectively exceed four business days in duration in any calendar year.

G. Point of Sale System

You must purchase and use our POS System in the Restaurant. We currently use the Brink POS system, OLO Online Ordering System, Bite Kiosk system, Punchh Loyalty and Mobile Ordering System. This system will assist you with records control, sales recording, food cost reporting, labor tools, and inventory. It will generate guest receipts and track marketing promotions. The POS System includes software that transmits sales and other financial data to us electronically and/or allows us independent access to the information and data recorded through this system. We require you to accept credit/debit cards and gift or promotional cards for guest payments. We also require you to obtain an address to send and receive electronic mail and attachments on the Internet and access to the World Wide Web.

We reserve the right to require different and additional components and software at your expense. You will spend from \$16,209 to \$20,426 for this system along with POS/Loyalty Software Subscription Fees, POS Network Connection and Software Maintenance Fee of \$516 per month for a two-terminal system, Online system, one kiosk system and three kitchen display systems. Additional fees include shipping expenses, installation/configuration fees, and applicable sales tax. Each additional terminal will add \$32 per month to this ongoing fee. Additional online delivery and transaction fees are based on the contractual agreement with the delivery companies in your area. We reserve the right to add any additional implementation of technology throughout the year to better enhance Lennys Restaurants.

We may require you to sign a software licensing agreement in conjunction with the use of the required software. We may require you to update or upgrade the POS System. We estimate the annual cost of any optional or required maintenance, update, upgrading or support contracts to be approximately \$0 to \$2,000. There is no contractual limitation on the frequency and cost associated with such maintenance, updates, upgrades or support. We will have independent access to the information generated and stored in the POS System.

ITEM 12 TERRITORY

Franchise Agreement

You will be granted the non-exclusive right to operate your Restaurant at a specific location approved by us. You may not relocate your Restaurant without our prior written approval; however, you will be able to relocate the Restaurant if the lease for the site expires or terminates and it is not your fault, if the site is destroyed, condemned, or otherwise rendered unusable, or if we and you otherwise consent. Any relocation will be at your expense and we will have the right to charge you for reasonable costs that we incur in approving the new site; however, those costs will not exceed \$10,000.

Your Restaurant shall be located, at a minimum, one mile apart from any other Lennys Restaurant operated by us, any of our affiliates, or another franchisee (“**Protected Radius**”), subject to our reservation of rights below. However, your Protected Radius may share territory with a protected radius for another Lennys Restaurant. You do not have any right to sublicense or subfranchise within or outside of the

Protected Radius and do not have the right to operate more than one Lennys Restaurant within the Protected Radius. In addition, you will not receive any area, market or territorial rights specific to catering or delivery services. You, and other franchisees, may solicit and accept catering or delivery orders located within the protected radius of another franchisee.

Your license is limited to the right to develop and operate one Restaurant at the authorized location located in the Protected Radius, and does not include: (1) any right to sell products and menu items identified by the Marks at any location other than the authorized location of the Restaurant, except for catering and delivery services that you may provide, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce); (2) any right to sell products and menu items identified by the Marks to any person or entity for resale or further distribution; or (3) any right to exclude, control, or impose conditions on our development of future franchised, company, or affiliate-owned Lennys Restaurants at any time outside of the Protected Radius.

We and our affiliates have the right to do any of the following activities without compensation to you:

1. Operate and franchise others the right to operate restaurants or any other business within and outside the Protected Radius under trademarks other than the Marks.

2. Outside of the Protected Radius, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate-owned Lennys Restaurants and offer, sell or distribute any products or services associated with the System (now or in the future) under the Marks or any other trademarks, service marks or trade names.

3. Offer, sell or distribute, within and outside the Protected Radius, through any distribution channel or method, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names, through any distribution channels or methods, without compensation to you. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce).

4. Place a Lennys Restaurant within the Protected Radius if your Restaurant is located: (a) in a high density downtown area as determined by us; or (b) near or in a special venue facility (“**Special Venue**”), including, but not limited to: a public transportation facility such as an airport or other transportation terminal; arena, stadium, or other sport facility, including a race track; regional shopping mall; school or university campus; an amusement or theme park; or a community or special event, in which case we may put a Lennys Restaurant in any such Special Venue locations; or (c) near a restaurant existing and operational at the time you sign the Franchise Agreement which we and/or our affiliates may purchase and convert to a Lennys Restaurant.

5. Purchase, be purchased by, merge or combine with, businesses that directly compete with Lennys Restaurants

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. There is no sales quota that you must meet to retain the location of your Restaurant. You may not establish or operate another Lennys Restaurant unless you enter into a separate Franchise Agreement. Under your Franchise Agreement, you do not receive any options for

additional franchises, any rights of first refusal to acquire additional franchises, or any similar rights to buy additional franchises.

Area Development Agreement

If we grant you the right to sign an Area Development Agreement, you will be granted a Designated Territory. This Designated Territory will be defined by criteria such as (but not limited to) zip code boundaries, county boundaries, highways, physical landforms, city or municipality boundaries and other factors we deem appropriate. We define the specific nature of your Designated Territory in the Area Development Agreement.

So long as you are not in default of the terms of the Area Development Agreement, we will not establish or grant anyone other than you the right to establish a Lennys Restaurant in the Designated Territory before the expiration of the Development Schedule; however, we reserve the same rights in the Designated Territory as we do in the Protected Radius under the Franchise Agreement as described above in this Item 12. The options and territorial rights we grant through an Area Development Agreement are granted in reliance on your representations and warranties that you will strictly comply with all the conditions set out in the Area Development Agreement, including requirements of the Development Schedule. Among the consequences of not meeting the Development Schedule, you may lose all of your territorial rights.

You will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Other Brands

As noted in Item 1, our affiliate, GEI, offers franchises to operate Charleys Restaurants. Charleys Restaurants offer sandwiches, some of which are similar to those offered in Lennys Restaurants. There may now or in the future be Charleys Restaurants located in the same market as current and future Lennys Restaurants. These Charleys Restaurants could be affiliate-operated, franchised or both. If there is a conflict between you and us caused by a Charleys Restaurant or between a Charleys franchisee and a Lennys franchisee, our management team will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interests of the affected system or systems. However, we are not responsible for resolving conflicts between or among Lennys franchisees, or between or among a Charleys franchisee and a Lennys franchisee. GEI shares our principal business address. We do not plan to maintain physically separate offices or training facilities for the Charleys and the Lennys brands.

Except as previously described in Item 1 and in this Item 12, neither we nor any of our affiliates have established, or presently intends to establish, other franchises or affiliate-operated outlets selling or leasing similar products or services under a different trade name or trademark; however, we retain the right to do so in the future.

ITEM 13 TRADEMARKS

We registered the following principal Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) and all required affidavits of use and renewals have been filed:

Mark	Registration Date	Registration Number
	March 19, 2002	2549035
Lennys	June 8, 2010	3798013
Lenny's Sub Shop	November 25, 2008	3537081
	December 13, 2016	5099646
LENNYS SUBS	January 9, 2024	7271349

There are no agreements currently in effect which limit our right to use or license the right to use the Marks in a manner that is material to the franchise.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of the trademark. We will take the action we think appropriate. While we are not required to defend you against a claim for use of our trademark, we will reimburse you for your liability and reasonable costs in connection with defending the Marks. To receive reimbursement, you must have notified us immediately when you learned about the alleged infringement or challenge.

You must modify or discontinue the use of a trademark if we modify or discontinue using it. If this happens, we will reimburse you for the tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to your trademarks, trade secrets, or business techniques that are part of our business.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court relating to the registered Marks. There are no pending infringement actions involving the Marks. There are no other pending material matters involving the Marks.

We do not have actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks. However, you should be aware of the following:

1. The mark LENNY'S (and design) was registered with the USPTO by an unrelated third party on May 2, 1978 (Reg. No. 1090515), in connection with "restaurant services." This mark was renewed by the registrant in 1998. We have not investigated the nature or geographic scope of use of this mark.

2. According to a business name search, various unrelated third parties located in certain states appear to be using the name LENNY'S (or variants thereof) in connection with restaurants and/or bars. We have not conducted any investigation into the duration, nature or geographic scope of these uses. Among the apparent uses are the following:

- a. ALABAMA: (i) Lenny's of Huntsville.
- b. ARIZONA: (i) Lenny's Burger Shop, Phoenix; and (ii) Lennys Burgers, Phoenix, Glendale, Chandler, and Mesa (6 locations).
- c. CALIFORNIA: (i) Lenny's Casita, Los Angeles.
- d. CONNECTICUT: (i) Lenny's Indian Head Inn, Brandford.
- e. DELAWARE: (i) Lenny's Restaurants.
- f. FLORIDA: (i) Lenny's Restaurant, Clearwater; (ii) Lenny's Pizza, Miami Beach; (iii) Lenny's New York Pizza, Ormond Beach (2 locations); and (iv) Lenny's Bakery, Kissimmee.
- g. ILLINOIS: (i) Lenny's Food N Fuel, Orland Park, Tinley Park (6 locations); and (ii) Lenny's BBQ, Orland Park.
- h. KENTUCKY: (i) Lenny's Lounge, Louisville.
- i. LOUISIANA: (i) Lenny's Coffee Service, Morgan City; (ii) Lenny's Mexican Restaurant, Baton Rouge; (iii) Lenny's Pdner's Barbecue, Metairie; and (iv) Lenny's Restaurant, Eunice.
- j. MAINE: (i) Lenny's at Hawkes Plaza, Westbrook.
- k. MASSACHUSETTS: (i) Lenny's Tropical Bakery, Mattapan.
- l. MARYLAND: (i) Lenny's Delicatessen, Owings Mills; (ii) Lenny's Deli, Baltimore; (iii) Lenny's Beach Bar and Grill, Ocean City; (iv) Lenny's Chinese & American Restaurant, Landover; and (v) Lenny's Yum, Lanham.
- m. MICHIGAN: (i) Lenny's Bar, Detroit; (ii) Lenny's Coffee Gallery, Clinton Township; (iii) Lenny's Deli, Roseville, Farmington Hills (2 locations); (iv) Lenny's Grill & Subs, Clawson; (v) Lenny's Ice Cream, St. Ignace; (vi) Lenny's Ribs and Chicken, Farmington Hills; (vii) Lenny's Steakery, Clawson; (viii) Lenny's Sub Shop, Saginaw (2 locations); and (ix) Lenny's Subshoppe, Hastings.
- n. MINNESOTA: (i) Lenny's BBQ, Stewartville.
- o. MISSOURI: Lenny's (a convenience store), Lesterville.
- p. NEW JERSEY: (i) Lenny's Trattoria & Pizzeria, Bernardsville; (ii) Lenny's Pizza & Italian Grill, Lavallette; (iii) Lenny's Pizza and Pasta, Hillsborough; and (iv) Lenny's House of Pizza, Clinton.
- q. NEW MEXICO: (i) Lenny's Antojos y Mas, Veguita; and (ii) Lenny's Incredible Chocolates, Santa Fe.
- r. NEW YORK: (i) Lenwich and Lenwich by Lenny's, New York City (17 locations); (ii) Lenny's Clam Bar & Restaurant, Howard Beach; (iii) Lenny's Pizza, Brooklyn; (iv) Lenny & John's Pizzeria and Restaurant, Brooklyn; (v) Lenny's Pizza & Restaurant, Jamesport; and (vi) Lenny's Seafood & Steakhouse, Larchmont.
- s. NORTH CAROLINA: (i) Lenny's Pizza of New Bern.
- t. OHIO: (i) Lennys Fruits & Vegetables, Cincinnati; and (ii) Corky & Lenny's Restaurant Deli, Woodmere Village.
- u. OKLAHOMA: (i) Lenny's Midtown Grill, Tulsa.
- v. PENNSYLVANIA: (i) Lenny's Italian Deli, Conshohocken; (ii) Fat Lenny's Ice Cream, Erie; (iii) Lenny's 11th St Deli, Philadelphia; (iv) Lenny's & Mary's Tavern, Philadelphia; (v) Lenny's Bar, Philadelphia; (vi) Lenny's Corner Lounge, Kulpmont; (vii) Lenny's Family Restaurant, Bensalem; (viii) Lenny's Deli & Sub Shop, Pittsburgh; (ix) Lenny's Deli, Philadelphia; (x) Lenny's Hot Dogs, Philadelphia; (xi) Lenny's Hot Dog House,

- Pittsburgh; (xii) Lenny's Leisure Bar, Pittsburgh; (xiii) Lenny's Steaks & Hot Dogs, Philadelphia; and (xiv) Little Lenny's Cheesecake, Barre.
- w. SOUTH CAROLINA: (i) Lenny's Pancake House, Myrtle Beach.
 - x. TENNESSEE: (i) Lenny's at Reed Brothers (Barbecue Restaurant), South Fulton.
 - y. TEXAS: (i) Lenny's Bar B Q and Kitchen, Arlington.
 - z. UTAH: (i) Lenny's Sweet Treats, Roy.
 - aa. VIRGINIA: Lenny's Restaurant, Colonial Beach.

All usages of the Marks by you and any goodwill established from their use benefits us. You will not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks, including any Marks that are licensed to you after you sign the Franchise Agreement. You may not modify, alter or sublicense the Marks.

You do not have the right to enforce or defend any rights associated with the Marks. You must promptly inform us in writing of any claim, demand or suit based upon or arising from the use of the Marks, any infringement or attempted infringement of the Marks or any act of unfair competition against you or us. We shall exercise absolute discretion in deciding what action, if any, should be taken. In the event that we undertake the defense or prosecution of any litigation related to the Marks, we shall bear all costs and expenses incident to such litigation (unless the litigation involves your violation of the Franchise Agreement's stated restrictions on use of the Marks). You agree to execute any and all documents and to do such acts and things as, in the opinion of our legal counsel, may be necessary or desirable to carry out such defense or prosecution. You are not entitled to compensation in any manner as a result of the discontinuation or modification of any of the Marks as a result of any proceeding or settlement, or otherwise. We will bear the legal expenses incident to your participation in any litigation related to the Marks, except for fees, expenses and other costs of your personal legal counsel if you elect to be represented by counsel of your own choosing.

You must use all of the Marks in full compliance with the rules prescribed from time to time by us. You are prohibited from using any of the Marks (including the word "Lennys") as part of any corporate name or the name of any other entity, or with any prefix, suffix or other modifying words, terms, designs or symbols other than logotypes we licensed to you, or in any other manner not expressly authorized by us.

You are prohibited from using the Marks and other trademarks and trade names now or hereafter used in the operation of Restaurants in any Internet advertising on a website or on the World Wide Web, any social media platform, in any domain name, URL or Internet address or as a hidden search term used by Internet search engines (e.g., any form of search engine optimization or any metatag, metadata, keyword, and/or adword), or to install a hyperlink to any other website on the World Wide Web, or otherwise on the Internet or any other electronic means of communication, now existing or developed in the future, without our express approval, which approval may be withheld at our discretion. We reserve the sole right to use the Marks in connection with the establishment of a domain name or otherwise on the Internet, the World Wide Web, or any other electronic means of communication, existing or developed in the future.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Under the Franchise Agreement, you will be given the right to use the following materials which are confidential, trade secrets, proprietary information and/or protected by copyright: (1) the Manual; (2) menus and related materials; and (3) advertising and promotional materials.

The copyrights in these materials have not been registered with the United States Copyright Office, nor are any pending applications for copyright registration. Other than the above-described copyrights, we do not own any rights in or to any patents or copyrights which are material to the Franchise Agreement.

There are no agreements currently in effect or infringing uses that significantly limit our rights to use or license the use of the above-mentioned copyrights in any manner that is material to you.

Presently, there are no infringing uses actually known to us that could materially affect your use of the above-described copyrights. Nor do we have any knowledge of effective determinations of the USPTO, the United States Copyright Office or the trademark administrator of any state or court, and no pending interference, opposition or cancellation proceedings or any pending litigation involving the copyrights.

The System is a comprehensive restaurant format and operating system, which includes a standardized equipment system, color scheme and facility style, signs, certain standards, specifications and procedures of operation, quality and consistency standards for products and services offered, procedures for inventory control and management, and the provisions of the Manual, as amended from time to time. We intend to own all works of authorship and proprietary information concerning the System that are created in the future. If you make any suggestions to us for improving elements of the System, or if you develop any new advertising material, software, projects, works of art or other materials, your suggestions or materials (whether or not adopted as part of the System), and any copyrights associated with those suggestions or materials, shall automatically become our exclusive property. We shall have no obligation to use your suggestions or materials and no obligation to provide compensation for any suggestions or materials. At our request, you are required to assign to us your rights in any suggestions or materials.

We will loan to you and grant you online access to various materials that contain highly confidential and proprietary information and trade secrets, including the Manual. You must maintain the confidentiality of this information and you must not divulge any trade secrets or reproduce or exhibit any portion of these materials to any persons other than to your employees and then only to the extent necessary to operate your Restaurant in accordance with the Franchise Agreement. Upon the termination or expiration of your Franchise Agreement, you must immediately return any and all copies you made of the Manual and all other materials containing trade secrets, proprietary or confidential information.

We may require that you and all of your employees who have access to our confidential and proprietary information and trade secrets sign non-disclosure agreements in a form acceptable to us. We will seek equitable remedies, such as injunctive relief, in order to protect its confidential and proprietary information and Marks.

At present, there are no pending patent applications that are material to the operation of your Restaurant.

The obligations of notification, defense, and indemnification are identical to those described in Item 13 of this Disclosure Document.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require that you be “on premises” every day to operate and supervise your Restaurant. However, your Restaurant must be directly and continuously operated and supervised “on-premises” by at least one Certified Manager who has satisfactorily completed our training program for Lennys Restaurant managers or been otherwise approved by us. The Certified Manager need not have an ownership interest

in your Restaurant. We may require the Certified Manager to sign a written agreement to maintain the confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17.

Even if you employ a Certified Manager, however, you must supervise the operations of the Restaurant. You must keep us informed of the identities, email address, phone number, and residence address of your Certified Managers. At least once a quarter (or more often at our discretion) you will be required to complete a self-assessment quality assurance evaluation form provided by us. You will be required to sign a statement in connection with each self-assessment evaluation that you personally conducted the self-assessment and certify the accuracy of its content.

At least one of the following people must devote full time, energy and best efforts to the management and operation of the Restaurant: (1) you (if you are not a business entity); (2) any shareholder who owns 10% or more of the stock in you (if you are a business entity); (3) any general partner (if you are a partnership); or (4) your Certified Manager.

You are solely responsible for all employment decisions and functions for your Restaurant, including, without limitation, those related to hiring, firing, remuneration, personnel policies, training, benefits, insurance, compliance with wage and hour requirements, recordkeeping, and the supervision and discipline of employees. The people that you hire to work in your Restaurant will be your agents and employees. They are not our agents or employees and we are not a joint employer of those persons. You are not our agent, legal representative, joint venturer, partner, employee or servant. You are an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation, or to create any obligation for us.

ITEM 16 RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we approve. You must offer all goods and services we designate as required goods. The Manual we provide to you contains lists of all required goods and all approved goods. We reserve the right to modify the Manual to add or delete approved goods and services at any time.

To ensure that all menu items you produce meet our high standards of taste, texture, appearance and freshness and to protect our good will and marks, only properly trained personnel may prepare the menu items and other food products in strict accordance with our recipes, cooking techniques and processes that are designated in the Manual, and must be sold only at retail to guests in conformity with our marketing plan and concept.

You must use only displays, trays, napkins, boxes, bags, cups, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors; to the extent they are available.

You must adequately supply the Restaurant with a representative inventory of an assortment of products and supplies of the type, quantity and quality that we specify in the Manual, as amended from time to time.

You may not install or maintain on the premises of the Restaurant any newspaper/magazine racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices without our prior written approval. You may not display or maintain on the premises of the Restaurant any posters, handbills or promotional materials furnished by third parties.

You must prominently display, by posting a sign within public view on or in the premises of the Restaurant, a statement that clearly indicates that you independently own and operate the Restaurant as a franchisee of Lenny’s Holdings LLC and not as our agent.

You are not limited by contract or otherwise in the guests to whom you sell approved goods and services at your Restaurant. Similarly, you are not limited by contract or otherwise in the guests for whom you provide catering services.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

Provision	Section In Franchise Agreement	Summary
a. Length of franchise term	1	Term is 10 years from signing of Franchise Agreement.
b. Renewal or extension of the term	1	If you are in good standing, you have an option to obtain a Renewal Franchise Agreement for a 10-year term.
c. Requirements for franchisee to renew or extend	1	To obtain a Renewal Franchise Agreement you must have: given written notice of your intention to exercise your option to obtain a Renewal Franchise Agreement six months before the term expires; fully complied with the Franchise Agreement; satisfied all remodeling requirements; satisfied all financial obligations to us; paid the renewal fee; executed a general release of all claims against us; and executed the then current form of the Franchise Agreement, which may have materially different terms and conditions from the original Franchise Agreement that you sign. “Renew” or “renewal” means the continuation of your franchise relationship.
d. Termination by franchisee	Not Applicable	You have no right to terminate the franchise agreement.
e. Termination by Lennys without cause	Not Applicable	We have no right to terminate the franchise agreement without cause.
f. Termination by Lennys with cause	16	We can terminate your Franchise Agreement only if you default or commit a material breach and fail to cure or if you commit a material breach that cannot be cured.
g. “Cause” defined – curable defaults	16	You have three days to cure the denial to us of our right to inspect your Restaurant or to audit

Provision	Section In Franchise Agreement	Summary
		your records. You have five days to cure: failure to operate your Restaurant in accordance with the standards and specifications in the Manual including health and sanitation requirements; sale of non-conforming or unapproved products; and failure to sell required products. You have ten days to cure: non-payment of royalties or marketing fees to us. You have 30 days to cure other violations of the Franchise Agreement except for those material breaches that cannot be cured.
h. “Cause” defined – non-curable defaults	16	Admission of or conviction of a felony; battery; assault; sexual or racial harassment; violating federal labor, tax or immigration laws; engaging in activities that injure our goodwill; allowing your Restaurant to be used for unlawful purposes; other forms of criminal, outrageous or unacceptable behavior; disclosure of Confidential Information; bankruptcy or insolvency; intentional submission of false sales report or financial statement; engaging in unfair competition by operating a restaurant (other than a Lennys Restaurant) which uses the Marks, our trade secrets or the System; sale or transfer of your Restaurant without our permission; admission that you are closing your Restaurant; or abandoning your Restaurant.
i. Franchisee’s obligations on termination/non-renewal	16	Obligations include: cease and desist use of Marks and System, reimburse us for costs and attorney’s fees incurred in forcing termination, comply with non-competition and confidentiality clauses in the Franchise Agreement, allow us to conduct final inspection of books and records, pay all amounts owed to us, return all copies of the Manual to us, liquidated damages might be due to us depending on type of termination.
j. Assignment of contract by Lennys	Not Applicable	No restriction on our right to assign the Franchise Agreement.
k. “Transfer” by franchisee – definition	14	Includes pledge, sale, assignment, lease, transfer, gift or other disposition of any interest or part of your franchise business, the Franchise Agreement, any of your capital stock (if you are a corporation), or any of your assets.

Provision	Section In Franchise Agreement	Summary
l. Lennys approval of transfer by franchisee	14	Our consent must be obtained. Subject to conditions in (m) and (n) below, we will not unreasonably withhold approval.
m. Conditions for Lennys approval of transfer	14	For transfers to third parties, a transfer fee of \$10,000 is charged and you must: first offer the interests to us; pay all monetary obligations due under the Franchise Agreement; be in full compliance with the provisions of the Franchise Agreement; execute a general release of all claims against us; remain liable for royalty and marketing fee payments for the periods designated in the Franchise Agreement and you must guaranty transferee's obligations; we must approve price and payment terms; you must do other things we request. The transferee must: satisfy our business standards and requirements; complete all applicable training programs; enter into a new Franchise Agreement or other agreements required by us and guarantee your performance of your obligations to us.
n. Lennys right of first refusal to acquire franchisee's business	15	We have right of first refusal to buy any interest in or part of your business on the same terms as the offer to or from the third party.
o. Lennys option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	14	The Restaurant may be transferred to person approved by us if conditions are met. Transfers are subject to our right of first refusal. We may operate your Restaurant in case of your absence, incapacity or death.
q. Non-competition covenants during the term of the franchise	17	No involvement in any competitive business regardless of its location. A competitive business is a fast food, quick-service, or fast casual restaurant: (1) featuring submarine sandwiches or other food items now or in the future featured by Lennys Restaurants; (2) offering and selling submarine sandwiches and for which the sale of such sandwiches constitutes 10% or more of its sales (or such sales from a single location constitute 10% or more of the total sales of that location) during any calendar quarter or calendar year; or (3) any other business that is the same as or similar to the Lennys Restaurant concept, as it evolves or changes over time.

Provision	Section In Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	17	You may not operate a competitive business for two years within the Metropolitan Statistical Area within which the Restaurant is located, at your Restaurant premises or within a 10 mile radius of the premises of another Lennys Restaurant in operation or under construction; or be involved in any entity that grants franchises, licenses, or other interest to others to operate a competitive business.
s. Modification of the agreement	19	No modifications of the Franchise Agreement unless in writing and with mutual consent. We reserve the right to modify the Manual.
t. Integration/merger clause	19	Only the terms of the Franchise Agreement and Guaranty are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	18	Except for certain claims concerning confidential information or the Marks, all disputes must first be submitted to our senior executives for internal dispute resolution and, if not resolved, to a mediation hearing conducted according to the procedure stated in the Franchise Agreement. Mediation will be held at our offices. Disputes that cannot be resolved through mediation or negotiation are resolved through arbitration.
v. Choice of forum	19	All mediation, arbitration and litigation are to take place in the city and state where our principal business address (currently Columbus, Ohio) is located at the time the action is filed (subject to state law).
w. Choice of law	19	Subject to state law, Ohio law applies.

