

**FRANCHISE DISCLOSURE DOCUMENT  
FOR VIRGINIA**

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The franchised business involves the sale of pizza and related menu items for carry-out, delivery and dine-in eating.

The total investment necessary to begin operation of a single franchised business ranges from \$156,000 to \$330,900. This includes the \$30,000 initial franchise fee that you must pay to the franchisor or its affiliates. This does not include a \$7,500 per location option fee for each additional location should you choose to reserve the right to open more than one location by executing a Multi-Unit Option Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure 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 Vocelli, LLC at 1005 South Bee Street, Pittsburgh, Pennsylvania 15220, or via telephone at (412) 919-2100 or toll free at (800) 862-3554.

The terms of your single unit Franchise Agreement and Multi-Unit Option Agreement (if applicable) will govern your franchise relationship. Don't rely on the disclosure statement alone to understand your contract. Read all of your contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

The Issuance Date of this disclosure document is: May 29, 2024

## 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Vocelli's business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Vocelli's franchisee?</b>	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if you franchise fails.

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**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, “we”, “our” and “VP” means Vocelli, LLC, the franchisor of this business. “You” and “Your” both mean the person who buys the franchise, and includes your owners if you are a corporation or other business entity.

The Franchisor, Its Predecessors and Affiliates

Ablak Holdings, LLC is our parent company which was established in Pittsburgh, Pennsylvania on November 11, 2009.

Ablak Holdings, LLC was also the parent to Rock N’ Joe, LLC, a Pennsylvania limited liability company organized on July 25, 2013, which had the same principal address as us when it was sold on December 9, 2019. Specifically, on August 23, 2013, our parent acquired substantially all of the assets of Franchise Systems Corporation, including all of the existing franchise agreements and all of the component parts of the Rock ‘N’ Joe franchise system. On December 9, 2019, Ablak Holdings, LLC. sold all of its membership interests in Rock ‘N’ Joe, LLC. Rock ‘N’ Joe is a rock and roll themed coffeehouse serving food.

On August 21, 2015, Ablak Holdings, LLC, formed Zing Basket Corporate, LLC (“Zing Basket”), a Pennsylvania limited liability company. Zing Basket began doing business on August 24, 2016 for the purpose of providing commercial and residential delivery of over three-thousand warehoused grocery items including meats, ice cream, condiments, dressings, snacks, soups, beverages, pasta, packaged baked goods, canned goods, nutritional foods, toiletries, cleaners and baby items. No franchises have been offered by Zing Basket.

On October 1, 2015, V3 Flatbread Pizza opened its first location in Pittsburgh, Pennsylvania and on November 1, 2017, V3 Flatbread Pizza opened its second location. V3 Pizza, LLC started offering franchises as of April 20, 2017. V3 Flatbread Pizza is a fast casual pizza concept that provides total customer customization by choosing the dough, the sauce, unlimited toppings and ends with seasonings, finishes, and oils, all for one low price. Other menu offerings include salad.

On May 24, 2016, Ablak Holdings, LLC, acquired substantially all of the assets of SY Ventures, Inc. including all of the existing franchise agreements and all of the component parts of the SY Ventures, Inc., which are now held by Sincerely Yogurt Franchising, LLC, a Pennsylvania limited liability company and wholly-owned subsidiary of Ablak Holdings, LLC. Sincerely Yogurt, LLC is a fast-casual, self-serve yogurt chain. Franchises were offered under the name “Sincerely Yogurt” prior to acquisition. Franchising is presently being conducted under Sincerely Yogurt Franchising, LLC.

On August 17, 2017, Ablak Holdings, LLC acquired substantially all of the assets of Tulumba Marketing, LLC, the #1 eCommerce site in America specializing in international foods, products, and services. Tulumba Marketing, LLC was established in 2003 and operates from the offices of Ablak Holdings in Pittsburgh and does not offer franchises.

Zafer Solutions LLC, a subsidiary of Ablak Holdings, LLC, was established on November 19, 2012 and has the same principal business address as Vocelli, LLC, Tulumba, LLC, V3 Pizza,

LLC and Sincerely Yogurt, LLC, and provides online support services to the franchisees of Vocelli, LLC.

None of Ablak Holdings, LLC, Sincerely Yogurt, LLC, Zing Basket Corporation, LLC, Zafer Solutions LLC, nor Tulumba, LLC has conducted the type of business a VP franchisee will operate, nor has any entity offered franchises providing the type of business a VP franchisee will operate.

We do not have any other parents, affiliates or predecessors required to be disclosed in this item except as stated above.

### The Franchisor's Business and the Franchise Offered

VP currently operates various VOCELLI® Pizza Stores directly. VP is also an approved supplier to the Vocelli Pizza system. VP does not conduct any other business activities.

VP has a single unit franchise offering involving the sale of pizza and related menu items for carry-out, delivery and dine-in eating.

### Multi-Unit Option Agreement

VP offers an option to develop additional Stores (Delivery Store Models or Dine-In Models) to qualified individuals who have entered into a single unit Franchise Agreement. Under the Multi-Unit Option Agreement, the option fee is \$7,500 for each store to be opened which is due upon execution of the Multi-Unit Option Agreement and the Franchise Agreement for the first store. For all Stores thereafter, the initial franchise fee of \$30,000 under the Single Unit Franchise Agreement is payable upon execution of the Single Unit Franchise Agreement, less a \$7,500 credit.

### Store

VP grants to qualified individuals the right to operate a franchised business that offers the sale of pizza and related food menu items that VP prescribes for sale, for carry-out or delivery. These franchises prepare pizza and related food items for sale to the general public through, carry out, in-store pick-up, drive-thru and delivery to customers, using VP's order entry systems.

Throughout the remainder of this disclosure document, the store will, at times, be referred to as the "Store" or the "Franchised Business."

The market for your products and services as a franchisee will be the general public, private businesses, government offices and other public/private venues except international airports, amusement parks and professional sports facilities. You will operate your Store using VP's proprietary business system and the trademarks, service marks, trade names, web site addresses, logos and other indicia of origin VP designates, or may in the future designate (the "Proprietary Marks"). The system includes proprietary operating procedures and standards and specifications for the products and services. You will operate the Store according to the VP Franchise Agreement which is attached as Exhibit E to this disclosure document, as well as VP's confidential manuals including but not limited to the Operations, Marketing, Design & Construction, described more fully in Item 11 of this disclosure document.

## Industry Specific Laws and Regulations

The operation of the Store will be subject to all federal, state and local laws, ordinances and regulations pertaining to business, restaurants and food handling generally. For example, many health department and related codes and regulations require that food service businesses within their jurisdictions have at least one employee or staff member who has successfully completed a food service manager or employee certification program.

The United States enacted the “Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001” (the “USA Patriot Act”). We are required to comply with the USA Patriot Act. To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you, nor your directors, officers, shareholders, partners, members, employees, or agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U.S. government for criminal activity. You may review the Patriot Act and related regulations at <http://www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>.

There may be other laws and regulations applicable to your business and we urge you to make inquiries about any laws or regulations that may impact your business.

## Market, Competition

The pizza business has fierce competition. National chains like Dominos, Pizza Hut and Papa Johns have a considerable market share. Smaller regional chains and independent operators also provide extensive competition. VP’s competitive advantage lies in large to the “responsibility” of using the finest ingredients, the “accountability” of sustainable sourcing, and the “community” of partnering with our local neighborhoods.

## Prior Business Experience

On December 31, 2012, we acquired substantially all of the assets of Vocelli Pizza, L.P., including all of the existing franchise agreements and all of the component parts of the Vocelli Pizza franchise system. Vocelli Pizza, L.P. is our predecessor in the franchise business and has the same principal business address as us. The general partner of Vocelli Pizza, L.P., Pizza Outlet, Inc. is a Pennsylvania corporation, which was formed on December 30, 1991. The principals of Pizza Outlet, Inc. owned and operated Pizza Outlet Stores similar to the type being offered in this disclosure document.

VP and its predecessor have offered franchisees of the type being offered in this disclosure document since 1993. Originally, the franchises were offered under the mark Pizza Outlet but as of February 25, 2002, Stores located in Northern Virginia began operating under the name VOCELLI® Pizza. This name change came about as a progression into a more upscale, artisan product. Due to the success in the Northern Virginia market, all Stores system wide began operating as Vocelli Pizza effective September 8, 2003.

VP and its predecessor have never offered franchises in other lines of business.

## **ITEM 2 BUSINESS EXPERIENCE**

### Chairman: Varol Ablak

Mr. Ablak is the founder of our predecessor Vocelli Pizza, L.P. and, since November 2009 has been its Chairman. At various times since November 2009 until June 2017, and commencing January 22, 2024, Mr. Ablak has also been Chief Executive Officer of Vocelli Pizza, L.P. All of these positions have been held in Pittsburgh, Pennsylvania.

### Chief Executive Officer: Mr. Toni M. Bianco

Mr. Bianco is currently Chief Executive Officer of Vocelli Pizza, holding this position since April of 2024. Previously, Mr. Bianco was the Chief Global Licensing Officer and SVP of Global Operations at Smashburger LLC from 2019-2024. Prior to that he was the COO of Cicis Enterprises in 2019, FAT Brands President and Chief Operating Officer in 2019 and LJS Partners Chief Operating Officer from 2015-2018. Mr. Bianco held various titles at Papa John's Inc from 2002 to 2015 including Vice President of Asia, Sr. Director of Global Research and Development, and Franchise Business Director.

### Executive Vice President: James P. Powers

Mr. Powers is currently Executive Vice President of Ablak Holdings, LLC and overseeing its companies including Vocelli Pizza, Sincerely Yogurt, V3 Flatbread Pizza, Zing Basket, and Tulumba holding this position since November of 2011. Mr. Powers became Executive Vice President of Rock 'N' Joe and Vocelli Pizza, both based in Pittsburgh, Pennsylvania in August of 2015. Mr. Powers was Chief Executive Officer of Rock 'N' Joe from December 9, 2013 to August of 2015. Prior to that, Mr. Powers was Chief Operating Officer of Rock 'N' Joe from August 22, 2013 through December 8, 2013. Mr. Powers was Chief Operating Officer of Vocelli Pizza in Pittsburgh, Pennsylvania from September 3, 2013 through January 10, 2014. Prior to that, he was the interim Chief Executive Officer of Vocelli Pizza from March 1, 2012 through June 30, 2012, and Vice President of Marketing from May 5, 2008 through September 2, 2012. Prior to that, he was Director of Marketing of Vocelli Pizza from January 1, 1993 through May 4, 2008.

### Marketing Director: Aaron Hutchins

Mr. Hutchins is currently Marketing Director of VP in Pittsburgh, Pennsylvania on January 21, 2014. From February 14, 2011 to January 20, 2014, Mr. Hutchins was Regional Marketing Manager of VP in Pittsburgh, Pennsylvania. From March 2007 to January 2010 Mr. Hutchins was Account Supervisor with Moroch Partners in Raleigh, North Carolina and Lexington, Kentucky.

### Real Estate and Construction Manager: Chip Young

Mr. Young is currently Real Estate and Construction Manager for Vocelli Pizza, Sincerely Yogurt, and V3 Flatbread Pizza, as well as the parent company Ablak Holdings, LLC since May 22, 2018. From September 2014 to May 2018 Mr. Young was owner of 412 Homes, LLC, a real estate investment company in Pittsburgh PA. From May 2013 to August 2014, Mr. Young was both the Project Manager and Property Manager for Black and Gold Properties, LLC in Pittsburgh, PA.

Manager of Accounting: Laura Sable

Ms. Sable is currently Manager of Accounting of VP and its predecessor in Pittsburgh, Pennsylvania since July, 1998. Mrs. Sable was appointed Accounting Manager on August 23, 2013, as well as the parent company Ablak Holdings, LLC and overseeing its companies including Vocelli Pizza, V3 Flatbread Pizza, Sincerely Yogurt and Zing Basket holding this position since July of 1998. All the aforementioned companies are located in Pittsburgh, Pennsylvania.

Director of Online Support: Selen Ablak (Zafer Solutions LLC)

Ms. Ablak is currently Director of Online Support for Zafer Solutions LLC in January, 2013, and is located in Pittsburgh, Pennsylvania. From March, 2011 to December, 2012, Ms. Ablak was employed by VP and its predecessor as Director of Online Support in Pittsburgh, Pennsylvania. From March, 2005 until March, 2011, Ms. Ablak was Manager of the call center of VP.

Director of IT: Steve Macesic

Mr. Macesic is currently the Director of IT for VP on October 8, 2013 as well as the parent company Ablak Holdings, LLC and overseeing its companies including Vocelli Pizza, Sincerely Yogurt, V3 Flatbread Pizza and Zing Basket and is located in Pittsburgh, Pennsylvania. He has been in management of VP and its predecessor in a number of different positions since 2007 when he was hired as a Mapping Coordinator in Pittsburgh, Pennsylvania. Mr. Macesic was promoted to the positions of Project Manager in 2009 with VP's predecessor and then Director of IT of VP in 2013 in Pittsburgh, Pennsylvania.

**ITEM 3  
LITIGATION**

1. Vocelli, LLC v. JAF3, Inc., Adeel Asad and Farhat Seraj (U.S.D.C. for the E.D.Va., Case No. 1:23-cv-1284 filed September 22, 2023).

We filed a civil litigation in the United States District Court for the Eastern District of Virginia against Defendants, a terminated franchisee and its owners, for breaches of contract, including violations of the franchise agreement's non-compete clause, non-payment of royalties and failure to honor separate guarantees. Defendants, we alleged, had opened, in violation of their covenants, a competing restaurant in the exact same location as the former franchised restaurant. Following a hearing in December 2023, the District Court granted a preliminary injunction barring the Defendants from operating the competing restaurant. In February 2024, the parties reached a global settlement pursuant to which Defendants agreed to the entry by the District Court of a consent injunction barring them from the operation of a competing restaurant within 50 miles of the franchised restaurant's location for a period of three years from January 17, 2023 (the date of termination of their franchise agreement with us) until January 17, 2026. Two of the Defendants (JAF3, Inc., and Adeel Asad) also made a settlement payment to us of \$150,000.00.

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

**ITEM 4  
BANKRUPTCY**

No bankruptcies are required to be disclosed in this disclosure document.

**ITEM 5  
INITIAL FEES**

Under our single Store Franchise Agreement, you must pay a \$30,000 lump sum initial franchise fee upon execution of the Franchise Agreement to operate the Store.

Under our Multi-Unit Option Agreement, you must pay a nonrefundable option fee of \$7,500 for each additional Store (after the first Store) included in the Multi-Unit Option Agreement upon execution of the Multi-Unit Option Agreement. You will receive a credit for the \$7,500 option fee paid with respect to each additional Store against the \$30,000 franchise fee payable upon the execution of the Franchise Agreement for each such additional Store.

The initial franchise fee is uniform as to all franchisees. The initial franchise fees and option fees are deemed fully earned and nonrefundable upon payment.

**ITEM 6  
OTHER FEES**

<b>Type Of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	5% of total Gross Sales	Payable weekly to VP on prior week's sales. Funds must be in bank by 11 a.m. Monday for direct withdrawal. Be advised that ACH-Direct Debit payment does apply.	Gross sales include all revenue from the franchised store (including delivery fee). Gross sales do not include sales tax or use tax. See Note 1.
National Advertising Cooperative	1% to 2% of Gross Sales	Payable weekly to the National Advertising Cooperative based on prior week's sales. Be advised that ACH-Direct Debit payment does apply.	Advertising fees will be 1% to 2% for the National Advertising Cooperative and 2% to 3% for a Regional Advertising Group if established. See Note 2.
Local Advertising	Minimum 6% of Gross Sales (See Remarks)	Payable weekly based on prior week's sales. Be advised that ACH-Direct Debit payment does apply.	Local Advertising fees will be 2% to 6% based on approved advertising fee rates for the National Advertising Cooperative and Regional Advertising Group, if established. See Note 2.

Type Of Fee	Amount	Due Date	Remarks
Franchise Support Center Purchases	Varies	Payable weekly to VP based on prior week's purchases. Be advised that ACH-Direct Debit payment does apply.	This includes purchase of miscellaneous supplies and services bought at your discretion through VP Franchise Support Center. See Note 3
Franchisee Management Training	You incur costs like travel and lodging.	As incurred.	VP provides one-time Management Training.
Additional Training or Assistance	All your salary, travel and living expenses and VP expenses if required.	15 days from receipt of bill.	For help beyond Franchisee Management Training.
Transfer	\$6,000	Before close of transfer.	Owed also if transferred to a corporation you control. Greater amount if necessary to reimburse VP for reasonable costs and expenses associated with application including legal and accounting fees.
Audit	Cost of Audit plus 2% per period interest on underpayment.	As incurred.	Payable if understatement exceeds 3% of Gross Sales for any period. See Note 4.
Enterprise Support	\$260-\$345 Per Period	Paid weekly to VP. Be advised that ACH-Direct Debit Payment does apply.	Help desk, Software, Hardware, Managed Network, PCI compliance & Menu support Payable to VP. See Note 5.

Type Of Fee	Amount	Due Date	Remarks
Online Order Transaction	\$0.75 per transaction	Payable weekly to VP based on prior week's transactions. Be advised that ACH-Direct Debit Payment does apply.	An online transaction is defined as an order placed by a customer through Electronic Service, including our Online Ordering System. This fee can be revised by VP. See Note 6.
Phone Order Transaction	\$1.05 per transaction	Payable weekly to VP based on prior week's transactions. Be advised that ACH-Direct Debit Payment does apply.	A phone order transaction is defined as an order placed by a customer via telephone. This fee can be revised by VP. See Note 7.
Quickbooks Accounting Software	\$24.50 - \$42.00 per month	Payable monthly directly to vendor.	License for accounting software.
Bank	\$25.00 per overdue payment or report	As incurred	To cover bank fees associated with disruption of the payment methods, and interest on overdue amount from date due until paid at rate of 2% per month.

**All fees listed in this Item 6 are non-refundable and are uniformly imposed.**

**Notes:**

Note 1. Royalty fees are non-refundable and are paid exclusively to VP. Royalty fees are payable to VP via electronic funds transfer (ACH) payment directly from your bank account. Franchisor reserves the right to increase the Royalty Fees upon thirty (30) days' notice.