AREA DEVELOPMENT AGREEMENT

Provision	Section In Area Development Agreement	Summary
a. Length of franchise term	5	The rights granted under the Area Development Agreement expire on the date that your last Restaurant is scheduled to be open and operating under the Development Schedule.
b. Renewal or extension of the term	Not applicable	Not applicable

Provision	Section In Area Development Agreement	Summary
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by Franchisee	Not Applicable	You have no right to terminate the Area Development Agreement.
e. Termination by Lennys without cause	Not Applicable	We have no right to terminate the Area Development Agreement without cause.
f. Termination by Lennys with cause	7	If you are in default of the Area Development Agreement, we will have cause to terminate the Area Development Agreement.
g. "Cause" defined – curable defaults	7	You have 30 days to cure violations of the Area Development Agreement except for those material breaches that cannot be cured.
h. "Cause" defined – non-curable defaults	7	The Area Development Agreement will immediately terminate if: you are adjudicated a bankrupt or are involved in a bankruptcy proceeding; a final judgment remains unsatisfied of record for 30 days or longer (unless a bond is filed); execution is levied against your business or property; a mortgage or lien foreclosure suit is instituted against you and is not dismissed within 30 days; you fail to meet the development and fee payment obligations set forth in the Development Schedule; you fail to timely start construction of a Lennys Restaurant; you fail to use our current construction guidelines; or you receive from us a notice of termination of one or more of your Franchise Agreements.
i. Franchisee's obligations on termination/non-renewal	8	All of your remaining rights under Area Development Agreement are revoked; you must cease developing Lennys Restaurants; you must cease use of Marks; and you must assign to us your business phone number.
j. Assignment of contract by Lennys	9.A.	No restriction on our right to assign or transfer the Area Developer Agreement.
k. "Transfer" by franchisee – definition	9.B.	Includes any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, of this Agreement, or of any interest in you.
l. Lennys approval of transfer by franchisee	9.B	Our prior written consent must be obtained, and our exercise of that right is absolute and will not be subject to any limitation or review.

Provision	Section In Area Development Agreement	Summary
m. Conditions for Lennys approval of transfer	9.B.	You must agree to transfer all of your rights under the Area Developer Agreement and all of your Franchise Agreements for the Restaurants in your Development Territory. You must comply with all transfer conditions contained in your Franchise Agreements.
n. Lennys right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Lennys option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	You must comply with all non-competition covenants contained in your Franchise Agreements.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	You must comply with all non-competition covenants contained in your Franchise Agreements.
s. Modification of the agreement	11.E.	No modifications of the Area Development Agreement unless in writing and signed by authorized parties.
t. Integration/merger clause	11.K.	Only the terms of the Area Development Agreement are binding. Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	10	Except for certain claims brought by us for injunctive relief, to collect sums of money due us, to compel your compliance with trademark standards or to protect the goodwill of our Marks, all disputes must first be submitted to our senior executives for internal dispute resolution and, if not resolved, to a mediation hearing conducted according to the procedure stated in the Area Development Agreement. Mediation will be held at our offices. Disputes that cannot be resolved through mediation or negotiation are resolved through arbitration.
v. Choice of forum	10	All mediation, arbitration and litigation are to take place in the city and state where our principal business address (currently Columbus, Ohio) is located at the time the action is filed (subject to state law).
w. Choice of law	10	Subject to state law, Ohio law applies.

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote the sale of our franchises.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following table presents information about the historic annual sales of 46 franchised Restaurants that were open during the entire 2024 calendar year.

Type of Restaurant	Average Gross Sales	Median Sales	Range of Gross Sales	No. of Restaurants	No. & % of Restaurants That Met or Exceeded Average
Airport	\$1,386,272	N/A	N/A	1	1 / 100%
Strip Center	\$771,570	\$685,053	\$368,711 - \$603,182	34	13 / 38%
Strip Center Drive-Thru	\$735,613	\$735,613	\$470,297 - \$1,000,291	2	1 / 50%
Free Standing	\$891,615	\$892,866	\$536,705 - \$1,245,275	3	2 / 66%
Free Standing Drive-Thru	\$1,066,008	\$834,250	\$491,728 - \$1,677,569	5	2 / 40%
C-Store Drive-Thru	\$835,257	N/A	N/A	1	1 / 100%
All	\$824,588	\$737,099	\$368,711 - \$1,677,569	46	18 / 39%

The following table presents information about the historic annual sales of four company-owned Restaurants that were open during the entire 2024 calendar year.

Type of Restaurant	Average Gross Sales	Median Sales	Range of Gross Sales	No. of restaurants	No. & % of Restaurants That Met or Exceeded Average
Strip Center	\$689,934	\$720,753	\$550,831 - \$798,216	3	2 / 66%

Type of Restaurant	Average Gross Sales	Median Sales	Range of Gross Sales	No. of restaurants	No. & % of Restaurants That Met or Exceeded Average
Free Standing Drive-Thru	\$1,252,208	\$1,252,208	\$1,252,208	1	1 / 100%
All	\$830,502	\$830,502	\$550,831 - \$1,252,208	4	1 / 25%

Notes

1. There were 58 franchised Restaurants as of December 31, 2024. This financial performance representation consists of the average annual Gross Sales of 46 franchised Restaurants that were open during the entire 2024 calendar year. This financial performance representation excludes the results of 12 franchised Restaurants that were not open during the entire 2024 calendar year.
2. There were four company-owned Restaurants as of December 31, 2024. This financial performance representation consists of the average annual Gross Sales of four company-owned Restaurants that were open during the entire 2024 calendar year.
3. The term “Gross Sales” means the aggregate amount of all sales of food, beverages and other products sold and services rendered in connection with a Restaurant, including monies derived from sales at or away from the Restaurant, whether for cash or credit, but excluding: (1) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate taxing authorities; and (2) all customer refunds and adjustments.
4. The Gross Sales of franchised Restaurants were pulled from POS Systems for the franchised Restaurants for the purpose of computing royalty fees.
5. **Some Restaurants have sold this much. Your individual results may differ. There is no assurance that you’ll sell as much.**
6. We have not included the costs of sales, operating costs or other costs and expenses for Lennys Restaurants. Therefore, this financial performance representation does not reflect the costs of sales, operating expenses or other costs and expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct your own independent investigation of the costs and expenses you will incur in operating a Restaurant. Franchisees or former franchisees listed in this franchise disclosure document may be one source of this information.
7. Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Lenny’s Holdings LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our General Counsel, Casey Han at 614-923-4700, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
System-wide Outlet Summary
For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	63	56	-7
	2023	56	59	+3
	2024	59	58	-1
Company Owned	2022	4	4	0
	2023	4	4	0
	2024	4	4	0
Total Outlets	2022	67	60	-7
	2023	60	63	+3
	2024	63	62	-1

**Table No. 2
Transfers of Franchised Outlets
For Years 2022 to 2024**

State	Year	Number of Transfers
Arkansas	2022	1
	2023	0
	2024	0
Florida	2022	0
	2023	1
	2024	2
Kansas	2022	0
	2023	0
	2024	1
Tennessee	2022	3
	2023	0
	2024	3
Texas	2022	2
	2023	1
	2024	0
Total	2022	6
	2023	2
	2024	6

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2022	5	0	1	0	0	1	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
AR	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
FL	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
GA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
IL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
KS	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
LA	2022	1	0	0	0	0	1	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MS	2022	7	0	0	1*	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
NC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
OK	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN	2022	24	1**	0	0	0	2	23
	2023	23	1***	0	0	1***	0	23
	2024	23	0	0	0	0	0	23
TX	2022	12	0	0	0	0	1	11
	2023	11	2	0	0	0	0	13
	2024	13	1	0	0	0	2	12
Total	2022	63	1**	2	1*	0	5	56
	2023	56	3	0	0	0	0	59
	2024	59	1	0	0	0	2	58

*This franchisee did not renew; however, Lennys acquired the Restaurant.

**Indicates a Restaurant that was sold to an existing franchisee.

*** One Restaurant in Tennessee was purchased from us by a franchisee and then reacquired by us in 2023.

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Company Owned Outlets at Start of the Year	Outlets Opened	Reacquired By Franchisor	Company Owned Outlets Closed	Company Owned Outlets Sold to Franchisees	Company Owned Outlets at End of Year
MS	2022	2	0	1	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
TN	2022	2	0	0	0	1	1
	2023	1*	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	4	0	1	0	1	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4

** One Restaurant in Tennessee was sold to a franchisee and then reacquired by us in 2023.

NOTES

1. The data included in this Item 20 is as of December 31 of each year.
2. As noted in Item 1, we do not own and operate Restaurants; company-owned Restaurants are owned by our affiliate as identified in Item 1.

Table No. 5
Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Georgia	1	1	0
Louisiana	1	0	0
Tennessee	3	1	0
Total	5	2	0

A list of all franchisees as of December 31, 2024 and their addresses and telephone numbers is attached as **Exhibit H**. Attached as **Exhibit H** are the names, addresses and telephone numbers of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ending December 31, 2024, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure

Document. 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, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

No trademark-specific franchisee organization exists that is associated with the franchise system being offered.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit I** are our audited financial statements for the years ending December 31, 2024, December 31, 2023, and December 31, 2022 and our unaudited financial statements for the period ending March 31, 2025.

ITEM 22 CONTRACTS

The following agreements related to a Restaurant are attached as Exhibits to this disclosure document:

- Exhibit B: Franchise Agreement
- Exhibit C: Area Development Agreement
- Exhibit D: State Specific Addenda to the FDD
- Exhibit E: State Specific Addenda to the Agreements
- Exhibit F: VetFran Program Addendum to the Franchise Agreement
- Exhibit J: General Release

ITEM 23 RECEIPTS

The last two pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy and please keep the other copy along with this Disclosure Document.

EXHIBIT A TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62701 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT B TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT



LENNYS RESTAURANT FRANCHISE AGREEMENT

Lennys Restaurant #__

Franchisee:_____

Effective Date: _____, 20__

**FRANCHISE AGREEMENT
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ATTACHMENTS

- A – Franchisee’s Ownership Interests
- B – Address of Restaurant
- C – Authorization Agreement for Direct Debit
- D – Marks
- E – Guaranty

LENNYS RESTAURANT FRANCHISE AGREEMENT

THIS AGREEMENT is made as of the ____ day of _____, 20__ (“**Effective Date**”), by and between **LENNY’S HOLDINGS LLC**, an Ohio limited liability company with its principal place of business located at 5000 Arlington Centre Blvd, Suite 5300, Columbus, Ohio 43220 (“**Lennys**”) and _____, a _____ whose principal address is _____ (“**Franchisee**”).

INTRODUCTION

A. Lennys is the exclusive owner of certain trademarks and service marks, including LENNYS®, Lenny’s Sub Shop®, and Lennys Grill & Subs (and design) mark, which are registered with the United States Patent and Trademark Office, and is the exclusive owner of other marks authorized for use in Lennys Restaurants (“**Marks**”).

B. Lennys is engaged in the business of granting franchises to operate Lennys Restaurants using uniform standards, product specifications and operating procedures (“**System**”) and the Marks.

C. Franchisee seeks a franchise to operate a Lennys Restaurant at an approved location for the entire Term specified in this Agreement.

In consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. GRANT OF LICENSE

A. Term. Lennys grants to Franchisee and Franchisee accepts a franchise including a non-exclusive sublicense for a period of ten (10) years to use the System and the Marks only in the operation of a Lennys Restaurant (“**Restaurant**”). The term “**Restaurant**” includes the real estate leased or purchased by Franchisee for the operation of a Lennys Restaurant and the Restaurant building with all its improvements). Any other use of the System without the written approval of Lennys is prohibited. The term of this Agreement starts on the date this Agreement is signed by the parties and expires ten (10) years later (“**Term**”) unless terminated earlier in accordance with this Agreement. Franchisee agrees to operate the Restaurant at the specified location for the entire Term. Franchisee accepts this franchise with the full understanding that the franchise grant contains no promise or assurance of obtaining a renewal Franchise Agreement. Section 1.B contains the only way that Franchisee will have the opportunity of obtaining a renewal Franchise Agreement at the expiration of the Term.

B. Renewal Franchise Agreement. Franchisee will have, exercisable on the expiration date of the Term, an option to obtain a renewal Franchise Agreement (“**Renewal Franchise Agreement**”) for a renewal term of ten (10) years, provided that:

(1) Franchisee has given Lennys written notice (“**Notice**”) of its intention to exercise its Option to Obtain a Renewal Franchise Agreement during the six months prior to the expiration of the Term of this Agreement and has paid Lennys a renewal fee of Seven Thousand Five Hundred Dollars (\$7,500);

(2) Franchisee, at the time of the Notice and the time of the expiration of the Term of this Agreement, is not in default of this Agreement and all other agreements Franchisee has with Lennys;

- (3) Franchisee has operated the Restaurant in accordance with the terms and conditions of this Agreement;
- (4) Franchisee has satisfied, in a timely fashion, all financial obligations in accordance with the terms and conditions of this Agreement;
- (5) Franchisee has maintained, improved, altered, replaced and remodeled the Restaurant including the building, premises, signs and equipment throughout the Term in accordance with the terms and conditions of this Agreement;
- (6) Franchisee has completed the improvements, alterations, remodeling or rebuilding of the interior and exterior of the Restaurant so as to reflect the then Current Image (as defined in Section 4.D) of Lennys Grill & Subs, pursuant to such plans and specifications as Lennys reasonably approves; and
- (7) Franchisee has executed a general release, in a form satisfactory to Lennys, of any and all claims against Lennys, its affiliates, and their respective officers, directors, agents, and employees, in their corporate and individual capacities.
- (8) Within sixty (60) days after receipt of the Notice, Lennys will advise Franchisee in writing if Franchisee is not eligible to obtain a Renewal Franchise Agreement, specifying the reasons for such ineligibility and identifying whether such deficiencies are capable of cure. Between the date of the Notice and the expiration date of the Term, if any act, circumstance or omission causes Franchisee to become ineligible to obtain a Renewal Franchise Agreement, then Lennys will so advise Franchisee, specifying the deficiency and identifying a cure period if applicable. For the renewal term, Franchisee will execute the applicable form of the then current Franchise Agreement, which may differ from this Agreement as to Royalty, Marketing Contributions and ownership requirements, as well as other terms and conditions.

C. Interim Period. If Franchisee does not sign a Renewal Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Lennys, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Lennys rights; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate thirty days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

D. Protected Radius; Reservation of Rights by Lennys. Franchisee will be granted the non-exclusive right to operate a Restaurant at a specific location approved by Lennys. The Restaurant shall be located, at a minimum, one (1) mile apart from any other Restaurant operated by Lennys, an affiliate of Lennys, or another franchisee (“**Protected Radius**”), subject to Lennys reservation of rights below. Franchisee acknowledges and agrees that Franchisee’s Protected Radius may share territory with a protected radius for another Lennys franchisee. Franchisee does not have any right to sublicense or subfranchise within or outside of the Protected Radius and does not have the right to operate more than one Restaurant within the Protected Radius. Franchisee will not receive any area, market or territorial rights specific to catering or delivery services. Franchisee, and other franchisees, may solicit and accept catering or delivery orders located within the protected radius of another franchisee. Franchisee’s license is limited

to the right to develop and operate one Restaurant at the authorized location located in the Protected Radius, and does not include (i) any right to sell products and menu items identified by the Marks at any location other than the authorized location of the Restaurant, except for catering and delivery services that Franchisee may provide, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce), (ii) any right to sell products and menu items identified by the Marks to any person or entity for resale or further distribution, or (iii) any right to exclude, control, or impose conditions on Lennys' development of future franchised, company, or affiliate-owned Restaurants at any time outside of the Protected Radius. Lennys and its affiliates have the right to do any of the following activities without compensation to Franchisee:

- (1) Operate and franchise others the right to operate restaurants or any other business within and outside the Protected Radius under trademarks other than the Marks.
- (2) Outside of the Protected Radius, Lennys and Lennys affiliates have the right to grant other franchises or develop and operate company or affiliate-owned Lennys Restaurants and offer, sell or distribute any products or services associated with the System (now or in the future) under the Marks or any other trademarks, service marks or trade names.
- (3) Offer, sell or distribute, within and outside the Protected Radius, through any distribution channel or method, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names through any distribution channels or methods, without compensation to Franchisee. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce).
- (4) Place a Lennys Restaurant within the Protected Radius if Franchisee's Restaurant is located: (i) in a high density downtown area as determined by Lennys; or (ii) near or in a special venue facility ("**Special Venue**"), including, but not limited to: a public transportation facility such as an airport or other transportation terminal; arena, stadium, or other sport facility, including a race track; regional shopping mall; school or university campus; an amusement or theme park; or a community or special event, in which case Lennys may put a Restaurant in any such Special Venue locations; or (iii) is located near a restaurant existing and operational at the time Franchisee signs the Franchise Agreement in which Lennys and/or affiliates of Lennys may purchase and convert to a Lennys Restaurant.
- (5) Purchase, be purchased by, merge or combine with, businesses that directly compete with Lennys Restaurants.

E. **Guaranty.** In order for Franchisee to be granted a franchise, Franchisee's "Managing Owner" (as defined herein and designated in **Attachment A**) and Franchisee's "Owners" as defined herein and designated on **Attachment A** will immediately execute and deliver to Lennys a Guaranty in the form attached as **Attachment D**.

F. **Site Selection.** Franchisee must locate and propose Lennys Restaurant sites in writing to Lennys within ninety (90) days from the Effective Date of this Agreement. Lennys may submit proposed Lennys Restaurant sites to Franchisee.

G. Opening. Franchisee must open Franchisee's Restaurant within twelve (12) months from the effective date of this Agreement.

H. Relocation. Franchisee may not relocate Franchisee's Restaurant without Lennys prior written approval; however, Franchisee will be able to relocate the Restaurant if the lease for the site expires or terminates and it is not Franchisee's fault, if the site is destroyed, condemned, or otherwise rendered unusable, or if Lennys and Franchisee otherwise consent. Any relocation will be at Franchisee's expense and Lennys will have the right to charge Franchisee for reasonable costs that Lennys incurs in approving the new site; however, those costs will not exceed Ten Thousand Dollars (\$10,000).

2. INITIAL FRANCHISE FEE

Upon execution of this Agreement, Franchisee will immediately pay to Lennys an initial franchise fee ("**Initial Franchise Fee**") in the amount of Twenty Five Thousand Dollars (\$25,000). [Drafting Note: Change to \$20,000 for second or additional Restaurant.] **FRANCHISEE ACKNOWLEDGES THAT THE INITIAL FRANCHISE FEE IS FULLY EARNED UPON PAYMENT TO LENNYS AND IS NOT REFUNDABLE TO FRANCHISEE UNDER ANY CIRCUMSTANCES.**

3. ORGANIZATION OF FRANCHISEE

A. Managing Owner and Owners. The individuals listed in **Attachment A** are the "Owners" of Franchisee. Franchisee agrees that an individual chief manager, president or comparable chief executive officer of Franchisee ("**Managing Owner**") will be immediately named and given the authority by Franchisee to bind Franchisee in any dealings with Lennys and its affiliates and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Restaurant. If the Managing Owner dies or becomes incapacitated, then within sixty (60) days, Franchisee will name a new Managing Owner approved by Lennys in Lennys reasonable discretion.

B. Organizational Documents. Franchisee will notify Lennys of and provide copies of, any amendments to the articles of incorporation, by-laws, partnership agreement, or other governing documents of Franchisee.

C. Use of the Marks. Franchisee will not use the name "Lennys," "Lennys," "Lenny's Sub Shop," "Lennys Subs," "Lennys Grill & Subs" or any other similar name or mark of Lennys, in whole or in part, as a part of or in connection with Franchisee's corporate name.

D. Update to Owners. Franchisee will provide Lennys annually, or more often as is reasonably requested by Lennys, with an updated list of all shareholders, members or general and limited partners of Franchisee and its parent, if any.

4. STANDARDS AND UNIFORMITY OF OPERATION

A. Manual. Franchisee agrees to follow Lennys comprehensive Restaurant format and operating system, including a standardized design, decor, equipment system, color scheme and style of building and signage, uniform standards, specifications and procedures of operation, quality and uniformity of product and services offered and the provisions of the Lennys Operations Manual (the "**Manual**"), as amended. Franchisee agrees that its compliance is reasonable, necessary and essential to the image and success of all Lennys Restaurants. The Manual contains the official mandatory Restaurant operating standards, specifications and procedures prescribed by Lennys for the operation of a Lennys Restaurant. The Manual will be made available to Franchisee online. The material and information set forth in the Manual is confidential and proprietary to Lennys and is to be used by Franchisee only in connection with

the operation of the Restaurant. The Manual and all other specifications, standards and operating procedures communicated either online or in writing to Franchisee will be deemed a part of this Agreement. Lennys will revise the Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions of retail operation in the best interest of restaurants operating under the Marks. Any required standards exist to protect the interests of Lennys in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. Franchisee must use Franchisee's best efforts to promote and increase the sales and service of the menu items at the Restaurant and to effect the widest and best possible distribution throughout the Protected Radius.

B. Planning and Design. Franchisee must use one of Lennys' approved architects to oversee the planning and design of the Restaurant, and once completed the Restaurant will not be altered unless approved in writing by Lennys.

C. Repair and Maintenance. Franchisee will, at Franchisee's expense, maintain the Restaurant in good condition and repair in accordance with Lennys repair and maintenance standards. Upon request, Franchisee will provide to Lennys such evidence as Lennys deems satisfactory, that the Restaurant is in good condition and repair and that the Restaurant is in compliance with Lennys repair and maintenance standards for Lennys Restaurants. If, within ten (10) days after receiving notice from Lennys, Franchisee fails or refuses to initiate and thereafter continue in good faith and with due diligence a bona fide program to complete required maintenance as Lennys requires, Lennys has the right, but not the obligation, to enter the premises and do such maintenance on Franchisee's behalf and expense. Franchisee must promptly reimburse Lennys for such expenses.

D. Modifications; Current Image. Franchisee agrees that changes in the standards, specifications and procedures may become necessary and agrees to comply with such modifications, revisions and additions which Lennys believes to be reasonably necessary. Franchisee will, at its expense, improve, alter and remodel the Restaurant to bring it into conformance with the national and local plans, specifications or other standards for new or remodeled Lennys Restaurants as may be reasonably changed and defined by Lennys ("**Current Image**"); provided, however, that during the Term, and after the first two years of the initial Term, Franchisee will remodel, improve and alter the Restaurant to conform with the Current Image in effect. Franchisee acknowledges and agrees that Lennys will establish the components of the Current Image for the Restaurant. The Current Image as established and modified by Lennys will be binding upon Franchisee.

E. Signs. The Marks will only be displayed in the manner and at such locations as are approved and authorized by Lennys in writing. Franchisee agrees to maintain, and display signs reflecting the Current Image of Lennys Restaurants and will not place additional signs, pictures, brochures, bulletins, prints or posters at the Restaurant without the prior written consent of Lennys. Only signs from sources approved by Lennys may be utilized at the Restaurant. Franchisee will discontinue the use of and destroy such signs as are declared obsolete by Lennys within the reasonable time specified by Lennys. Approved signs are fundamental to the System and Franchisee hereby grants to Lennys the right to enter the Restaurant to remove unapproved or obsolete signs in the event that Franchisee has failed to do so within thirty (30) days after the written request of Lennys.

F. Approved Suppliers and Approved Supplies. Only equipment and supplies approved by Lennys may be used in the Restaurant. If Lennys determines that additional or replacement equipment is needed, Franchisee will install the additional equipment or replacement equipment within the reasonable time specified by Lennys. Franchisee will make all purchases for the Restaurant only from manufacturers, suppliers and distributors approved by Lennys ("**Approved Suppliers**") and will only purchase inventory, products, fixtures, furniture, equipment, stationery, supplies and other items or services necessary to operate

the Restaurant that have been approved by Lennys (“**Approved Supplies**”). Lennys may revise its Approved Suppliers and Approved Supplies. Franchisee acknowledges and agrees that certain Approved Supplies may only be available from one source, and Lennys or an affiliate of Lennys may be that source. Franchisee will pay the then-current price in effect for all products and supplies that Franchisee purchases from Lennys or affiliates of Lennys. If Franchisee proposes to sell any product, or to use any ingredient or other material or supply which is not approved by Lennys, or to purchase any product from a supplier that is not an Approved Supplier, Franchisee will first notify Lennys and will upon request by Lennys submit samples and such other information as Lennys requires to determine whether such product, material or supply or such proposed supplier meets its specifications and quality standards. Lennys may impose reasonable fees to cover its costs in evaluating alternative approved brands or suppliers Franchisee suggests. Franchisee agrees that any such suggestions made by it become the exclusive property of Lennys and that Lennys shall have no obligation to utilize suggestions and no obligation to provide compensation to Franchisee for any suggestion. In addition, any improvements suggested by or developed by Franchisee pursuant to Franchisee’s operation of the Restaurant will constitute proprietary information of Franchisor. Lennys reserves the right to approve or reject any and all supplies, suppliers, products and services.