Note 2. National Advertising Cooperative fees are payable via ACH-Direct Debit to the National Advertising Cooperative, which is not an asset of VP. National Advertising Cooperative fees are one percent to two percent (1% to 2%) of gross sales. Regional Advertising Group fees are two percent to three percent (2% to 3%) of Gross Sales, but only if a Regional Advertising Group is established covering the geographic area of your Accepted Location. Local Advertising fees will be two percent (2%) to six percent (6%) of Gross Sales based on the combined advertising fee rates for the National Advertising Cooperative and Regional Advertising Group, if a Regional Advertising Group is established. The minimum aggregate advertising fee contribution rate is seven percent (7%) of gross sales (**Example:** When the National Advertising Cooperative fee is 1%, the Local Advertising fee will be 6%. When the National Advertising Cooperative fee is 1%

and a Regional Advertising Group is established at a 2% advertising fee contribution rate, the Local Advertising fee will be adjusted to 4% to account for the required 7% minimum advertising fee contribution rate).

Note 3. Franchise Support Center Purchases are paid by ACH-Direct Debit payment to VP. These fees are non-refundable.

Note 4. Interest begins from date of underpayment at rate of 2% per period, or the maximum rate permitted by law. These fees are non-refundable.

Note 5. You will be required to pay (via weekly ACH withdrawals) an Enterprise Support Fee. The Enterprise Support Fee is collected by VP from all Stores and paid to 3<sup>rd</sup> party vendors who provide services related to Enterprise Support, including one number toll-free Help Desk, POS Software support, POS Hardware support, POS Menu support, Managed Network support, PCI compliance, Back-up and dial-up Internet connectivity. The Enterprise Support Fee may be adjusted upon providing you at least 30 days written notice. A portion of the Enterprise Support Fee is realized by VP as revenue to offset costs associated with the administrative aspects and costs associated with Menu support.

Note 6. Online Transaction Fees are paid by ACH-Direct Debit payment to VP on a weekly basis and are non-refundable. Your Online Transaction Fee is based on the total number of orders transmitted to your Store that are placed through VP's Online Ordering Site or text ordering through a mobile phone (collectively, "Electronic Order Entry Service"). Your weekly Online Transaction Fee is equal to the total of \$0.75 for each qualified transaction placed by the Online Support Center in the preceding Business Week and a Phone Order Transaction Fee of \$1.05 for each Phone Order. Online orders that are cancelled or voided are not subject to the Online Transaction Fee, and revised orders do not count as an additional qualified transaction. But, Phone Online Orders that are cancelled or voided remain subject to the Phone Order Transaction Fee because our operator was engaged in the placement and cancellation or voiding of the Phone Order. VP will determine the number of qualified transactions for each Business Week through VP's integrated Enterprise Solution via polling through the POS System that you are required to purchase. Based on anticipated operating costs, VP has the right to change the cost per transaction amount with thirty (30) days written notice.

Note 7. Fees are paid by ACH-Direct Debit payment to VP on a weekly basis and are non-refundable. Your Online Order Transaction Fee is based on the total number of orders transmitted to your Store that are placed manually through VP's Online Support Center. Orders that are cancelled or voided after manual processing has taken place through the Online Support Center are subject to the Online Order Transaction Fee. Any initial orders that are manually processed through the Online Support Center, qualify as manual transactions and are subject to the Online Order Transaction Fee. VP will determine the number of qualified transactions for each Business Week via polling through the POS System that you are required to purchase. Based on anticipated operating costs, VP has the right to change the cost per transaction amount with thirty (30) days written notice.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>TIME OF PAYMENT</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Franchise Fee <sup>2</sup>	\$30,000	Lump Sum	Upon Execution of Franchise Agreement	VP
Leasehold Improvements <sup>3</sup>	\$50,000 - \$114,700	As Incurred	As arranged	Landlords, contractors, vendors
Equipment <sup>4</sup>	\$50,000 - \$123,200	As incurred	As arranged	Contractors, vendors
Signage	\$5,000 - \$10,000	As incurred	As arranged	Contractors, vendors
Opening Inventory <sup>5</sup>	\$3,000 - \$9,000	As incurred	As incurred	Suppliers
Grand Opening Advertising <sup>6</sup>	\$5,000 - \$8,000	As incurred	As incurred	Suppliers, vendors Newspapers
Training Expenses <sup>7</sup>	\$1,000 - \$5,000	As incurred	During training	Airlines, hotels & restaurants
Miscellaneous Opening Costs <sup>8</sup>	\$2,000 - \$6,000	As incurred	As incurred	Suppliers, utilities, insurer, employees, etc.
Additional funds – 3 months <sup>9</sup>	\$10,000 - \$25,000	As incurred	As incurred	Suppliers, utilities, insurer, employees, etc.
<b>TOTAL</b> <small>10,11,12 &amp; 13</small>	\$156,000 - \$330,900			

**Notes:**

Note 1. The table above represents the estimated total initial investment needed in order to establish a Store at a premises leased by you, excluding any up-front payments due under any lease you negotiate. None of the following above-described fees are refundable.

Note 2. The franchise fee for each store is \$30,000 payable upon the execution of the Franchise Agreement. Under the Multi-Unit Option Agreement there is an option fee of \$7,500 for each Store to be opened after the first Store and a franchise fee of \$30,000 for each additional Store less a \$7,500 credit is due upon the execution of the Franchise Agreement for each such Store. The option fees are not included in the table above, because the Multi-Unit Option Agreement is optional and the number of Stores covered by each Multi-Unit Option Agreement will vary.

Note 3. The cost of leasehold improvements will vary and may be higher depending on the facility you select and regional differences in labor and material prices. HVAC is mandatory; our requirements are based on 1 ton per 175 square feet.

We can provide no estimate of the cost of purchasing or leasing the premises of a Store. The approximate size of a delivery model Store ranges from 1,800 to 2,400 square feet. Most of the franchised Stores are located in strip shopping centers or storefronts in downtown and suburban locations.

Note 4. You must lease or purchase all required equipment, phone system, computer hardware, software and high speed internet access for the point of sale system (as specified in VP's Enterprise Configuration Requirements), accessories, paneling, lighting, ceiling and window and floor treatments, artifacts, signs (including replacement signs in the event of a trademark change) and small wares. As is the case in most lease/purchase decisions, leasing will greatly reduce your initial outlay of capital.

Note 5. You are required to purchase certain recipe items, including all VP's proprietary label products from approved distributors. This number also includes opening inventory, uniforms, office supplies, and initial cleaning supplies.

Note 6. VP reserves the right to approve, control and implement all store opening advertising requirements and processes. VP's Operation and Marketing Departments will determine the amount needed to be spent pre and post Grand Opening. Consideration is given to whether the store is located in a new market, the level of competition and whether there are other VP Stores in the new market to gain operational and advertising efficiencies. Additional Grand Opening expense may be needed in new markets.

Note 7. You must participate in a Pre-Opening Training conference, within thirty (30) days of executing the Franchise Agreement. You must also attend a two to four week training program conducted at VP's Store Support Center and/or certified regional training centers. Management and Franchise ownership training is required in all cases regardless of VP or industry experience. Refresher training and new product/procedure training will at times require attendance at a Regional Training Session. VP reserves the right to extend the training beyond four weeks should additional training be required.

Note 8. This item includes estimates of security lease deposits, prepaid insurance, payroll costs associated with pre-opening training and utility deposits, which will vary considerably with the size and location of the Store. This also includes fees to cover costs of training materials provided to you.

Note 9. You will need working capital to support ongoing expenses that are not covered by sales revenue. New businesses may generate negative cash flow. These figures are estimates and we cannot guarantee that you will not have additional expenses in the first three months of operation. Your costs will depend on factors such as how well you follow our methods and procedures, the sales volume of your restaurant, your management skills experience, business acumen, local economic conditions, the local market for our product, wage rate, competition, your rent structure and restaurant site type.

Note 10. We do not offer you direct or indirect financing for any items but can provide names of recommended bank and finance companies.

Note 11. This table provides estimates only. You should review these figures carefully with a business advisor before making any decisions to purchase a franchise.

Note 12. This estimates your initial startup expenses. These expenses include payroll costs. These figures are estimates and VP cannot guarantee that you will not have additional expenses starting the business.

Note 13. VP relied on its 30 years of experience in the pizza business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

### **Multi-Unit Option Agreement**

In the event you choose to reserve the right to open additional Stores after your first Store by executing the Multi-Unit Option Agreement, the following additional initial investment will be required:

<b>Type Of Expenditure</b>	<b>Estimated Amount or Estimated Low-High Range</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Multi-Unit Option Fee per Store <sup>1</sup>	\$0 - \$7,500 per Store	Lump Sum	Upon Execution of Multi-Unit Option Agreement	Vocelli Pizza
<b>TOTAL</b>	<b>\$0 - \$7,500 per Store</b>			

<sup>1</sup>The Multi-Unit Option Fee is described in greater detail in Item 5. This \$7,500 payment is credited to the Franchise Fee for each additional store when you exercise the option and execute a Franchise Agreement for the Store. The Franchise Fee for additional Stores under the Multi-Unit Option Agreement is \$30,000, less a \$7,500 credit for the payment previously made, and must be paid at the time the Franchise Agreement is executed for each store.

### **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Approved Products, Equipment and Suppliers**

VP uses secret formulae and processes to produce many of its distinctive and proprietary products. VP has the right to establish designated and approved suppliers for all products and services offered in connection with the Store. When establishing the Store, you must purchase equipment as directed by VP, including point-of-sale ("POS") systems, inventory, supplies, ingredients and other required products solely from approved suppliers. You are required to purchase certain food items, menus, packaging, materials, utensils, labels, forms and other products and supplies as directed by VP. VP does not supply any items directly.

No officer of VP or any of its affiliates owns any interest in any of the suppliers.

If you wish to purchase any item from an unapproved supplier, you must make a written request to VP and furnish to VP any information it may reasonably request to evaluate the proposed supplier. VP will make a good faith effort to notify you of its approval or disapproval within 15-days of receiving such information. VP has the right to revoke approval of an item, which no longer meets its criteria, or does not serve the needs of the franchise network as a

whole. VP also reserves the right to revoke approval of an approved supplier who no longer meets VP's then-current quality criteria.

To maintain the high quality and uniformity of system services and products, and to enhance the Store's image, VP has established standards and specifications for other products, services, fixtures and equipment. You are required to maintain these standards and specifications. Standards and specifications are provided to franchisees by way of amendments to the Operations Manual or otherwise in writing. VP does not issue its standards and specifications to approved suppliers. In some cases, VP may specify particular brand names and model numbers (e.g., for equipment). Items for which VP has issued specifications may be purchased from any supplier who sells the items meeting the specifications. If you want to revise a specification or add a new item, VP will consider the request, but is not obligated to make a change. VP has the right to add or revise categories of items, which are subject to requirements or restrictions on purchases, and may also modify its specifications in its discretion. VP reserves the right to specify all items utilized in the operation of the Store.

If you desire approval of an alternative supplier, you may request our approval of the supplier. We are not obligated to consider requests for approval of additional suppliers, but if we agree to do so, you must pay us a fee, which will not exceed the reasonable cost of the evaluation and the actual cost of product testing, if any. Currently, this fee is \$1,000. We will conduct our evaluation in accordance with the following standards. In order to be approved, the supplier's product must conform in every respect to our standards and specifications, and the supplier must, in our sole judgment, have a good business reputation, be able and willing to provide sufficient quantities of the product and adequate service to our franchisees and maintain processing and distribution centers which meet all requisite health and safety standards. The supplier must also provide us with information that we consider necessary to analyze the supplier's suitability, and the compensation and conformity of the products to our standards. This evaluation may include a sampling of the product at either of the supplier's or our place of business as we determine. Where appropriate, the supplier must provide us with product liability insurance. All suppliers must agree to provide reports to us with respect to all purchases by our franchisees. We cannot predict with any certainty how long an evaluation will take, but we will attempt to complete our evaluation within thirty (30) days of your request and, upon the completion of our evaluation, we will inform you in writing of our approval or disapproval of your request. On approval, the supplier will be added to our approved list, but our approval of a supplier will relate only to the item or product line evaluated and specifically approved by us. We do not make our criteria for supplier approval available to our franchisees. We may revoke our approval of particular products or suppliers when we determine that any product or supplier no longer meet our standards. Upon revocation of approval of particular products or suppliers, we shall submit written notice to you of a revocation. On receipt of written notice of such revocation, you must cease purchasing product from that supplier.

VP estimates the cost of required equipment and fixtures purchased represents 21% to 51% of your total purchases in connection with establishing and the operation of your Store. VP estimates the cost of leasehold improvements completed in accordance with our specifications will represent 21% to 47% of your total purchases in connection with establishing and operation of your Store, and that the purchase of consumable items from the approved suppliers represents 1% to 4% of your total purchases in connection with establishing and operation of your Store. Vocelli, LLC derived \$525,601 from all required purchases of products in the fiscal year ending December 31, 2023, which is 18.4% of Vocelli, LLC's total revenue from this past fiscal year of \$2,853,224.

Certain of our approved suppliers make contributions, as a percentage of the purchase price or as a flat amount based on the volume of supplies purchased, directly to the National Advertising Cooperative which are combined with the payments to the National Advertising Cooperative made by VP-owned Stores and franchised Stores and spent for the purposes of the National Advertising Cooperative. Certain of the approved suppliers make contributions, as a percentage of the purchase price or as a flat amount based on the volume of supplies purchased, directly to VP for the purposes of paying for VP's operations and service support. Other than these contributions, VP does not provide material benefits to you based on your purchase of particular products or services or use of designated or approved suppliers unless fully disclosed.

While VP does negotiate purchase arrangements with suppliers for the benefit of franchisees, there are currently no franchisee purchasing or distribution cooperatives.

VP requires that you treat all vendors and Franchise Support Center staff professionally. At no time shall you threaten, verbally or physically abuse or do anything that would diminish the relationship between VP and its suppliers, vendors or affiliates. VP reserves the right to immediately terminate your Franchise Agreement or stop the distribution of supplies between you and the supplier in such instances.

Certain services may be provided by third-party vendors or by VP. These include, but are not limited to, POS hardware and/or software installation, training and mapping services related to our System. If VP provides these services to your Store, it may result in realized revenue for VP. Depending on new store opening schedules and third-party vendor availability, VP may, at its sole discretion, provide these services at a charge.

VP must approve your Store's Accepted Location. You must obtain specified equipment and supplies. You must obtain and use forms, stationary and other printed materials that VP specifies.

### Insurance

You must procure insurance meeting VP's requirements and which names VP as an additional insured prior to any new store opening, which shall maintain in full force and effect at all times during the term of the applicable Franchise Agreement. The required insurance policies shall protect you as well as VP and their respective officers, directors, partners and employees, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the franchised business. Such policy or policies shall be written by a responsible carrier or carriers that are acceptable to VP. You shall hold VP harmless from any and all claims arising from the operation of your franchised business, whether insured or not. You acknowledge and agree that VP may reasonably specify additional coverages and higher policy limits from time to time and that you shall add such additional coverages and/or raise policy limits accordingly.

You must obtain workers' compensation insurance, general liability insurance, business interruption, property insurance, automobile liability insurance, theft insurance, crime insurance, fidelity bonds, building insurance, umbrella liability insurance and other required insurance. The following amounts of coverage are minimum requirements:

- (1) "all risk" property insurance coverage for assets;

- (2) workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires;
- (3) comprehensive general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or higher if your state law requires.
- (4) automobile liability insurance (non-owned auto) with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or higher if your state law requires.

At least thirty (30) days prior to the time any insurance is first required to be carried by you, and thereafter at least thirty (30) days prior to the expiration of any such policy, you shall deliver to VP Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given VP in the event of material alteration to or cancellation of the coverage evidenced by such Certificates. Should you, for any reason, fail to procure or maintain the insurance required by the Franchise Agreement, as such requirements may be revised from time to time by VP in the Manual or otherwise in writing, VP shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge the fee to you, which fees, together with a reasonable fee for VP's expenses in so acting, shall be payable by you immediately upon notice. Failure by you to procure or maintain the insurance required by your Franchise Agreement is a material default of these agreements. These remedies are in addition to any other remedies VP may have. Notwithstanding the foregoing, VP is not responsible for obtaining, maintaining or ensuring that you own the required insurance in the required amounts. Therefore, the failure by VP to obtain, maintain or ensure that you own the required insurance is not a breach of the Franchise Agreement and cannot be asserted by you or any third party as a basis for a cause of action against VP.

### Reporting

You must provide VP with regular reports, periodic financial statements, as well as any other documents required under the Franchise Agreement, in the form VP specifies.

### Data Center

All Stores must be connected to our Data Center for purposes of online and phone ordering, sales polling and menu updates. VP reserves the right to change its data center system policy as well as the weekly online and phone ordering transaction fees.

You are required to be connected to the Data Center for the following purposes: (i) to receive orders through the Online Support Center; (ii) to give VP access to conduct sales polling; (iii) to maintain/update any applicable customer rewards and loyalty programs established by VP in its sole discretion; (iv) to receive menu and street database updates. You are also required to adhere and comply with all guidelines, procedures, policies, rules, regulations and changes to the then current Data Center Manual and VP's Enterprise Configuration policy and requirements. You will also be required to pay the Enterprise Support Fee assessed each period. You will be required to implement all changes to the Data Center system, and its governing policies as noted in the Data Center Manual, within the time frame noted in the written notice.

VP will exercise its best efforts, standards and procedures in processing each transaction through its Data Center and Online Ordering website. Each order transmitted to the Store will be assessed a transaction fee. The transaction fee for online orders is charged at a rate of \$0.75 per transaction (the "Online Ordering Transaction Fee") and the transaction fee for telephone orders is \$1.05 per transaction ("Phone Order Transaction Fee"). See Item 6, Note 7 for more information on the Online Ordering Transaction Fee and Phone Order Transaction Fee. Since errors are a part of all businesses and the costs of those errors absorbed in the natural course of operating any business, VP will not refund any transaction fee incurred or loss of product as a result of errors, unless otherwise specifically stated in VP's Data Center Policy Manual. VP reserves the right to use or discontinue use of a Data Center and/or change the fee charged per transaction associated with the Online Ordering Transaction Fee and Phone Order Transaction Fee with thirty (30) days' notice.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

The table on the following pages lists your principal obligations under the Franchise and other agreements. It will help you find more detailed information about your obligations in these Agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Disclosure document item
a. Site selection and acquisition/lease	3, 6 and 15	Items 7 and 11
b. Pre-opening purchases/leases	4 and 6	Items 7 and 8
c. Site development and other pre-opening obligations	3 and 6	Items 6, 7, 8 and 11
d. Initial and ongoing training	4, 6 and 13	Items 6, 7, 11 and 16
e. Opening	4 and 6	Items 5, 8 and 11
f. Fees	5 and 13	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	4, 6, 8 and 15	Items 8, 11, 15 and 16
h. Trademarks and proprietary information	6, 7, 8, 9 and 15	Items 13 and 14
i. Restrictions on products/services offered	6	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Items 11 and 12
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	4 and 6	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	6 and 13	Item 11
n. Insurance	12	Items 7, 8 and 11
o. Advertising	6 and 11	Items 6, 7 and 11
p. Indemnification	7 and 17	Item 6, 14

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure document item</b>
q. Owner's participation/management/staffing	6, 13 and 16	Item 15
r. Records and reports	5 and 10	Item 6
s. Inspections and audits	6 and 10	Items 6
t. Transfer	13	Items 6 and 17
u. Renewal	2	Items 6 and 17
v. Post-termination obligations	8, 15 and 16	Item 17
w. Non-competition covenants	16	Item 17
x. Dispute resolution	22	Item 17

**ITEM 10  
FINANCING**

VP currently does not provide any form of direct financing. VP will not guarantee your note, lease or other obligations. VP may assist in securing or providing financing, through third-party lenders, of your initial investment or for the operation of your Store. VP is unable to estimate whether you will be able to obtain financing for all or any part of your investment, and, if you are able to obtain financing, VP cannot predict the terms of such financing. VP may realize revenue from certain services associated with securing or placing your financing with select lenders.

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

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

**A. Pre-Opening Assistance.**

Before you open your business, VP will:

1. **Site Selection.** You select your own site, which VP will accept or not accept. We use our best efforts to make timely site selection decisions. VP will provide you with site selection guidelines and criteria, and upon request, will provide site selection counseling and assistance. If you have not obtained an Accepted Location at the time you and VP execute a Franchise Agreement, you shall submit to VP a Site Evaluation Plan (SEP) providing a description of the location as well as such other information or materials as VP may reasonably require to evaluate the acceptability of any location. (Franchise Agreement, Section 3). VP will not accept any site location without a fully completed SEP submitted to VP within the required time frame. VP may accept or not accept any location submitted by giving written notice within twenty (20) business days of the receipt by VP of the completed, required location information. VP will not unreasonably withhold acceptance of any location that meets its standards for Stores. Our guidelines and criteria include the site's size, location, visibility, basic structure, and adequacy of utilities and parking. VP will assist in site evaluation using any materials you make available, including demographic studies and physical criteria checklists, but we do assist in conducting demographic

studies for you. Section 3.A of the Franchise Agreement contains an extensive list of provisions which any lease agreement you sign for the site must contain. You have thirty (30) days from Lease or Purchase Acceptance to sign a purchase agreement or lease agreement for the Accepted Location.

**B. Length of time between signing Franchise Agreement and opening Store.**

The typical time frame for opening your Store is three (3) to six (6) months after you sign the Franchise Agreement. You are required to open your store within six (6) months of executing a Franchise Agreement. A number of factors may affect this timing, including the ability to obtain a lease, obtain financing, building permits, zoning approval, weather conditions, work shortages, labor disputes, refurbishing or remodeling factors, inspections and obtaining signs, equipment and fixtures. (See Section 6.C of Franchise Agreement).

**C. Continuing Obligations.** The Franchise Agreement requires VP to provide the following assistance to you after the opening of your Store: During the operation of the franchised business, VP will:

1. **Business Guidance.** VP will provide continuing advisory assistance to you in the operation of the franchised business (Franchise Agreement, Section 4).

2. **Review and Approval of Advertising Materials.** VP will review, and approve or disapprove, all advertising and promotional materials, which you propose to use (Franchise Agreement, Section 4 and Section 11).

3. **Copy of Manuals.** VP will provide you, on loan, one copy of the Operations, Marketing, and Design & Construction, which shall remain proprietary property of VP. Currently, our Operations Manual is 318 pages. VP will also provide access to the VP Team Portal where many training programs are available.

4. **On-going Operations Guidance.** VP will provide you, periodically as we deem appropriate, advice and written materials concerning techniques of managing and operating a VOCELLI® Pizza Store, including new developments and improvements in Store equipment, food products, packaging and preparation (Franchise Agreement, Section 4).

5. **Inspections.** VP will maintain high standards of quality, appearance and service of the System, and to that end, will occasionally conduct inspections of your Store(s), evaluations of the products you sell and services you render.

6. **Refresher Training.** You and the duly designated Store management and other employees may also have to train for new product introductions, attend refresher courses, seminars and other training programs periodically.

7. **Other.** Neither the Franchise Agreement nor any other agreement requires VP to provide any other assistance or services to you during the operation of the Store(s).

**D. Advertising.** VP shall provide approved advertising and promotional plans and materials to you through the National Advertising Cooperative and shall also provide you with guidance and assistance in placing approved advertising in your local market. VP is not obligated to spend any amount to advertise in your area or Territory. VP will provide you with a variety of advertising materials, and miscellaneous point-of-purchase items.

1. Local Advertising. You must conduct all local advertising and promotion in any medium in a dignified manner, which conforms to the requirements described in the Manual or by VP in other ways. You must spend the entire amount of the advertising requirements on advertising each month and provide proof of such expenditure in the form then required by VP. If you do not meet the minimum local advertising requirement for any calendar month, we may, immediately upon notice to you, assess you for any deficiency, which will be contributed, at our sole discretion, to the Regional Advertising Group, if established. You must obtain VP's prior approval of all advertising and promotional plans and materials that you desire to use, including internet and other electronic advertising. You must submit unapproved plans and materials to VP (by personal delivery through the mail, return receipt requested or by electronic mail), and VP will approve or disapprove your plans and materials within fifteen (15) days from the date of receipt. If VP does not expressly approve your proposed advertising, then it shall be deemed rejected and you may not use it in connection with your Store at any time. You may not use plans or materials not approved by VP and must promptly stop using any advertising, promotional plans or materials upon VP's request (Franchise Agreement, Section 11).

2. National Advertising Cooperative. VP occasionally provides for placement of advertising on behalf of the entire system, including franchisees. However, most placements are done on a local basis, typically by local advertising agencies hired by individual franchisees.

VP has established a National Advertising Cooperative for its franchise system. All franchised Stores and VP-owned Stores are required to contribute to the National Advertising Cooperative on the same basis, and the National Advertising Cooperative spends contributions on advertising, promotion and marketing of our goods and services under the Proprietary Marks and System. You will have to contribute an amount equal to one (1%) percent to two (2%) percent of Gross Sales to the National Advertising Cooperative (refer to Section 5.B.(2) of the Franchise Agreement). VP reserves the right to adjust the National Advertising Cooperative contribution with thirty (30) days written notice.

VP's accounting and marketing personnel administer the National Advertising Cooperative under the direction of VP's officers and directors. A Franchise Advisory Council contributes advice regarding the decisions made for the National Advertising Cooperative. The Franchise Advisory Council contains VP personnel and franchisees selected by VP. It is anticipated that contributions to and earnings of the National Advertising Cooperative shall be expended for advertising and/or promotional purposes during the taxable year within which the contributions and earnings are received. If, however, excess amounts remain in the National Advertising Cooperative at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. There is no requirement that the National Advertising Cooperative be audited. Upon your written request, we will provide you with an annual financial statement of the National Advertising Cooperative. VP may, at our sole discretion, dissolve or modify the National Advertising Cooperative. During the last fiscal year of the National Advertising Cooperative (ending December 31, 2023), the National Advertising Cooperative spent 28.7% of its income on the production of advertisements, 21.7% for print collateral and in store promotional materials, 48.5% for web marketing, and 1.1% for miscellaneous advertising and other administrative expenses.

VP also has the right to designate a regional advertising cooperative ("Regional Advertising Group") in any geographical area. If a Regional Advertising Group has been established for the area covering your Store(s) at the time you first open, you must immediately become a member of that Regional Advertising Group and contribute 2% to 3% of Gross Sales

to the Regional Advertising Group. If VP establishes a Regional Advertising Group in an area including your Store after you first open, you must join the Regional Advertising Group within thirty (30) days after its creation and then contribute 2% to 3% of Gross Sales to the Regional Advertising Group. No Store will ever have to join more than one Regional Advertising Group (Franchise Agreement, Section 11).

You must contribute to the Regional Advertising Group or, if no Regional Advertising Group is established, directly spend on local advertising in an amount equal to five percent (5%) or six percent (6%) of Gross Sales based on the approved advertising fee rate for the National Advertising Cooperative (refer to Section 5.B.(2) of the Franchise Agreement). Each Regional Advertising Group established, may adopt its own by-laws, rules and regulations, which are subject to VP's prior approval. There is no requirement that any Regional Advertising Groups will be audited. Upon your written request, we will provide you with an annual unaudited financial statement of your Regional Advertising Group.

All franchised Stores and all VP-owned Stores contribute to the Regional Advertising Group (or directly spend on local advertising) on the same basis, and the Regional Advertising Group spends all contributions on advertising, promotion and marketing of our goods and services. You are required to contribute to the Regional Advertising Group the amounts described in Item 6, under the heading "Regional Advertising Group."

None of the advertising funds are used to solicit new franchise sales.

3. **Business Guidance.** VP will provide support, in such areas as accounting, business organization, financial reporting, insurance requirements and lists of approved suppliers and products. This guidance is discretionary and is based on our business experience operating the System. (Franchise Agreement, Section 4).

4. **Grand Opening Advertising.** You must spend at least Five Thousand Dollars (\$5,000) and up to Eight Thousand Dollars (\$8,000) prior to and within the first thirty (30) days your Store is open for business (the "Grand Opening Advertising Requirement"). Your Grand Opening Advertising Requirement will be determined based on the market status, level of electronic versus print media and the cost associated with purchasing such media. VP reserves the right to approve, control and implement all store opening advertising and processes. (See Section 11.F of the Franchise Agreement).

5. **Pre & Post Store Opening Advertising.** You are required to pay for pre and post store opening advertising expense in the amount designated by VP.

**E. Computer Systems.** You are required to use a point of sale (POS) software program provided by Microworks or any other approved POS solution that will integrate with our Enterprise Solution to operate in conjunction with our Online Ordering system.

You will be responsible for contracting for the installation and/or training of your POS system either through an approved third-party supplier or from VP. Depending on the Company's store opening schedule, you may be required to use VP's installation and/or training services. You will be required to update the point of sale software periodically, as upgrades are made available. VP has no responsibility for maintenance of the computer systems at the store level. Maintenance support for all software will be provided by Microworks. Maintenance support for all hardware will be provided by VP's current hardware provider. The hardware provider will determine the warranty on the hardware for the system and the respective software licensor will provide the warranty on the software for the system. After the warranty has expired, you are

responsible for bearing the cost of system maintenance and repairs. You are required to provide a dedicated high-speed internet access line (via DSL or cable) to connect your POS system to the Enterprise Solution (allowing connection to the Online Order website) and to provide access for any Microworks and VP's support technicians. This line must be secured by installing a firewall on the store end. VP reserves the right to use this line for periodic polling of sales, menu updates, street database updates and any other pertinent information relating to the operation of your franchise. VP will have independent access to information generated and stored in the point of sale systems relating to the operation of Vocelli® Pizza locations. You must use the point of sale system according to the training and documentation provided by VP, and those authorized by VP, to record sales, purchases, income, expense, and inventory.

You must open a "PC compatible" credit card processing merchant account, in order to process credit card transactions for on line orders and through your POS system.

Software support and software upgrades are mandatory and are currently billed by VP as part of a monthly maintenance agreement which provides numerous support services for your Store. Currently the fee for Enterprise Support is approximately two hundred and thirty dollars (\$230) per period. VP reserves the right to adjust these fees. VP realizes revenue from our Enterprise Solution.

You are required to participate in, and bear cost of any and all support contracts and relationships deemed necessary to ensure continuous operation of your franchise. These services may include, but are not limited to: telecommunications services, "point-of-sale", online ordering, or payment transaction related hardware or software.

You are also required to participate in, and bear any costs associated with upgraded or augmenting technology in your location. VP must approve any changes to the technology in your location for the purposes of adherence to payment card industry ("PCI") compliance and any other standard required by law.

You are required to update "point-of-sale" software systems as mandated by VP in conjunction with the software vendor. Costs of these upgrades will be your responsibility unless otherwise identified in written agreement with VP and/or a software vendor of record.

You are required, if requested by VP, to update mapping data every 5 years during the term of this Agreement for the purpose of improving business operations, expanding effectiveness of online sales and protection of franchisee rights. All costs associated with updating this information will be borne by you.

You will transfer to VP the administration and maintenance of any social media or any other public website accounts, including third-party ordering sites, which bear the VP trademark or its recognized derivatives as their identity, unless otherwise authorized in written form by VP. You are prohibited, unless approved in writing, on behalf of your franchise from establishing or maintaining an independent URL, IP address or domain name. If you fail to adhere to any of the foregoing, VP reserves the right to prohibit or otherwise restrict the use of such independent URLs, IP addresses or domain names. We have policies that address your use of third-party delivery systems.

**F. Data Center.** VP has the right to establish additional Data Centers or Data Centers which incorporate a separate, central location and separate personnel to provide customer service, including taking orders and directing them to multiple Stores in a designated

geographic area. Your Store(s) must participate in the Data Center system if required in the sole discretion of VP. You will be charged on a “per transaction” basis. A transaction is defined as an order placed through the Data Center that results in a bona fide sale. For the fiscal year 2018, we estimate that the cost per transaction will be \$0.75 for Online Orders and \$1.05 for each Phone Order. However, based on anticipated operating costs, VP has the right to change the cost per transaction amount upon thirty (30) days written notice.

**G. Internet.** VP provides and maintains a Vocelli Pizza website. The public Vocelli Pizza website features information about the company and its products, a store locator and a home page for each store in our System. You are responsible for updating certain content on your store’s website. The public site also provides a portal to our Online Ordering website. In addition to the public site, VP website also has a private website that is accessible by you and other franchisees that enter their username and password (the “Team Portal”). The Team Portal provides many web-based services and information for new franchisees who are building their store and also for existing franchisees, including on-line procurement of many approved marketing collateral items. The Team Portal also maintains most of the Company’s communications, policies, procedures and training material.

VP’s Team Portal also provides access to historical and current information, policies, procedures, specifications, communications, operational and corporate requirements. You will be responsible for accessing the Member Portal on a daily basis for updates and new communication and information. Information from VP’s Member Portal is for the sole use of VP franchisees in the operation of their Stores. Any distribution of VP’s proprietary information to any person or persons outside our system will be considered a violation of VP policy and may be subject to penalties or action by VP to protect its’ proprietary intellectual property.

VP may, as it deems necessary in its sole discretion, provide you with a template to create a social media site for your Store. If VP provides you with such a template, you are prohibited from posting, commenting, changing, tweeting, or otherwise modifying such template in any way and otherwise must adhere to any and all of VP’s policies and procedures related to web-based marketing. If you fail to adhere to any of the foregoing, VP reserves the right to prohibit or otherwise restrict your use of such social media.

In addition to the Team Portal, the VP website also provides information to prospective franchisees, seeking additional information about VP.

Other than website services that we may offer to you in connection with a website we may establish, we do not permit you to have an Internet worldwide webpage in connection with your store-

**H. Operations Manual.**

The Table of Contents and the number of pages devoted to each subject in the Operations Manual are attached as Exhibit I to this disclosure document.

**I. Training.**

**TRAINING PROGRAM**

<b>Subject</b>	<b>1st week Hours of Classroom Training</b>	<b>2<sup>nd</sup> and 3<sup>rd</sup> weeks Hours of On- the-Job Training</b>	<b>Location</b>
Procedures and Policy Training	10	None	Our corporate headquarters in Pittsburgh, PA or other location that we designate.
On-Site Operations	50	80-160	Our corporate headquarters in Pittsburgh, PA or other location that we designate.
Store Staff Training	5	100	Your Store's Accepted Location

Training. VP holds in-house training at our Franchise Support Center in Pittsburgh, Pennsylvania. On-site training takes place at company-owned or other franchised Stores in the Pittsburgh, Pennsylvania area, which we periodically designate as certified training locations.

The training program will typically begin about eight (8) to ten (10) weeks before the Store's opening. Our training program consists of a minimum of three (3) to four (4) weeks and must be completed to our satisfaction prior to your Store opening. Based on your performance in training, VP, at its sole discretion, can require additional training prior to your store opening. VP will allow for a total of three (3) individuals employed in the franchised business and designated by Franchisee to attend the training program. VP requires you to have certain levels of food industry related experience. If you do not have prior restaurant related experience, VP will require you to secure an Operating Partner who must acquire an equity position in your store(s) over a period of time. The period of time in which the Operating Partner must acquire an equity position in your company will be determined by VP based on your experience. Your Operating Partner, if not previously trained and certified by VP, must attend and successfully complete, to VP's satisfaction, the training program for certifying qualified managers ("the Certified Management Training Program") provided by VP. Your Operating Partner, General Manager and other employees shall also attend such refresher courses, seminars and other training programs as VP may reasonably require from time to time. Refresher training and new product/procedure training will at times require attendance at a Regional Training Session.

In our sole discretion, we may choose to waive any portion of the training program or Operating Partner requirement based upon the trainees' prior experience and training (Franchise Agreement, Sections 4, 6 and 14). The table above details our initial Training Program. This program consists of three to four weeks of training. Additional advance certification training programs are available beyond the initial training. VP reserves the right to develop and implement additional future training courses, seminars and programs, which you may have to attend. The

initial training program uses the Manuals as its primary source of instruction. See Exhibit H of this disclosure document for the Table of Contents of VP's Operations Manual.

No VP store may be operated by a franchisee, Operating Partner or General Manager who has not successfully completed VP's Operational Training program.

For all initial and subsequent training courses, seminars and programs, VP will provide instruction and you or your employees may be required to pay other expenses. Your expenses will include the costs of transportation, lodging, meals, wages, and the cost of materials provided by VP at the training (Franchise Agreement, Section 6).

## **ITEM 12 TERRITORY**

### Franchise Agreement

The Franchise Agreement is for a single location and there are no rights or options to acquire additional franchises. You will be responsible for purchasing or leasing the Accepted Location for your Store. You shall provide VP a copy of the proposed lease or purchase agreement for the Store location for VP's acceptance or non-acceptance. VP's acceptance or non-acceptance shall be given in writing within five (5) business days of VP's receipt. (Franchise Agreement, Section 3.A.)