G. Vending Machines and Similar Devices. Public telephones; newspaper/magazine racks; juke boxes; cigarette, gum and candy machines; rides; lottery ticket terminals; slot machines; video games or any other games; vending or amusement machines; or any other similar devices will not be installed at the Restaurant without the prior written approval of Lennys, such approval to be granted or not granted in Lennys sole discretion. In the event such items are installed at the Restaurant, then all sums received by Franchisee in connection with these items will be included within “Gross Sales” as defined in this agreement.

H. Menu and Service. Franchisee will serve all menu items set forth in the Manual and items which are not set forth in the Manual or otherwise authorized and approved by Lennys in writing will not be served. Franchisee will only sell the approved menu items at retail to consumers from and through the Restaurant and will not sell items for redistribution or resale. Franchisee will adhere to all specifications contained in the Manual or as otherwise prescribed by Lennys as to ingredients, methods of preparation and service, weight and dimensions of products served, and standards of cleanliness, health and sanitation. All food, drink and other items will be served and sold in packaging that meets Lennys specifications. Only food, supplies, paper products and packaging from sources approved by Lennys will be used in the Restaurant.

I. Hours of Operation. The Restaurant will be open the days and hours specific in the Manual or otherwise designated in writing by Lennys.

J. Proper Staffing, Uniforms and Appearance. Franchisee will ensure that there is adequate staff, including the presence of a Certified Manager (as defined below) to provide excellent service and high-quality food products to all guests of the Restaurant at all times. Franchisee is solely responsible for all employment decisions and functions for the Restaurant, including, without limitation, those related to hiring, firing, remuneration, personnel policies, training, benefits, insurance, compliance with wage and hour requirements, recordkeeping, and the supervision and discipline of employees. All managers and employees will only wear uniforms that are approved by Lennys. Franchisee will ensure that all of Franchisee’s employees and managers maintain an appropriate appearance at all times while in uniform as specified in the Manual or otherwise in writing by Lennys.

K. Advertising and Promotional Materials. All advertising and promotional materials or items (including, but not limited to, newspaper, radio and television advertising; Facebook, Twitter, Instagram, Yelp, Google, TripAdvisor, and LinkedIn; specialty and novelty items; coupons; calendars; signs; napkins; cups; bags; and wrapping paper) must be approved and authorized by Lennys, in Lennys sole discretion, in

writing prior to any use, and display or use of the Marks will not be made without the prior written approval of Lennys. All materials on which the Marks are used must include the properly located designation “®” or “TM”, as the case may be, or such other designation as Lennys may specify.

L. Right of Entry and Inspection; Self-Assessments. Lennys will have the unrestricted right without prior notice to enter the Restaurant to conduct such activities as it deems necessary to ascertain Franchisee’s compliance with this Agreement. In addition to inspections which may be performed by Lennys, Franchisee will perform quality assurance self-assessments at least once per quarter on forms prepared by Lennys. Franchisee’s Managing Owner will sign a statement in connection with each quality assurance self-assessment that the Managing Owner personally conducted the quality assurance self-assessment and that the Managing Owner personally certifies the accuracy of its contents. Franchisee will provide copies of these inspections upon request by Lennys. If an inspection reveals deficiencies in the operation of the Restaurant or Franchisee’s failure to conform to the Manual, as determined in Lennys’ sole discretion, Franchisee shall, at Lennys’ discretion: (i) take such steps as may be necessary to correct such deficiencies within the time specified by Lennys and provide Lennys representatives with lodging, without charge, and reimburse Lennys for the travel expenses incurred by such representatives in subsequent evaluations to determine whether all deficiencies have been corrected and/or (ii) pay such fees as are imposed by Lennys then-current quality assurance program(s).

M. Management of Restaurant.

(1) Franchisee will have an individual General Manager or Director of Operations, or similar title (“**Managing Director**”) approved by Lennys, trained and periodically retrained in the System, who is granted the authority by Franchisee to direct any action necessary to ensure that the day-to-day operation of the Restaurant is in compliance with the Manual, with this Agreement, and with the terms of any lease and any other agreements relating to the Restaurant. The Managing Director will devote full time and best efforts to the overall supervision of the Restaurant. The current Managing Director is designated in **Attachment A**. Franchisee will not take any action to limit the authority requirement for the Managing Director through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. Franchisee agrees to furnish Lennys with such evidence as Lennys proof that the Managing Director’s authority remains as represented in this Agreement and to require that the Managing Director attend such additional and periodic training as Lennys may reasonably require of Managing Directors.

(2) At all times during the Term of this Agreement, Franchisee will employ at least one individual (“**Certified Manager**”) who is responsible for the direct, personal supervision of the Restaurant and who successfully completes the training program described in Section 7.A.

N. Health Department Inspections. Franchisee will forward to Lennys by electronic mail or by telefax a copy of any and all health department inspection reports within one (1) business day of Franchisee’s receipt of such report.

O. Promotions; Gift Card Program; and Loyalty Program. Franchisee must actively participate in all advertising and promotional campaigns and programs designated by Lennys. Franchisee must participate in, and comply with, all terms, conditions, requirements, and all privacy mandates of Lennys gift card program and loyalty program.

P. Pricing. Lennys may, from time to time, make suggestions to Franchisee with regard to Franchisee's pricing policies. Any list or schedule of prices Lennys furnishes to Franchisee may, unless otherwise specifically stated as to the maximum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between Franchisee and Lennys. Although Franchisee generally has the right to establish prices for the products Franchisee sells, Lennys reserves the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

Q. Ownership of Business Records. Franchisee acknowledges and agrees that Lennys shall at all times have unrestricted access to all business records ("**Business Records**") with respect to guests, employees, and other service professionals of, and/or related to, the Restaurant including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, guest purchase records, and all other records contained in the POS System, and all other Business Records created and maintained by Franchisee, and that at the expiration or earlier termination of this Agreement, all Business Records shall become the sole property of Lennys. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Lennys may access such Business Records, and may utilize, transfer, or analyze such Business Records as Lennys determines to be in the best interest of the System.

R. Other Requirements. Franchisee agrees to abide by all other requirements set by Lennys that Lennys determines to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Lennys Restaurants.

5. ASSISTANCE FROM FRANCHISOR

A. Pre-Opening Assistance: Before Franchisee opens Franchisee's Restaurant:

(1) Lennys will provide Franchisee with written notice of Lennys' consent to Franchisee's proposed site within sixty (60) days after receiving Franchisee's written proposal. Many factors, such as visibility of location, accessibility of location, amount and ease of parking, traffic patterns, traffic count, area demographics, the square footage available, and the condition of the building will be considered in approving the proposed site. Lennys' consent to Franchisee's proposed site does not guarantee any level of results for Franchisee's Restaurant.

(2) Lennys will provide Franchisee with assistance in analyzing Franchisee's market area, determining site feasibility and designating a franchise location; however, it is Franchisee's sole responsibility to undertake site selection activities and otherwise secure premises for the Restaurant. Failure to submit proposed site locations and/or to obtain site selection approval from Lennys within ninety (90) days of execution of the Franchise Agreement may result in termination of the Franchise Agreement and forfeiture by Franchisee of all monies paid to Lennys.

(3) Lennys will provide guidance and assist Franchisee in developing the layout and design of Franchisee's Restaurant. Lennys has designated approved architects. From these approved professionals, Franchisee shall select an architect and Franchisee will be responsible for their fees. The plans for Franchisee's Restaurant must be approved by Lennys.

(4) For each Restaurant, Lennys will train up to two (2) individuals for approximately four (4) weeks before the Restaurant is opened. Lennys will not charge Franchisee for this

training but Franchisee is responsible for Franchisee's expenses and the expenses of Franchisee's employees in attending this program, including travel costs, room and board expenses and employees' salaries. All training will occur at locations designated by Lennys.

(5) Lennys will provide Franchisee with Lennys guidelines for the Grand Opening Advertising relating to Franchisee's Restaurant. Franchisee must submit Franchisee's pre-opening and opening marketing plan at least twelve (12) weeks prior to the Restaurant's opening. Lennys will review and must approve Franchisee's pre-opening and opening marketing plan prior to the Restaurant's opening. Upon Lennys request, Franchisee must provide Lennys with receipts and other proof that Franchisee complied with Franchisee's approved plan.

(6) Lennys will make the Manual available to Franchisee online. The Manual is highly confidential, and Franchisee must use Franchisee's best efforts to maintain the absolute confidentiality of the Manual. The Manual remains the property of Lennys and any copies made of it must be stored by Franchisee in a safe place. Lennys reserves the right to revise or modify the Manual to reflect new standards, specifications and procedures. Franchisee must accept and comply with such modifications, revisions, and additions.

B. Ongoing Assistance: During the operation of Franchisee's Restaurant:

(1) If Franchisee (or Franchisee's Managing Owner) have not previously owned or managed a Lennys Restaurant, Lennys will provide Franchisee with such opening assistance as Lennys deems appropriate to assist Franchisee in starting the Restaurant operations, including on-site opening assistance for not more than seven (7) days, as scheduled by Lennys.

(2) Lennys will review and must pre-approve all signs, posters, as well as all promotional materials and advertising Franchisee wishes to use, including newspapers, radio and television advertising and specialty and novelty items, coupons, signs, containers and boxes. Franchisee may not establish any website, social media account, social media profile, mobile application, or listing on the Internet or World Wide Web which uses or displays the Marks, trade names or other commercial symbols.

(3) Lennys will provide the standard menu specifications.

(4) Lennys will update the Approved Supplies List and the Approved Suppliers List as Lennys deems necessary.

(5) Lennys will modify the System as Lennys deems necessary, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new menu items, products, equipment or techniques.

(6) Lennys may furnish Franchisee with guidance and/or assistance in the operation of the Restaurant as Lennys deems necessary.

C. No Other Obligation. Lennys is not obligated to provide any other supervision, assistance or services to Franchisee during the operation of Franchisee's Restaurant.

6. THE RESTAURANT

A. Site Selection. During the Term of this Agreement, the selected site will be used exclusively for the purpose of operating a franchised Lennys Restaurant. The address of the site is listed in **Attachment B**. Franchisee is responsible for purchasing or leasing a suitable site for the Restaurant. Prior to the acquisition by lease or purchase of any site for the Restaurant, Franchisee must submit a description of the proposed site to Lennys, together with a letter or other evidence satisfactory to Lennys which confirms Franchisee's favorable prospects for obtaining the proposed site. Lennys will provide Franchisee written notice of whether it consents to the proposed site within thirty (30) days after receiving Franchisee's written proposal. Lennys will have the right, but not the obligation, to lease or purchase the site of the Restaurant and sublease the Restaurant to Franchisee upon commercially reasonable lease terms.

B. Lease. Franchisee must provide Lennys a copy of the lease for the premises of the Restaurant for Lennys review and approval prior to Franchisee's execution of the lease. Lennys standard Franchisor Rights Rider must be made part of the lease before it is signed by Franchisee. Franchisee will immediately provide Lennys with a fully executed copy of the lease and will also immediately provide Lennys with fully executed copies of any and all modifications to the lease.

C. Site Selection Assistance.

(1) Lennys will use reasonable efforts to help analyze Franchisee's market area and to help determine site feasibility. These efforts by Lennys will not be interpreted as a guarantee by Lennys of success for any location. It is the sole responsibility of Franchisee to undertake site selection activities and otherwise secure premises for Franchisee's Restaurant.

(2) Lennys may utilize the services of a real estate agent to assist Lennys or Franchisee in site selection, lease negotiation and similar activities. These services may be provided by an individual or company affiliated with Lennys and Lennys may receive a commission or other financial remuneration.

D. Casualty. In the event the Restaurant is damaged or destroyed by fire or any other casualty, Franchisee will, at Franchisee's own expense, repair or reconstruct the Restaurant within a reasonable time under the circumstances. In the event such time exceeds one hundred twenty (120) days, Lennys will have the option, exercisable in its sole discretion, to terminate this Agreement. The minimum acceptable appearance for the restored Restaurant will be that which existed just prior to the casualty; however, every effort will be made to have the restored Restaurant reflect the then Current Image, design and specifications of Lennys Restaurants.

7. TRAINING

A. Managing Owner/Managing Director/Certified Manager. The Restaurant will not open unless a Certified Manager, the Managing Director or the Managing Owner has successfully completed Lennys' training program at such locations as may be specified by Lennys ("**Initial Training**"). Lennys will provide, and the Managing Owner or the Managing Director and Certified Manager will attend, continuing operations training programs, including but not limited to annual franchise summits ("**Summits**"), as may be directed by Lennys ("**Continuing Operations Training**"). The required frequency and duration of the Continuing Operations Training will be no more than twice per year and will not exceed a total of four (4) days, and the required subject matter will be specified by Lennys. These programs may be in Memphis, Tennessee, Columbus, Ohio or at such other locations specified by Lennys.

Lennys will provide notice of Continuing Operations Training at least thirty (30) days in advance of such training programs.

B. Fee for Failing to Attend Continuing Operations Training or Summit. On each occasion where Franchisee or Franchisee's Managing Director does not attend Continuing Operations Training or a Summit, Franchisee will pay a fee to Lennys up to Two Thousand Five Hundred Dollars (\$2,500) (as determined in the sole discretion of Lennys) by electronic funds transfer. This fee is in addition to all other rights and remedies that Lennys has as a result of such failure to attend Continuing Operations Training or a Summit.

C. Charges and Costs. Franchisee is responsible for all charges and costs associated with all such training including all travel and living expenses, compensation of and workers' compensation insurance for the attendees enrolled in the training program, any other personal expenses, course materials, training facility charges, and training staff charges.

D. Franchisee Training and Restaurant Staffing. Franchisee will implement a training program for Franchisee's employees in accordance with training standards and procedures prescribed by Lennys and will staff the Restaurant at all times during the Term of this Agreement with a sufficient number of trained employees including at least one Certified Manager to ensure that the Lennys operational standards are met.

E. New/Additional Managers. If Franchisee designates new or additional Certified Managers or Managing Directors after the Initial Training, Lennys will provide Initial Training for such individuals for a fee of two hundred and fifty dollars (\$250.00) per week. Franchisee will be responsible for the salaries and expenses of the managers incurred during such training.

8. ROYALTY AND MARKETING CONTRIBUTION

A. Gross Sales. The term "**Gross Sales**" includes all sums charged by Franchisee for goods, merchandise or services whether or not sold or performed from the Restaurant, including all premiums, whether received in cash, in services in kind, from barter and/or exchange, on credit or otherwise. Gross Sales excludes discounts, any taxes collected by Franchisee from guests based upon sales, and cash received as payment in credit transactions where the extension of credit itself has already been included. All barter or exchange transactions where Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or guest will be valued at the full retail value of the goods or services provided to Franchisee.

B. Royalty. Franchisee will pay Lennys a royalty fee of six percent (6%) of Gross Sales ("**Royalty**") for the use of the System and the Marks. Royalties are paid weekly on Tuesday of each week based upon Gross Sales for the preceding week in accordance with Section 8.G or such other time period as designated by Lennys in the Manual.

C. Grand Opening Advertising. Franchisee will spend a minimum of Ten Thousand Dollars (\$10,000) between the time Franchisee's lease is signed and within three (3) months of the Restaurant's opening on grand opening marketing, including advertising, product samples and promotional items ("**Grand Opening Advertising**"). Grand Opening Advertising will be conducted in accordance with the Manual or otherwise as approved by Lennys in writing. Franchisee must prepare a written Grand Opening Advertisement plan and submit this plan to Lennys no later than twelve (12) weeks prior to the opening of the Restaurant. Lennys, in its sole discretion, must approve this plan. Upon Lennys' request, Franchisee must provide Lennys with receipts and other proof that Franchisee fully implemented the approved plan.

D. **Brand Marketing Fund.** Franchisee will also pay to Lennys an advertising and marketing contribution of two percent (2%) of Gross Sales (“**Marketing Contribution**”) on Tuesday of each week based upon Gross Sales for the preceding week. These sums (“**Brand Marketing Fund**”), will be used in Lennys sole discretion for: (i) market research related to the development of advertising and sales promotions; (ii) creative, production and other costs incurred in the development of advertising, sales promotions and public relations; and (iii) various methods of delivering the advertising or promotional message, including television, radio, internet, outdoor and print (“**Media**”). Franchisee agrees that Lennys is not operating or acting as a trustee or fiduciary with respect to the Brand Marketing Funds collected. Lennys may, in its sole discretion and at any time, raise Franchisee’s Marketing Contribution to the Brand Marketing Fund to an amount up to four percent (4%) of Franchisee’s Gross Sales provided Lennys gives Franchisee at least ninety (90) days prior written notice of such increase and further provided Lennys reduces Franchisee’s Local Advertising Expenditures set forth immediately below in Section 8.E. by an equal percentage to the raise in the Brand Marketing Fund. In no event will the combined Brand Marketing Fund and Local Advertising Expenditures exceed four percent (4%) of Franchisee’s Gross Sales. Lennys will administer the Brand Marketing Fund as follows:

- (1) Lennys will direct all advertising programs over the creative concepts, materials and media to be used. Lennys has no obligation to ensure expenditures for any Franchisee are equivalent or proportionate to its contribution, or to ensure that any particular Franchisee benefits directly pro rata from the placement of advertising.
- (2) The Brand Marketing Fund may be used to maintain, administer, direct and prepare advertising and promoting the programs, products and services offered by its franchisees including, the cost of preparing and conducting television, radio, internet, magazine and newspaper advertising campaigns and other sales, marketing, promotional and public relations activities; employing advertising agencies; Lennys’ employee salaries, salesperson commissions and other related costs and expenses; the costs relating to any toll-free telephone numbers and internet sites maintained by Lennys and used in advertising and marketing campaigns; providing promotional brochures and other marketing materials to franchisees; and such other costs and expenses as Lennys deems appropriate. All sums paid by franchisees to the Brand Marketing Fund will not be used to defray any of Lennys general operating expenses, except for such reasonable administrative costs and overhead, if any, as Lennys may incur in activities reasonably related to the administration or direction of the Brand Marketing Fund and advertising programs.
- (3) It is anticipated that all contributions to the Brand Marketing Fund will be spent during the year that contributions are made.
- (4) Lennys has the right to terminate the Brand Marketing Fund once all monies in the Brand Marketing Fund have been expended.
- (5) Lennys will prepare an annual accounting of the Brand Marketing Fund’s operation and will make it available to Franchisees upon request.
- (6) Lennys has the right to establish, set the guidelines for, or discontinue an “advisory committee” for the Brand Marketing Fund. Franchisee agrees that the Brand Marketing Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System.

E. Local Advertising and Promotion.

(1) In addition to all expenditures set forth above, Franchisee will also spend two percent (2%) of Gross Sales on local advertising and promotion (“**Local Advertising Expenditures**”). All local advertising will conform to Lennys’ requirements and must be approved by Lennys or Lennys’ designated advertising agency. Franchisee will maintain an accurate accounting of all Local Advertising Expenditures and will provide such accounting to Lennys upon request. At the discretion and direction of Lennys, Franchisee will contribute all or a portion of Franchisee’s Local Advertising Expenditures to a local advertising and promotion cooperative established by Lennys or for advertising and promotional activity specifically directed by Lennys to Franchisee’s trade area. As part of Franchisee’s ongoing marketing efforts and to build up the goodwill of the Restaurant in the community, Lennys has the right to require Franchisee to participate in charitable programs and/or fundraising campaigns, all proceeds of which will be donated or used for charitable purposes. As set forth in Section 8.D. immediately above, Lennys will reduce the amount Franchisee is required to spend on Local Advertising Expenditures by the amount that Lennys increases Franchisee’s contribution to the Brand Marketing Fund and in no event will the combined Brand Marketing Fund and Local Advertising Expenditures exceed four percent (4%) of Franchisee’s Gross Sales.

(2) Franchisee is strictly prohibited from developing, creating, generating, owning, licensing, leasing or otherwise utilizing any computer media and/or electronic media (including but not limited to the Internet, World Wide Web, mobile applications, bulletin boards, Google Listing, Google Map, Facebook, X, Threads, Instagram, LinkedIn, Yelp, TripAdvisor, Flickr, Lennys Loyalty Program, new groups, blogs and Telnet) which may be used, or in any manner uses, displays or utilizes the Marks or other commercial symbols of Lennys or offers to sell or sells any of the product or services which are offered for sale in the Restaurant. If Franchisee desires to utilize any social media, Franchisee must first obtain Lennys written approval of such usage, and Lennys may in its sole discretion approve or not approve such usage. If Lennys grants its approval, Lennys or its affiliates will be the owners of the approved social media and will have administrative rights to all content.

F. Late Charge: Any Royalty or Marketing Contribution not paid when due will bear a late charge in the amount of 1.5% per month or the highest applicable legal rate, whichever is higher.

G. Method of Payment: The Royalty and the Marketing Contribution will be paid by direct weekly withdrawals from Franchisee’s bank account by an electronic or similar funds transfer. Franchisee must execute and deliver to Franchisee’s bank and to Lennys those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Lennys. Franchisee will not terminate such authorization so long as the Franchise Agreement is in effect. Franchisee agrees that it will not close this bank account without prior notice to Lennys and the prior establishment of a substitute bank account permitting such withdrawals.

9. ACCOUNTING PROCEDURES; RIGHT OF AUDIT

A. Loan Information. Franchisee will timely provide Lennys with copies of all relevant documents relating to Franchisee’s financing of the Restaurant.

B. Accounting. Lennys requires the use of an approved PC-based point-of-sale system (“**POS System**”). Franchisee agrees to purchase the POS System and pay the monthly POS network connection

and software maintenance fee by an electronic or similar funds transfer, which gives Lennys electronic access to all of the Restaurant sales and other information. Lennys may require Franchisee, at Franchisee's expense by an electronic or similar funds transfer, to update or upgrade the POS System. Franchisee agrees to keep true, accurate, and complete records of Franchisee's business utilizing third party software as prescribed by Lennys, and to furnish Lennys with monthly profit and loss reports in the format and manner set by Lennys. These profit and loss statements will be prepared in accordance with generally accepted accounting principles ("GAAP") and will be submitted to Lennys within thirty (30) days after the end of the period covered by the report. In addition, Franchisee will retain for a period of at least twenty four (24) months and upon request submit to Lennys copies of all balance sheets, cash flow statements, state sales tax returns, federal tax returns and all supporting data and records relating to sales made at or from the time the Restaurant opened and such other records as Lennys may reasonably request. At Lennys' option, Franchisee will furnish Lennys with a weekly reporting of all costs associated with labor expenses and the purchase of food, paper and beverage products for the Restaurant.

C. Annual Financial Statements. At Lennys request, by March 31 of each year, Franchisee will submit a full disclosure of all persons with any interest in the Restaurant and a complete annual financial statement for the prior year for the Restaurant, which statement, if specifically requested by Lennys, will be certified by a certified public accountant.

D. Audits. Franchisee agrees that Lennys or its representatives will, at all reasonable times, have the right to examine or audit all books, records, state sales tax returns or accounts of Franchisee. If the audit discloses an understatement of Gross Sales which exceeds two percent (2%) for any period, Franchisee will, in addition to paying Lennys the Royalty and Marketing Contribution owed on the underreported amount and applicable late charge, reimburse Lennys for all costs of the audit including travel, lodging and fees/wages reasonably incurred.

E. Release of Financial Information. Except in connection with the Lennys Franchise Disclosure Document, a potential sale of a Franchise to a prospective franchisee, as required by judicial or administrative order, or as otherwise provided in any lease between Lennys or any of its affiliates and Franchisee, Lennys will not release to third parties any financial or operational information specifically relating to Franchisee or the Restaurant without the consent of Franchisee. If Lennys is required to disclose such information, Lennys will use reasonable efforts to give Franchisee notice of such disclosure. Lennys may release general financial or operational information relating to the System compiled in whole or in part from Franchisee or the Restaurant so long as Franchisee or the Restaurant are not specifically identified.

10. LIMITATIONS OF FRANCHISE

A. Trademark Standards and Requirements.

(1) Trademark Ownership. Franchisee acknowledges and agrees that Lennys is the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Restaurant and of the business conducted at the Restaurant that is associated with or attributable to the Marks. Franchisee's use of the Marks will inure to Lennys' benefit. Franchisee may not, during or after the Term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest Lennys' rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

(2) Trademark Use. Franchisee may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in

Attachment D or except as Lennys otherwise directs in writing. Franchisee may not modify or alter the Marks. Franchisee may use the Marks only in connection with such products and services as Lennys specifies and only in the form and manner Lennys prescribes in writing. Franchisee must comply with all trademark, trade name and service mark notice marking requirements. Franchisee may use the Marks only in association with products and services approved by Lennys and that meet Lennys' standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging. Franchisee is prohibited from using the Marks in any Internet advertising on a website or on the World Wide Web, in any domain name, URL or Internet Address or as a hidden search term used by Internet search engines, or to install a hyperlink to any other website on the World Wide Web, mobile application, or otherwise on the Internet or any other electronic means of communication, now existing or developed in the future, including but not limited to emails to Lennys Loyalty Program Members, Facebook, X, Threads, Instagram, LinkedIn and Flickr, without Lennys' express approval, which approval may be withheld in Lennys' sole discretion. Lennys reserves the sole right to use the Marks and other commercial symbols in connection with the establishment of a domain name or otherwise on the Internet, the World Wide Web, or any other electronic means of communication, now existing or developed in the future.