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

However, you are assigned a Delivery Zone ("DZ"). The boundaries of the DZ will be inserted in the Franchise Agreement following lease execution. The DZ will generally be established based on an 8-minute drive time, in peak driving times, around the Accepted Location. The 8-minute drive time to establish the DZ radius will vary based on demographic criteria and road access around the Accepted Location. The DZ boundaries may appear to be irregular and configured so as not to cross over or interfere with an existing franchisee's non-exclusive territory. In certain situations, the DZ may be increased or decreased. This change could be based on the population density or other mitigating factors. VP does not otherwise require you to maintain any sales volumes, market penetration, or other contingencies in order to maintain your franchise or your DZ. However, VP may modify your territory in the event that VP determines in its sole discretion that you have failed to fulfill any of your obligations that are set forth in the Operations Manual, including but not limited to: (i) you fail, at any time, to adhere to VP's 100% Customer Satisfaction Guarantee; (ii) you cannot serve all customers in your DZ; or (iii) you cannot provide the level of customer service required by VP, such as the delivery of all food products in the prescribed manner outlined in the Operations Manual. VP will provide thirty (30) days written notice to you of any changes to your DZ. (Section 1 of the Franchise Agreement).

Other than using the VP Online Ordering System, you may not without our consent, use other channels of distribution such as Internet, mobile ordering platforms, catalog sales, telemarketing, or other direct marketing to solicit or accept orders.

### Rights in DZ

You do not have the right to deliver products or services or engage in Local Store Marketing efforts or advertising outside your DZ, and neither VP nor any other franchisee is supposed to deliver products and services in your DZ (except that VP may sell its products within and outside the DZ to other resellers, as permitted in the Franchise Agreement).

VP and its affiliates reserve the right to distribute products through alternative channels of distribution. Such alternative channels of distribution include, but are not limited to, sales of any products offered under the Proprietary Marks at or through supermarkets, convenience Stores, gourmet Stores, the Internet or mail order. VP retains the right to develop retail locations in special venues within a DZ that do not compete with your Accepted Location such as airports, stadiums, enclosed malls and restricted office buildings.

### Relocation of Store

VP may allow you to relocate your store with VP's consent in certain cases such as expiration of your lease or a change in demographics in your DZ.

### Customer Guaranty Under Any Agreement

VP requires you to support, endorse, utilize and apply its 100% Customer Satisfaction Guarantee Policy for all customers as set forth in the Operations Manual. A customer represents any person who has in the past, intends to in the future, is currently or is evaluating doing business or purchasing food or services from your store(s).

### Multi-Unit Option Agreement

The Multi-Unit Option Agreement is used for the purpose of reserving additional areas in which you have the right and option to open Stores (the "Option Territory").

You will not receive an exclusive territory under the Multi-Unit Option 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.

But, during the term of the Multi-Unit Option Agreement, we will not sell a franchise to a third party for a Store to be located in the Option Territory as long as you are opening Stores in compliance with the development schedule in the Multi-Unit Option Agreement. If you fail to comply with the development schedule, the Multi-Unit Option Agreement may be terminated in which case, the Option Territory will revert back to VP except for the DZ around each Store you have opened prior to such termination.

The description of the Option Territory will be based upon a number of factors such as the demographics and population of the area, the number of residential units, the number of businesses and existing competition which will be weighted in our proprietary profiling system for determination of locations. The size of the Option Territory will vary based upon the geographic area chosen for study and the number of Stores you wish to open after your first Store.

**ITEM 13  
TRADEMARKS**

All Stores and affiliated businesses use the name "Vocelli Pizza" and other trade names, trademarks, service marks, domain name and other indicia of origin VP designates for use by the franchise system. We have registered the following marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Date Registered	Registration Number
Vocelli	July 29, 2003, renewed December 27, 2012	2,744,281
Vocelli Pizza	June 8, 2004, renewed December 7, 2013	2,850,264
Vocelli Pizza and Design	July 5, 2005	2,965,145
Delivering Classic Italian Quality	April 20, 2010	3,779,761

We have filed all affidavits required by the USPTO concerning the marks above. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, nor the trademark administrator or court in any state relating to any of the Proprietary Marks. There are no agreements currently in effect, which significantly limits VP's right to use or license the use of the Proprietary Marks in a manner material to the franchise. There is no litigation, infringement, opposition or cancellation proceeding or pending material litigation involving the Proprietary Marks.

You must notify VP if you become aware that any unauthorized third party is using or claiming the right to use the Proprietary Marks. VP will determine what action to take against the alleged infringer. The Franchise Agreement does not require VP to take any particular action, but if VP elects to take action, VP has the right to control the proceedings or litigation, and you must cooperate with VP. If you are sued for any approved use while using any of the Proprietary Marks, VP will either handle the defense or pay your reasonable expenses to defend it. VP has the right to modify or discontinue the use of any of the Proprietary Marks in its discretion, and you must make the appropriate changes as VP directs. VP is not obligated to reimburse you for the costs of any change, although VP does not anticipate that you would incur any significant costs. You are not permitted to use any portion of any of the Proprietary Marks as part of your corporate name, or as part of any Website domain name.

VP does not know of any superior or prior rights or infringing uses that could materially affect your use of the principal trademarks in any state.

**ITEM 14  
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or copyrights are material to the franchise, and, except for VP's Manuals (which are described in the Franchise Agreement), you receive no right to use an item covered by a patent or copyright. VP does not have any pending patent applications that are material to the franchise. Although VP has not filed an application for a copyright registration for the Manuals

and its proprietary information, it claims copyright protection of the Manuals and related materials. The Franchise Agreement describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. Information accessed on VP's secured website is considered as proprietary intellectual property of VP. Information from the secured VP web site is for the sole use of VP franchisees in the operation of their Stores. Any distribution of VP's proprietary information to any person or persons outside our system will be considered a violation of VP policy and may be subject to penalties or action by VP to protect its' proprietary intellectual property.

VP will indemnify you for losses arising from claims brought by a third party concerning your use of this information.

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

If you are the sole owner of the franchised Store, you must successfully complete VP's management training program and directly supervise your franchised Store "on-premises" on a day-to-day, full time basis.

If you are a group of two or more sharing ownership of the franchised business, your ownership group must comply with the following:

1. One owner must own a percentage of ownership greater than the percentage of any other owner in the group (the "Major Owner"). The Major Owner is responsible for acting on behalf of the ownership group in all interactions with us relating to the Franchise Agreement.

2. You must designate one owner or partner in the franchise business to be responsible to VP for the Store(s) day-to-day operations and adherence to our standards, policies and specifications set forth in the Manual and otherwise in writing (the "Operating Partner"). The Operating Partner must have prior restaurant related experience. If your Store is a single unit, the Operating Partner must serve as the General Manager. You must provide a 10% equity interest in your business to the Operating Partner in writing and in the form approved by VP. The 10% equity interest can be issued in smaller increments over a three to five year period and as a performance incentive to achieve stated sales volumes or goals. You must notify VP of any change in Operating Partner and provide any new Operating Partner with a program to achieve 10% equity interest in the franchise. You are required to initiate an Operating Partner Agreement between you and the Operating Partner prior to the Store opening. You must provide a copy of the Operating Partner Agreement (and any subsequent changes) to VP within ten (10) days following the execution of the Operating Partner Agreement.

3. No Operating Partner may serve as General Manager of one Store and maintain the responsibilities of Operating Partner for any other Store(s). As a condition to our acceptance of any Store General Manager appointed by you, we will require that he or she execute a written agreement to maintain confidentiality of any trade secrets and, if we request, you must require that he or she conform with the covenants not to compete.

4. At VP's request, you will require and obtain signed covenants not to compete from any or all of the following persons: (a) all General Managers of the franchised store and any other personnel employed by you who have received or will receive training from VP; (b) all officers, directors, and shareholders of any corporation directly or indirectly controlling the franchisee; and

(c) the general partners (including any corporation, and the officers, directors or shareholders of a corporation which directly or indirectly controls any general partner), if you are a partnership. See Article 16 of the Franchise Agreement.

5. VP requires the owner(s), partner(s), member(s), and/or spouse(s) of the franchised business to sign a personal guaranty for the obligations of the franchisee to VP. The guaranty agreement makes the guarantor jointly and severally liable for all obligations, commitments, and payments required of the franchisee to VP. See Exhibit C of the Franchise Agreement.

Each individual who owns any interest in the franchise entity must sign the Franchise Agreement, evidencing that all owners agree to uphold all obligations of the “Franchisee” under the Franchise Agreement.

## **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only those goods and services, including appetizers, pizza, subs, stromboli, pasta, salads and beverages and other menu items, approved for sale by VP in the operation of your Store.

VP has the right to add additional approved products and services to our system, and if we do so, you must offer those products and services as well. You are required to offer all approved items on your menu. Because new items are added to the menu from time to time, you will be required to purchase new menus as needed for each major national marketing campaign. VP also has the right to remove approved products and services from our system, and if we do so, you must then immediately stop offering those products and services. At no time will you be permitted to sell any unapproved products or add or delete any item on the menu.

You are required to purchase all food and paper products through an approved regional distributor that VP has established. The regional distributor will maintain an inventory of all VP’s approved menu products, ingredients and small wares that are required to operate your store. VP strictly prohibits you from stocking, carrying or maintaining inventory of any unapproved products or products not currently approved by VP or noted within the Operations Manual. The regional distributor will deliver products you’ve ordered on a weekly basis. The regional distributors charge a delivery fee. This fee may be raised from time to time.

We may establish one or more commissaries to supply designated and approved products to Stores owned by us or our Affiliates, and those of our franchisees (the “Commissaries”), including you. In that event, you will be required to purchase products from the Commissaries.

See Items 8, 9 and 12 of this disclosure document for information about other restrictions.

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

### **THE FRANCHISE RELATIONSHIP**

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	2.A	Term is for ten (10) years.
b. Renewal or extension	2.B	If you are in good standing, you can add one additional term of ten (10) years.
c. Requirements for franchisee to renew or extend	2.B	Renewal of Franchise Agreement means the signing of a then-current Franchise Agreement for a new term of ten (10) years. You timely notify us in writing of your intention to renew; you make or provide for, in a manner satisfactory to VP, all necessary renovations and modernizations of the Store premises and equipment consistent with our then-current System standards and image; you are not in default of any provision of the Franchise Agreement, or any other agreement between you and us, our affiliates or subsidiaries, and you have substantially complied with all agreements during their respective terms; you have satisfied all monetary obligations you owe us, our affiliates, and our suppliers; you have the right to remain in possession of the Accepted Location for the duration of the renewal term or you may secure a new location with our approval according to the then-current terms, conditions, policies and specifications required for new Stores; you sign our then-current form of franchise agreement, containing terms and conditions for renewing Stores, which may differ materially from your initial term franchise agreement; you sign a general release; and you comply with our then-current qualification and training requirements.
d. Termination by franchisee	No Provision	You do not have the contractual right to terminate the Franchise Agreement.
e. Termination by franchisor without cause	No Provision	Not Applicable.
f. Termination by franchisor with cause	14	VP can terminate only if you default. In order to collect damages in the event of default, you also grant to VP a security interest in all of your assets.
g. "Cause" defined – curable defaults	14.C	Except as otherwise provided in Section 14.A and 14.B of the Franchise Agreement, you will have at least sixty (60) days to cure any breach or violation of the terms of the Franchise Agreement from the date you receive VP's written notice thereof.



Provision	Section in franchise or other agreement	Summary
		<p>you shall have thirty (30) days after such event in which to apply for VP's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld, but may be conditioned upon the payment of an agreed minimum royalty to VP during the period in which the Store is not in operation in the event that you are insured on such loss; (iii) If you, or your controlling party/parties, sell any alcoholic beverages to minors or are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that VP believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or VP's interest therein; (iv) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Store; (v) If you or any partner or shareholder of the Store purports to transfer any rights or obligations under this Agreement or any interest in you to any third party without VP's prior written consent, contrary to the terms of Article 13 of this Agreement; (vi) If you fail to comply with the covenants in Section 16.B hereof or fail to obtain execution of the covenants required under Sections 9.B or 16.F hereof; (vii) If, contrary to the terms of Articles 8 or 9 hereof, you disclose or divulge the contents of the Manual or other confidential information provided to you by VP; (viii) If you knowingly maintain false books or records, or knowingly submit any false reports to VP, and/or fail or refuse to timely submit monthly profit and loss statements to VP as required herein; (ix) If you, after curing a default pursuant to Section 14.C hereof, commit the same default again, whether or not cured after notice; (x) If you are in default under Sections 5, 6 or 14.C hereof for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice; (xi) If you fail to pay any fees due VP in accordance with this Agreement and/or violate any other term, condition or covenant hereof; (xii) If upon the death of any individual you, if you are an individual or if you are a corporation or partnership, upon the death of any shareholder or partner, owning a twenty five (25%) percent or more interest in said corporation or partnership; provided, however, that such shareholder or partner is active in the day-to-day</p>

Provision	Section in franchise or other agreement	Summary
		<p>operations of the Store purchased hereunder. Notwithstanding the foregoing, any individual you may, upon death, cause the Store herein granted, to pass or be transferred to any member of his immediate family, provided each of the following conditions are met: (a) such proposed transferee is a member of the "immediate family" which shall include spouse, parent(s) or children of the individual franchise; (b) such proposed transferee is approved as a you, by VP, which approval shall not be unreasonably withheld, it being understood that VP shall apply the same standards as it would apply to any other proposed franchisee; and (c) the proposed transferee participates in and satisfactorily completes VP's then current training program; (xiii) If you or an agent or employee of you engage in unprofessional conduct, as reasonably determined by VP and such unprofessional conduct of the agent or employee was avoidable using or by taking reasonable measures by you; (xiv) If you use or continue to use after notification by VP, any unapproved seasonings, ingredients, products, equipment or suppliers; (xv) If you do not provide changes to your home or Store phone numbers, mailing or e-mail addresses within five (5) days of any change.</p>

Provision	Section in franchise or other agreement	Summary
i. Franchisee's obligations on termination/non-renewal	15	Obligations include the following: (i) cessation of operating the Store; (ii) complete de-identification of former Store location; (iii) return of all Manuals and proprietary materials to VP; (iv) cessation of use of the Proprietary Marks and any materials contains these marks; (v) cancellation of any assumed names or registrations used in the operation of the Store; (vi) at VP's option, assign to VP any interest, which you have in any lease or sublease for the premises of the franchised business; (vii) pay all sums owing to VP and its subsidiaries and affiliates (In the event of termination for any default of you, such sums shall include all damages, liquidated damages, costs and expenses, including reasonable attorneys' fees, incurred by VP as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of VP against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and on the premises operated hereunder at the time of default); (viii) comply with the post-termination covenants not to compete; (ix) assign all rights to any phone numbers, facsimile numbers, website, web-page or other identifying number or address used in connection with the Store.
j. Assignment of contract by franchisor	13.A	No restriction on VP's right to assign
k. "Transfer" by franchisee – defined	13.B and 13.C	Includes transfer of contract or assets or ownership change. VP may have the right of first refusal.
l. Franchisor approval of transfer by franchisee	13.B(1)-(2)	VP has the right to approve all transfers but will not unreasonably withhold approval (also seen, below).
m. Conditions for franchisor approval of transfer	13.B(2)	Transferee qualifies as a suitable franchisee under VP's current assessment guidelines, transfer fee paid by Transferee, purchase agreement approved, training arranged, execution of a general release by you, and then-current franchise agreement signed by transferee.
n. Franchisor's right of first refusal to acquire franchisee's business	13.C	VP can match any offer to purchase your Store, and also has right of first refusal to purchase your equipment and fixtures.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	13.C	No additional provision other than 13.C.
p. Death or disability of franchisee	14.B (12)	If upon the death of any individual you, if you are an individual or if you are a corporation or partnership, upon the death of any shareholder or partner, owning a twenty five (25%) percent or more interest in said corporation or partnership; provided, however, that such shareholder or partner is active in the day-to-day operations of the Store purchased hereunder. Notwithstanding the foregoing, any individual you may, upon death, cause the Store herein granted, to pass or be transferred to any member of his immediate family, provided each of the following conditions are met: (i) such proposed transferee is a member of the "immediate family" which shall include spouse, parent(s) or children of the individual franchisee; (ii) such proposed transferee is approved as a you, by VP, which approval shall not be unreasonably withheld, it being understood that VP shall apply the same standards as it would apply to any other proposed franchisee; and (iii) the proposed transferee participates in and satisfactorily completes VP's then current training program.
q. Non-competition covenants during the term of the franchise	16.B	No involvement in any competing business during term of the franchise.
r. Non-competition covenants after the franchise is terminated or expires	16.C	You covenant that, except as otherwise approved in writing by VP, you shall not, for a period of three (3) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any member of the immediate family of you or your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any person, persons, partnership or corporation enter into any business competing in whole or in part with VP in granting franchises or licenses to operate businesses offering pizza and/or any other prepared food delivery business or other products, goods and/or services offered or authorized for sale by VP franchisees at the time the Agreement

Provision	Section in franchise or other agreement	Summary
		is terminated or otherwise expires and is not renewed.
	16.D	<p>For a period of three (3) years after the expiration, transfer, or termination of this Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any member of the immediate family of you or your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:</p> <p>(1) Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering pizza and/or any other prepared food delivery business or other products, goods, and/or services offered or authorized for sale by VP franchisees at the time this Agreement is terminated or expires and is not otherwise renewed in the following locations: (i) at the Accepted Location; (ii) within the Delivery Zone; or (iii) within a radius of fifty (50) miles of the perimeter of: (a) the Delivery Zone granted hereunder or (b) any other Delivery Zone licensed by VP as of the date of expiration or termination of this Agreement; (2) Solicit business from customers of your former Store; or (3) Contact any of VP's suppliers or vendors for any competitive business purpose; or (4) Solicit any of VP's employees, or the employees of VP's affiliates, or any other VP franchisee to discontinue employment; or; (5) Sell, lease, sublet, assign or otherwise transfer possession of the Premises to any enterprise which is substantially similar to or competitive with the business covered by this Agreement or which provides, produces, manufactures or in any manner markets pizza and related products as a significant portion of its business.</p>
s. Modification of agreement	20	VP has right to change System through modification of Operations Manuals. Otherwise Agreement must be agreed to in writing by both parties.
t. Integration/merger clause	20	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	22.B	You must first bring any claim or dispute between you and us to our CEO. You must exhaust these internal dispute resolution procedures before you may bring your dispute before a third-party.
	22.C	At our option, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this agreement, shall be submitted first to mediation, in Pittsburgh, Pennsylvania, under the auspices of the National Franchise Mediation Program ("NFMP"), in accordance with the NFMP's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether us or our affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against us or its affiliates with respect to any such claim or dispute in any court unless we fail to exercise its option to submit such claim or dispute to mediation, or such 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 us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by NFMP and the mediator's fees. Our right to mediation, as set forth herein, may be specifically enforced by VP and our representative.
v. Choice of forum	22.F	Litigation must be in federal or state court in Pittsburgh, Pennsylvania.
w. Choice of law	22.A	Pennsylvania law applies.