(3) Restaurant Identification. Franchisee must use the name LENNYS GRILL & SUBS (or such other name that Lennys specifies) as the trade name of the Restaurant and Franchisee may not use any other mark or words to identify the Restaurant without Lennys prior written consent. Franchisee may not use the name "Lennys" or any of the other Marks as part of the name of Franchisee's corporation, partnership, limited liability company or other similar entity. Franchisee may use the Marks on various materials, such as business cards, stationery and checks, provided Franchisee: (i) accurately depicts the Marks on the materials as Lennys prescribes; (ii) includes a statement on the materials indicating that the business is independently owned and operated by Franchisee; (iii) does not use the Marks in connection with any other trademarks, trade names or service marks unless Lennys specifically approves in writing prior to such use; and (iv) makes available to Lennys, upon Lennys request, a copy of any materials depicting the Marks. Franchisee must post a prominent sign in the Restaurant identifying Franchisee as a Lennys franchisee in a format Lennys deems reasonably acceptable, including an acknowledgment that Franchisee independently owns and operates the Restaurant and that the Marks are owned by Lennys and Franchisee's use is under a license Lennys has issued to Franchisee. The Restaurant's internal and external signs must comply at all times with Lennys outdoor/indoor guidelines and practices, as they are modified from time to time.

(4) Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges Franchisee's use or Lennys' use or ownership of the Marks, Lennys will control all litigation and Lennys has the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. Franchisee must promptly notify Lennys of any such use or infringement of which Franchisee is aware or any challenge or claim arising out of Franchisee's use of any Mark. Franchisee must take reasonable steps, without compensation, to assist Lennys with any action Lennys undertakes, including but not limited to agreeing to be named as a party in any such action if so requested by Lennys. Lennys will be responsible for Franchisee's fees and expenses with any such action, unless: (i) Franchisee elects to be represented by counsel of Franchisee's own choosing; or (ii) the challenge or claim results from Franchisee's misuse of the Marks in violation of this Agreement, in which case Franchisee must reimburse Lennys for Lennys' fees and expenses.

(5) Changes. Franchisee may not make any changes or substitutions to the Marks unless Lennys directs in writing. Lennys reserves the right to change the Marks at any time. Upon receipt of Franchisee's notice to change the Marks, Franchisee must cease using the former Marks and commence using the changed Marks, at Franchisee's expense. If the changes to the Marks result in a required change to outdoor signage, such changes will be subject to the provisions in Section 4.E.

B. Independent Contractor. Franchisee is an independent contractor and is not an agent, partner, joint venturer, joint employer or employee of Lennys, and no fiduciary relationship between the parties exists. Franchisee is the sole and exclusive employer of Franchisee's employees. Franchisee has the sole right to hire, discipline, discharge and establish wages, hours, benefits, employment policies, and other terms and conditions of employment for Franchisee's employees without consultation with or approval by Lennys. Franchisee will have no right to bind or obligate Lennys in any way nor will Franchisee represent that it has any right to do so. Lennys will have no control over the terms and conditions of employment of Franchisee's employees. In all public records and in Franchisee's and Lennys' relationships with other persons, on stationery, business cards, business forms and checks, Franchisee will indicate independent ownership of the Restaurant and that it is operated under a Franchise granted by Lennys. Franchisee will exhibit at the Restaurant, in such places as may be designated by Lennys, a notification that the Restaurant is operated by an independent operator and not by Lennys.

11. CONFIDENTIAL INFORMATION

A. Confidential Information. Lennys will disclose parts of its Confidential Information to Franchisee solely for its use in the operation of the Restaurant. "**Confidential Information**" includes Lennys' proprietary and confidential information relating to the development and operation of Lennys Restaurants, including: (i) ingredients, recipes, and methods of preparation and presentation of authorized foods products; (ii) site selection criteria for Lennys Restaurants and plans and specifications for the development of Lennys Restaurants; (iii) sales, marketing and advertising programs and techniques for Lennys Restaurants; (iv) identity of suppliers and knowledge of specifications and pricing for authorized food products, materials, supplies and equipment; (v) knowledge of operating results and financial performance of Lennys Restaurants, other than the Restaurant and other Lennys Restaurants owned by Franchisee; (vi) methods of inventory control, storage, product handling, training and management relating to Lennys Restaurants; (vii) computer systems and software programs; and (viii) any and all other information Lennys provides Franchisee that is designated orally or in writing as proprietary or confidential or by its nature would reasonably be understood to be proprietary or confidential, regardless whether such information is specifically designated as proprietary or confidential.

B. Restrictions on Use. The Confidential Information is proprietary and includes Lennys' trade secrets. During the Term and thereafter: (i) Franchisee may not use the Confidential Information in any other business or capacity (Franchisee acknowledges such use is an unfair method of competition); (ii) Franchisee must exert its best efforts to maintain the confidentiality of the Confidential Information; (iii) Franchisee may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (iv) Franchisee must implement all reasonable procedures Lennys prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements (in form and substance satisfactory to Lennys) with Franchisee's Owners, Managing Director, Managing Owner, officers, directors, and managers and the delivery of such agreements to Lennys.

12. INSURANCE; INDEMNIFICATION

A. Insurance.

(1) Franchisee agrees to purchase and maintain in full force and effect, at Franchisee's expense and from a company Lennys accepts, insurance that insures both Franchisee and Lennys, the affiliates of Lennys, and any other persons Lennys designates by name. The insurance policy or policies shall be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by Lennys from time to time and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing):

(a) Commercial general liability (CGL) insurance, including the following coverages:

<u>Coverage:</u>	<u>Minimum Limits of Coverage:</u>
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal Injury & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Legal Liability	\$ 300,000
Medical Expense (any one person)	\$ 10,000

(b) Business Personal Property Insurance on the contents of the Restaurant for full repair or replacement value without any co-insurance clause;

(c) Business Income/Extra Expense Insurance for actual losses sustained;

(d) Automobile Liability coverage for owned, hired, and non-owned vehicles with minimum limits of \$1,000,000; and

(e) Excess Liability Coverage with limits of \$1,000,000 over the underlying CGL, automobile liability and workers' compensation coverage detailed above

(2) Depending upon varying local/regional needs, Lennys may require that Franchisee obtain different coverage such as windstorm, flood or earthquake, and different policy limits. The policies must be written by an insurance company that is licensed in the state in which the Restaurant operates and must have at least an "A-VII" rating classification as indicated in the Best's Key Rating Guide. Additionally, Franchisee agrees to maintain at Franchisee's expense umbrella coverage in the minimum amount of One Million Dollars (\$1,000,000) over the basic comprehensive general liability, and commercial auto liability insurance.

(3) The required liability insurance must (i) name Lenny's Holdings LLC and its affiliates ("Lennys Entities") as additional insureds; (ii) provide severability of interests and/or separation of insureds coverage; (iii) be primary and non-contributory with any insurance policy carried by the Lennys Entities; (iv) provide that the policy cannot be cancelled without thirty (30) days prior written notice to Lennys; and (v) insure the contractual liability of Franchisee under Section 12.D.

(4) Prior to opening the Restaurant and thereafter annually, Franchisee must deliver to Lennys or a designee of Lennys a proper certificate evidencing the existence of such insurance coverage and Franchisee's compliance with the provisions of this section. The insurance certificate must show compliance with all required insurance specifications. Lennys also may request copies of all policies. Lennys may from time to time modify the required minimum limits and require additional insurance coverage, by providing written notice to Franchisee, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the System, standards of liability and higher damage awards.

B. Worker's Compensation. Franchisee agrees to secure and pay premiums on an appropriate worker's compensation policy covering itself and all Franchisee's employees, as required by law.

C. Failure to Obtain Required Insurance. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Lennys may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Lennys' choice, and Franchisee shall reimburse Lennys for the full cost of such insurance, along with a reasonable service charge to compensate Lennys for the time and effort expended to secure such insurance, within five (5) days of the date Lennys delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Lennys to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 16 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law.

D. Indemnity. Franchisee is responsible for all losses, damages and liabilities arising out of or in connection with Franchisee's purchase, possession, ownership, operation or sale of the Restaurant, and for all claims or demands for damages to property or for injury, illness or death of persons. Franchisee hereby waives all claims against Lennys for damages to property or injuries to persons arising out of the operation of Franchisee's Restaurant. Franchisee must fully protect, indemnify and hold Lennys and Lennys' owners, directors, officers, insurers, successors and assigns and affiliates of Lennys harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of Franchisee's Restaurant (regardless of cause or any concurrent or contributing fault or negligence of Lennys or the affiliates of Lennys) or any breach by Franchisee or Franchisee's failure to comply with the terms and conditions of this Agreement. Lennys also reserves the right to select its own legal counsel to represent its interests, and Franchisee must reimburse Lennys for all Lennys' costs and all attorneys' fees immediately upon Lennys' request as they are incurred. Lennys' right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on Lennys by statute, ordinance, regulation or other law. The indemnification of Lennys by Franchisee will not be limited by the amount of insurance required under Section 12.A. This indemnity obligation includes claims related to the employment of Franchisee's employees. This obligation of Franchisee to indemnify and defend Lennys is in addition to Franchisee's obligation to maintain insurance under Section 12.A.

E. Defense of Claims. Lennys will notify Franchisee of any claims, and Lennys, in its sole discretion, will either defend the claim at Franchisee's expense or allow Franchisee to assume the defense of the matter. If Lennys chooses to defend any claim covered by the indemnification provisions of Section 12.D, Franchisee will pay to Lennys all costs, including attorneys' fees, incurred by Lennys in effecting such defense, in addition to any sum which Lennys may pay by reason of any settlement or judgment against Lennys. No settlement of any claim against Lennys will be made by Franchisee which is in excess of the amount of insurance referred to in Section 12.A or which would subject Lennys to liability in any amount not covered by such insurance without the prior written consent of Lennys.

13. TAXES

Franchisee will pay when due all taxes levied or assessed in connection with the purchase, possession, ownership, operation or sale of the Restaurant or in connection with amounts paid or received under this Agreement, including any payroll, sales, use or other ad valorem taxes. If any such tax is paid by Lennys, Franchisee will promptly reimburse Lennys the amount paid. In the event of any bona fide dispute as to the liability for a tax assessed against Franchisee, Franchisee may contest the validity or the amount of the tax in accordance with procedures of the taxing authority. Franchisee will not permit a tax sale or seizure against the Restaurant or equipment.

14. ASSIGNMENT: CONDITIONS AND LIMITATIONS

A. Transfer by Franchisee. Any purported assignment or transfer not in full compliance with this Section 14 will be null and void and will constitute a material breach of this Agreement, for which Lennys may immediately terminate without opportunity to cure under Section 16.A of this Agreement. Except with the prior written consent of Lennys, Franchisee will not: (i) assign or pledge this Agreement, or assign any of Franchisee's rights or delegate any of Franchisee's duties under this Agreement; or (ii) sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any ownership interest in Franchisee; or (iii) sell, assign, transfer, convey or give away substantially all of the assets of the Restaurant.

B. Transfer by Owners. Except with the prior written consent of Lennys, no Owner will sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest of Franchisee.

C. Transfer of Equity Securities. Equity securities of Franchisee may not be transferred by Franchisee or by any Owner unless, in addition to obtaining the prior written consent of Lennys as required above, such transfer complies with all policies or guidelines Lennys may then have in effect for approval of a proposed distribution of securities of franchisees.

D. Pledging of Franchise Agreement. Notwithstanding any consent granted by Lennys under Sections 14.A, 14.B or 14.C, neither Franchisee nor any Owner will pledge, mortgage, hypothecate, give as security for an obligation or in any manner encumber this Agreement or the franchise granted herein except with the express written consent of Lennys.

E. Notice of Proposed Transfer. The proposed transferor will notify Lennys in writing of any proposed transfer of an interest referred to in Section 14.A or 14.B, as applicable, before the proposed transfer is to take place, and will provide such information and documentation relating to the proposed transfer as Lennys may require, including but not limited to a restaurant appraisal conducted by an independent third party appraiser.

F. Conditions of Consent. Lennys will use reasonable efforts to consent or not consent to the proposed transfer within sixty (60) days of receipt by Lennys of all the information and documentation required to be provided to Lennys under Section 14.E. Lennys may condition its consent to the proposed transfer of an interest referred to in Section 14.A or 14.B on satisfaction of any or all of the following requirements:

- (1) That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Lennys and its affiliates, whether arising under this Agreement or otherwise, have been satisfied.

(2) That Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Lennys or its affiliates.

(3) That the transferee, in Lennys' sole judgment, satisfies all of Lennys' business standards and requirements; has the aptitude, ability, and adequate financial resources and capital to operate the Restaurant; and that transferee complete and be approved through Lennys' standard franchisee application and selection process including satisfactorily demonstrating to Lennys that transferee meets the financial, character, managerial, ownership and such other criteria and conditions as Lennys applies for new franchises.

(4) That the transferee, at Lennys' election will: (i) enter into a written assignment, in a form satisfactory to Lennys, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; or (ii) execute, for a term ending on the expiration date of this Agreement, Lennys' then-current Franchise Agreement applicable to such transferee; or (iii) execute Lennys' then-current Franchise Agreement with its standard term and such other ancillary agreements as Lennys may require for the Restaurant.

(5) That the transferee execute a guaranty of Franchisee's obligations to Lennys and Lennys' affiliates.

(6) That Franchisee and each transferor execute a general release, in a form satisfactory to Lennys, of any and all claims against Lennys, its affiliates, and their respective officers, directors, agents, and employees, in their corporate and individual capacities.

(7) That the transferee complete any applicable orientation and training programs required by Lennys.

(8) A transfer fee of Ten Thousand Dollars (\$10,000) per Restaurant involved in the transaction shall be paid to Lennys.

(9) Lennys must not have disapproved the material terms and conditions of such transfer (including the price and terms of payment) on the basis that they are so burdensome as to be likely, in Lennys' sole judgment, to adversely affect the transferee's operation of the Restaurant or its compliance with its franchise agreements.

G. Consent to Transfer. If Lennys does not exercise its right of first refusal under Section 15, and consents to the transfer, Franchisee may conclude the sale to the purchaser upon compliance with the conditions imposed by Lennys. Conditions may include, but are not limited to, those set forth in Section 14.F.

H. Continuing Liability. In the event of transfer under a contract of sale which provides that installment payments of the purchase price are to be made to the transferor or the transferor's designee, transferor will remain personally liable for all Royalty, Marketing Contributions and other payments which come due during the entire time that installment payments are made.

I. Notices to Transferor. During the period of time in which transferor remains liable under Section 14.H, Lennys will use reasonable efforts to send simultaneous copies of notices of default to transferor. Transferor will use reasonable efforts to send to Lennys simultaneous copies of notices of default under any installment payment due to transferor from transferee. Failure of either party to provide copies of the notices of default will not be an event of default under the terms of this Franchise Agreement.

Transferor will be afforded the same opportunity to cure as is set forth in the notice of default sent to transferee by Lennys.

J. Acquisition of Additional Franchises. Franchisee agrees that, prior to acquiring any other Lennys Restaurant franchise which may be offered to it for sale or which it may offer to purchase, such franchise will be first offered to Lennys on the same terms, conditions and price in accordance with Section 15.

K. Death or Incapacity. Upon the death or mental incapacity of an Owner, the executor, administrator, or personal representative of such Owner will transfer the Owner's interest in Franchisee to a co-owner or, alternatively, to a third party approved by Lennys within a reasonable time after the Owner's death or mental incapacity. Such transfers will be subject to Lennys right of first refusal under Section 15, or, if such right is not exercised, the same conditions as may be imposed on other transfers under this agreement. If operations cease as a result of the Owner's death, Lennys will have the option to purchase the Owner's interest at the fair market value. Alternatively, in order to prevent any interruption of the Restaurant which would cause harm to the Restaurant, Franchisee authorizes Lennys, in the event that Franchisee is absent or incapacitated by reason of illness or death and is not, in the sole judgment of Lennys, able to operate the Restaurant, to operate the Restaurant for so long as Lennys deems necessary, and without waiver of any other rights or remedies Lennys may have under this Agreement. Lennys will not be obligated to operate the Restaurant. All monies from the operation of the business during such period of operation by Lennys will be kept in a separate account and the expenses of the Restaurant, including reasonable compensation and expenses for Lennys representatives in connection therewith, will be charged to this account. If Lennys temporarily operates the Restaurant, Franchisee will indemnify and hold harmless Lennys and any representative of Lennys from any and all claims arising from the operation of the Restaurant.

L. No Waiver. Lennys consent to a transfer will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Lennys' rights to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

M. Transfer by Lennys. Lennys may transfer and assign this Agreement without Franchisee's consent, and this Agreement will inure to the benefit of Lennys' successors and assigns.

15. RIGHT OF FIRST REFUSAL

A. Right of First Refusal.

(1) In the event Franchisee or the Owners propose to transfer or assign this Agreement or their interest herein or in Franchisee or the Restaurant, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 14.K or any transfer described in Section 14.A, Franchisee first must offer to sell to Lennys the interest of Franchisee under the same terms. In the event of a bona fide offer from such third party, Franchisee must obtain from the third-party offeror and deliver to Lennys a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event the proposed transfer results from a transfer under Sections 14.A through 14.C, or Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, Franchisee first must offer to sell to Lennys the interest of Franchisee in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of Franchisee's Restaurant.

(2) Unless otherwise agreed to in writing by Lennys and Franchisee, the purchase price for Lennys' purchase of assets in the event of a transfer that occurs by a transfer under Sections 14.A through 14.C, insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by Lennys and Franchisee, the transaction documents, which Lennys will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Restaurant is located will appoint one upon petition of either party. Franchisee or Franchisee's legal representative must deliver to Lennys a statement in writing incorporating the appraiser's report and all other information Lennys has requested.

(3) Lennys then has twenty-one (21) days from its receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to Franchisee. Franchisee's acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to Lennys; provided, however, Lennys has the right to substitute equivalent cash for any noncash consideration included in the offer. If Lennys fails to accept the offer within the forty-five (45) day period, Franchisee will be free for sixty (60) days after such period to effect the disposition described in the statement delivered to Lennys provided such transfer is in accordance with this Section 15.A. Franchisee may effect no other sale or assignment of Franchisee, this Agreement or the business without first offering the same to Lennys in accordance with this Section 15.A.

(4) The election by Lennys not to exercise its right of first refusal as to any offer will not affect its right of first refusal as to any subsequent offer.

(5) Any sale, attempted sale, assignment or other transfer of the franchise granted hereby without first giving Lennys the right of first refusal described above will be null and void and of no force and effect.

16. DEFAULT; TERMINATION; AND EFFECT OF TERMINATION

A. Default by Franchisee. If an act of default is committed by Franchisee, and Franchisee fails to cure the default within the applicable cure period, Lennys may, at its option and without prejudice to any other rights or remedies, terminate this Franchise Agreement. The applicable cure period is thirty (30) days unless specifically set forth below. **In some cases, as identified below, no cure period is allowed, and no notice may be required.** If any applicable law or rule requires a different notice period or a different cure period, then the period required under the law or rule will be substituted. The following are material acts of default and good cause for termination:

(1) Franchisee fails to open Franchisee's Restaurant within twelve (12) months of the Effective Date of this Agreement.

(2) Franchisee fails to operate the Restaurant in accordance with the operating standards and specifications established in the Manual (as amended, supplemented, modified or restated by Lennys), or Franchisee fails upon three consecutive visits by a Lennys designee to a Restaurant to achieve a passing grade pursuant to the Lennys Quality Assessment Report. Franchisee will have five days after notification to cure the default.

- (3) Franchisee sells any product which does not conform to Lennys specifications. Franchisee will have five days after notification to cure the default.
- (4) Franchisee fails to sell products designated by Lennys. Franchisee will have five (5) days after notification to cure the default; provided, however, that if for reasons beyond the control of Franchisee, Franchisee is unable to obtain such products within the cure period, the default cure period will be extended for a reasonable period of time provided Franchisee initiates and actively pursues substantial and continuing action within the cure period to cure the default.
- (5) Franchisee sells products not approved by Lennys. Franchisee will have five (5) days after notification to cure the default.
- (6) Franchisee uses equipment, uniforms or décor not approved by Lennys.
- (7) Franchisee fails to maintain the Restaurant in good condition and repair, or fails to make all improvements, alterations or remodeling as determined by Lennys to be reasonably necessary to reflect the Current Image as provided in Section 4.D.
- (8) Franchisee fails to pay when due any Royalty or Marketing Contribution required to be paid under this Agreement. Franchisee will have ten days after notification to cure the default.
- (9) Franchisee (i) fails to submit any information required by Section 9 above (“**Accounting Procedures**”) or (ii) knowingly submits a financial statement or other sales report which understates Gross Sales. If Franchisee knowingly submits a financial statement or other sales report which understates Gross Sales, Lennys will have the right to terminate this Agreement, such termination to be effective immediately upon notice to Franchisee with no opportunity to cure.
- (10) Franchisee admits that it is closing the Restaurant or Franchisee abandons the franchise relationship without the prior consent of Lennys at any time during the Term of this Agreement. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure period.
- (11) Franchisee ceases to occupy the premises. If the loss of possession is the result of governmental exercise of eminent domain, Franchisee may, with Lennys’ consent and subject to availability, relocate to other premises within a one (1) mile radius of the Restaurant for the balance of the Term of this Agreement.
- (12) Franchisee files a petition or application seeking any type of relief under the Bankruptcy Code or any state insolvency or similar law, or someone files a petition or application seeking to have Franchisee adjudicated a bankrupt, or seeking other relief against Franchisee under the Bankruptcy Code or any state insolvency or similar law and the petition or application is not dismissed within ninety (90) days after it is filed. Subject to the applicable law, this Agreement will terminate without notice or cure period upon the occurrence of this act of default as if that date were the expiration date and Franchisee expressly and knowingly waives any rights that it may have under the provisions of the Bankruptcy Code and consents to the termination of this Agreement or any other relief which may be sought in a Complaint filed by Lennys to lift the provisions of the automatic stay of the Bankruptcy Code. Additionally, Franchisee agrees not to seek an injunctive

order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision.

(13) Franchisee admits Franchisee's inability to pay Franchisee's debts as they mature or makes an assignment for the benefit of creditors, or a receiver (permanent or temporary) for any part of Franchisee's property is appointed by a court of competent authority. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure period.

(14) A final judgment against Franchisee remains unsatisfied of record for thirty (30) days (unless a supercedeas or other appeal bond has been filed) or if a levy of execution is made upon the franchise granted by this Agreement or upon any property used in the Restaurant, and it is not discharged within five (5) days of said levying. In either event, Lennys will have the right to immediately terminate this Agreement without notice or cure period.

(15) Admission of guilt or conviction of Franchisee or the Managing Owner in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one year. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure period.

(16) Franchisee or any Owner uses or duplicates the System or engages in unfair competition in violation of Section 11 or discloses any trade secrets of Lennys in violation of Section 11.B. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure period.

(17) Franchisee denies Lennys the right to inspect the Restaurant or to audit the sales and accounting records of the Restaurant. Franchisee will have three days to cure the default.

(18) Conduct by Franchisee, the Managing Owner or the Managing Director which reflects unfavorably on Franchisee or the System by exhibiting a reckless disregard for the financial, physical and/or mental well-being of employees, guests, Lennys representatives or the public at large including, but not limited to, battery; assault; sexual or racial harassment; violating federal labor, tax or immigration laws; engaging in activities injurious to Lennys goodwill; allowing the Restaurant to be used for unlawful purposes; or other forms of criminal, outrageous or unacceptable behavior. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure periods upon such default.

(19) Failure by Franchisee to make prompt payment of undisputed bills, invoices and statements from suppliers of goods and services to the Restaurant.

(20) Any sale, assignment, merger or transfer in violation of Sections 14 or 15 of this Agreement. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure periods upon such default.

(21) Franchisee, without the written consent of Lennys, enters into a management agreement or consulting arrangement with a third party relating to the Restaurant.

- (22) Failure to restore the Restaurant after damage or destruction as provided in Section 6.D.
- (23) The submission by Franchisee, Managing Owner, or Owners of any application, form or report which contains any false or misleading material statement or omits any material fact. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure periods upon such default.
- (24) Three (3) breaches of provisions of this Agreement within a twelve (12) month period. If this act of default occurs, Lennys will have the right to immediately terminate this Agreement without notice or cure period.
- (25) The violation of a covenant against competition in violation of Section 17.
- (26) Failure by Franchisee to comply with any law, ordinance or regulation pertaining to the operation of the franchise granted hereby.
- (27) Failure by Franchisee to comply with any other provisions of this Agreement.
- (28) In addition to Lennys other rights, Lennys, in the event that Franchisee will not have cured a default as provided under this Agreement, may, at its option, either: (i) impose a fine on Franchisee of Two Hundred Dollars (\$200) per day for each and every day that Franchisee has not cured such default, and this fine will be paid by direct daily withdrawals from Franchisee's bank account by an electronic or similar funds transfer; or (ii) enter the Restaurant and exercise complete authority with respect to the operation of the Restaurant until such time as Lennys determines that the default by Franchisee has been cured and that there has been compliance with the requirements of this Agreement. Franchisee specifically acknowledges that a designated representative of Lennys may take over, control and operate the Restaurant, and that Franchisee will pay Lennys a service fee of at least Five Hundred Dollars (\$500) per day, as published in the Manual, plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it will be required by the representative to enforce compliance. Franchisee further acknowledges that if Lennys temporarily operates the Restaurant, Franchisee will indemnify and hold harmless Lennys and any representative of Lennys, with respect to any and all acts and omissions which Lennys may perform or fail to perform as regards the interests of Franchisee or third parties.
- (29) The failure of Lennys to terminate this Agreement upon the occurrence of one or more events of default will not constitute a waiver or otherwise affect the right of Lennys to terminate this Agreement because of a continuing or subsequent failure to cure the events of default or any other default.