**ITEM 18  
PUBLIC FIGURES**

VP does not currently use any public figure to promote its franchise, but reserves the right to do so.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Below is a historic financial performance representation for 2023 of subset of Vocelli Pizza’s 73 Stores that were opened for the entire calendar year 2023, not including Stores opening or closing during the years or transfers. Nine Stores closed in 2023.

**2023 Annual Franchised Store Gross Sales**

	Average Gross Sales	Median Gross Sales	Highest Gross Sales	Lowest Gross Sales	Number and Percentage of Stores that achieved the average gross sales shown	Number and Percentage of Stores that achieved the median gross sales shown
Top Stores						
Top 10 franchised stores	1,355,449	1,338,329	1,627,988	1,102,106	5 of 73 or 6.8%	5 of 73 or 6.8%
Top 18 franchised stores (25% of franchised stores)	1,169,938	1,104,282	1,627,988	861,222	8 of 73 or 11.0%	9 of 73 or 12.3%

	Average Gross Sales	Median Gross Sales	Highest Gross Sales	Lowest Gross Sales	Number and Percentage of Stores that achieved the average gross sales shown	Number and Percentage of Stores that achieved the median gross sales shown
Bottom Stores						
Bottom 10 franchised stores	282,068	295,540	321,432	213,186	69 of 73 or 94.5%	68 of 73 or 93.1%
Bottom 18 franchised stores (25% of franchised stores)	311,449	319,533	383,661	213,186	67 of 73 or 91.7%	64 of 73 or 87.7%

The annual unit sales in 2023 for the one Company owned store was \$1,011,248

Notes:

1. Sales are revenue from the sale of all services and products minus any sales taxes or discounts.
2. Sales results for a business operating as Vocelli Pizza are affected by a number of factors including demographics, daytime and residential population and income levels, local competition, brand and product awareness in the geographic area in which the business is located, and your individual management skills and marketing efforts. The Stores represented do not have unique characteristics, other than as set forth above.
3. These Stores offer substantially the same products and services to the public as you will.
4. The Vocelli Pizza Stores report financial information to us based upon a uniform reporting system. Specifically, the source of data is the weekly sales as reported by each Store and validated through electronic sales polling of the point of sale regular systems.
5. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has been audited.
6. We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales of a Vocelli Pizza except as stated in this Item 19. Actual results will vary from store to store and we cannot estimate the results of any particular franchisee.
7. Some Stores have sold more than the amounts described in the chart and some Stores have sold less than the amounts described in the chart. Your individual results may differ. There is no assurance your store will sell as much as any of the Stores described in the 2023 unit annual sales chart.
8. **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell this amount.**

Other than the preceding financial performance representation, Vocelli LLC does not make any financial performance representation. 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 Vocelli, LLC at 1005 South Bee Street, Pittsburgh, Pennsylvania 15220 and 412-919-2100, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1  
Systemwide Outlet Summary  
For Years – 2021-2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	86	86	0
	2022	86	81	-5
	2023	81	72	-9
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	87	87	0
	2022	87	82	-5
	2023	82	73	-9

**TABLE 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years – 2021-2023**

<b>STATE</b>	<b>YEAR</b>	<b>NUMBER OF TRANSFERS</b>
Alabama	2021	1
	2022	1
	2023	0
Maryland	2021	0
	2022	0
	2023	2
Pennsylvania	2021	2
	2022	3
	2023	1
Virginia	2021	0
	2022	1
	2023	3

STATE	YEAR	NUMBER OF TRANSFERS
West Virginia	2021	0
	2022	0
	2023	0
Total		
	2021	2
	2022	5
	2023	6

**TABLE 3**  
**Status of Franchised Outlets**  
**For Years – 2021-2023**

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Alabama	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	17	1	0	0	0	1	17
	2022	17	0	0	0	0	1	16
	2023	16	0	1	0	0	0	15
New Jersey	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	2	0
Ohio	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	37	0	0	0	0	0	37
	2022	37	0	0	0	0	4	33
	2023	33	0	0	0	0	4	29
Virginia	2021	26	1	0	0	0	2	25
	2022	25	0	0	0	0	1	24
	2023	24	0	1	0	0	1	22
West Virginia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Totals	2021	86	3	0	0	0	3	86
	2022	86	1	0	0	0	6	81
	2023	81	0	2	0	0	7	72

**TABLE 4**  
**Status of Company-Owned Outlets**  
**For Years – 2021-2023**

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT THE END OF THE YEAR
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

**TABLE 5**  
**Projected Openings as Of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Maryland	0	0	0
New Jersey	0	0	0
Pennsylvania	2	2	0
South Carolina	0	0	0
Virginia	2	2	0
Georgia	1	1	0
Tennessee	1	1	0
Alabama	1	1	0
Total	7	7	0

**Current Information for Current Franchisees**

Included in this disclosure document as Exhibit C are the names, addresses, and telephone numbers of all of our franchisees. Several of our franchisees own and operate multiple Stores.

## Contact Information for Former Franchisees

Other than the franchisee(s) listed in Exhibit C in this disclosure document, no franchisee has had a franchise terminated, canceled, not renewed, or otherwise voluntarily ceased to do business under the Franchise Agreement (including terminations incidental to sale or transfer) during calendar year 2023, or have not communicated with VP within the ten (10) week period immediately preceding December 31, 2023.

## Confidentiality Agreements

Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with VP. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

## Franchisee Associations

VP does not have any independent franchisee organization require to be disclosed in this item.

## Current Information for Current Franchisees

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

## ITEM 21 FINANCIAL STATEMENTS

Exhibit D to this disclosure document contains the audited Consolidated Statements of Vocelli, LLC for the years ended December 31, 2023, December 31, 2022 and December 31, 2021, and unaudited financial statements through March 31, 2024.

## ITEM 22 CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document immediately following:

- Exhibit E - Franchise Agreement
  - Exhibit A - Delivery Zone
  - Exhibit B - Ownership Structure and Warranty
  - Exhibit C - Guaranty Agreement and Acknowledgment by Guarantor
  - Exhibit D - Confidentiality and Non-Competition Agreement
  - Exhibit E - Collateral Assignment of Lease
  - Exhibit F - Statement of Prospective Franchisee
  - Exhibit G-1 – Addendum to Franchise Disclosure Document and Franchise Agreement (Maryland)
  - Exhibit G-2 –Addendum to Franchise Disclosure Document Franchise Agreement (Virginia)
- Exhibit F - Multi-Unit Option Agreement
- Exhibit G- Confidentiality Agreement

Exhibit H- Termination Agreement and Release  
Exhibit J - State Addenda  
Exhibit K - Receipts

**ITEM 23  
RECEIPTS**

A Receipt in duplicate is attached to Exhibit K of this disclosure document. You should sign both copies of the Receipt. Keep one signed copy for your records and return the other signed copy to Franchise Department, Vocelli, LLC, 1005 South Bee Street, Pittsburgh, PA 15220.

**EXHIBIT A  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**State Agencies**

California Department of Corporations  
Securities Regulation Division  
Department of Oversight  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
(866) 275-2677

Hawaii Department of Commerce  
and Consumer Affairs  
Business Registration Division  
Commissioner of Securities  
335 Merchant Street, Rm. 203  
Honolulu, Hawaii 96813  
(808) 586-2722

State of Illinois  
Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, Illinois 92796  
(217) 782-4465

Indiana Securities Division  
Office of the Secretary of State  
Franchise Section  
302 West Washington Street, Rm. E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

State of Maryland  
Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6300

Michigan Attorney General's Office  
Consumer Protection Division  
Franchise Unit  
525 Ottawa Street  
G. Mennen Williams Building, 6<sup>th</sup> Floor  
Lansing, Michigan 48909  
(517) 373-7117

Minnesota Department of Commerce  
Franchise Examiner  
85 7<sup>th</sup> Place East, Suite 280

St. Paul, Minnesota 55101  
(651) 296-6328

New York State Department of Law  
Bureau of Investor Protection and Securities  
120 Broadway, 23<sup>rd</sup> Floor  
New York, New York 10271  
(212) 416-8211

North Dakota Franchise Examiner  
Office of Securities Commissioner  
600 East Boulevard, 5<sup>th</sup> Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

Rhode Island Division of Securities  
233 Richmond Street  
Providence, Rhode Island 02903  
(401) 222-3048

South Dakota Office of Franchise and  
Business Opportunities  
445 East Capitol Avenue  
Pierre, South Dakota 57501-3185  
(605) 773-4823

Virginia State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9784

State of Washington  
Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98507-1200  
(360) 902-8760

Wisconsin Securities Commission  
Franchise Examiner  
P.O. Box 1768  
Madison, Wisconsin 53701  
(608) 266-3364

**EXHIBIT B  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Agents for Service of Process**

**Vocelli, LLC  
1005 South Bee Street  
Pittsburgh, PA 15220**

**Maryland**

Maryland Securities Commissioner  
200 St. Paul Place, 20<sup>th</sup> Floor  
Baltimore, MD 21202-2020  
(410) 576-6360

**Virginia**

Clerk, Virginia State Corporation Commission  
1300 East Main Street, 1<sup>th</sup> Floor  
Richmond, VA 23219  
(804) 371-9733

If a state is not listed, Franchisee has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Franchisor has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

**EXHIBIT C  
TO  
FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISEES AS OF DECEMBER 31, 2023**

<b>FRANCHISEE</b>	<b>PHONE</b>	<b>ADDRESS</b>				<b>STORE</b>
<b>ALABAMA</b>						
Nate Van Pelt	205-968-1990	5479 Hwy. 280, #126	Inverness	AL	35242	Inverness
<b>MARYLAND</b>						
Sher Saru	410-956-1818	20 Mayo Road	Edgewater	MD	21037	Edgewater
Gyan Rimal	410-313-8774	3355 St. Johns Lane	Ellicott City	MD	20142	Ellicott City
Rahul Patel	301-228-3993	183-B Thomas Johnson Drive	Frederick	MD	21702	Frederick
Mark Broadhurst	301-631-9001	5744-E Industry Ln	Frederick	MD	21704	Industry Lane
Shawn Searle	410-721-5757	1129 MD Rte 3 North	Gambrills	MD	21054	Crofton
Irshad Khan	301-528-0694	12311 Middlebrook	Germantown	MD	20874	Germantown
Shubham Garga	301-703-8575	1001 Twin Arch Road	Mt. Airy	MD	21771	Mt. Airy
Shawn Searle	410-255-8989	2433 Mountain Rd	Pasadena	MD	21122	Pasadena
Mark Broadhurst	301-879-8008	730 Cloverly Street	Silver Spring	MD	20905	Cloverly
Mark Broadhurst	410-751-9111	14 College View	Westminster	MD	21157	Westminster
Nitin Patel	301-705-5788	11850 Park Waldorf	Waldorf	MD	20601	Waldorf
Shawn Searle	410-969-7272	7894 S. Crain Hwy.	Glen Burnie	MD	21016	Glen Burnie
Mark Broadhurst	410-795-0022	6252 Sykesville Rd.	Eldersburg	MD	21784	Eldersburg
Nitin Patel	301-392-6258	56 Drury Drive	La Plata	MD	20646	La Plata
Dinup Gnywali	410-999-8300	9623 Reisterstown Rd.	Owings Mills	MD	21117	Owings Mills
<b>OHIO</b>						
John McNab	740-264-4422	2600 Sunset Blvd.	Steubenville	OH	43952	Steubenville
<b>PENNSYLVANIA</b>						
Heather Mason	724-443-2031	4896 Route 8	Allison Park	PA	15101	Allison Park
Nahide Celikel	724-266-7099	447 Merchant Street	Ambridge	PA	15003	Ambridge

Tulin Ayla	724-847-7399	1218 7 <sup>th</sup> Ave	Beaver Falls	PA	15010	Beaver Falls
Seckin Ablak	724-873-9238	30 West Pike Street	Canonsburg	PA	15317	Canonsburg
Anil Semelbauer	724-772-4545	20120 Perry Hwy	Cranberry	PA	16066	Cranberry
Maninder Singh	412-343-0743	3060 W. Liberty Ave	Dormont	PA	15216	Dormont
Serdar Perciner	412-421-1515	4235 Murray Avenue	Greenfield	PA	15217	Greenfield
Sean Krings	724-548-1818	112 South Water St.	Kittanning	PA	16201	Kittanning
Rachael Kuttler	412-788-2500	5644 Steubenville Pk	McKees Rocks	PA	15136	Robinson Twp.
Sean Krings	814-336-1114	991 Park Avenue	Meadville	PA	16335	Meadville
Maninder Singh	724-733-0759	1786 Royal Oak Ctr.	Monroeville	PA	15146	Golden Mile
Maninder Singh	412-856-5000	326 Mall Blvd	Monroeville	PA	15146	Monroeville
Maninder Singh	412-269-1993	935 Beaver Grade	Moon Twp	PA	15108	Moon Twp
Ralph Moore	412-697-0893	617 Brownsville Rd	Mt. Oliver	PA	15210	Carrick
Maninder Singh	412-862-0880	201 Allegheny Ave	Oakmont	PA	15139	Oakmont
Maninder Singh	412-243-1133	11745 Frankstown	Penn Hills	PA	15235	Penn Hills
Maninder Singh	412-446-0179	2101 Greentree Rd.	Pittsburgh	PA	15220	Scott Township
Maninder Singh	412-246-4444	4740 Baum Blvd	Pittsburgh	PA	15213	Oakland
Jim Percy	412-650-1600	691 Clairton Blvd	Pleasant Hills	PA	15236	Pleasant Hills
Keith Butcher	724-773-0711	228 Adams Street	Rochester	PA	15074	Rochester
Sean Krings	724-353-3030	246 North Pike Road	Sarver	PA	16055	Sarver
Maninder Singh	412-741-7800	422 Walnut Street	Sewickley	PA	15143	Sewickley
Semir Juklo	412-486-9556	1019 Mt. Royal Blvd	Shaler	PA	15223	Shaler
Maninder Singh	412-271-7777	2011 Waverly Ave.	Swissvale	PA	15218	Swissvale
Ron Sarajian	570-620-9234	Warner Rd & Rte 611	Tannersville	PA	18372	Tannersville
Sean Krings	724-567-5600	2260 River Road	Vandergrift	PA	15690	Vandergrift
Seckin Ablak	724-229-8687	192 South Main St	Washington	PA	15301	Washington
Dennis Detar	724-452-1998	109 W. New Castle	Zelienople	PA	16063	Zelienople
Scott Streno	412-882-2222	1001 Cool Springs Dr.	Bethel Park	PA	15102	Bethel Park

**VIRGINIA**

Nasir Kianersi	703-921-9214	6126 Rose Hill Drive	Alexandria	VA	22310	Franconia(Rose Hill)
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Preston Roper	703-780-7951	8857 Richmond Hwy	Alexandria	VA	22309	Ft. Belvoir
Sam Ostovari	703-729-2929	20630 Ashburn Road	Ashburn	VA	20147	Ashburn
Imran Mirza	703-426-1600	5765 -H Burke Pwy	Burke	VA	22015	Burke
Brian Washington	434-977-4992	1857 Seminole Trail	Charlottesville	VA	22901	Charlottesville
Ravi Kapoor	571-321-0858	11725 Lee Highway	Fair Lakes	VA	22030	Fair Lakes
John Palacios	703-206-0531	7393 -C Lee Hwy	Falls Church	VA	22042	Falls Church
Naveed Javed	540-786-1710	7008 Salem Fields	Fredericksburg	VA	22407	Salem Fields
Naveed Javed	540-479-3682	754 Warrenton Road	Fredericksburg	VA	22406	S. Stafford
Martin Williams	571-248-6393	6617 Cheney Way	Gainesville	VA	20155	Gainesville
Soman Chanda	703-904-0472	3065-T Centreville	Herndon	VA	20170	Herndon
Abdul Howlander	703-595-8610	3139 Golansky Blvd	Lakeridge	VA	22192	Lakeridge
Abdul Howlander	703-372-1806	9020 Lorton Station	Lorton	VA	22079	Lorton Town Ctr
Martin Williams	703-257-1164	8671 Sudley Road	Manassas	VA	20110	Manassas
Alaa Fana	540-441-7464	721 East Main Street	Purcellville	VA	20132	Purcellville
John Iacunato	804-864-2358	9927 Hull Street Rd	Richmond	VA	23236	Oxbridge Sq Center
Imran Mirza	703-642-0500	6973-H Hechinger	Springfield	VA	22151	N. Springfield
Prasanna Rimal	703-542-8607	42010 Village Center	Stoneridge	VA	20105	S. Loudoun
Soman Chanda	703-319-3835	334 Maple Avenue	Vienna	VA	22180	Vienna
Naveed Javed	540-624-0430	1605 Jefferson Davis Highway	Fredericksburg	VA	22401	Cowan Crossing
Jin H. Kim	703-445-0054	16693 River Ridge	Woodbridge	VA	22191	Woodbridge
Naveed Javed	540-446-0445	44 Mine Road, 1A	Stafford	VA	22554	North Stafford

#### **WEST VIRGINIA**

Anil Semelbauer	304-284-9660	1370 University Ave	Morgantown	WV	26505	Morgantown
Latif Arin	304-843-0000	1211 First Street	Moundsville	WV	26041	Moundsville
Nil Cizreougullari	304 232-1100	1127 Market Street	Wheeling	WV	26003	Wheeling
Seckin Ablak	304-723-4474	1925 Pennsylvania	Weirton	WV	26062	Weirton

FRANCHISEES WHOSE FRANCHISE AGREEMENTS EITHER TERMINATED, WERE CANCELLED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS AS OF DECEMBER 31, 2023.

Adeel Asad & Farhat Seraj (703) 312-8855 2626 N. Pershing Dr. Arlington, VA 22201	Terminated
Bhadresh Patel (856) 495-4358 156 W. Browning Rd. Bellmawr, NJ 08031	Ceased Operations
Brian Cook (412) 367-1666 7910 Perry Hwy. McCandless, PA 15237	Ceased Operations
John Torch (724) 287-1999 532 W. Cunningham St. Butler, PA 16001	Ceased Operations
Fred Jordan (609) 888-6069 2098 Brunswick Ave. Lawrenceville, NJ 08646	Ceased Operations
John Torch (724) 586-6961 890 Pittsburgh Rd. Butler, PA 16001	Ceased Operations
Jaipal Paul (301) 294-0909 1331 Rockville Pike Rockville, MD 20852	Terminated
Lauren Mort (724) 733-2333 100 Center Ice Dr. Delmont, PA 15626	Ceased Operations
John Iacunato (540) 654-1808 1301 College Ave. Fredericksburg, VA 22401	Ceased Operations

FRANCHISES WHO HAVE SIGNED AGREEMENTS BUT NOT OPENED TO DO BUSINESS  
AS OF DECEMBER 31, 2023.

Chris Belcher  
(540) 820-1167  
1318 Hillside Ave.  
Harrisonburg, VA 22801

Tigist Tessema  
(703) 395-6041  
1607 Commonwealth Ave.  
Alexandria, VA 22301

Justin Thompson  
(678) 268-8235  
3809 Battlefield Pkwy.  
Ringgold, GA 30736

Pat Meglio  
(703) 929-4993  
1000 4<sup>th</sup> St. S.  
Birmingham, AL 35294

John McNab  
(740) 391-2625  
890 Pittsburgh Rd.  
Butler, PA 16001

FRANCHISES WHOSE FRANCHISE AGREEMENTS EITHER TERMINATED, WERE CANCELLED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS AS OF DECEMBER 31, 2023.

Mark Broadhurst                      Transfer  
(301) 528-0694  
12311 Middlebrook Rd.  
Germantown, MD 20874

Bimal Gyawali                         Transfer  
(410) 999-8300  
9623 Reisterstown Rd.  
Owings Mills, MD 21117

Sid Aykent                              Transfer  
(724) 266-7099  
447 Merchant St.  
Ambridge, PA 15003

Hany Saad                                Transfer  
(703) 904-0472  
3065-T Centreville Rd.  
Herndon, VA 20170

Tika Karki                                Transfer  
(540) 441-7464  
721 East Main St.  
Purcellville, VA 20132

Randy Fox                                Transfer  
(703) 542-8607  
42010 Village Center  
Stoneridge, VA 20105

**EXHIBIT D  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Financial Statements**

AUDITED CONSOLIDATED STATEMENTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2023, DECEMBER 31, 2022, AND DECEMBER 31, 2021, AND UNAUDITED FINANCIAL STATEMENTS THROUGH MARCH 31, 2024.

**VOCELLI LLC AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 168,860
Accounts Receivable - Trade, Net	64,797
Notes Receivable - Current Portion	3,500
Accrued Interest - Note Receivable Related Party	109,858
Prepaid Expenses and Other Current Assets	<u>18,278</u>

TOTAL CURRENT ASSETS 365,292

**PROPERTY AND EQUIPMENT**

Equipment and Software	345,954
Furniture and Fixtures	33,446
Vehicles	103,953
Leasehold Improvements	<u>529,641</u>
	1,012,994
Less: Accumulated Depreciation	<u>(776,528)</u>

Net Property and Equipment 236,466

RIGHT OF USE ASSETS 1,137,980

**OTHER ASSETS** 1,317,932

\$ 3,057,669

**LIABILITIES AND CONSOLIDATED EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$ 198,386
Accrued Expenses and Other Current Liabilities	212,541
Current Portion of Contract Liabilities	72,940
Operating Lease Obligations - Short Term	284,355
Finance Lease Obligations - Short Term	37,763
Current Maturities of Long-Term Debt	<u>13,663</u>

TOTAL CURRENT LIABILITIES 819,648

**LONG-TERM LIABILITIES**

Operating Lease Obligations - Long Term	879,976
Finance Lease Obligations - Long Term	
Contract Liabilities - Net of Current Portion	446,944
Long-Term Debt - Net of Current Maturities	<u>167,414</u>

TOTAL LONG TERM LIABILITIES 1,494,334

**CONSOLIDATED EQUITY** 743,687

\$ 3,057,669

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLER OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**VOCELLI LLC AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 168,860
Accounts Receivable - Trade, Net	64,797
Notes Receivable - Current Portion	3,500
Accrued Interest - Note Receivable Related Party	109,858
Prepaid Expenses and Other Current Assets	<u>18,278</u>

TOTAL CURRENT ASSETS 365,292

**PROPERTY AND EQUIPMENT**

Equipment and Software	345,954
Furniture and Fixtures	33,446
Vehicles	103,953
Leasehold Improvements	<u>529,641</u>
	1,012,994
Less: Accumulated Depreciation	<u>(776,528)</u>

Net Property and Equipment 236,466

RIGHT OF USE ASSETS 1,137,980

**OTHER ASSETS** 1,317,932

**\$ 3,057,669**

**LIABILITIES AND CONSOLIDATED EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$ 198,386
Accrued Expenses and Other Current Liabilities	212,541
Current Portion of Contract Liabilities	72,940
Operating Lease Obligations - Short Term	284,355
Finance Lease Obligations - Short Term	37,763
Current Maturities of Long-Term Debt	<u>13,663</u>

TOTAL CURRENT LIABILITIES 819,648

**LONG-TERM LIABILITIES**

Operating Lease Obligations - Long Term	879,976
Finance Lease Obligations - Long Term	
Contract Liabilities - Net of Current Portion	446,944
Long-Term Debt - Net of Current Maturities	<u>167,414</u>

TOTAL LONG TERM LIABILITIES 1,494,334

**CONSOLIDATED EQUITY** 743,687

**\$ 3,057,669**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLER OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**VOCELLI LLC AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

As of December 31, 2023 and 2022  
and for the Years Ended December 31, 2023, 2022, and 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Vocelli, LLC and Subsidiary  
Pittsburgh, Pennsylvania

### Opinion

We have audited the accompanying consolidated financial statements of Vocelli LLC (a Pennsylvania limited liability company) and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and consolidated equity, and consolidated cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vocelli LLC and Subsidiary as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021 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 Vocelli LLC and Subsidiary 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

[1]



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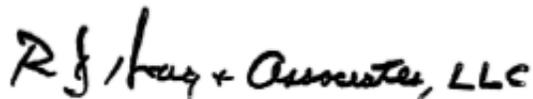
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Vocelli LLC and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vocelli LLC and Subsidiary'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



April 16, 2024

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

VOCELLI LLC AND SUBSIDIARY						
CONSOLIDATED BALANCE SHEETS						
December 31, 2023 and 2022						
					2023	2022
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
	Cash and Cash Equivalents			\$ 176,482	\$ 257,366	
	Accounts Receivable - Trade, Net			82,658	90,195	
	Notes Receivable - Current Portion			4,632	4,385	
	Accrued Interest - Note Receivable Related Party			109,858	80,089	
	Prepaid Expenses and Other Current Assets			<u>87,685</u>	<u>157,698</u>	
	<b>TOTAL CURRENT ASSETS</b>			<u>461,315</u>	<u>589,733</u>	
<b>PROPERTY AND EQUIPMENT</b>						
	Equipment and Software			345,954	345,954	
	Furniture and Fixtures			33,447	33,447	
	Vehicles			103,953	103,953	
	Leasehold Improvements			<u>529,641</u>	<u>529,641</u>	
				1,012,995	1,012,995	
	Less: Accumulated Deprecation			<u>(767,283)</u>	<u>(733,907)</u>	
				<u>245,712</u>	<u>279,088</u>	
<b>RIGHT OF USE ASSETS</b>						
	Operating Leases			1,130,565	1,402,108	
	Finance Leases - Net			<u>7,414</u>	<u>18,536</u>	
				<u>1,137,979</u>	<u>1,420,644</u>	
<b>OTHER ASSETS</b>						
	Notes Receivable - Net of Current Portion			1,313,740	1,317,997	
	Other Assets			<u>2,191</u>	<u>2,191</u>	
				<u>\$ 1,315,931</u>	<u>\$ 1,320,188</u>	
	<b>TOTAL ASSETS</b>			<u>\$ 3,160,937</u>	<u>\$ 3,609,653</u>	
<b>LIABILITIES AND CONSOLIDATED EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
	Accounts Payable			\$ 258,440	\$ 24,561	
	Accrued Expenses and Other Current Liabilities			189,468	140,129	
	Current Portion of Contract Liabilities			82,467	71,561	
	Operating Lease Obligations - Short Term			284,355	279,984	
	Finance Lease Obligations - Short Term			8,782	12,430	
	Current Maturities of Long-Term Debt			<u>18,100</u>	<u>20,590</u>	
	<b>TOTAL CURRENT LIABILITIES</b>			<u>841,612</u>	<u>549,255</u>	
<b>LONG-TERM LIABILITIES</b>						
	Contract Liabilities - Net of Current Portion			446,943	415,456	
	Operating Lease Obligations - Long Term			879,976	1,164,331	
	Finance Lease Obligations - Long Term			-	8,782	
	Long-Term Debt - Net of Current Maturities			<u>167,412</u>	<u>185,626</u>	
				<u>1,494,331</u>	<u>1,774,195</u>	
	<b>CONSOLIDATED EQUITY</b>			<u>824,994</u>	<u>1,286,203</u>	
				<u>\$ 3,160,937</u>	<u>\$ 3,609,653</u>	

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





## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Nature of Operations

Vocelli LLC (the Company) franchises a chain of delivery and take-out stores that specialize in pizza, subs, and salads under the trademark "Vocelli Pizza." The Company's core purpose as a franchise support center is to work alongside its franchise partners to motivate, support, and help each store to be more successful.

The Vocelli Pizza stores are principally located in Pennsylvania, with additional locations in Virginia, Maryland, Ohio, West Virginia, New Jersey, and Alabama. Revenues are primarily derived from sales of franchises and development rights and royalties recognized on sales revenue of the franchised stores.

##### Principles of Consolidation

The consolidated financial statements include the financial statements of Vocelli LLC and its wholly owned subsidiary, Vocelli Pizza Gift Card Management Co. All significant intercompany transactions and balances have been eliminated in consolidation.

##### Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Reclassifications

Certain amounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

##### Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

##### Accounts and Notes Receivable

Trade accounts and notes receivable are recorded at the amount the Company expects to collect on balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The allowance for doubtful accounts was \$47,867 and \$25,986 at December 31, 2023 and 2022, respectively.

Interest on notes receivable is recognized over the term of the note and is calculated using the compound-interest method on principal amounts outstanding.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. As of December 31, 2023, the Company had three accounts that, when combined, accounted for approximately 47% of gross accounts receivable.

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Equipment	3–10
Furniture & Fixtures	5–10
Computer Software	3
Leasehold Improvements	5–15

Depreciation expense was \$33,377, \$44,034, and \$42,686 for the years ended December 31, 2023, 2022, and 2021, respectively. Accumulated depreciation was \$767,283 and \$733,907 as of December 31, 2023 and 2022, respectively.

For federal income tax purposes, depreciation is computed using the modified accelerated cost recovery system. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is purchased under a finance lease, it is recorded in a property and equipment asset account at fair market value as of the date of lease inception, with corresponding depreciation expense and accumulated depreciation recognized under the same method as the other assets described above.

#### Franchise Operations

The Company grants franchising rights under franchise and development agreements to open and operate a specified number of stores in exclusive geographic areas. A franchise fee of \$30,000 for the initial planned store site within the geographic area is payable in full upon execution of the agreement. Franchise agreements are typically executed for a period of ten years with a ten-year renewal. Additional stores under a development agreement also require a franchise fee of \$30,000 per store with \$7,500 per store paid in advance to reserve each store in a set geographic area.

The Company provides support, in accordance with the terms of the franchise agreement, to provide the following supervision, assistance and services: prototype store design, training and pre-opening assistance, site location, an operations manual, continuing assistance and initial advertising and promotion guidance. These costs are expensed as incurred.

A weekly royalty is payable to the Company based upon franchise store sales. The Company has applied the sales-based royalty exception which permits exclusion of variable consideration in the form of sales-based royalties from the disclosure of remaining performance obligations.

#### Revenue Recognition

The Company derives its revenues primarily from franchise royalties, franchise fees, and vendor contributions. Revenue is recognized when performance obligations are satisfied. Each franchisee is generally required to pay a royalty fee between 4.0% and 5.0% of sales. Royalty revenues are based on a percentage of franchise retail sales and are recognized in the period the sales are made. Franchise fee revenue primarily relates to the up-front fees charged in association with the agreement for franchise rights to a geographic area. Franchise fees are recognized as revenue on a straight-line basis over the term of each respective franchise store agreement. Vendor contributions are recognized when earned and represent cash payments in exchange for exclusive purchases from certain vendors.

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Both franchise and development fees are non-refundable. Franchise development agreements have stated time frames and can be defaulted as per the franchise agreement if stores have not been opened in the stated development period. Remaining unamortized franchise and development fees relating to such defaulted agreements are recorded as revenue in the period of default.

Deferred revenue for franchise fees to be recognized within the next twelve months are listed as current.

#### Disaggregation of Revenue

Current accounting standards require that companies disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Revenues are disaggregated on the income statement by major revenue type. All of the Company's revenues come from U.S. sources.

#### Advertising and Related Costs

Advertising and related costs are expensed as incurred. For the years ended December 31, 2023, 2022, and 2021, advertising and related costs for the promotion and sale of franchise stores were \$72,105, \$46,092, and \$13,977, respectively.

#### Income Taxes

Vocelli LLC has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through to and are reported by its owners on their respective income tax returns. Vocelli LLC's tax status as a pass-through entity is based on its legal status as a limited liability company. Accordingly, Vocelli LLC is not required to take any tax positions in order to qualify as a pass-through entity. Vocelli LLC is required to file and does file tax returns with the Internal Revenue Service and other tax authorities. Accordingly, this balance sheet does not reflect a provision for income taxes, and Vocelli LLC has no other positions which must be considered for disclosure.

The Company's wholly owned subsidiary, Vocelli Pizza Gift Card Management Company, is a taxable entity. In evaluating this entity's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

The Company's policy for penalties and interest assessed by income taxing authorities is to include them in general and administrative expenses. For the years ended December 31, 2023, 2022, and 2021, the Company did not incur any interest and penalties.

The Company and its subsidiary are no longer subject to examination by U.S. federal or state taxing authorities for years ended before 2020.

#### Fair Value of Financial Instruments

The carrying amount of financial instruments, including cash, receivables, accounts payable, and accrued liabilities approximate fair value due to the short maturity of these instruments. The carrying amount of notes receivable approximates fair value because the interest rate applied is similar to interest rates offered to the Company. The carrying amount of long-term debt approximates fair value because the fixed interest rates are similar to the interest rates offered to the Company for debt with similar terms and maturities and the variable interest rates fluctuate with market interest.

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases. ASU 2016-02 supersedes prior lease accounting guidance. Under ASU 2016-02, for operating leases, a lessee should recognize in its balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term; recognize a single lease cost, which is allocated over the lease term, generally on a straight-line basis, and classify all cash payments within operating activities in the statement of cash flows.

For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset, and classify repayments of the principal portion of the of the lease liability within financing activities and payments of interest on the lease liability within operating activities in the statement of cash flows.

For a lease term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contract is or contains a lease.

Effective January 1, 2022, the Company adopted ASC 842 using the transition alternative to the modified retrospective approach and elected to adopt the package of optional transition-related practical expedients, which among other things, allows the Company to carry forward certain historical conclusions reached under ASC 840 regarding lease identification, classification, and the accounting treatment of initial direct costs. Furthermore, The Company has elected, for any/all underlying classes of assets, to not recognize right-of-use (ROU) assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Additionally, pursuant to ASU No. 2018-11, the Company elected to apply the guidance of ASC 842 at its effective date and not at the beginning of the earliest comparative period. Therefore, the Company has not restated comparative period financial information for the effects of ASC 842 and will not make the new required lease disclosures for comparative periods beginning before January 1, 2022. The Company's financial position for reporting periods beginning on or after January 1, 2022, is presented under the new accounting guidance, while prior period amounts have not been adjusted and continue to be reported in accordance with previous guidance.

The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a ROU asset at the later of the commencement date of the lease or the effective date of ASC 842 (January 1, 2022). The lease liability is initially and subsequently recognized based on the present value of its future lease payments. These liabilities are discounted at either the rate implicit in the lease, if it is readily determinable, the Company's incremental borrowing rate, or the "risk-free" rate (U.S. Treasury security rate) pursuant to ASU 2021-09. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

In 2016, the Financial Accounting Standards Board (FASB) issued ASC 326, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments which is effective for reporting years beginning after December 15, 2022. The FASB ASC 326 replaces the allowance for doubtful accounts previously used to reserve for uncollectible trade receivables with an allowance or Current Expected Credit Losses (CECL). The CECL model is a forward-looking analysis based on reasonable and supportable forecasts that affect the expected collectability of an assets' remaining contractual cash flows in addition to

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

historical loss experiences and current conditions. In addition, trade receivables are required to be pooled and evaluated based on similar risk characteristics. The Corporation adopted ASC 326 as of January 1, 2023 using the modified retrospective approach. There was no material effect on retained earnings as of January 1, 2023.

#### NOTE 2—NOTES RECEIVABLE

Notes receivable consist of the following at:

	December 31, 2023	December 31, 2022
<b>Current</b>		
Sale of Stores	\$ 4,632	\$ 4,385
Related Parties	-	-
	<b>\$ 4,632</b>	<b>\$ 4,385</b>
 <b>Non-Current</b>		
Sale of Stores	\$ 36,263	\$ 40,520
Related Parties	1,277,477	1,277,477
	<b>\$ 1,313,740</b>	<b>\$ 1,317,997</b>

The notes from the sale of stores bear interest at 6%. Total monthly payments are approximately \$580 including interest and will continue until the note is paid off, or the store is sold. The notes are collateralized by the assets sold by the Company.

The related party notes include one note with a balance of \$1,067,866 as of December 31, 2023 and 2022. There are no specific repayment terms. Interest receivable on this note is being accrued at approximately 8.50% per annum and had a balance of \$109,858 and \$80,089 at December 31, 2023 and 2022, respectively.

Another related party note had a balance of \$135,434 as of December 31, 2023 and 2022. No interest is being recorded on this note.

The remaining balance of \$74,178 at December 31, 2023 and 2022, is due from various related parties.

#### NOTE 3—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following as of:

	December 31, 2023	December 31, 2022
Accrued Payroll & Related Taxes	\$ 19,727	\$ 17,874
Accrued Interest	-	-
Special Events	80,039	35,824
Gift Cards	84,157	80,886

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other Accrued Expenses & Liabilities	5,545	5,545
	\$ 189,468	\$ 140,129

#### NOTE 4—CURRENT AND LONG-TERM DEBT

The Company has a \$75,000 line of credit with Huntington Bank. The interest rate is variable. The line of credit is payable on demand and is reviewed annually by the bank. It is secured by substantially all the assets of the Company. The outstanding balance on the line of credit was \$0 at December 31, 2023 and 2022.