B. Effect of Termination.

- (1) Upon termination or expiration of this Agreement, Franchisee's right to use the Marks and the System terminates. Franchisee will no longer identify itself as a Lennys franchisee or publicly identify itself as a former Lennys franchisee or use any of Lennys' trade secrets, promotional materials, the Marks or any mark confusingly similar, nor will Franchisee disclose any of Lennys trade secrets. Upon termination or expiration of this Agreement, Franchisee will immediately return to Lennys any and all copies of the Manual, together with all other materials containing trade secrets. Upon termination or expiration

of this Agreement, and in the event Franchisee has used any of the Marks, variations or abbreviations thereof, or any words confusingly similar to the Marks as part of Franchisee's corporate, partnership or company name, Franchisee will promptly change such name pursuant to an amendment to Franchisee's certificate of incorporation, partnership or organization, as the case may be, as filed with the applicable secretary of state and any other required offices, to eliminate any reference to the Marks, and Franchisee will cease the use of Marks in all respects.

(2) Franchisee grants to Lennys, upon termination or expiration of this Agreement, the option to purchase all usable food, supplies, paper goods, containers and printed menus bearing the Marks at Franchisee's cost, and to purchase the Restaurant equipment, furniture, fixtures and signs at fair market value.

(3) Franchisee agrees to immediately upon termination or expiration of this Agreement, make such removals or changes in signs and the building as Lennys requests, so as to effectively distinguish the building and premises from Franchisee's former appearance and from any other Lennys Restaurants.

(4) In the event of termination for any default of Franchisee, any damage suffered by Lennys will create a lien in favor of Lennys against the personal property, furniture, fixtures and equipment owned by Franchisee on the premises at the time of default.

(5) Upon demand by Lennys, Franchisee will assign to Lennys Franchisee's interest in any lease in effect for the Restaurant. Further, Franchisee agrees to transfer to Lennys Franchisee's business telephone and fax numbers and listings and Franchisee agrees to instruct the telephone company to transfer said numbers and listings to Lennys or Lennys' designee.

(6) Franchisee will promptly pay all sums owing to Lennys and all vendors. In the event of termination for any default of Franchisee, such sums will include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Lennys as a result of the default. In addition to all other rights, Franchisee will pay to Lennys all damages, costs and expenses, including reasonable attorneys' fees, incurred by Lennys subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

C. Liquidated Damages. If Franchisee default on its obligations and Lennys terminates this Agreement prior to the expiration of the Term of this Agreement, it is hereby agreed by the parties that the amount of damages which Lennys would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days after the effective date of termination of this Agreement Franchisee shall pay to Lennys, in addition to the amounts owed under Section 16.B(6) above, liquidated damages, which shall be calculated as the product of: (i) the total Royalty fees that Franchisee was obligated to pay Lennys based on the Gross Sales of the Restaurant during the one (1) year period prior to termination (or, if the Restaurant was open for less than one (1) year, the total Royalty fees that Franchisee was obligated to pay Lennys based on the Gross Sales of the Restaurant during the period of time that the Restaurant was in operation); (ii) multiplied by three (3) (unless there are less than three (3) years remaining in the Term of this Agreement at the time of termination, in which case the Royalty fees shall be multiplied by the number of years, or portion of years, remaining). These liquidated damages shall not to be construed as a penalty and shall be the joint and several liability of Franchisee and the Owners. The parties acknowledge and agree that: (i) the liquidated damages are a reasonable estimation of the damages that would be incurred by Lennys resulting from or arising out of the premature termination

of this Agreement; and (ii) Franchisee's payment of such liquidated damages is intended to fully compensate Lennys only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Lennys' claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement. The imposition of liquidated damages shall be at Lennys' option. Lennys is not required to impose liquidated damages and may, in addition or in lieu thereof, pursue other remedies available to Lennys under the terms and conditions of this Agreement, in equity or at law in the event of Franchisee's default under this Agreement, including actual damages incurred by Lennys, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

17. RESTRICTIVE COVENANTS

A. In-Term Covenants.

(1) During the Term, neither Franchisee nor any of Franchisee's Owners may, without Lennys' prior consent (which consent may be withheld for any reason or no reason): (i) directly or indirectly (such as through members of Franchisee's or their Immediate Families, which includes a spouse, parents, siblings and adult children, whether natural or adopted) own any legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business located anywhere; or (b) any entity located anywhere which grants franchises, licenses or other interests to others to operate any Competitive Business; or (ii) divert or attempt to divert any business or customer of Lennys Restaurants to any competitor or do anything injurious or prejudicial to the goodwill associated with the Marks or the System.

(2) A "Competitive Business" is any fast food, quick-service, or fast casual restaurant: (i) featuring submarine sandwiches or other food items now or in the future featured by Lennys Restaurants; (ii) offering and selling submarine sandwiches and for which the sale of such sandwiches constitutes ten percent (10%) or more of its sales (or such sales from a single location constitute ten percent (10%) or more of the total sales of that location) during any calendar quarter or calendar year; or (iii) any other business that is the same as or similar to the Lennys Restaurant concept, as it evolves or changes over time. Restrictions in this Agreement on competitive activities do not apply to: (i) the ownership or operation of other Lennys Restaurants that are licensed or franchised by Lennys or any of its affiliates; or (ii) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over the counter market and that represent less than five percent (5%) of that class of securities.

B. Post-Term Covenants. For a period of two (2) years, starting on the effective date of the termination or expiration (without renewing the Franchise) of this Agreement, neither Franchisee nor any of Franchisee's Owners may directly or indirectly (such as through members of Franchisee's or their Immediate Families) own any legal or beneficial interest in, or render services or give advice to: (i) any Competitive Business operating within the Metropolitan Statistical Area, as defined by the United States Census Bureau, in which the Restaurant is located; (ii) any Competitive Business operating at the location of Franchisee's Restaurant or within a ten (10) mile radius of Franchisee's Restaurant; (iii) any Competitive Business operating within a ten (10) mile radius of any Lennys Restaurant in operation or under construction on the effective date of termination or expiration; or (iv) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

C. Scope of the Covenants. If any part of Section 17.A or Section 17.B is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so

that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. Franchisee and each of Franchisee's Owners acknowledge that Lennys has a protectable legal interest in the System, customers of Lennys Restaurants and the goodwill associated with the Marks and the non-competition covenants contain in Section 17.A or Section 17.B are necessary elements to their protection and are an integral part of this Agreement. Franchisee and each of Franchisee's Owners also expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive any of Franchisee of Franchisee's personal goodwill or ability to earn a living. If Franchisee or any of Franchisee's Owners fail or refuse to abide by any of the foregoing covenants, and Lennys obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Lennys seeks to enforce it, and will continue in effect for a period of time ending two (2) years after the date of the order enforcing the covenant. At Lennys option, Franchisee will require each Owner and Managing Director to execute an agreement similar in substance to this Section 17 in a form acceptable to Lennys and naming Lennys as a third-party beneficiary with the independent right to enforce such agreement.

D. Information Exchange. All recipes, processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques or materials used or useful to a quick service restaurant business, whether or not constituting protectable intellectual property (collectively, the "**Materials**"), that Franchisee creates, or that are created on Franchisee's behalf, in connection with the development or operation of Franchisee's Restaurant must be promptly disclosed to Lennys. If Lennys adopts any of such Materials as part of the System, or deems them to be sufficiently related to Lennys and Lennys' business to be considered proprietary, they will be deemed to be Lennys' sole and exclusive property and deemed to be Works-made-for-Hire (as such term is defined under Section 101 of the Copyright Act) for Lennys, and to the extent the Materials may for any reason not be considered a Work-made-for-Hire, Franchisee irrevocably convey, grant, transfer and assign to Lennys all right, title and interest which Franchisee may have now or in the future in and to the Materials. Franchisee agrees to sign whatever assignment or other documents Lennys requests, during and after the Term, to evidence Lennys' ownership or to assist Lennys in securing intellectual property rights in the Materials, and Franchisee warrants that Franchisee will obtain all rights from any third party acting on Franchisee's behalf to comply with this provision.

18. RESOLUTION OF DISPUTES

A. In-Person Meeting. The parties agree to strive to attempt to settle all disputes amicably and informally. Franchisee agrees that before it commences any formal action against Lennys, the Managing Owner of Franchisee and an executive of Lennys must meet in person and they will attempt in good faith to resolve the dispute.

B. Mediation. If the dispute is not resolved at this in person meeting, the parties agree that any claim or dispute (excluding any claim or dispute brought by Lennys relating specifically to confidential or proprietary information, the Marks or enforcement by Lennys of the restrictive covenant or the unfair competition provision, all as set forth in Paragraph 18.D below) between Franchisee and Lennys or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, Franchisee's Restaurant or any of the parties' respective rights and obligations arising out of this Agreement, must be submitted first to mediation prior to a hearing in binding arbitration (except as noted in Section 18.C below). Such mediation will take place where Lennys' principal offices are located at the time of the submission under the auspices of the American Arbitration Association ("**AAA**"), in accordance with the AAA's Commercial Mediation Rules ("**Rules**") then in effect. Franchisee may not commence any action against Lennys or its affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the

mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Lennys. Each party will bear their own costs of mediation and share equally the filing fee imposed by AAA and the mediator's fees. Lennys reserves the right to specifically enforce Lennys right to mediation. Prior to mediation, and before commencing any legal action against Lennys or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Lennys, which specifies in detail, the precise nature and grounds of such claim or dispute.

C. Arbitration. If not resolved by mediation and except as qualified below, any dispute between Franchisee and Lennys or their respective affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or Franchisee's Restaurant must be submitted to binding arbitration where Lennys' principal offices are located at the time of the submission before three (3) arbitrators appointed by the AAA (or as otherwise agreed to by the parties) and under the Rules in effect at the time any arbitration proceeding is commenced. Each party will bear its own expenses in the arbitration, including paying their own attorney fees and costs. The arbitrators will issue a reasoned award, with findings of fact and conclusions of law. The Federal Arbitration Act will govern, excluding all state arbitration laws. Ohio law will govern all other issues. With respect to discovery, the arbitrators will require a good cause showing before such discovery will be granted. Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrators and will be determined by a court of competent jurisdiction located where Lennys' principal offices are located under the Federal Arbitration Act 9 U.S.C. §1 et seq., as amended. The arbitration award, including any equitable relief, will be final and binding on the parties hereto and judgment upon such arbitration award may be entered in any court having jurisdiction. The parties may seek from a court any provisional remedy that may be necessary in order to protect any of its rights or property pending the establishment of the arbitration panel or its determination of the merits of the controversy. **THE ARBITRATORS WILL NOT AWARD ANY PARTY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, AND EACH PARTY IRREVOCABLY WAIVES ANY RIGHT TO SUCH DAMAGES. FRANCHISEE WAIVES THE RIGHT TO A JURY TRIAL, WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION AGAINST LENNYS IN ANY FORUM, INCLUDING ARBITRATION.** The provisions of this Section 18.C will continue in full force and effect after the expiration or termination of this Agreement, no matter how this Agreement is terminated.

D. Injunctive Relief/Legal Action. In the event of a breach or threatened breach by Franchisee of any of the provisions hereof relating specifically to confidential or proprietary information, the restrictive covenant set forth in Section 17, unfair competition as set forth in Section 11, the System or the Marks, or in the event Franchisee attempts to transfer the franchise granted hereby without complying with the terms and conditions of Section 14 and Section 15, Franchisee acknowledges and agrees that Lennys will not have an adequate remedy at law and will, therefore, be entitled to enforce any such provision by temporary or permanent injunctive or mandatory relief obtained in the courts in the jurisdiction where Lennys' principal offices are located, without the necessity of proving damages, posting any bond or other security, and without prejudice to or diminution of any other rights, or remedies which may be available at law or in equity. Franchisee agrees that: (i) Lennys has no adequate remedy at law; (ii) Lennys has suffered irreparable injury; and (iii) the failure of the courts to issue an injunction in favor of Lennys will cause more damage to Lennys than the issuance of an injunction against Franchisee. In the event Lennys finds it necessary to institute litigation to enforce the provisions of this Agreement, Lennys will be entitled to recover its reasonable attorneys' fees, costs, and expenses from Franchisee.

19. MISCELLANEOUS; GENERAL CONDITIONS

A. Interpretation. The Introduction will be considered a part of this Agreement. Words in the singular will include the plural, where the context requires. In addition, the following provisions apply to

and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

(1) Lennys' Rights. Whenever this Agreement provides that Lennys has a certain right, that right is absolute, and the parties intend that Lennys exercise of that right will not be subject to any limitation or review. Lennys has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of Section 4.D and other express limitations set forth in this Agreement.

(2) Reasonable Business Judgment. Whenever Lennys reserves discretion in a particular area or where Lennys agrees to exercise its rights reasonably or in good faith, Lennys will satisfy its obligations whenever Lennys exercises Reasonable Business Judgment in making Lennys' decision or exercising Lennys' rights. Lennys' decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Lennys decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Lennys financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving guest service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

B. Non-Waiver. The failure of Lennys to exercise any right or option given to it under this Agreement, or to insist upon strict compliance by Franchisee with the terms and conditions of this Agreement, will not constitute a waiver of any terms or conditions of this Agreement with respect to any other or subsequent breach, nor a waiver by Lennys of its right at any time to require exact and strict compliance with the terms and conditions of this Agreement. The rights or remedies set forth in this Agreement are in addition to any other rights or remedies which may be granted by law.

C. Governing Law, Forum and Compliance.

(1) This Agreement will become valid when executed and accepted by Lennys. THE PARTIES AGREE THAT IT WILL BE DEEMED MADE AND ENTERED INTO IN THE STATE OF OHIO AND WILL BE GOVERNED AND CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO.

(2) Franchisee and Lennys: (i) agree that any case, controversy, suit, action or legal proceeding arising out of or relating to this Franchise Agreement (other than as provided in Section 18) will be brought in the courts of record of the jurisdiction where Lennys' principal offices are located when the action is filed; (ii) agree that such courts are the exclusive proper forum in which to adjudicate any case, controversy, suit, action or proceeding arising, either directly or indirectly, under or in connection with this Franchise Agreement except to the extent otherwise provided in this Franchise Agreement; (iii) consent to the jurisdiction of each such court in any case, controversy, suit, action or proceeding; (iv) waive any objection which they may have to the venue of any such case, controversy, suit, action or proceeding in any of such courts; and (v) agree that service of any court paper may be effected on such parties by mail as provided in this Franchise Agreement, or in such other manner as may be provided under applicable laws or court rules in said state.

(3) Franchisee will conduct Franchisee's business in compliance with all applicable laws and regulations.

D. Severability. It is the desire and intent of Lennys and Franchisee that the provisions of this Agreement are enforced to the fullest extent, and should any provision be invalid or unenforceable under Ohio law, but valid under the laws of the state where the Restaurant is located, the provision will be governed by the law of that state. In the event any court will determine that any provision in this Agreement is not enforceable as written, Lennys and Franchisee agree that the provision will be amended so that it is enforceable to the fullest extent permissible under the laws of the jurisdiction in which enforcement is sought. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained in the Agreement, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable.

E. Notices. All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (i) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (ii) on the same day of the transmission by facsimile or other reasonably reliable electronic communication system; (iii) one (1) business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (iv) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, and addressed to the party to be notified at the address identified on the signature page of this Agreement. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section 19.E. The Manual, any changes that Lennys makes to the Manual, and/or any other written instructions that Lennys provides relating to operational matters, are not considered to be "notices" for the purpose of the delivery requirements in this Section 19.E.

F. Modification. This Agreement may only be modified or amended by a written document signed by Lennys and Franchisee.

G. Binding Effect. This Agreement will be binding upon the parties and their successors or assigns.

H. Survival. Any provisions of this Agreement, including but not limited to the provisions of Sections 10, 11, and 17, which impose an obligation after termination or expiration of this Agreement, will survive the termination or expiration of this Agreement and be binding on the parties.

I. Attorney's Fees. In any litigation to enforce the terms of this Agreement, all costs and all attorneys' fees (including those incurred on appeal) incurred as a result of the legal action will be paid to the prevailing party by the other party.

J. Entire Agreement. This Agreement together with any addenda and appendices hereto constitute the sole agreement between Franchisee and Lennys with respect to the entire subject matter of this Agreement and embodies all prior agreements and negotiations with respect to Franchisee's Restaurant authorized hereunder. Nothing in this or in any related agreement, however, is intended to disclaim the representations Lennys made in the franchise disclosure document that Lennys furnished to Franchisee.

K. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including, an electronic signature platform or a scanned PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

LENNY'S HOLDINGS LLC
an Ohio limited liability company

By: _____

Print Name: Joseph Unger

Title: Chief Operating Officer

Notice Address:

Lenny's Holdings LLC
Attention: Legal Department
5000 Arlington Centre Blvd.
Suite 5300, Columbus, Ohio 43220

FRANCHISEE

If a corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

If Individuals:

By: _____

Print Name: _____

By: _____

Notice Address:

ATTACHMENT A

FRANCHISEE'S OWNERSHIP INTERESTS

1. Franchisee's Managing Owner and Managing Director: _____

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was incorporated on _____ under the laws of the State of _____. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of _____.

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Franchisee is a [general] [limited] partnership formed on _____ under the laws of the State of _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of _____.

<u>Name of General Partner</u>

3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to their ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of their ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address

Description of Interest

LENNY'S HOLDINGS LLC,
an Ohio limited liability company

FRANCHISEE

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT B
RESTAURANT ADDRESS

Address of Restaurant:

ATTACHMENT C

AUTHORIZATION AGREEMENT FOR DIRECT DEBIT
(ACH OR EFT TRANSACTIONS)

Company Name _____ Lennys Restaurant No _____

Remittance Advice Email Address _____

Company Federal Tax ID Number _____

I (we) hereby authorize Lenny’s Holdings LLC, an Ohio limited liability company having its principal place of business at 5000 Arlington Centre Blvd, Suite 5300, Columbus, Ohio 43220, herein called COMPANY, to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error to my (our) account indicated below and the depository bank named below, herein called DEPOSITORY BANK, to debit and/or credit the same to such account.

DEPOSITORY BANK NAME _____

BRANCH _____

CITY _____

STATE _____

BANK ABA ROUTING NUMBER _____ (see example below)

ACCOUNT NUMBER _____ (see example below)

ACCOUNT TYPE (check one): CHECKING [] SAVINGS []

This authorization is to remain in full force and effect until the COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY BANK a reasonable opportunity to act on it.

Authorized Signature Date

Name (please print or type)

PLEASE ATTACH VOIDED CHECK

		2048
		Date _____
Pay to		
The order of _____	\$ _____	
		Dollars
Sample Bank		
084000099 2048 0009050398		

↑
ROUTING NUMBER

↑
ACCOUNT NUMBER

ATTACHMENT D

MARKS



Lennys®

Lenny's Sub Shop®

Lennys Subs



ATTACHMENT E

OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Lennys Restaurant Franchise Agreement dated as of _____ (the "**Agreement**") by and between LENNY'S HOLDINGS LLC ("**Lennys**"), and _____ ("**Franchisee**"), each of the undersigned owners of an interest in Franchisee hereby personally and unconditionally: (1) guarantees to Lennys and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and that each and every representation of Franchisee made in connection with the Agreement are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Lennys of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) their direct and immediate liability under this guaranty shall be joint and several; (ii) they shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Lennys of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Lennys may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the agreement.

If Lennys brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Lennys' interests in and rights under this Guarantee are freely assignable, in whole or in part, by Lennys. Any assignment shall not release the undersigned from this Guarantee.

This Agreement shall be construed under the laws of the State of Ohio, without regard to, and without applying, Ohio conflict of law principles.

IN WITNESS THEREOF, each of the undersigned has hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP
INTERESTS IN FRANCHISEE**

GUARANTOR(S)

(Signature)

(Print Name)

EXHIBIT C TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT



**LENNYS RESTAURANT
AREA DEVELOPMENT AGREEMENT**

Developer: _____

Effective Date: _____, 20__

**LENNYS RESTAURANT
AREA DEVELOPMENT AGREEMENT**

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Attachments

- A – Development Information
- B – Developer’s Ownership Interests
- C - Guaranty

LENNYS RESTAURANT AREA DEVELOPMENT AGREEMENT

This Lennys Restaurant Area Development Agreement (“Agreement”) is made as of the ____ day of _____, _____ (“Effective Date”), by and between Lenny’s Holdings LLC, an Ohio limited liability company (“Lennys”) and _____, a _____ limited liability company (“Developer”). If Developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to Developer’s owners and will be so noted.

RECITALS

A. Lennys is the owner of certain trademarks and service marks, including LENNY’S®, which is registered with the United States Patent and Trademark Office, and is the exclusive owner of other marks authorized for use in Lennys Restaurants (“Marks”).

B. Lennys is engaged in the business of granting franchises to operate Lennys Restaurants using uniform standards, product specifications and operating procedures (“System”) and the Marks.

C. Developer desires to develop and operate multiple Lennys Restaurants and Lennys, in reliance on Developer’s representations, has approved Developer’s franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, the parties agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. “Principal Owner” means any person who directly or indirectly owns a 10% or greater interest in Developer when Developer is a corporation, limited liability company, a partnership, or a similar entity. Developer’s ownership interests are set forth on Appendix B. However, if Lennys is entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in Developer, Lennys has the right to designate that person or entity as a Principal Owner for all purposes under this Agreement, including, but not limited to, the execution of the personal guaranty referenced in Section 10.J below. In addition, if Developer is a partnership entity, then each general partner is a Principal Owner, regardless of the percentage of ownership interest. If Developer is one or more individuals, each individual is a Principal Owner of Developer. Developer must have at least one Principal Owner.

B. “Restaurants” mean the Lennys Restaurants the Developer shall develop and operate pursuant to this Agreement.

C. “System” means the Lennys system, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business techniques, methods and procedures together with sales promotion programs, all of which Lennys may modify and change from time to time.

GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:
- A. Lennys grants to Developer, under the terms and conditions of this Agreement, the right to develop and operate _____ (___) Restaurants within the territory described in Appendix A (“Development Territory”).
- B. Developer is strictly bound by the development schedule (“Development Schedule”) set forth in Appendix A. Time is of the essence for the development of each Restaurant in accordance with the Development Schedule. Each Restaurant must be developed and operated pursuant to a separate Franchise Agreement that Developer must timely enter into with us pursuant to Section 4.B below.
- C. If Developer is in strict compliance with the Development Schedule set forth in Appendix A, Lennys will not develop or operate or grant anyone else a franchise to develop and operate a Restaurant (except for the Special Venues defined in Section 2.D or as otherwise set forth in this Agreement) in the Development Territory prior to the earlier of: (i) the expiration or termination of this Agreement; or (ii) the date on which Developer must execute the Franchise Agreement for the last Restaurant pursuant to the terms of the Development Schedule. Notwithstanding anything to the contrary in this Agreement, upon the earliest occurrence of the two foregoing events set forth in this Section 2.C, the Development Territory shall expire and Lennys will be entitled to develop and operate, or to franchise others to develop and operate, Restaurants in the Development Territory. At the time Developer executes Developer’s final Franchise Agreement under the Development Schedule, Developer must have an approved location for Developer’s final Restaurant.
- D. The rights granted under this Agreement are limited to the rights to develop and operate Restaurants located in the Development Territory, and do not include: (i) any right to sell products and menu items identified by the Marks at any location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce), other than at Restaurants within the Development Territory; (ii) any right to sell products and menu items identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control or impose conditions on Lennys development or operation of franchised, company or affiliate owned restaurants (whether under the Marks or different trade names and Marks) at any time or at any location outside of the Development Territory. Lennys (on behalf of itself and on behalf of any other entity which Lennys may acquire, or be acquired by, or otherwise are or become affiliated with) retains all rights not expressly granted in this Agreement. Developer may not use the name “Lenny’s”, “Lennys”, or any of the other Marks as part of the name of Developer’s corporation, partnership, limited liability company or other similar entity.

Developer acknowledges and agrees that Lennys and its affiliates have the right to operate and franchise others the right to operate Restaurants or any other business for the same, similar or different products or services, both within and outside the Development Territory, under trademarks other than the Marks, without compensation to any franchisee. Outside of the Development Territory, Lennys and its affiliates have the right to grant other franchises or develop and operate company or affiliate owned Restaurants and/or otherwise offer, sell or distribute any products or services, including those associated with the System under the Marks or any other trademarks, service marks or trade names, all without compensation to any franchisee. Lennys further reserves the right to purchase, being purchased by, merge or combine with, businesses that directly compete with Lennys Restaurants.

Further, and as noted above, Lennys and its affiliates have the right to offer, sell or distribute, within and outside the Development Territory, through any other (i.e., non-restaurant) distribution channel or method, any frozen, pre-packaged items or other products or services associated with the System (now or in the future) or identified by the Marks, or any other Marks, service marks or trade names through any distribution channels or methods, without compensation to any franchisee or Developer. The other distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, hospitals, clinics, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries or the Internet (or any other existing or future form of electronic commerce).

Developer acknowledges and agrees that certain locations within the Development Territory are by their nature unique and separate in character from sites generally developed as Restaurants. As a result, Developer agrees that the following locations (“Special Venues”) are excluded from the Development Territory and Lennys has the right to develop or franchise such locations: (1) public transportation facilities such as airports or other transportation terminals; (2) arenas, stadiums, or other sport facilities, including race tracks; (3) shopping malls; (4) schools or university campuses; (5) amusement or theme parks; or (6) community or special events, in which case Lennys may put a Restaurant in any such Special Venue locations.

E. This Agreement is not a Franchise Agreement and Developer has no right to use in any manner the Marks by virtue of this Agreement. Developer has no right under this Agreement to sublicense or sub-franchise others to operate a business or restaurant or use the System or the Marks.

DEVELOPMENT FEES

3. Developer shall pay to Lennys, at the time this Agreement is signed, a development fee equal to \$10,000 for each Lennys Restaurant that Developer has agreed to develop in the Development Territory under the Development Schedule (“**Development Fee**”). The total amount of the Development Fee paid by Developer is set forth in the attached Appendix A. Developer acknowledges and agrees that the Development Fee is fully earned by Lennys when paid, and it is not refundable. The Development Fee shall be credited against Developer’s Initial Franchise Fee, which is payable pursuant to each Franchise Agreement executed pursuant to the terms of this Agreement; however, the aggregate amount of such credits shall not exceed the Development Fee.

DEVELOPMENT SCHEDULE

4. The following provisions control with respect to Developer’s development rights and obligations:

A. Developer must submit a separate application for each Restaurant to be established by Developer within the Development Territory. Upon Lennys consent to the site of a Restaurant, a separate Franchise Agreement must be executed for each such Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement shall control the establishment and operation of such Restaurant. Developer is bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, Developer must enter into Franchise Agreements with Lennys and pay all fees due to Lennys pursuant to this Agreement for the number of Restaurants described under the Development Schedule. Developer also must comply with the Development Schedule requirements regarding (i) the opening date for each Restaurant and (ii) the cumulative number of Restaurants to be open and continuously operating for business in the Development Territory. If Developer fails to timely execute any

Franchise Agreement, timely pay all fees due, timely open any Restaurant, or to keep the prescribed cumulative number of Restaurants open and continuously operating for business according to the dates set forth in the Development Schedule, Lennys has the right to immediately terminate this Agreement pursuant to Section 7.B.

B. Developer may not develop a Restaurant unless: (i) at least thirty (30) days prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, Developer sends Lennys a notice (a) requesting that Lennys send to Developer Lennys then-current Disclosure Document, (b) confirming Developer's intention to develop the particular Restaurant and (c) sending Lennys all information necessary to complete the Franchise Agreement for the particular Restaurant; and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed in the Development Territory):

1. Developer's Submission of Proposed Site. Developer must find a proposed site for the Restaurant which Developer reasonably believes to conform to Lennys site selection criteria, as modified by Lennys from time to time, and submit to Lennys a complete site report (containing such demographic, commercial, and other information and photographs as Lennys may reasonably require) for such site.

2. Lennys Acceptance of the Proposed Site. Developer must receive Lennys written acceptance of Developer's proposed site. Lennys agrees not to unreasonably withhold acceptance of a proposed site. Prior to Lennys accepting a site, Developer must obtain and submit third-party demographic information and such other analysis and information related to the site and market as Lennys may require. In reviewing any proposed site, Lennys will consider such matters as Lennys deems material, including but not limited to visibility of location, accessibility of location, amount and ease of parking, traffic patterns, traffic count, area demographics, the square footage available, and the condition of the building. Lennys acceptance of a proposed site, however, does not in any way constitute a guaranty by Lennys as to the success of the Restaurant.

3. Developer's Submission of Information. Developer must furnish to Lennys, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which Developer must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding Developer, the operation of any of Developer's other Restaurants within the Development Territory and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as Lennys may reasonably require.

4. Developer's Compliance with Lennys Then-Current Standards for Franchisees. Developer must receive written confirmation from Lennys that Developer meets Lennys then-current standards for franchisees, including financial capability criteria for the development of a new Restaurant. Developer acknowledges and agrees that this requirement is necessary to ensure the proper development and operation of Developer's Restaurants, and preserve and enhance the reputation and goodwill of all Restaurants and the goodwill of the Marks. Lennys confirmation that Developer meets Lennys then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by Lennys as to Developer's success.

5. Good Standing. Developer must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement

between Developer or any of its affiliates and Lennys or any of its affiliates. Developer also must have satisfied on a timely basis, all monetary and material obligations under the Franchise Agreements for all existing Restaurants.

6. Execution of Franchise Agreement. Developer and Lennys must enter into Lennys then-current form of Franchise Agreement for the proposed Restaurant. Developer understands that Lennys may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. Developer understands and agrees that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement.

C. Developer, utilizing the then current construction guidelines in the Franchise Agreement (including, but not limited to, any and all Lease to Key program requirements), must begin substantial construction of each of the Restaurants at least 150 days before the deadline to open each of the Restaurants if the Restaurant will be in a free standing location or at least 120 days before the deadline to open the Restaurant if the Restaurant will be in a non-free standing location. In addition, on or before the deadlines to start construction Developer must submit to Lennys executed copies of any loan documents and/or any other document that proves that Developer has secured adequate financing to complete the construction of the Restaurant by the date Developer is obligated to have that Restaurant open and in operation. In the event that Developer fails to comply with any of these obligations, Lennys will have the right to terminate this Agreement without opportunity to cure pursuant to Subsection 7.B.

D. Developer recognizes and acknowledges that this Agreement requires Developer to open Restaurants in the future pursuant to the Development Schedule. Developer further acknowledges that the estimated expenses and investment requirements set forth in Items 6 and 7 of Lennys Franchise Disclosure Document are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to Developer prior to the execution of this Agreement. Developer is obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of: (i) the requirement of a greater investment; (ii) the financial condition or performance of Developer's prior Restaurants; or (iii) any other circumstances, financial or otherwise. The foregoing shall not be interpreted as imposing any obligation upon Lennys to execute the Franchise Agreements under this Agreement if Developer has not complied with each and every condition necessary to develop the Restaurants.

TERM

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to Developer will expire on the date that Developer's last Restaurant is scheduled to be open and operating under the Development Schedule.

DEVELOPER'S DUTIES

6. Developer must perform the following obligations:

A. Developer must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. Developer and its owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that Developer's entire knowledge of the operation of a Restaurant and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information Lennys discloses to Developer and that certain information is proprietary, confidential and constitutes Lennys trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to Lennys competitors, any proprietary information contained in the manuals or otherwise communicated to Developer in writing, verbally or through the internet or other online or computer communications and any other knowledge or know-how concerning the methods of operation of the Restaurants. Developer and its owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, Developer will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by Lennys. Lennys may require that Developer obtain nondisclosure and confidentiality agreements in a form satisfactory to Lennys from the individuals identified in the first sentence of this Section and other key employees.

C. Developer must comply with all requirements of federal, state and local laws, rules and regulations.

D. If Developer at some time in the future desires to make either a public or a private offering of Developer's securities, prior to such offering and sale, and prior to the public release of any statements, data, or other information of any kind relating to the proposed offering of Developer's securities, Developer must secure Lennys written approval, which approval will not be unreasonably withheld. Developer must secure Lennys prior written consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to generate interest in Developer's offering. Only after Lennys has given its written approval may Developer proceed to file, publish, issue, and release and make public any said data, material and information regarding the securities offering. It is specifically understood that any review by Lennys is solely for Lennys own information, and Lennys approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval, or ratification of the same, either expressly or implied. Developer may make no oral or written notice of any kind whatsoever indicating or implying that Lennys and/or its affiliates have any interest in the relationship whatsoever to the proposed offering other than acting as Franchisor. Developer agrees to indemnify, defend and hold Lennys, its affiliates and its affiliates' directors, officers, successors and assigns harmless from all claims, demands, costs, fees, charges, liability or expense (including attorneys' fees) of any kind whatsoever arising from Developer's offering of information published or communicated in actions taken in that regard.

E. If neither Developer, Developer's Principal Owner, nor any other person in Developer's organization possesses, in Lennys judgment, adequate experience and skills to allow Developer to locate, obtain and develop prime locations in the Development Territory to allow

Developer to meet Developer's development obligations under this Agreement, Lennys can require that Developer hire or engage a person with those necessary skills.

DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights and territorial protection granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that Developer comply strictly with the Development Schedule.

B. Developer will be deemed in default under this Agreement if Developer breaches any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between Developer or its affiliates and Lennys or its affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) Developer becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency; (ii) a receiver (permanent or temporary) of Developer's property is appointed by a court of competent authority; (iii) Developer makes a general assignment or other similar arrangement for the benefit of Developer's creditors; (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless a supersedeas bond is filed); (v) execution is levied against Developer's business or property; (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within 30 days, or is not in the process of being dismissed; (vii) Developer fails to strictly meet the development and fee payment obligations set forth in the Development Schedule attached as Appendix A; (viii) failure to start substantial construction of any of the Restaurants by the date established in Section 4.C; utilizing the then current construction guidelines in the Franchise Agreement (including, but not limited to, any and all Lease to Key program requirements); (ix) Developer fails to comply with any other provision of this Agreement and does not correct the failure within 30 days after written notice of that failure is delivered to Developer; or (x) Lennys has delivered to Developer a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to Developer will automatically terminate, and:

A. All remaining rights granted to Developer to develop Restaurants under this Agreement will automatically be revoked and will be null and void. Developer will not be entitled to any refund of any fees. Developer will have no right to develop or operate any business for which a Franchise Agreement has not been executed by Lennys. Lennys will be entitled to develop and operate, or to franchise others to develop and operate, Restaurants in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between Lennys and Developer and that has not been terminated.

B. Developer must immediately cease to operate Developer's business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former developer of Lennys.

C. Developer must take such action as may be necessary to cancel or assign to Lennys or its designee, at Lennys option, any assumed name or equivalent registration that contains the name “Lenny’s” or any other Mark of Lennys, and Developer must furnish Lennys with evidence satisfactory to Lennys of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. Developer must assign to Lennys or its designee all Developer’s right, title, and interest in and to Developer’s telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of Developer’s right to use any telephone number in any regular, classified or other telephone directory listing associated with the Marks and to authorize transfer of same at Lennys direction.

E. All of Lennys and Developer’s obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

9. The following provisions govern any transfer:

A. Lennys has the right to transfer all or any part of Lennys rights or obligations under this Agreement to any person or legal entity.

B. This Agreement is entered into by Lennys with specific reliance upon Developer’s personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and Developer’s rights and obligations under it, are and will remain personal to Developer. Developer may only Transfer its rights and interests under this Agreement if Developer obtains Lennys prior written consent and Developer transfers all of its rights and interests under all Franchise Agreements for Restaurants in the Development Territory. Accordingly, the assignment terms and conditions of the Franchise Agreements shall apply to any Transfer of Developer’s rights and interests under this Agreement. As used in this Agreement, the term “Transfer” means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of Developer’s assets, or of any interest in Developer.

RESOLUTION OF DISPUTES

10. The following provisions govern the resolution of any and all disputes between the parties:

A. The parties agree to strive to attempt to settle all disputes amicably and informally. Developer agrees that before it commences any formal action against Lennys, the Principal Owner of Developer and an executive of Lennys must meet in person and they will attempt in good faith to resolve the dispute.

B. If the dispute is not resolved at this in person meeting, the parties agree that any claim or dispute (excluding any claim or dispute set forth in Section 10.D below) between Developer and Lennys or their respective affiliates arising under, out of, in connection with or in relation to this Agreement must be submitted first to mediation prior to a hearing in binding

arbitration. Such mediation will take place in where Lennys' principal offices are located at the time of the submission under the auspices of the American Arbitration Association ("AAA"), in accordance with the AAA's Commercial Mediation Rules ("Rules") then in effect. Developer may not commence any action against Lennys or its affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Lennys. Each party will bear their own costs of mediation and share equally the filing fee imposed by AAA and the mediator's fees. Lennys reserves the right to specifically enforce Lennys right to mediation. Prior to mediation, and before commencing any legal action against Lennys or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Lennys, which specifies in detail, the precise nature and grounds of such claim or dispute.

C. If not resolved by mediation (except as qualified below and excluding any claim or dispute set forth in Section 10.D below), any dispute between Developer and Lennys or their respective affiliates arising under, out of, in connection with or in relation to this Agreement must be submitted to binding arbitration where Lennys' principal offices are located at the time of the submission before three (3) arbitrators appointed by the AAA (or as otherwise agreed to by the parties) and under the Rules in effect at the time any arbitration proceeding is commenced. Each party will bear its own expenses in the arbitration, including paying their own attorney fees and costs. The arbitrators will issue a reasoned award, with findings of fact and conclusions of law. The Federal Arbitration Act will govern, excluding all state arbitration laws. Ohio law will govern all other issues. With respect to discovery, the arbitrators will require a good cause showing before such discovery will be granted. Disputes concerning the validity or scope of arbitration, including whether a dispute is subject to arbitration, are beyond the authority of the arbitrators and will be determined by a court of competent jurisdiction located in in the jurisdiction where Lennys' principal offices are located under the Federal Arbitration Act 9 U.S.C. §1 et seq., as amended. The arbitration award, including any equitable relief, will be final and binding on the parties hereto and judgment upon such arbitration award may be entered in any court having jurisdiction. The parties may seek from a court any provisional remedy that may be necessary in order to protect any of its rights or property pending the establishment of the arbitration panel or its determination of the merits of the controversy. **THE ARBITRATORS WILL NOT AWARD ANY PARTY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, AND EACH PARTY IRREVOCABLY WAIVES ANY RIGHT TO SUCH DAMAGES. EACH PARTY WAIVES THE RIGHT TO A JURY TRIAL. DEVELOPER WAIVES THE RIGHT TO INITIATE OR PARTICIPATE IN A CLASS ACTION AGAINST LENNYS IN ANY FORUM, INCLUDING ARBITRATION.** The provisions of this Section 10.C will continue in full force and effect after the expiration or termination of this Agreement, no matter how this Agreement is terminated.

D. Nothing in this Agreement bars Lennys right to obtain injunctive relief against threatened conduct that will cause Lennys loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Furthermore, Lennys and its affiliates have the right to commence a civil action against Developer or take other appropriate action for the following reasons: (i) to collect sums of money due to Lennys; (ii) to compel Developer's compliance with trademark standards and requirements to protect the goodwill of the Marks; (iii) to compel Developer to compile and submit required reports to Lennys; or (iv) to permit evaluations or audits authorized by this Agreement.

MISCELLANEOUS

11. The parties agree to the following provisions:

A. Developer agrees to indemnify, defend, and hold Lennys, its affiliates and its officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of Developer's Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through Lennys or its affiliates' active or passive negligence), latent or other defects in any Restaurant, or Developer's employment practices. In the event a Franchise Claim is made against Lennys or its affiliates, Lennys reserves the right in its sole judgment to select its own legal counsel to represent Lennys interests, at Developer's cost.

B. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by Lennys of any breach by Developer, nor any delay or failure by Lennys to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Lennys rights with respect to that or any other or subsequent breach. This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by Developer and Lennys. This Agreement together with the application form executed by Developer requesting Lennys to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. There are no representations or warranties of any kind, express or implied, except as contained in this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations Lennys made in the Franchise Disclosure Document that Lennys furnished to Developer.

D. All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same day of the transmission by facsimile or other reasonably reliable electronic communication system; (c) one (1) business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid, and addressed to the party to be notified at the address identified on the signature page of this Agreement. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section 11.D.

E. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by the Principal Owner or, if on behalf of Lennys, in writing executed by Lennys' President or one of its authorized Vice Presidents.

F. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Lennys' Rights. Whenever this Agreement provides that Lennys has a certain right, that right is absolute, and the parties intend that Lennys exercise of that right will not be subject to any limitation or review. Lennys has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement.

2. Lennys Reasonable Business Judgment. Whenever Lennys reserves discretion in a particular area or where Lennys agrees to exercise its rights reasonably or in good faith, Lennys will satisfy Lennys' obligations whenever Lennys exercises Reasonable Business Judgment in making its decision or exercising its rights. Lennys' decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Lennys' decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Lennys' financial or other individual interest. Examples of items that will promote or benefit the System include, but are not limited to, enhancing the value of the Marks, improving guest service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

G. If Developer is a corporation, partnership, limited liability company or partnership or other legal entity, all of Developer's owners must execute the form of undertaking and guaranty attached to this Agreement as Appendix C. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guaranty attached to this Agreement as Appendix C.

H. Developer and Lennys are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint-venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

I. In the event of any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, "force majeure" shall mean acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

K. This Agreement together with its appendices constitute the sole agreement between Developer and Lennys with respect to the entire subject matter of this Agreement and embodies all prior agreements and negotiations with respect to Developer's rights and obligations authorized hereunder. Nothing in this or in any related agreement, however, is intended to disclaim the representations Lennys made in the franchise disclosure document that Lennys furnished to Developer.

L. Lennys will designate the "Effective Date" of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when Lennys signs this Agreement.

M. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including, without limitation, PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

LENNY'S HOLDINGS LLC
an Ohio limited liability company

By: _____

Print Name: _____

Title: _____

Notice Address:

Lenny's Holdings LLC
Attention: Legal Department
5000 Arlington Centre Blvd.
Suite 5300, Columbus, Ohio 43220

DEVELOPER

If a corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

If Individuals:

By: _____

Print Name: _____

By: _____

Notice Address:

**APPENDIX A
DEVELOPMENT RIGHTS**

1. Development Fee:

2. Development Territory:

3. Development Schedule. Throughout the term of the Area Development Agreement, Developer must strictly satisfy the following schedule for signing Franchise Agreements and opening and maintaining in operation the number of Lennys Restaurants set forth in the table immediately below. **Time is of the essence.**

Restaurant Number	Date Developer must send Section 4.B. notice to Lennys	Date Franchise Agreement must be signed for Restaurant	Date Franchise Agreement must be signed for Restaurant	Date Franchise Agreement must be signed for Restaurant

APPENDIX B

DEVELOPER'S OWNERSHIP INTERESTS

1. Form of Entity of Developer.

(a) Corporation or Limited Liability Company. Developer was incorporated on _____ under the laws of the State of _____. It has not conducted business under any name other than its corporate name. The following is a list of all of Developer's directors and officers as of _____.

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(b) Partnership. Developer is a [general] [limited] partnership formed on _____ under the laws of the State of _____. It has not conducted business under any name other than its partnership name. The following is a list of all of Developer's general partners as of _____.

<u>Name of General Partner</u>

2. Owners. Developer and each of its owners represents and warrants that the following is a complete and accurate list of all owners of Developer, including the full name and mailing address of each owner, and fully describes the nature and extent of each owner's interest in Developer. Developer, and each owner as to their ownership interest, represents and warrants that each owner is the sole and exclusive legal and beneficial owner of their ownership interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

LENNY'S HOLDINGS LLC
an Ohio limited liability company

FRANCHISEE

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

APPENDIX C

OWNERS' PERSONAL GUARANTY OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Lennys Restaurant Development Agreement dated as of _____ (the "**Agreement**") by and between LENNY'S HOLDINGS LLC ("**Lennys**"), and _____ ("**Developer**"), each of the undersigned owners of an interest in Developer hereby personally and unconditionally: (1) guarantees to Lennys and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and that each and every representation of Developer made in connection with the Agreement are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Lennys of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he/she may have to require that an action be brought against Developer or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) their direct and immediate liability under this guaranty shall be joint and several; (ii) they shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Lennys of any remedies against Developer or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Lennys may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the agreement.

If Lennys brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Lennys' interests in and rights under this Guarantee are freely assignable, in whole or in part, by Lennys. Any assignment shall not release the undersigned from this Guarantee.

This Agreement shall be construed under the laws of the State of Ohio, without regard to, and without applying, Ohio conflict of law principles.

IN WITNESS THEREOF, each of the undersigned has hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP
INTERESTS IN DEVELOPER**

GUARANTOR(S)

(Signature)

(Print Name)

EXHIBIT D TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA TO THE FDD

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF ILLINOIS**

1. **Risk Factors, State Cover Page.** The following statement is added to the end of the first risk factor on the state cover page:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT WHICH DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.

The following statement is added to the end of the second risk factor on the state cover page:

NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENT AND THE DEVELOPMENT AGREEMENT.

2. **Item 17, Additional Disclosures.** The following statement is added to Item 17:

Any provision in the Franchise Agreement or Development Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois. In addition, Illinois law will govern the Franchise Agreement and the Development Agreement.

3. **Item 22, Additional Disclosure.** The following statement is added to Item 22:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.

EXHIBIT E TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA TO THE AGREEMENTS

Illinois

ADDENDA REQUIRED BY

THE STATE OF ILLINOIS

**ADDENDUM TO THE LENNYS RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Lennys Restaurant Franchise Agreement dated as of _____ (“Franchise Agreement”) between Lenny’s Holdings LLC (“Lennys”), an Ohio limited liability company, and _____ (“Franchisee”), a _____ formed in _____, is entered into as of the ___ day of _____, 20__.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of the franchise to Franchisee was made in the State of Illinois; or (B) Franchisee is a resident of the State of Illinois; or (C) the Restaurant will be located in the State of Illinois.

2. The following sentence is added to the end of Section 19.C:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

3. The following sentence is added to the end of Section 19.C:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

4. The following paragraphs are added to the end of Section 19:

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Addendum as of day and year first written above.

LENNY'S HOLDINGS LLC,
an Ohio limited liability company

FRANCHISEE

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE LENNYS RESTAURANT DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the Lennys Restaurant Development Agreement dated as of _____ (“Development Agreement”) between Lenny’s Holdings LLC (“Lennys”), an Ohio limited liability company, and _____ (“Developer”), a _____ formed in _____, is entered into as of the ___ day of _____, 20__.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: (A) the offer or sale of the franchise to Developer was made in the State of Illinois; or (B) Developer is a resident of the State of Illinois; or (C) the Restaurants will be developed in the State of Illinois.

2. The following sentence is added to the end of Section 19.C:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

3. The following sentence is added to the end of Section 19.C:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

4. The following paragraphs are added to the end of Section 19:

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

6. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Addendum as of day and year first written above.

LENNY'S HOLDINGS LLC,
an Ohio limited liability company

DEVELOPER

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT F TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT
VET FRAN PROGRAM ADDENDUM TO THE FRANCHISE AGREEMENT

**VETFRAN PROGRAM ADDENDUM
TO THE LENNYS RESTAURANT FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement dated _____ (“Franchise Agreement”) between Lenny’s Holdings LLC (“Lennys”), an Ohio limited liability company, and _____ (“Franchisee”), a _____, is entered into as of the ___ day of _____, 20__.

RECITALS

In order to recognize the contribution of United States military personnel, attract new franchisees and encourage the development of franchised Lennys Restaurants, Lennys has implemented a veterans incentive program (“VetFran Program”) for qualified veteran franchisees that develop and open new Lennys Restaurants.

Franchisee (or if Franchisee is an entity, a holder of at least a 51% ownership in Franchisee) is a veteran and has provided Lennys with a DD Form 214 or other adequate documentation, as determined by Lennys, demonstrating honorable discharge from the United States military.

Franchisee does not currently operate any Lennys Restaurants.