During 2020, the Company received a loan from Huntington National Bank in the amount of \$184,175 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 15, 2021 and was forgiven in full by the Small Business Administration ("SBA") on August 13, 2021. Accordingly, the Company has no further obligation under the PPP loan agreement, and such amount has been reflected as other income in 2021. In addition, the payroll and nonpayroll costs associated with the PPP loan are fully income tax deductible.

Notes payable consists of the following at:

	December 31, 2023	December 31, 2022
Note payable to financial institution due in monthly installments of \$412, including interest at 0.9%, secured by vehicle, maturing in July 2023	\$ -	\$ 3,718
Note payable to financial institution due in monthly installments of \$345, including interest at 1.9%, secured by vehicle, maturing in February 2025	5,502	9,490
Note payable to financial institution due in monthly installments of \$1,167, including interest at 9.48%, secured by vehicle, maturing in July 2027	42,347	51,690
Note Payable – U.S Small Business Administration – dated June 2021 Secured by Substantially All Company Assets Including Interest at 3.75% Monthly Payments of \$731 beginning June 2021 Maturing June 2050	137,663	141,318
Less: Current Maturities	(18,100)	(20,590)
	\$ 167,412	\$ 185,626

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Following are the approximate future maturities relating to these obligations:

2024	\$ 18,100
2025	16,801
2026	16,581
2027	11,930
2028	4,255
Thereafter	<u>117,845</u>
	<u>\$185,512</u>

#### NOTE 5—LEASES

In 2019, the Company acquired equipment totaling \$52,742 under a non-cancelable finance lease agreement which requires monthly payments of \$1,120 through June 2024, including interest imputed at 7%, as there was no implicit rate stated in the lease. The equipment has been included in Right of Use Assets – Finance Leases on the balance sheet, and the related liabilities are included in Finance Lease Obligations – Short Term and Finance Lease Obligations – Long Term.

In 2012, the Company entered into an operating lease agreement with a related party for office space. The lease was originally set to expire in December 2022. However, it contains two five-year renewal options, and the Company exercised the first one in 2022, with an expiration date of December 2027. The lease required monthly payments of \$20,779 through 2022 and now requires monthly payments of \$25,000 through 2027. This operating lease obligation is being discounted using the "risk-free" rate (U.S. Treasury security rate) at the date of adoption of ASC 842, which was 1.55%, as the rate implicit in the lease is not readily determinable. The lease is included in Right of Use Assets – Operating Leases on the balance sheet, and the related liabilities are included in Operating Lease Obligations – Short Term and Operating Lease Obligations – Long Term.

	Year Ending 2023-12
<b>Lease expense</b>	
Finance lease expense	
Amortization of ROU assets	11,121.60
Interest on lease liabilities	1,012.66
Operating lease expense	291,558.48
Variable lease expense	0.00
<b>Total</b>	<b>303,692.74</b>

#### Other Information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	1,084.75
Financing cash flows from finance leases (i.e. principal portion)	12,358.25
Operating cash flows from operating leases	300,000.00
ROU assets obtained in exchange for new finance lease liabilities	0.00
ROU assets obtained in exchange for new operating lease liabilities	0.00
Weighted-average remaining lease term in years for finance leases	0.67

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Weighted-average remaining lease term in years for operating leases	4.00
Weighted-average discount rate for finance leases	7.00%
Weighted-average discount rate for operating leases	1.55%

Maturity Analysis	Finance	Operating
2024-12	8,962.00	300,000.00
2025-12	0.00	300,000.00
2026-12	0.00	300,000.00
2027-12	0.00	300,000.00
2028-12	0.00	0.00
Thereafter	0.00	0.00
Total undiscounted cash flows	8,962.00	1,200,000.00
Less: present value discount	(179.82)	(35,668.77)
Total lease liabilities	8,782.18	1,164,331.23

#### NOTE 6—CONTRACT LIABILITIES

Contract liabilities consist of deferred franchise fees and unearned discounts from vendors. As of December 31, 2023, \$45,144 of deferred franchise fees and \$37,323 of unearned discounts from vendors were included in current liabilities and \$248,208 of deferred franchise fees and \$198,735 of unearned discounts from vendors were included in long-term liabilities. On January 1, 2020, the Company recorded a contract liability of \$202,500 associated with deferred franchise fees and unearned discounts from vendors received through December 31, 2019 in connection with the adoption of new revenue recognition guidance, which is discussed in the new accounting pronouncements section in Note 1.

Changes in deferred franchise fees and unearned discounts from vendors in 2023 were as follows:

Deferred franchise fees at beginning of period	\$217,783
Unearned discounts from vendors at beginning of period	269,233
Revenue recognized during the period	(87,565)
New deferrals due to cash received and other	128,500
Adjustment from prior period	1,459

Deferred franchise fees and unearned discounts from vendors at end of period	\$529,410
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The Company expects to recognize the following approximate amounts of revenue from 2023 through 2027 associated with the total deferred franchise fees and unearned discounts from vendors amount above:

2023	\$82,467
2024	\$81,767
2025	\$77,767
2026	\$50,434
2027	\$46,359
Thereafter	\$190,616

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 7—COMMITMENTS

The Company leases office space from a related entity which is currently 100% owned by one of the members. See Note 6.

Operating lease expense was \$291,558, \$291,558, and \$252,826 for the years ended December 31, 2023, 2022, and 2021, respectively. Vocelli LLC also guarantees the mortgage of this related entity, and the balance as of December 31, 2023 was \$1,164,331.

The Company is contingently liable for an operating lease for a related entity for lease payments totaling \$57,533 as of December 31, 2023. The lease agreement includes language for assignment of the lease.

#### NOTE 8—DEFINED CONTRIBUTION PLAN

The Company maintains a safe harbor 401k plan for qualified hourly and salaried employees. Employees electing to participate in the plan can contribute 1% to 20% of their wages. For the fiscal year ended December 26, 2004, the Company revised the plan to make it contributory. Company contributions are made to the plan based on 100% of the first 3% and 50% on the next 2% of elected employee wage deferrals. Company contributions totaled \$20,743, \$18,583, and \$17,710 for the years ended December 31, 2023, 2022, and 2021, respectively.

#### NOTE 9—RELATED PARTY TRANSACTIONS

In the normal course of business, the Company bills Ablak Management for royalty fees consistent with the other franchise stores.

The Company paid management fees of \$1,391,643, \$1,500,000, and \$1,500,000 for the years ended December 31, 2023, 2022, and 2021, respectively, to Ablak Holdings LLC (a single member LLC owned by Varol Ablak, the majority owner of Vocelli LLC), for the management of the Company.

#### NOTE 10—SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash investing activities during the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purchases of Property and Equipment:		
Cost of property and equipment	\$ -	\$ 65,530
Long-term debt assumed	-	(55,397)
Cash Paid	<u>\$ -</u>	<u>\$ 10,133</u>

## VOCELLI LLC AND SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### NOTE 11—SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements as of the date of the independent auditor's report, which is the date the financial statements were available to be issued. No events or transactions occurred or are pending through this date which would have a material effect on the financial statements. Subsequent to the financial statement date, Vocelli LLC settled a lawsuit that was initiated prior to the financial statement date. The lawsuit was settled on February 7, 2024, and Vocelli LLC will record a \$150,000 settlement gain from the proceedings for the year ended December 31, 2024.

**EXHIBIT E  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**VOCELLI, LLC**  
**SINGLE UNIT FRANCHISE AGREEMENT**  
**DATA SHEET**

1. Effective Date of Agreement: \_\_\_\_\_
2. Initial Term Expiration Date: \_\_\_\_\_
3. Name of Franchisee: \_\_\_\_\_
4. Shareholders/Partners/  
Members/Percentage Ownership: \_\_\_\_\_
5. Franchisee's Address: \_\_\_\_\_  
\_\_\_\_\_
6. Store Address: \_\_\_\_\_  
\_\_\_\_\_
7. Franchisee's Delivery Zone: (See map attached) \_\_\_\_\_
8. Franchisee's Telephone Number: \_\_\_\_\_
8. Franchisee's Facsimile Number: \_\_\_\_\_
10. Franchisee's E-Mail Address: \_\_\_\_\_
11. Initial Franchise Fee: \_\_\_\_\_
12. Royalty Fee: \_\_\_\_\_
13. National Advertising Cooperative  
Contribution: \_\_\_\_\_

The information contained in this Data Sheet is incorporated by reference into the Vocelli, LLC Single Unit Franchise Agreement.

# FRANCHISE AGREEMENT

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## **VOCELLI, LLC**

### **SINGLE UNIT FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "Agreement") is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_ (the "Effective Date") between Vocelli, LLC, a Pennsylvania limited liability company, with an address at 1005 South Bee Street, Pittsburgh, PA 15220 ("VP") and the Franchisee identified in the Data Sheet ("You"). The information contained in this Data Sheet is incorporated into this Agreement.

#### **BACKGROUND**

**A.** VP, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of VOCELLI® Pizza store(s) that offer carry-out, delivery and dine-in eating services.

**B.** The distinguishing characteristics of the System include, without limitation, certain exterior and interior design, decor, color scheme and furnishings; special recipes and menu items; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by VP from time-to-time.

**C.** VP identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the PIZZA OUTLET and VOCELLI, Vocelli Pizza and Vocellipizza.com names, logos and such other trade names, service marks, trademarks, domain names and website designs as are now designated and used (and may hereafter be designated by VP) for use in connection with the System (the "Proprietary Marks").

**D.** VP continues to develop, use and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

**E.** You desire to enter into the business of operating a VOCELLI® Pizza franchise business featuring delivery service, under VP's System and wish to obtain a franchise from VP for that purpose, as well as to receive the training and other assistance provided by VP.

**F.** You understand and acknowledge the importance of VP's high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with VP's standards and specifications as well as the necessity for protecting any proprietary information provided to you.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, mutually agree as follows:

### **1. GRANT OF FRANCHISE**

**A.** VP hereby grants to you, upon the terms and conditions herein contained, the right and franchise, and you undertake the obligation, to operate a VOCELLI® Pizza store (the “Store” or “franchised business”) and to use solely in connection therewith the Proprietary Marks and the System, as it may be changed, improved and further developed from time to time, only at the Accepted Location, as defined in Section 1.B, and to customers located within the Delivery Zone, as defined in Section 1.C. and only during the time period for which the franchise was granted and while you shall not be in default.

**B.** The street address of the Store is \_\_\_\_\_ (the “Accepted Location”).

**C.** Other than the Accepted Location, you will not receive an exclusive territory. Accordingly, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution, including but not limited to retail outlets, mass gathering locations, other methods of distribution or competitive brands that we control. You will receive a Delivery Zone (“Delivery Zone” or “DZ”) as set forth in Exhibit A attached hereto. The Delivery Zone is based on drive times, in VP’s sole determination, from the Store’s Accepted Location and the size of each franchised store’s Delivery Zone may vary. VP will set forth your DZ once your Store’s location is approved. The DZ will generally be established based on an 8–minute drive time, in peak driving times, around your Store’s approved site location and within the approved development area. The 8–minute drive time to establish the DZ radius will vary based on demographic criteria and road access around your Store’s Accepted Location. The DZ boundaries may appear to be irregular and configured so as not to cross over or interfere with an existing franchise partner’s Delivery Zone. You agree that the Store will at all times, during approved hours of operation, offer delivery service of all approved menu items to all customers within the Delivery Zone, and will not attempt to deliver at any time outside of the Delivery Zone. Any future modifications of the Delivery Zone must be approved by VP in writing. VP reserves the right in its sole discretion to adjust your DZ if you fail to fulfill your obligations that are set forth in the Operations Manual, including but not limited to: (i) you fail, at any time, to adhere to VP’s 100% Customer Satisfaction Guarantee; (ii) you cannot serve all customers in your DZ; or (iii) you cannot provide the level of customer service required by VP, such as the delivery of all food products in the prescribed manner outlined in the Operations Manual. You shall not sacrifice the quality of the food products or the safety of its employees or customers to achieve delivery within arbitrary time limits. VP will provide thirty (30) days written notice to you of any changes to your DZ.

**D.** You also acknowledge and agree that VP reserves the right either directly or through affiliates, to operate, franchise, or license others to operate or franchise, businesses, including VOCELLI® Pizza Stores either within or outside the DZ.

**E.** VP retains the right to establish itself, or to grant others the right to establish, VOCELLI Pizza Stores either within or outside your DZ. You acknowledge and agree that certain of VP’s or its affiliate’s products, whether now existing or developed in the future, may be distributed in your Delivery Zone by VP, its affiliates, its franchisees, licensees or designees, in such manner and through such alternative channels of distribution as VP, in its sole discretion, shall determine. Such alternative channels of distribution shall include, but are not limited to, sales

of any products offered hereunder the Proprietary Marks at or through supermarkets, convenience Stores, gourmet Stores, the Internet or mail order. VP reserves the right, among others, as to any distribution arrangements relating thereto. You understand this Agreement grants you no rights: (i) to distribute products as described in this section; or (ii) to share in any of the proceeds received by any such party therefrom.

**F.** You agree that, if you consist of two (2) or more individuals sharing ownership of the Store, one individual must own a percentage share greater than any other owner (the "Major Owner"). The Major Owner shall act on behalf of you in all matters relating to the Agreement. The Major Owner shall be designated in writing, in a form prescribed by VP and executed by you and VP. VP must be notified and subsequently approve prior to any changes in ownership.

**G.** You agree that the individual (the "Operating Partner") who shall directly supervise the Store on a day-to-day, full time basis during the term of this Agreement shall exert his full-time efforts to your obligations hereunder and shall not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or which may otherwise conflict with your obligations hereunder. This individual shall meet the following terms and conditions:

(1) The Operating Partner (if not the owner) shall be allowed to acquire a minimum of ten (10%) percent of the equity interest in the franchised business within a three (3) year period. The terms of the equity acquisition shall be defined in the Operating Partner Agreement described herein. A copy of the Operating Partner Agreement must be provided to VP prior to the Store opening.

(2) If the Store is one of a group of two (2) or more Vocelli Pizza Stores, which share in common a franchisee who owns a minimum of ten (10%) percent equity interest in each of the Stores in the group, this individual shall be designated as the Operating Partner for all such Stores by the franchisees of such Stores, after approval by VP. The Operating Partner shall be responsible for the daily supervision of the individual who shall directly supervise the Store "on-premises," on a day-to-day, full time basis during the term of this Agreement (the "General Manager"). VP does not require the General Manager of such Store to own equity interest in the franchised business. The General Manager is required to successfully complete the Certified Management Training Program.

(3) The Operating Partner must successfully complete the Certified Management Training Program, and be approved by VP.

**H.** You acknowledge and agree that if you fail to have the Store open and operating within six (6) months of the execution of this Agreement, as set forth in Section 6.C, such failure shall, at the option of VP, constitute a default hereunder and VP shall be entitled to all remedies hereunder, including, among others, the right to retain the initial franchise fee and to terminate this Agreement and all rights afforded hereunder.

**I.** If you desire to relocate any Store(s), you will request VP's written permission to do so. As part of its request, you must supply VP with justification for the relocation (such as expiration of an existing lease or changed demographics) and any other information VP requests. VP will notify you of its approval or disapproval. You acknowledge and agree that in the event of a relocation of the Store for any reason, the Delivery Zone applicable to the Store will not change, except as set forth in Section 1.C.

**J.** You acknowledge and recognize that unintended and incidental solicitations and sales by VP, its affiliates, and/or other franchisees may occur from time to time within the Delivery

Zone. VP shall have no duty or obligation to protect you from any such solicitations or sales, but shall use commercially reasonable efforts to minimize the occurrence of such solicitations or sales.

## **2. TERM AND RENEWAL**

**A.** Except as otherwise provided herein, the term of this Agreement shall expire ten (10) years from the date of this Agreement. Additionally, this Agreement shall expire upon a default which is not cured within the time period allotted for any applicable cure period, if any.

**B.** You may, at your option, renew this Agreement for one (1) additional consecutive term of ten (10) years, subject to the following conditions which must be met prior to renewal:

(1) You shall give VP written notice of your election to renew not less than six (6) months nor more than nine (9) months prior to the end of the initial term;

(2) You shall make or provide for, in a manner satisfactory to VP, such renovation and modernization of the Store premises as VP may reasonably require to conform the design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the image then in effect for new Vocelli Pizza Stores under the System, including, without limitation, structural changes, remodeling, which may include a change in the layout of the floor plan, equipment updates or changes, computer hardware and software updates, renovation of signs, furnishings, fixtures and decor, both interior and exterior, to reflect the then-current standards and image of the System;

(3) You shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and VP or its subsidiaries and affiliates; and you shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

(4) You shall have satisfied all monetary obligations owed by you to VP and its subsidiaries and affiliates and suppliers and shall have timely met those obligations throughout the term of this Agreement;

(5) You shall present satisfactory evidence that you have the right to remain in possession of the Accepted Location for the duration of the renewal term of this Agreement or you may secure a new location, with VP's approval, according to the then current terms, conditions, policies and specifications required for new Vocelli Pizza Stores;

(6) You shall execute VP's then current form of franchise agreement, which may contain terms and conditions that are materially different containing terms and conditions from this Agreement. No renewal fee is required;

(7) You shall execute a general release, in a form prescribed by VP, of any and all claims against VP and its subsidiaries and affiliates, and their respective officers, directors, agents and employees; and

(8) You shall comply with VP's then-current qualification and training requirements.

## **3. LOCATION SELECTION**

**A.** You will be responsible for purchasing or leasing the Accepted Location. You shall provide VP a copy of the proposed lease or purchase agreement for VP's acceptance or non-

acceptance. VP's acceptance or non-acceptance shall be given in writing within seven (7) calendar days of VP's receipt thereof (the "Lease or Purchase Acceptance").

If you propose to enter into a lease agreement for the Accepted Location, the lease shall include the following terms and conditions.

- (1) That the premises shall be used only for the operation of the Store.
- (2) That the landlord consents to your use of such Proprietary Marks and signage as VP may prescribe for the franchised business, subject, however, to local signage ordinances and landlord signage criteria as consistently applied to the Landlord's property, providing the same is a multi-tenanted property.
- (3) That the landlord agrees to furnish VP with copies of any and all letters and notices sent to you pertaining to the lease and the premises, at the same time that such letters and notices are sent to you.
- (4) That you may not sublease or assign all or any part of its occupancy rights, or extend the term of or renew the lease, without VP's prior written consent.
- (5) That VP shall have the right to enter the premises to make any modification necessary to protect VP's Proprietary Marks or to cure any default under the lease or under this Agreement.
- (6) That VP shall have the first right of refusal to assume your occupancy rights, and the right to sublease, for all or any part of its terms upon your default or termination under such lease, or under this Agreement.
- (7) That the term of the lease shall be, with options, at least ten (10) years.
- (8) If the Store is to be located in a shopping center or other multi-tenant facility, the landlord agrees that it shall not lease other space within such facility to any eat-in, take-out or delivery food service entity which has pizza items comprising more than twenty percent (20%) of its menu or representing more than twenty percent (20%) of its sales.