Since Franchisee’s development of the Lennys Restaurant to be located at _____ (the “Restaurant”) meets the criteria for the VetFran Program, Lennys and Franchisee are entering into this Addendum to provide the VetFran Program benefits to Franchisee and to modify certain provisions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Initial Franchise Fee Reduction. Notwithstanding the provisions of Section 2 of the Franchise Agreement, Franchisee shall pay a reduced Initial Franchise Fee to Lennys in the amount of Ten Thousand Dollars (\$10,000).
2. Repayment of Reduced Initial Franchise Fee on Transfer or Termination. If, prior to the first anniversary of the opening date of the Restaurant, (a) Franchisee transfers the Restaurant (or if Franchisee is an entity, any equity interests in Franchisee are transferred); or (b) Lennys terminates the Franchise Agreement, then Franchisee must pay to Lennys the portion of the Initial Franchise Fee that was waived by Lennys in the amount of Ten Thousand Dollars (\$10,000).
3. Capitalized Terms. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Limited Modification. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
5. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by electronic transmission (including, without limitation, PDF) shall be effective as delivery of a manually executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

LENNY'S HOLDINGS LLC,
an Ohio limited liability company

By: _____

Print Name: Joseph Unger

Title: Chief Operating Officer

FRANCHISEE

If a corporation, limited liability company or partnership:

By: _____

Print Name: _____

Title: _____

If Individuals:

By: _____

Print Name: _____

By: _____

Print Name: _____

EXHIBIT G TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT H TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE LISTS

**FRANCHISED AND AFFILIATE-OWNED RESTAURANTS
AS OF DECEMBER 31, 2024**

FRANCHISED RESTAURANTS				
Physical Address	City/State/Zip	Phone #	Contact Name	Franchisee
ALABAMA LOCATIONS				
2020 U.S. Highway 98, Suite A	Daphne, AL 36526	251/621-1635	Andy & Randy McGee	4McGee's, LLC
409 Cox Creek Parkway	Florence, AL 35630	256/760-6267	Regina Binford	Dixie Concept Enterprises, LLC
1175B Hillcrest Drive	Mobile, AL 36609	251/345-7276	Augustin Felix	Life Enterprises, LLC
ARKANSAS LOCATIONS				
800 SE Walton Blvd.	Bentonville, AR 72712	479/464-8181	Jeff Thompson	ARSUBCO, LLC
11401 Financial Centre Pkwy., Suite 103	Little Rock, AR 72211	501/225-9800	Lawson Fisher	LSUB-FC, LLC
1806 N. Missouri Street	West Memphis, AR 72301	870/551-4538	Tim Gillespie	Lenny's of West Memphis, LLC
FLORIDA LOCATIONS				
2301 Del Prado Blvd. Suite 665	Cape Coral, FL 33990	239/574-3360	Brian Allen	Les Eat, LLC
11801 S Cleveland Avenue	Fort Myers, FL 33907	239/313-6163	Brian Allen	Les Eat Too, LLC
903 North Beal Parkway, Suite B	Ft. Walton Beach, FL 32547	850/374-8128	Kevin Hudson & Michael Theuns	Gemini Hospitality, LLC
208 Mary Esther Boulevard	Mary Esther, FL 32569	850/543-1918	Kevin Hudson & Michael Theuns	Gemini Hospitality
GEORGIA LOCATIONS				
1605 Mansell Road	Alpharetta, GA 30004	678/461-8773	Darren Anthony	Anthony Family Restaurants, LLC
1040 Marketplace Boulevard	Cumming, GA 30041	678/947-0336	Bruce Longmore	Long & More Sammies, LLC

FRANCHISED RESTAURANTS				
Physical Address	City/State/Zip	Phone #	Contact Name	Franchisee
ILLINOIS LOCATION				
1282 N. Henderson Street	Galesburg, IL 61401	309/351-7738	Tammy & Anthony Weiss	G.A.T. Holdings, LLC
KANSAS LOCATION				
9343 W. 87th Street	Overland Park, KS 66212	913/341-2677	Jay Patel	LGS Operation LLC
LOUISIANA LOCATION				
425 S. Martin Luther King Hwy	Lake Charles, LA 70601	337/263-2038	Gul Awan	Parkside Marina LLC
MISSISSIPPI LOCATIONS				
1307 Highway 8 West	Cleveland, MS 38732	662/545-4478	Will Bradham	AR & Wilkes, LLC
753 Clinton Parkway	Clinton, MS 39056	601/924-1414	Lehman Ellis	Ellis & Collins, LLC
3704 Hardy Street	Hattiesburg, MS 39401	601/296-0088	Randy Martin	Lenny's of Hattiesburg, LLC
2408 East Parkway	Hernando, MS 38632	662/449-1190	Cheryl Kingsley	Kingsley Enterprises, LLC
2961 Bienville Road	Ocean Springs, MS 39564	228/872-1113	Doug Wood	Four Aces Restaurant Group, LLC
3603 Market Street	Pascagoula, MS 39567	228/938-0600	Julie & Benjamin Jackson	J&B Foodservice Corp.
NORTH CAROLINA LOCATION				
645 Biltmore Avenue	Asheville, NC 28803	828/350-1338	Assef Alnasraween	Good Luck 3, LLC
OKLAHOMA LOCATION				
7837 E 51st Street	Tulsa, OK 74145	918/270-2500	Jerrod Cravotto	TM-L1, LLC
TENNESSEE LOCATIONS				
5780 Airline Rd., Suite 110	Arlington, TN 38002	901/867-0313	Tim Gillespie	Gillespie- Harris, LLC
7424 Stage Road, Suite 124	Bartlett, TN 38133	901/937-0800	Don Bomar	WDZ, LLC

FRANCHISED RESTAURANTS				
Physical Address	City/State/Zip	Phone #	Contact Name	Franchisee
1016 West Poplar, Suite 109	Collierville, TN 38017	901/854-8299	Kenny Patel	Poplar 18, LLC
465 N. Germantown Parkway, Suite 111	Cordova, TN 38018	901/755-5600	Cole Owens	Grey as a Mouse, LLC
9077 Poplar Avenue, Suite 101	Germantown, TN 38138	901/756-1562	Wagner DaRosa	BWF Foods, LLC
276 Parkstone Place	Jackson, TN 38305	731/422-3483	Peter Patel	VEER 06 SUB, INC.
150 Lovell Rd., Suite 103	Knoxville, TN 37922	865/288-7468	Yash Patel	Sri Balaganapati, LLC
8950 Highway 64, Suite 11	Lakeland, TN 38002	901/379-2077	Kevin Hudson	MK Ventures, LLC
2893 Poplar Avenue	Memphis, TN 38111	901/320-0022	E. Kelly-Green	KGR-Poplar, LLC
700 Mt. Moriah	Memphis, TN 38119	901/779-2043	Louis Reaves	ARL Investment, LLC
153 Main Street	Memphis, TN 38103	901/529-4377	E. Kelly-Green	KGR South Main, LLC
4726 Spottswood	Memphis, TN 38117	901/417-7716	Louis Reaves	ARL Investment, LLC
4970 Raleigh LaGrange Road	Memphis, TN 38128	901/371-9979	Michael Theuns	MK Ventures, LLC
4740 Showcase Blvd.	Memphis, TN 38118	901/368-4215	E. Kelly-Green	KGR-American Way, LLC
4103 Elvis Presley Boulevard	Memphis, TN 38116	901/507-4298	E. Kelly-Green	KGR-Whitehaven, LLC
12 S. Cooper Street	Memphis, TN 38104	901/276-5775	E. Kelly-Green	KGR-Cooper, LLC
6300 Poplar Avenue, Suite 112	Memphis, TN 38119	901/761-2403	Louis Reaves	ARL Investment, LLC
Memphis International Airport 2491 Winchester Road	Memphis, TN 38116	901/922-0269	E. Kelly-Green	KGR-MEM, LLC
3799 Shelby Drive	Memphis, TN 38118	901/463-7707	Kevin Vega	LSUB – SV, LLC
5643 East Shelby Drive	Memphis, TN 38118	901/367-8870	Jimmie Williams	LSUB-SD, LLC
3750 Hacks Cross Road, Suite 102	Memphis, TN 38125	901/758-0273	Michael Gatewood	Westview Holdings, LLC
7525 Winchester Road	Memphis, TN 38125	901/249-7855	Michael Gatewood	Westview H 105, LLC

FRANCHISED RESTAURANTS				
Physical Address	City/State/Zip	Phone #	Contact Name	Franchisee
8265 US Highway 51 North	Millington, TN 38053	901/873-4221	Jimmie Williams	LSUB - MILL, LLC
TEXAS LOCATIONS				
1231 William D. Tate Avenue	Grapevine, TX 76051	817/527-6396	Letrina & Michael Ueal	Leau Alpha, LLC
1001 Fannin Street, Suite 220	Houston, TX 77002	713/659-4782	Larry Vo	CJ's SUBS, LLC
8790 FM 1960 W., Suite B-100	Humble, TX 77338	281/359-3000	Mike & Meseret Herreman	Ethni, LLC
3401 W Airport Fwy # 138	Irving, TX 75062	972/255-3777	Michael Ueal	Street Blue, LLC
11503 NW Military Highway, Suite 177	San Antonio, TX 78230	210/492-1098	Christopher Alford	Bluegrass Ventures, Inc.
2602 N Loop 1604 W, Suite 101	San Antonio, TX 78248	210/479-7878	Bob Orrison	Orrikaz, LLC
17910 Bulverde Road, Suite 101	San Antonio, TX 78259	210/494-2132	Maria Botello	Habanero's Subs, LLC
20141 Interstate 45 N., Suite 500	Spring, TX 77388	281/288-7088	Pablo Gonzalez	Super Wings, Inc.
8714 Spring Cypress Rd, Suite 260	Spring, TX 77379	832/717-4800	Alan Smith	Smibar Group
1500 Research Forest Drive, Suite 190	The Woodlands, TX 77381	281/465-9080	Salih Turgutalp	STA Catering, LLC
16830 N. Hwy 3	Webster, TX 77598	281/338-5000	Mohammad Zakaria	Nazneen Express, LLC
7907 W. Loop 1604 N	San Antonio, TX 78254	210/797-7777	Maria Botello	Habanero's Subs Group LLC

FRANCHISE TRANSFERS, CANCELLATIONS, NON-RENEWALS AND TERMINATIONS DURING CALENDAR YEAR 2024

The following is a list of the names, addresses and telephone numbers of every franchisee who has had their franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the calendar year ending December 31, 2023 or who has not communicated with us within 10 weeks of the issuance date. If you buy this franchise, your contact information will be disclosed to other buyers when you leave the franchise system.

TRANSFERS			
Franchisee and Contact Person	Correspondence Address	City/State/Zip	Contact Phone #
Fort Walton 350 LLC/ Andre & Chante Latouche	903 North Beal Parkway, Suite B	Ft. Walton Beach, FL 32547	850/374-8128

TRANSFERS

Franchisee and Contact Person	Correspondence Address	City/State/Zip	Contact Phone #
Latouche Hospitality Services LLC/ Andre & Chante Latouche	208 Mary Esther Boulevard	Mary Esther, FL 32569	850/543-1918
H & N Shop 560, LLC / Patrick Grazier	9343 W. 87th Street	Overland Park, KS 66212	913/341-2677
JTR Investments, LLC/ Jimmy Ross	465 N. Germantown Parkway, Suite 111	Cordova, TN 38018	901/755-5600
CER Investments, LLC/ Jimmy Ross	4726 Spottswood	Memphis, TN 38117	901/202-4800
Ross Investments, LLC/ Jimmy Ross	6300 Poplar Avenue, Suite 112	Memphis, TN 38119	901/761-2403

TERMINATIONS

Franchisee and Contact Person	Correspondence Address	City/State/Zip	Contact Phone #
Habanero's Subs Group LLC/ Maria Botello	23503 Hardy Oak Blvd	San Antonio TX 78258	210/797-7777
Hannahs Franchise Holdings LLC/ David Hannahs	9150 South Main Street, Suite J	Houston, TX 77025	713/633-7827
J & G Group Inc./ Amanda Johnston	700 Mt. Moriah	Memphis, TN 38119	901/761-7384

**LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT
BUT NOT YET OPENED AS OF DECEMBER 31, 2024**

Franchisee and Contact Person	Correspondence Address	City/State/Zip	Contact Phone #
Richmissjack Corp./ Richard White	1725 Bramble Bush Way	Suwanee, GA 30024	770/598-4892
Parkside Marina, LLC/ Gul Awan	900 Gerstner Memorial Drive	Lake Charles, LA 70601	337/263-2038
TBD/ Miranda Hagedorn	1044 Addington Road	Hendersonville, TN 37075	615/497-9817
TBD/ Shannon Brown	3609 Classic Drive South	Memphis, TN 38125	901/497-6464
NewOsc Holdings, LLC/ Bradley Parrish	3213 Club Breeze Drive	Memphis, TN 38125	870/815-0376

EXHIBIT I TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

LENNY'S HOLDINGS LLC

Columbus, Ohio

Financial Statements

For the years ended December 31, 2024, 2023 and 2022

and Independent Auditor's Report Thereon



Big Thinking. Personal Focus.

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INDEPENDENT AUDITOR'S REPORT

To the Members
Lenny's Holdings LLC
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of Lenny's Holdings LLC (Company), which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
June 27, 2025

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LENNY'S HOLDINGS LLC

BALANCE SHEETS

	<u>December 31</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,064,194	\$ 687,874	\$ 1,247,260
Accounts receivable, net	21,062	52,748	69,165
Accounts receivable - related party	1,588	3,501	4,735
Prepaid expenses and other assets	<u>89,024</u>	<u>64,133</u>	<u>48,905</u>
Total Current Assets	1,175,868	808,256	1,370,065
PROPERTY AND EQUIPMENT, NET	9,433	36,378	57,068
OTHER ASSETS			
Intangible assets, net	500,000	695,000	929,000
Goodwill, net	-	60,730	133,606
Advances to related party	-	1,575,406	948,739
Lease right-of-use asset - operating	<u>52,440</u>	<u>121,658</u>	<u>190,135</u>
Total Other Assets	<u>552,440</u>	<u>2,452,794</u>	<u>2,201,480</u>
Total Assets	<u>\$ 1,737,741</u>	<u>\$ 3,297,428</u>	<u>\$ 3,628,613</u>

	December 31		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 51,446	\$ 144,702	\$ 107,893
Accounts payable - related party	41,009	138,862	93,074
Accrued expenses	112,841	106,528	111,879
Gift card liability	139,613	156,270	153,331
Current portion of deferred revenue	33,658	35,616	35,558
Current portion of operating lease liabilities	58,275	75,872	66,584
Marketing fund liability	<u>268,024</u>	<u>110,190</u>	<u>318,704</u>
Total Current Liabilities	704,866	768,040	887,023
LONG-TERM LIABILITIES			
Deferred revenue, net of current portion	327,101	316,159	257,726
Operating lease liabilities, net of current portion	<u>-</u>	<u>58,275</u>	<u>134,147</u>
Total Long-Term Liabilities	327,101	374,434	391,873
MEMBERS' EQUITY	<u>705,774</u>	<u>2,154,954</u>	<u>2,349,717</u>
Total Liabilities And Members' Equity	<u>\$ 1,737,741</u>	<u>\$ 3,297,428</u>	<u>\$ 3,628,613</u>

See notes to financial statements.

LENNY'S HOLDINGS LLC

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
REVENUES			
Royalties	\$ 2,618,085	\$ 2,703,513	\$ 2,723,678
Marketing fund	844,652	878,231	883,134
Summit fees and other	107,500	-	-
Franchise and development fees	43,516	44,009	179,685
Total Revenues	3,613,753	3,625,753	3,786,497
OPERATING EXPENSES			
Selling, general and administrative	3,026,332	3,490,881	3,350,717
Depreciation and amortization	282,675	333,932	327,934
Total Operating Expenses	3,309,007	3,824,813	3,678,651
OTHER INCOME, NET			
Other income, net	5,200	4,297	-
Net Income (Loss)	309,946	(194,763)	107,846
MEMBERS' EQUITY			
Beginning of year	2,154,954	2,349,717	2,241,871
Distributions to members	(1,759,126)	-	-
End of year	\$ 705,774	\$ 2,154,954	\$ 2,349,717

See notes to financial statements.

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LENNY'S HOLDINGS LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 309,946	\$ (194,763)	\$ 107,846
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	282,675	333,932	327,934
Lease expense - operating	(6,654)	1,893	10,596
Provision for credit losses, net	-	160	1,272
Breakage income	(20,000)	-	-
Changes in assets and liabilities:			
Accounts receivable	31,686	16,257	(16,901)
Accounts receivable - related party	1,913	1,234	(1,314)
Prepaid expenses and other current assets	(24,891)	(15,228)	(22,284)
Accounts payable	(93,256)	36,809	2,078
Accounts payable - related party	(97,853)	45,788	(127,586)
Accrued expenses	6,313	(5,351)	21,747
Gift card liability	3,343	2,939	-
Marketing fund liability	157,834	(208,514)	43,972
Deferred revenue	8,984	58,491	65,315
Net Cash Flows Provided By Operating Activities	560,040	73,647	412,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	-	(6,366)	(75,214)
Advances to related parties, net	(183,720)	(626,667)	(605,351)
Net Cash Flows Used In Investing Activities	(183,720)	(633,033)	(680,565)
Net Increase (Decrease) In Cash	376,320	(559,386)	(267,890)
CASH			
Beginning of year	687,874	1,247,260	1,515,150
End of year	\$ 1,064,194	\$ 687,874	\$ 1,247,260

	<u>2024</u>	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Settlement of advances to related party through distributions to members	\$ 1,759,126	-	-
Right-of-use assets disposed or adjusted by modifying lease liabilities	-	-	\$ 224,115

See notes to financial statements.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 1 - ORGANIZATION

Lenny's Holdings LLC (Company) is an Ohio limited liability company that franchises Lenny's Grill & Subs, Lenny's Sub Shop and Lenny's Subs restaurants (collectively, Lenny's), and provides marketing and management services to franchisees, focusing on making and serving great food, improving guest experiences and attaining restaurant-level profits.

A reconciliation of the beginning and ending number of locations operated by franchisees for the years ended December 31 is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Locations at beginning of year	63	60	67
Locations opened	1	3	-
Locations closed	<u>(2)</u>	<u>-</u>	<u>(7)</u>
Locations at end of year	<u>62</u>	<u>63</u>	<u>60</u>
Locations operated by related parties	<u>4</u>	<u>4</u>	<u>4</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

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

Variable Interest Entities - The Company has adopted the Financial Accounting Standards Board Private Company Council exception related to the consolidation of variable interest entities under the topic of Accounting Standards Codification Topic 810 - Consolidation. Under this guidance, the Company will not consolidate entities under common control unless the Company holds a majority of the voting shares of that entity and no circumstances indicate that control does not rest with the Company.

Cash - The Company considers highly liquid investments with maturities of three months or less when purchased as cash equivalents. It maintains, at various financial institutions, cash that could at times exceed federally insured amounts. The Company has not experienced any losses in such accounts.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable - Accounts receivable are comprised primarily of amounts due from franchisees requiring payment within 5-15 days from the end of each franchisee reporting period. The Company reports receivables at net realizable value. The Company evaluates each franchisee's ability to pay through historical experience and current economic conditions through a reasonable forecast period. Factors considered in the evaluation of assessing collectability and risk include underlying value of any collateral or security interest; significant past due balances; historical losses; and existing economic conditions, including political risk. There can be no assurance that actual results will not differ from estimates or that consideration of these factors in the future will not result in an increase or decrease to the allowance for credit losses. The Company regularly evaluates the collectability of accounts receivable and maintains reserves for expected credit losses. Estimated credit losses are written off in the period in which they are no longer collectible.

The following table shows the Company's accounts receivable and allowance for credit loss balances at December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 21,062	\$ 52,748	\$ 83,131	\$ 66,230
Allowance for credit losses	<u>-</u>	<u>-</u>	<u>(13,966)</u>	<u>(12,694)</u>
Accounts Receivable, Net	<u>\$ 21,062</u>	<u>\$ 52,748</u>	<u>\$ 69,165</u>	<u>\$ 53,536</u>

Property and Equipment - Property and equipment from acquisitions are recorded at their acquisition date at fair value, while other property and equipment are recorded at cost, and depreciation is generally provided for by use of the straight-line method over the lesser of estimated useful lives of the assets ranging from 12 to 24 months or the term of the lease. Leasehold improvements are amortized over the lesser of the life of the lease, including expected renewal options as determined by management, or the estimated useful lives of the assets. Routine expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments, which materially extend the useful lives of assets or increase their productivity, are capitalized.

Definite-Lived Intangible Assets - Franchise agreements are considered intangible assets with definite lives and are amortized on a straight-line basis over their estimated useful lives. Franchise agreements are amortized over five years.

Impairment of Property and Equipment and Definite-Lived Intangible Assets - Long-lived assets, such as property and equipment, and definite-lived assets, such as franchise agreements, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no long-lived or definite-lived assets impaired at December 31, 2024, 2023 and 2022.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trademark - The trademark is not being amortized, as it is deemed to be an indefinite-lived intangible asset. The Company reviews indefinite-lived intangible assets for impairment when events or changes in circumstances indicate impairment may have occurred. The Company assesses qualitative factors to determine if it is more likely than not that the fair value of the trademark is less than the carrying amount. As of December 31, 2024, 2023 and 2022, the Company has determined that it is not more likely than not that the fair value of the trademark was less than the carrying amount and has not recorded any impairment.

Goodwill - Goodwill represents the excess of cost over fair value of net identified assets acquired in business combinations accounted for under the purchase method. The Company applies the accounting alternative to amortize goodwill on a straight-line basis over a period of five years.

In addition, the Company continues to assess the carrying value of goodwill for impairment. Under these standards, an entity first assesses qualitative factors to determine whether it is “more likely than not” that the fair value of a reporting unit is less than the carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. No impairment in the carrying value of goodwill was recognized as of December 31, 2024, 2023 and 2022.

Gift Card Obligations - The Company sells and collects cash on the sale of gift cards to its franchisees. The gift cards are honored at the respective franchise locations. The Company estimates breakage based on historical analysis of unused gift cards and records income for the portion of gift cards sold and not expected to be redeemed as the gift cards are redeemed. Where historical data is not available, the Company uses relevant public financial statement data to estimate breakage. Breakage income of \$20,000 is included in summit fees and other on the accompanying statements of operations and changes in members' equity for the year ended December 31, 2024. The Company has determined that gift card breakage was not significant for the years ended December 31, 2023 and 2022. Accordingly, no breakage income was reflected for the years ended December 31, 2023 and 2022.

Revenue Recognition - Revenues consist of franchise royalties and initial franchise and development fees. The Company executes franchise agreements for each franchise restaurant, which establishes the terms of the agreement with the franchisee. The Company recognizes initial franchise fees as deferred revenue when received and are recognized as revenue on a straight-line basis over the contractual term of the franchise agreement. Initial franchise fees include the initial contractual franchise fee, related license and development fees and franchise transfer fees. Any remaining unamortized franchise fee revenue is recognized in full upon store closure. The following table shows the Company's deferred revenue balances at December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current portion of deferred revenue	\$ 33,658	\$ 35,616	\$ 35,558	\$ 43,151
Deferred revenue, net of current portion	<u>327,101</u>	<u>316,159</u>	<u>257,726</u>	<u>184,818</u>
Total Deferred Revenue	<u>\$ 360,759</u>	<u>\$ 351,775</u>	<u>\$ 293,284</u>	<u>\$ 227,969</u>

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Franchise Fees - The Company generates revenues from franchising through individual franchise agreements. In consideration for payment of an initial franchise fee, continuing royalties and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Company trademarks, systems, training and store operation assistance.

The Company satisfies the performance obligation related to the franchise agreement over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components: a fixed fee related to the franchise agreement, a sales-based royalty fee and a sales-based advertising fee. The fixed fee, as determined by the signed franchise agreement, is nonrefundable and due at the time the franchise agreement is entered into, and/or when the franchise agreement is signed. Revenue related to these franchise agreements, less separate standalone performance obligations, is recognized on a straight-line basis over the respective term, which typically begins the date the franchise agreement is entered. The Company does not generate revenue under design and architecture, construction or training services.

The Company's franchise agreements typically require the franchisee to pay an initial, nonrefundable fee and a continuing fee based on a percentage of sales. The Company generally collects 6% of net sales that is charged to franchisees for the use of the Lenny's name and system. Continuing franchise royalties are recognized as revenue at a point in time as the fees are earned.

Marketing Fund - The Company generally collects an advertising fee of up to 2% of gross sales from all franchisees for the Brand Marketing Fund for general marketing, advertising and publicity administered by the Company on behalf of the Lenny's franchise system. Continuing advertising fees are recognized as revenue at a point in time as the fees are earned. Marketing fund expense of approximately \$845,000, \$878,000 and \$883,000 is included in selling, general and administrative expenses on the accompanying statements of operations and changes in members' equity for the years ended December 31, 2024, 2023 and 2022, respectively.

Summit Fees - The Company generates revenue from fees charged to vendors for its annual summit. Revenue is recognized at a point in time as the fees are earned.

Loyalty Program - The Company maintains a loyalty program to provide certain incentives and discounts to its customers. The expense and the potential liability are recorded by the Company's franchisees.

Income Taxes - The Company has been organized as a limited liability company, which is not a taxpaying entity for federal income tax purposes, thus no provision for federal income taxes is reflected in the financial statements. The income or loss of the Company is passed through to members' individual income tax returns.

Accounting for uncertainty in income taxes requires financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. There were no uncertain tax positions as of December 31, 2024, 2023, and 2022. When necessary, the Company accrues penalties and interest related to unrecognized tax benefits as a component of income tax expense. Income tax returns since 2021 are subject to review by the Internal Revenue Service, generally three years after the returns are filed as of December 31, 2024.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - For leases with a term greater than one year, the Company recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Company determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in lease right-of-use assets - operating, current portion operating lease liabilities and operating lease liabilities, net of current portion in the Company's balance sheets at December 31, 2024, 2023 and 2022. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Company uses a risk-free rate of a period comparable with that of the lease term unless the implicit rate is readily determinable. The Company considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Company is reasonably certain to exercise the option; (2) terminate the lease if the Company is reasonably certain not to exercise that option; and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. The Company has elected the practical expedient to not recognize right-of-use assets and lease liabilities arising from short-term leases, defined as a lease with an initial term of 12 months or less. Lease agreements with lease and nonlease components are accounted for as a single-lease component for all classes of leased assets for which the Company is the lessee.

The operating lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through June 27, 2025, the date that the financial statements were available to be issued.

NOTE 3 - RELATED-PARTY TRANSACTIONS

The below table outlines the outstanding related-party balances and location within the balance sheets as of December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Related-party receivables:			
Royalty and marketing fund receivables from affiliates	\$ <u>1,588</u>	\$ <u>3,501</u>	\$ <u>4,735</u>
Advances to related-party:			
Noninterest bearing receivable from Lenny's Steakery, LLC representing the net effect of related-party transactions on an ongoing basis.	<u>-</u>	\$ <u>1,575,406</u>	\$ <u>948,739</u>
Related-party payables:			
Balance due to Gosh Enterprises, Inc. (Gosh) and Charley's Steakery, Inc., representing the net effect of related-party transactions on an ongoing basis.	\$ <u>41,009</u>	\$ <u>138,862</u>	\$ <u>93,074</u>

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 3 - RELATED-PARTY TRANSACTIONS (Continued)

The below table outlines the outstanding related-party balances and location within the statements of operations and changes in members' equity for the years ended December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Royalties revenue received from related-party companies	\$ 186,295	\$ 207,174	\$ 180,608
Marketing fund revenue received from related-party companies.	62,098	69,161	60,203
Reimbursement from the marketing fund for marketing services and administration, included in selling, general and administrative on the statements of operations and changes in members' equity.	248,697	211,559	197,403
Fees associated with shared services and accounting and management services provided by Gosh, included in selling, general and administrative on the statements of operations and changes in members' equity. Effective January 1, 2024, Gosh ceased charging the Company for these services.	-	252,000	216,000
Payments to Gosh associated with shared automobile usage, included in selling, general and administrative on the statements of operations and changes in members' equity.	48,000	48,000	28,000

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 178,014	\$ 178,014	\$ 178,014
Vehicles	16,000	16,000	16,000
Leasehold improvements	15,000	15,000	15,000
Furniture and fixtures	18,116	18,116	11,750
	<u>227,130</u>	<u>227,130</u>	<u>220,764</u>
Less: Accumulated depreciation	<u>(217,697)</u>	<u>(190,752)</u>	<u>(163,696)</u>
	<u>\$ 9,433</u>	<u>\$ 36,378</u>	<u>\$ 57,068</u>

Depreciation expense was approximately \$27,000, \$27,000 and \$21,000 for the years ending December 31, 2024, 2023 and 2022, respectively.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amounts of goodwill, indefinite-lived and definite-lived intangible assets at December 31 are as follows:

	December 31, 2024			
	Weighted Average Remaining Useful Life	Gross Value	Accumulated Amortization	Net Value
Definite lived:				
Goodwill	-	\$ 363,796	\$ (363,796)	-
Franchise agreements	-	1,170,000	(1,170,000)	-
Indefinite lived:				
Trademark	N/A	500,000	-	\$ 500,000
		\$ 2,033,796	\$ (1,533,796)	\$ 500,000

	December 31, 2023			
	Weighted Average Remaining Useful Life	Gross Value	Accumulated Amortization	Net Value
Definite lived:				
Goodwill	1 year	\$ 363,796	\$ (303,066)	\$ 60,730
Franchise agreements	1 year	1,170,000	(975,000)	195,000
Indefinite lived:				
Trademark	N/A	500,000	-	500,000
		\$ 2,033,796	\$ (1,278,066)	\$ 755,730

	December 31, 2022			
	Weighted Average Remaining Useful Life	Gross Value	Accumulated Amortization	Net Value
Definite lived:				
Goodwill	2 years	\$ 363,796	\$ (230,190)	\$ 133,606
Franchise agreements	2 years	1,170,000	(741,000)	429,000
Indefinite lived:				
Trademark	N/A	500,000	-	500,000
		\$ 2,033,796	\$ (971,190)	\$ 1,062,606

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Amortization expense was approximately \$256,000, \$307,000 and \$307,000 for the years ending December 31, 2024, 2023 and 2022, respectively.

NOTE 6 - LEASES

The Company leases office space under a long-term, noncancelable operating lease agreement, which expires in September 2025. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease cost and other required information for the years ended December 31 are:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Lease cost			
Operating lease cost	\$ 70,189	\$ 70,189	\$ 66,378
Short-term lease cost	<u>4,135</u>	<u>5,206</u>	<u>1,958</u>
Total Lease Cost	<u>\$ 74,324</u>	<u>\$ 75,395</u>	<u>\$ 68,336</u>
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Other information			
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$ 76,842	\$ 68,296	\$ 56,404
Weighted-average remaining lease term			
Operating leases	0.75 years	1.75 years	2.75 years
Weighted-average discount rate			
Operating leases	1.04%	1.04%	1.04%

As of December 31, 2024, estimated annual maturities of lease liabilities was \$58,477 for 2025 of which \$202 represents interest.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company is subject to proceedings, lawsuits and other claims primarily related to competitors, customers, employees, franchisees, government agencies, intellectual property and suppliers. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. In the opinion of management, any open matters will not have a material effect upon the financial position, operations or cash flows of the Company.

LENNY'S HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024, 2023 AND 2022

NOTE 7 - COMMITMENTS AND CONTINGENCIES (Continued)

The Company had a Paycheck Protection Program (PPP) loan with a principal amount of \$231,500 and, in 2021, received formal notice from the United States Small Business Administration (SBA) that the PPP loan had been forgiven in full. The Company's PPP loan is subject to audit by the SBA for up to six years after forgiveness of the loan.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Company participates in a plan, sponsored by Gosh, to provide retirement benefits under provisions of Section 401(k) of the Internal Revenue Code. The Company made a matching contribution equal to 50% of the first 6% of a participant's elective deferrals to the plan for the year ended December 31, 2022. Effective January 1, 2023, the Company makes a matching contribution equal to 100% of the first 3% and 50% of the next 2% of a participant's elective deferrals to the plan. The Company may also make discretionary annual contributions. For the years ended December 31, 2024, 2023 and 2022, the Company made matching contributions of approximately \$44,000, \$42,000 and \$27,000, respectively, to the plan.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Lenny's Holdings LLC
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
REVENUES				
Royalties	192,883.59	185,713.13	204,945.30	583,542.02
Royalties - Corporate Stores	15,248.53	15,198.91	17,511.79	47,959.23
Rebates	0.00	0.00	0.00	0.00
New Store Fees	1,770.83	1,770.83	1,770.83	5,312.49
Transfer Fees	0.00	0.00	10,000.00	10,000.00
Renewal Fees	0.00	0.00	0.00	0.00
Penalties & Fines	1,200.00	0.00	0.00	1,200.00
Summit Fees	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Revenues	211,102.95	202,682.87	234,227.92	648,013.74
DEPARTMENTS				
Corporate Total	34,590.49	35,158.34	41,410.20	111,159.03
Total Occupancy Costs	7,415.58	7,217.18	7,447.48	22,080.24
Total General and Administrative	2,349.49	2,580.72	1,992.35	6,922.56
Accounting & Finance Total	17,498.50	16,811.75	22,307.53	56,617.78
Franchise Sales Total	9,575.42	9,540.34	11,224.93	30,340.69
Net Restaurant IT & POS Support Total	38,691.37	30,245.00	36,658.01	105,594.38
Operations Total	35,859.82	33,608.62	40,137.21	109,605.65
Training Total	12,457.64	10,503.09	12,993.26	35,953.99
Marketing Total	0.00	0.00	0.00	0.00
Brand & Marketing Fund Net Contribution				
Marketing Fund Revenues	62,301.30	60,147.00	65,879.75	188,328.05
Marketing Fund Revenues - Corporate Stores	5,082.85	5,066.30	5,837.29	15,986.44
Allocations to Marketing				
Marketing (100% excluding vacation/bonus)	16,715.76	22,577.73	13,611.47	52,904.96
Total National Expenses	12,074.41	12,489.29	44,526.36	69,090.06
Total National Co-op Expenses	0.00	0.00	0.00	0.00
Total Local Expenses	0.00	0.00	0.00	0.00
Total Local Co-op Expenses	0.00	0.00	0.00	0.00
Total Recurring Expenses	(25,327.04)	(43,277.28)	(32,361.99)	(100,966.31)
Adjustment for Marketing Reserves	63,921.02	73,423.56	45,941.20	183,285.78
Marketing NET	0.00	0.00	0.00	0.00
EBITDA	52,664.64	57,017.83	60,056.95	169,739.42
EBITDA Before Bonus	52,664.64	57,017.83	60,056.95	169,739.42
DEPRECIATION AND AMORTIZATION				
Depreciation Expense	2,245.39	1,629.74	1,014.08	4,889.21
Amortization Expense	0.00	0.00	0.00	0.00
Total Depreciation and Amortization	2,245.39	1,629.74	1,014.08	4,889.21
(GAIN)/LOSS ON SALE	0.00	0.00	0.00	0.00
(GAIN)/LOSS ON DISPOSAL OF ASSETS	0.00	0.00	0.00	0.00
IMPAIRMENT TO GOODWILL	0.00	0.00	0.00	0.00
INTEREST EXPENSE	0.00	0.00	0.00	0.00
TAXES	0.00	0.00	32,875.00	32,875.00

Lenny's Holdings LLC
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
NET EARNINGS / (LOSS)	50,419.25	55,388.09	26,167.87	131,975.21

Lenny's Holdings, LLC
For the Three Months Ending 3/31/2025

	Current Year
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash - Operating	\$1,161,781.36
Cash - Marketing Reserves	
Cash Payroll	
Cash Transition Account	
Gift Card Cash	156,702.36
Store Bank	
Petty Cash	364.31
Cash Equivalents	
Total Cash and Cash Equivalents	1,318,848.03
Accounts Receivable, net	
A/R Franchise Fees	
A/R Royalty Fees	7,808.01
A/R National Marketing	2,529.83
A/R Vendor Rebates	
A/R Trade	74,119.14
A/R POS Financing	
A/R Miscellaneous	
A/R Settlement Charges to LF	
A/R Escrow from Sale	
Allowance for Bad Debts	
A/R Affiliate (GOSH)	
Total Accounts Receivable, net	84,456.98
Intercompany Receivables - Steakery	1,787,211.11
Other Current Assets	
Inventory POS Equipment	2,999.82
Inventory Food	
Inventory Paper/Chemical	
Inventory Supplies	10,387.86
Gift Cards	2,727.49
Note Receivable - Current	
Note Receivable - Current Exterior Signage Reimage	
Prepaid Expenses	47,214.60
Prepaid POS Expenses	
Prepaid Insurance	
Prepaid Bonus	
Deposits	5,317.52
Employee Advances	150.00
Travel Advances	
Total Other Current Assets	68,797.29
Total Current Assets	3,259,313.41
Non-Current Assets	
Property, Plant and Equipment	

Lenny's Holdings, LLC
For the Three Months Ending 3/31/2025

	Current Year
Building	
Accum. Deprec. - Building	
Leasehold Improvements	15,000.00
Accum. Deprec. - LHI	(15,000.00)
FF&E	38,115.50
Accum. Deprec. - FF&E	(34,403.46)
Computers	19,799.98
Accum. Deprec. - Computers	(19,799.98)
Software	138,214.00
Accum. Deprec. - Software	(137,382.71)
Automobiles	16,000.00
Accum. Deprec. - Automobiles	(16,000.00)
Fixed Assets Clearing Account	
Total Property, Plant and Equipment, net	4,543.33
Other Assets	
Goodwill	363,795.96
Accum. Amort. - Goodwill	(363,795.96)
Franchise Contracts	1,170,000.00
Accum. Amort - Franchise Contracts	(1,170,000.00)
NonCompete	10,000.00
Accum. Amort - NonCompete	(10,000.00)
Trademarks	500,000.00
Notes Receivable - Long-term	
Notes Receivable - Long-term Exterior Signage Reimage	
Total Other Assets	500,000.00
Total Non-Current Assets	504,543.33
Total Assets	3,763,856.74
Liabilities and Equity	
Current Liabilities	
Current Payables	
A/P - Trade	61,715.32
A/P - Miscellaneous	
A/P - Gift Cards	
A/P - Gift Card Pool	159,612.56
Total Current Payables	221,327.88
Intercompany Payables - GOSH	40,261.00
Deferred Revenues	
Deferred Revenue - Short Term	33,658.00
Total Deferred Revenues	33,658.00
Accrued Expenses	
Accrued Payroll	5,137.65
Accrued GP	
Accrued Payroll Taxes	382.75
Accrued Taxes on GP	
Accrued Franchise Taxes	
Accrued State Tax	
Accrued Royalties	

Lenny's Holdings, LLC
For the Three Months Ending 3/31/2025

	Current Year
Accrued Bonuses	
Accrued 401(k) Match	
Accrue Management Fees	
Accrue Vacation Expense	39,490.59
Accrue Marketing Reserves	444,349.93
Accrue Store Remodel Costs	
Other Accrued Expenses	53,615.00
Total Accrued Expenses	542,975.92
Other Current Liabilities	
Sales Taxes Payable	
Use Taxes Payable	
Withholding Taxes Payable	
Garnishments Withheld	
HSA Contributions Withheld	
401(k) Contributions Withheld	(914.95)
401(k) Loan Payments Withheld	
Refundable Deposits Received	
Donations Payable	
Notes Payable - Johnson Ventures	
Notes Payable Secured - Johnson Ventures	
Interest Payable on NP	
Current Portion of Long-Term Debt	
Total Other Current Liabilities	(914.95)
Total Current Liabilities	837,307.85
Long Term Debt	
Notes Payable	
Deferred Revenue - Long Term	377,100.91
Total Long Term Debt	377,100.91
Other Non-Current Liabilities	
Total Non-Current Liabilities	377,100.91
Total Liabilities	1,214,408.76
EQUITY	
Class A Units	
Class B Units	
Membership Unit Repurchase	
Member's Equity	673,318.28
Partner's Equity	
Sale Transaction Clearing	
Retained Earnings	1,731,665.49
PPP Loan	
Current Year Earnings	131,975.21
Total Equity	2,536,958.98
Total Liabilities and Equity	3,751,367.74

Lenny's Holdings LLC
Profit Loss
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
REVENUES				
New Store Fees	\$1,770.83	\$1,770.83	\$1,770.83	\$5,312.49
Transfer Fees	0.00	0.00	10,000.00	10,000.00
Renewal Fees	0.00	0.00	0.00	0.00
Comp Royalties	15,248.53	15,198.91	17,511.79	47,959.23
Non Comp Royalties	192,883.59	185,713.13	204,945.30	583,542.02
Rebates	0.00	0.00	0.00	0.00
Penalties & Fines	1,200.00	0.00	0.00	1,200.00
Summit Fees	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Revenues	211,102.95	202,682.87	234,227.92	648,013.74
Controllable Expenses				
Payroll Expenses				
Employee Salary - Exempt	104,555.45	90,964.78	104,186.93	299,707.16
Employee Salary - Non-Exempt	4,427.82	3,675.69	0.00	8,103.51
Payroll Taxes	9,179.74	7,005.41	9,413.95	25,599.10
401K Plan Match Contribution	3,341.16	3,341.16	5,955.83	12,638.15
HSA Employer Contribution	615.36	615.36	923.04	2,153.76
Workers Compensation	212.67	212.67	212.67	638.01
Employee Insurance	8,232.30	7,598.28	8,215.43	24,046.01
Consulting	0.00	0.00	0.00	0.00
Total Payroll Expenses	130,564.50	113,413.35	128,907.85	372,885.70
Employee Benefits/Training				
Employee Incentives	6,029.20	5,630.98	7,981.33	19,641.51
Employee Seminars	0.00	0.00	15.00	15.00
Total Employee Benefits/Training	6,029.20	5,630.98	7,996.33	19,656.51
Office Expenses				
Office Supplies	102.57	272.38	240.59	615.54
Postage	50.23	51.84	137.32	239.39
Total Office Expenses	152.80	324.22	377.91	854.93
Utilities Expense				
Utilities	0.00	0.00	105.84	105.84
Telephone	356.66	356.66	356.66	1,069.98
Cellular Phone	684.97	684.97	961.93	2,331.87
Total Utilities Expense	1,041.63	1,041.63	1,424.43	3,507.69
Maintenance & Services				
Building Maintenance	0.00	0.00	0.00	0.00
Vehicle Maintenance	4,954.20	4,017.61	5,066.57	14,038.38
Computer Maintenance	1,106.45	1,259.32	2,669.98	5,035.75
Other Equipment Repairs	0.00	0.00	0.00	0.00
Total Maintenance & Services	6,060.65	5,276.93	7,736.55	19,074.13
Administration				
Licenses & Permits	383.44	0.00	252.25	635.69
Bank Charges	30.06	29.99	30.02	90.07
Payroll Processing Fees	0.00	0.00	597.68	597.68
Business Insurance	602.61	602.61	602.61	1,807.83

Lenny's Holdings LLC
Profit Loss
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
Auto Insurance	1,280.40	1,280.40	1,280.40	3,841.20
Lease Expenses	0.00	0.00	0.00	0.00
Dues & Subscriptions	60.00	108.65	0.00	168.65
Recruiting Fees	0.00	192.50	0.00	192.50
Accounting Services	103.31	1,925.00	4,874.00	6,902.31
Bad Debt Expenses	0.00	0.00	0.00	0.00
Shared Services	0.00	0.00	0.00	0.00
Total Administrstion	2,459.82	4,139.15	7,636.96	14,235.93
Legal				
Corporate Legal	180.00	0.00	(795.10)	(615.10)
Total Legal	180.00	0.00	(795.10)	(615.10)
Travel Expenses				
Airline Travel	2,047.97	4,403.01	2,990.46	9,441.44
Land Travel	363.41	693.18	937.31	1,993.90
Lodging	1,630.98	2,280.92	5,245.34	9,157.24
Meals & Entertainment	736.65	1,568.20	2,690.36	4,995.21
Auto Allowances	446.45	934.61	865.65	2,246.71
Other Travel Expenses	169.92	325.11	454.44	949.47
Total Travel Expenses	5,395.38	10,205.03	13,183.56	28,783.97
Sales Advertising				
Magazines Advertising	0.00	0.00	0.00	0.00
Newspaper Advertising	0.00	0.00	0.00	0.00
Internet Advertising	625.00	945.00	840.00	2,410.00
Direct Mail Advertising	0.00	0.00	0.00	0.00
Other Advertising	75.00	75.00	75.00	225.00
Total Sales Advertising	700.00	1,020.00	915.00	2,635.00
Franchise Support				
Smallwares	0.00	0.00	1,001.55	1,001.55
Training Product Costs	(3,100.00)	(3,100.00)	(3,100.00)	(9,300.00)
Franchise Training	706.68	706.69	706.69	2,120.06
Franchise Suppot Total	(2,393.32)	(2,393.31)	(1,391.76)	(6,178.39)
Research & Development				
Product Testing Costs	51.67	229.19	17.93	298.79
Equipment Testing Costs	0.00	0.00	0.00	0.00
Brand Development Costs	0.00	0.00	0.00	0.00
Total R&D Costs	51.67	229.19	17.93	298.79
TOTAL CONTROLLABLE EXPENSES	150,242.33	138,887.17	166,009.66	455,139.16
POS Expense				
Fees Charged	(15,624.00)	(18,786.00)	(18,786.00)	(53,196.00)
POS System Expenses	15,939.42	15,490.37	17,521.25	48,951.04
Total POS Expense	315.42	(3,295.63)	(1,264.75)	(4,244.96)

Lenny's Holdings LLC
Profit Loss
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
Miscellaneous Expenses (including remodeli	1,205.08	3,212.98	2,587.49	7,005.55
Total Miscellaneous Expense (incl Remodels	1,205.08	3,212.98	2,587.49	7,005.55
TOTAL OTHER CONTROLLABLE EXPENSES	1,520.50	(82.65)	1,322.74	2,760.59
Non Controllable Expenses				
Rent				
Base Rent	5,875.48	5,875.48	5,875.48	17,626.44
Storage Rent	178.00	363.04	341.09	882.13
Common Area Maintenance	356.78	356.78	356.78	1,070.34
Insurance - Porperty	0.00	0.00	0.00	0.00
Taxes - Real Estate/Personal Property	265.22	265.22	265.22	795.66
Total Rent	6,675.48	6,860.52	6,838.57	20,374.57
Depreciation & Amortization				
Depreciation Expense	2,245.39	1,629.74	1,014.08	4,889.21
Amortization Expense	0.00	0.00	0.00	0.00
Total Depreciation and Amortization	2,245.39	1,629.74	1,014.08	4,889.21
TOTAL NON CONTROLLABLE EXPENSES	8,920.87	8,490.26	7,852.65	25,263.78
TOTAL OPERATING EXPENSES	160,683.70	147,294.78	175,185.05	483,163.53
NOI Before Bonus	50,419.25	55,388.09	59,042.87	164,850.21
Other				
Bonus	0.00	0.00	0.00	0.00
Total Other (Bonus)	0.00	0.00	0.00	0.00
Net Operating Income	50,419.25	55,388.09	59,042.87	164,850.21
Miscellaneous Income				
Interest Income	0.00	0.00	0.00	0.00
PPP Loan	0.00	0.00	0.00	0.00
Marketing Fund	0.00	0.00	0.00	0.00
Gain/Loss on Sale of Assets	0.00	0.00	0.00	0.00
Total Miscellaneous Income	0.00	0.00	0.00	0.00
Income Before Taxes	50,419.25	55,388.09	59,042.87	164,850.21
Taxes				
State Income Taxes	0.00	0.00	31,775.00	31,775.00
Business Taxes	0.00	0.00	1,100.00	1,100.00
Total Taxes	0.00	0.00	32,875.00	32,875.00
Net Income	50,419.25	55,388.09	26,167.87	131,975.21
Net Operating Cash Flow Before Bonus	52,664.64	57,017.83	60,056.95	169,739.42

Lenny's Holdings LLC
Profit Loss
For the Three Months Ending 3/31/2025

Income Statement				
	Jan 2025	Feb 2025	March 2025	YTD
Net Cash Flow	52,664.64	57,017.83	27,181.95	136,864.42

EXHIBIT J TO THE LENNYS FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

GENERAL RELEASE

This General Release (“**Release**”) made this ____ day of _____, 20 ____, by and between Lenny’s Holdings LLC, an Ohio limited liability company having its principal place of business at 2500 Farmers Drive, Suite 140, Columbus, Ohio 43235 (“**Franchisor**”), and each of the undersigned (jointly and severally, “**Franchisee**”).

RECITALS:

Franchisee signed a Franchise Agreement and its Owners signed a Guaranty dated _____ (collectively, the “**Franchise Agreement(s)**”) allowing Franchisee the right to operate a franchised Lennys Restaurant.

Franchisee has requested to sell the assets of the Restaurant (the “**Sale**”) in accordance with the terms of the Franchise Agreements; and

Franchisee has requested that Franchisor consent to the Sale and terminate the Franchise Agreement;

Franchisor has agreed to consent to the Sale, and has further agreed to terminate the Franchise Agreement, on condition that, among other things, Franchisee executes this Release.

NOW, in consideration of the above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisee and Franchisor hereby agree as follows:

1. Release. Franchisee hereby absolutely and forever releases and discharges Franchisor and its Related Parties (as defined below), from and against any and all Claims (as defined below) of Franchisee arising out of or relating to the offer or sale of the Franchise Agreement(s), including violations of any federal or state law, rule, or regulation pertaining thereto. “**Related Parties**” means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors, and representatives. “**Claims**” means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time before this time ever had, owned or held, or at any time after this time has, owns or holds. Franchisee hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part upon any Claim released hereunder.

2. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. This Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements, or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement, or covenant not set forth herein.

3. Acknowledgement. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

4. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrongdoing by any party hereto.

5. No Assignment. Franchisee represents and warrants to Franchisor that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the released matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not after this time purport to assign, transfer, or convey any such claim.

6. Choice of Law. This Release shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Ohio. If any legal action is necessary to enforce the terms and conditions of this Release, the parties hereby agree that any action sought to be brought by either party, shall be brought in the appropriate state or federal court covering Columbus, Ohio with jurisdiction over the matter.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed this Release in multiple copies the day and year first above written.

LENNY'S HOLDINGS LLC

By: _____
Title: _____

ATTEST/WITNESS:

FRANCHISEE:

By: _____
Title: _____

By: _____
Title: _____

By: _____
Title: _____

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATES	EFFECTIVE DATE
Illinois	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Lenny's Holdings LLC offers you a franchise, Lenny's Holdings LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Lenny's Holdings LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Lenny's Holdings LLC give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Lenny's Holdings LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Lenny's Holdings LLC, located at 5000 Arlington Centre Blvd, Suite 5300, Columbus, Ohio 43220. Its telephone number is (901) 735-4002.

The issuance date of this Franchise Disclosure Document is June 30, 2025.

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise are as follows: Matthew Cook, Director of Franchise Development, Dan Moran, Manager of Franchise Development, Lenny's Holdings LLC, 8295 Tournament Drive, Suite 200, Memphis, Tennessee 38125, (901) 753-4002. Any additional individual franchise sellers involved in offering the franchise are

_____.

Lenny's Holdings LLC authorizes the respective state agents identified on Exhibit A to receive service of process on its behalf in the particular states.

I received a disclosure document dated June 30, 2025, that included the following Exhibits:

- | | |
|---|--|
| A. List of State Administrators and Agents for Service of Process | F. VetFran Program Addendum to the Franchise Agreement |
| B. Franchise Agreement | G. Table of Contents of Manual |
| C. Area Development Agreement | H. Franchisee Lists |
| D. State Specific Addenda to the FDD | I. Financial Statements |
| E. State Specific Addenda to the Agreements | J. General Release |

Date of receipt: _____
(Do not leave blank)

Signature of Prospective Franchisee

Printed name of Prospective Franchisee

(Insert date, sign and return to us.)

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Lenny's Holdings LLC offers you a franchise, Lenny's Holdings LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Lenny's Holdings LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Lenny's Holdings LLC give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Lenny's Holdings LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Lenny's Holdings LLC, located at 5000 Arlington Centre Blvd, Suite 5300, Columbus, Ohio 43220. Its telephone number is (901) 735-4002.

The issuance date of this Franchise Disclosure Document is June 30, 2025.

The names, principal business addresses, and telephone numbers of each franchise seller offering the franchise are as follows: Matthew Cook, Director of Franchise Development, Dan Moran, Manager of Franchise Development, Lenny's Holdings LLC, 8295 Tournament Drive, Suite 200, Memphis, Tennessee 38125, (901) 753-4002. Any additional individual franchise sellers involved in offering the franchise are

_____.

Lenny's Holdings LLC authorizes the respective state agents identified on Exhibit A to receive service of process on its behalf in the particular states.

I received a disclosure document dated June 30, 2025, that included the following Exhibits:

- | | |
|---|--|
| A. List of State Administrators and Agents for Service of Process | F. VetFran Program Addendum to the Franchise Agreement |
| B. Franchise Agreement | G. Table of Contents of Manual |
| C. Area Development Agreement | H. Franchisee Lists |
| D. State Specific Addenda to the FDD | I. Financial Statements |
| E. State Specific Addenda to the Agreements | J. General Release |

Date of receipt: _____
(Do not leave blank)

Signature of Prospective Franchisee

Printed name of Prospective Franchisee

(Your copy.)