**B.** You shall have thirty (30) days from the date you receive VP's Lease or Purchase Acceptance to execute a definitive purchase agreement or lease agreement, subject to the terms hereof, for the Accepted Location and assume possession thereof. Failure to timely execute such agreement, shall, at the option of VP, constitute a default hereunder and VP shall be entitled to all remedies hereunder, including, among others, the right to retain the initial franchise fee and terminate this Agreement.

#### **4. SERVICES TO BE PROVIDED TO FRANCHISEE**

**A.** VP shall provide guidelines and specifications for standard floor plan layouts, equipment, signage and design packages for the franchise to use in the development of the Store.

**B.** VP shall provide a management training program prior to the opening of the Store for you, and up to two (2) additional persons as mutually agreed, and shall make available such other training programs as it deems appropriate. The foregoing personnel must be reasonably satisfactory to VP. All training provided by VP shall be subject to the terms set forth in Section 6.D and E of this Agreement.

**C.** VP shall provide such on–location pre–opening and opening supervision and assistance as VP in its sole discretion deems advisable. VP shall provide such continuing advisory assistance to you in the operation of the franchised business including providing assistance in establishing and using administrative, bookkeeping, accounting and inventory control procedures, as well as assisting in the resolution of your operating problems as VP in its sole discretion deems advisable.

**D.** VP shall provide you, from time to time as VP deems appropriate, advice and written materials concerning hiring and training employees, and techniques of managing and operating the franchised business, including new developments and improvements in Store equipment, food products, packaging and preparation.

**E.** VP shall seek to maintain the high standards of quality, appearance and service of the System, and to that end shall conduct, as it deems advisable, inspections of the Store franchised hereunder, and evaluations of the products sold and services rendered herein.

**F.** VP shall provide and maintain a list of approved suppliers, vendors and distributors of all recommended products, equipment and supplies including the sauce and seasonings, which are secret recipes of VP and are required to be used by you according to Section 6.M. VP retains the right to instruct said suppliers to cease delivery to you in the event you: (i) remain in an uncured default after expiration of the applicable cure period, if any; (ii) have failed to pay Franchisor any required fee for a period in excess of four (4) weeks; or (iii) utilize or sell any unapproved ingredients, seasonings, supplies, products or equipment.

**G.** VP reserves the right to require you to utilize certain designated architectural or design services, including similar services provided by VP.

**H.** VP will provide and maintain a website providing Team Portal with on–line procurement capabilities for marketing collateral. In addition, the VP website will provide on–line ordering capabilities for customers to place orders over the Internet. VP will issue to you on a “loan” only basis, a VP e–mail address for the express purpose to ensure your receipt of important and timely information.

**5. FRANCHISE FEES, ROYALTY PAYMENTS, NATIONAL ADVERTISING COOPERATIVE CONTRIBUTIONS, ONLINE SUPPORT CENTER TRANSACTION FEES AND FRANCHISE SUPPORT CENTER PURCHASES**

**A.** In consideration of the franchise granted herein by VP, you shall pay to VP in cash or by certified check, at the time of execution of this Agreement, an initial franchise fee of thirty–thousand dollars (\$30,000). The initial franchise fee is deemed fully earned upon payment and nonrefundable.

**B.** Beginning at the end of the first week of business (“Business Week” as defined by VP, currently beginning on Monday and ending on Sunday at the close of business) following the opening of the Store for business and continuing each business week thereafter during the term hereof, you shall pay to VP:

(1) a continuing weekly royalty fee in an amount equal to five percent (5%) of the “Gross Sales” of the Store, as “Gross Sales” are defined in Section 5.E of this Agreement (“Royalty”). You shall provide VP complete and accurate sales reports, including all purchase and sales reports, as set forth in Article 10 hereof. VP reserves the right to poll or audit the Store through the Point of Sale Accounting System or through any other means necessary; and

(2) a contribution to the National Advertising Cooperative (as defined in Section 11.A of this Agreement) in an amount equal to one percent (1%) to two percent (2%) of the Gross Sales of the Store.

**C.** In addition, beginning at the end of the first Business Week following the opening of the Store for business, you shall pay to VP weekly fees based on the total number of delivery and pick-up orders transmitted to the Store that are placed by a customer through the Electronic Order Entry Service. "Electronic Order Entry Service" shall include any orders placed through any online or remote ordering service authorized by VP and utilizing systems, software or support provided by VP or its approved vendor partners. The weekly transaction fee payable to VP is equal to seventy-five cents (\$0.75) per transaction placed through Electronic Order Entry Service (the "Online Ordering Transaction Fee"). Orders that are cancelled or voided before they reach the Store are not subject to an Online Transaction Fee, and revised orders do not count as an additional qualified transaction. VP may modify the transaction fee detailed in this Section, as it deems necessary in its sole discretion, upon thirty (30) days written notice to you.

**D.** You shall implement an automatic payment program ("ACH"), together with such procedures and practices incidental thereto as VP deems reasonable and necessary, pursuant to which Royalty payments, National Advertising Cooperative Contributions, Online Ordering Transaction Fees, Franchise Support Center Purchases, Enterprise Support Fees and any other amounts payable by you to VP or its affiliates hereunder are deducted automatically from one or more bank accounts established and maintained by you. Without limiting the generality of the foregoing, you shall, at the request of VP:

(1) Acquire, install and commence utilizing such brands, types, makes and/or models of communications and computer systems and/or hardware specified and required by VP for use in the Store, or between or among Stores and VP;

(2) Undertake to pay any and all installation, consulting, use, maintenance and/or license fees fee by VP, or any vendor engaged by VP, incurred in connection with such communications and accounting systems;

(3) Execute and deliver to VP, VP's bank(s) and your bank(s) such forms and documents as are reasonably necessary or required to permit VP to debit your bank account(s), either by check, via electronic funds transfer or such alternative means as VP may designate (the "Payment Methods"). You must comply with all procedures specified by VP from time to time, and/or take such reasonable actions as VP may request to assist in any of the Payment Methods. VP may use the Payment Methods to collect the amount of each Royalty and any other amounts due to VP and the Advertising Fund(s);

(4) Acknowledge and agree that VP may in its sole discretion modify the Payment Methods and payment time periods, whether on a weekly or period basis; and,

(5) Acknowledge and agree that the Royalty, National Advertising Cooperative Contributions, Online Ordering Transaction Fees and Franchise Support Center Purchases may be debited each week on the day of the week determined by VP ("Weekly Payment Date") based on the Gross Sales, and the number of Online Ordering transactions for the preceding Business Week or if the Weekly Payment Date falls on a bank holiday, then on the next business day. In the event you make discretionary purchases from VP, the amount of the purchase will be debited on the Weekly Payment Date for the week in which the purchase was made. In the event a Commissary is established, Commissary payments will be debited one business day after products are delivered to the Store. VP will determine your Gross Sales and number of Online Ordering transactions for each Business Week through VP's integrated Enterprise Solution via

polling through the required Point of Sale (“POS”) Accounting System or from the weekly sales report submitted in writing on or before 11 a.m. on the Weekly Payment Date. If you fail to report Gross Sales on a timely basis, VP may estimate the Gross Sales of the Store for such business week and debit your bank account the amount of the Royalty and National Advertising Cooperative Contributions on such estimate. If an estimate results in an overpayment, VP shall deduct the amount of the overpayment from the next Business Week’s Royalty payment and/or Advertising Cooperative Contributions. Any deficiency resulting from such estimate may be added to the next Royalty payment and/or National Advertising Cooperative Contributions due and debited against your bank account. You shall notify VP at least twenty (20) days prior to closing or making any change to the account against which debits are to be made. If such account is closed or ceases to be used, you shall immediately provide all documents and information necessary to permit VP to debit the amounts due from another account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and shall not affect any obligation or liability for amounts owed. If for any reason your account cannot be electronically debited, you shall submit payments by certified check or wire on or before the dates when due. You shall indemnify and hold VP, and VP’s officers, directors and employees, harmless from and against all damages, losses, costs and expenses resulting from any dishonored debit against your account, regardless of whether resulting from the act or omission of you or your bank; provided that you shall not be obligated to indemnify VP for any dishonored debit caused by VP’s negligence or mistake.

**E.** Any payment or report not actually received by VP on or before the Weekly Payment Date shall be deemed to be overdue. If any payment is overdue, you shall pay VP, in addition to the overdue amount, a Twenty Five (\$25.00) Dollar fee to cover bank fees associated with disruption of the Payment Methods, and interest on the overdue amount from the date it was due until paid at the rate of two percent (2%) percent per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies VP may have. You shall pay VP, any costs of collection including collection agency fees, legal fees and other expenses associated with collecting overdue amounts.

**F.** As used in this Agreement, “Gross Sales” shall include all revenue from the sale of all services (including delivery fees) and products, including without limitation, all pizza, panini products, beverages, salads, strombolis, appetizers and desserts and all other income of every kind and nature related to the operation of the Store, whether for cash or credit and regardless of collection in the case of credit; provided, however, that “Gross Sales” shall not include any sales taxes, other taxes collected from customers by you for transmittal to the appropriate taxing authority, or any discounts under programs approved by VP.

## **6. FRANCHISEE'S OBLIGATIONS**

**A.** You understand and acknowledge that every detail of the franchised business is important to VP, you and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect VP's reputation and goodwill. IF VP has not approved an Accepted Location at the time this Agreement is executed, you shall submit a Site Evaluation Plan (SEP) detailing the necessary information for VP to determine and approve an appropriate site location.

**B.** Before commencing any construction on any Store, you, at your expense, shall comply, to VP's satisfaction, with all of the following requirements:

(1) You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary or advisable owing to any restrictive covenants relating to your location;

(2) You shall be required to obtain architectural drawings from an approved architectural firm for your store, including technical and mechanical drawings;

(3) You shall obtain all permits and certifications required for the lawful construction, renovation and operation of the Store and if requested, shall certify in writing to VP that all such permits and certifications have been obtained and submit all proof thereof;

(4) You shall submit for VP's acceptance such specifications and dimensions necessary for VP to prepare the floor plan for the Store. These specifications and dimensions shall be submitted in a form determined by VP and signed by you or by your authorized representative attesting that they are accurate;

(5) VP must approve in writing the final complete set of architectural drawings. You shall not begin construction without VP's express written approval of the final complete set of drawings for the Store. You may use a VP approved licensed construction contractor and sub-contractor with prior food service construction experience. To be considered a VP approved and qualified licensed construction contractor, the contractor must (i) have prior food service construction experience or, with VP's prior written consent, you may use a licensed contractor selected by you and who meets VP's qualification criteria, (ii) derive eighty percent (80%) of its income from construction work and (iii) have prior written approval from VP before any form of construction or remodeling begins. A licensed general construction contractor without food service construction experience may be used so long as all construction sub-contractors are licensed and have prior food service construction experience. You are not permitted to act as your own construction contractor at any time or for any reason unless you are currently, at the time of signing the Franchise or Development Agreements, a licensed construction contractor with food service construction experience and meeting all criteria noted above;

(6) You shall notify VP of the date of completion of construction and/or remodeling, and shall submit copies of the Certificate of Occupancy and the Health Permit for the Store. You acknowledge and agree that you shall not open the Store for business without the express written authorization of VP, which authorization is dependent upon your strict compliance with the specifications of the accepted final plans and VP's current standards. VP must provide final approval and/or inspection prior to the Store opening;

(7) You shall not open the Store for business until twenty-one (21) days following the date of VP's authorization to do so and as provided above. You may not establish the date or time for opening the Store. The parties agree that time is of the essence in the construction and opening of the Store; and

(8) You will be responsible for accessing the website on a daily basis for updates and new communication and information. VP reserves the right to immediately terminate the use of any VP e-mail address for any reason and without any notice. VP will grant you access to its website "Communication Forum" for the purpose of enhancing communication between you and VP and its other Franchise Partners. VP's "Communication Forum" must be used for VP business only.

**C.** You shall construct, furnish and open the Store according to the provisions set forth in this Article 6 and specifications contained in the then-current Manuals within six (6) months of the execution of this Agreement. With the exception that no site location meeting VP's then-current site selection criteria is available in your DZ, VP may assess you every month for each Store not open and operating on its scheduled development date, a lump sum amount equal to the net present value of the Royalties, marketing and advertising fees that would have become due following the opening of the Store unless, in the opinion of VP, you have made a good faith effort

to identify a site location and construct, furnish and open the Store, or if the inability to identify a site location or to construct, furnish and operate a Store is beyond your reasonable control. Due to the absence of ample history to establish the Store average sales, VP will calculate the royalties and advertising fees based on the then current average across corporate and franchise Stores. Extensions to this time period may be made if reasonable progress is being made to open and operate the Store in a timely manner. Extensions will be issued at the sole discretion of VP and will be handled on a case-by-case basis. Prior to opening for business, you shall comply with all pre-opening requirements set forth in this Agreement, the Manual and/or elsewhere in writing by VP.

**D.** Prior to the opening of the Store, VP will allow for a total of three (3) individuals employed in the Store and designated by you to attend the Franchise Training Program. The Operating Partner (if not previously trained and certified by VP), and the General Manager (if not previously trained and certified by VP) must attend and successfully complete, to VP's satisfaction, the training program for certifying qualified managers (the "Franchise Training Program") then currently provided by VP. The present Franchise Training Program is a minimum of three (3) weeks to eight (8) weeks in duration and involves, among other things, on-site training at various corporate, and/or franchised VOCELLI® Pizza Stores. After completion of the Certified Management Training Program you may be required to attend, based on your performance in training (at VP's sole discretion), additional training prior to the Store opening. You will also be required to attend a one-day Pre-Opening Training within thirty (30) days following the execution of this Agreement. This training can be instructed by any current Vocelli Pizza Certified Trainer. At VP's option, any persons subsequently designated by you as Operating Partner or employed by you in the position of General Manager, with VP's approval and according to Section 1.H, hereof, shall also successfully complete VP's Certified Management Training Program. The Operating Partner, General Manager and other employees shall also attend such refresher courses, seminars and other training programs as VP may reasonably require from time to time. Refresher and new product/procedure training will at times require attendance at a Regional Training Session.

**E.** For all initial Franchise Training Programs and subsequent training courses, seminars and programs, your employees shall be responsible for any expenses incurred by them in connection with any such courses, seminars and programs, including, without limitation, the costs of transportation, lodging, meals, wages, and the cost of materials provided by VP at the training.

**F.** You shall use the Store premises solely for the operation of the business franchised hereunder; you shall keep the business open and in normal operation for such minimum hours and days as VP may from time to time specify in the Manual; and you shall refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining the written consent of VP.

**G.** You agree to maintain a competent, conscientious, trained staff, including a full-time Operating Partner or General Manager that has successfully completed the Certified Management Training Program, and assistant managers and shift managers. You also agree to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as VP may prescribe. You shall, at your sole cost, purchase uniforms for your employees from approved suppliers.

**H.** You agree to treat all vendors and Franchise Support Center Staff professionally. You shall not threaten, verbally or physically abuse or do anything that would diminish the relationship between VP and its suppliers, staff, vendors or affiliates. VP reserves the right to terminate your vendor agreement between you and the supplier in such instances.

**I.** You shall meet and maintain the highest health standards and ratings applicable to the operation of the Store. You shall furnish to VP, within five (5) days after receipt thereof, a copy of any inspection report, warning, citation, certificate and/or rating which indicates your failure to meet or maintain the highest applicable health or safety standards in the operation of the Store.

**J.** You shall maintain the Store in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without VP's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and decor as VP may reasonably direct.

**K.** VP requires, which shall not be more often than once every five (5) years, you to refurbish the Store at your expense to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the image then in effect for new Vocelli Pizza Stores under the System, including, without limitation, structural changes, remodeling, which may include a change in the layout of the floor plan, equipment updates or changes, computer hardware and software updates, redecoration and modifications to existing improvements.

**L.** You shall cooperate and permit other franchisees and/or management trainees, to participate in on-site training courses at the Store, without fee.

**M.** To insure that the highest degree of quality and service is maintained, you shall operate the Store in strict conformity with such methods, standards and specifications as VP may from time to time prescribe in the Manual or otherwise in writing. You agree:

(1) To maintain in sufficient supply, and to use and/or sell at all times, only such approved menu items, ingredients, products, materials, supplies and paper goods that conform with VP's standards and specifications, and to refrain from using in any way or offering for any purpose non-conforming and unapproved items, without VP's prior written consent, which may be withheld for any or no reason whatsoever.

(2) To sell or offer for sale only such menu items, products and services as have been expressly approved for sale in writing by VP; to sell or offer for sale all types of menu items, products and services specified by VP; to refrain from any deviation from VP's standards and specifications without VP's prior written consent; and to discontinue selling and offering for sale any menu items, products or services which VP may, in its discretion, disapprove in writing at any time.

(3) To permit VP or its agents, at any hours of operation specified in the Manual, to gain access to the store premises for inspection. VP, may at its sole discretion and without payment to you, discard expired or deficient product after an inspection reveals said samples do not meet VP's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, VP may require you to bear the cost of such testing if the supplier of the item has not previously been approved by VP or if the sample fails to conform with VP's specifications.

(4) To purchase and install, at your expense, all fixtures, furnishings, equipment, decor and signs as VP may reasonably direct from time to time in the Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Store premises, without VP's prior written consent, any fixtures, furnishings, equipment, decor, signs, games, vending machines or other items not previously approved as meeting VP's standards and specifications.

(5) To sell or offer for sale only products and services expressly authorized by VP in writing. Any catering activities conducted at or from the Store premises shall be subject to Royalty payments, National Advertising Cooperative Contributions and the payment of other fees required hereunder. In addition, any off premise sales or catering sales authorized by VP in writing shall also be subject to Royalty payments, Advertising Fund (s) contributions and the payment of other fees required hereunder.

(6) To participate in the testing and development of new menu items, at your cost, that may be developed or conceived by VP.

(7) To pay all vendors and purveyors in a timely manner in accordance with customary industry payment terms so as not to impair the reputation of VP, other franchisees or otherwise impair the Proprietary Marks; unless such failure to pay is in the ordinary course of business.

**N.** You shall purchase all equipment, inventory, supplies, ingredients and other required products used or offered for sale at the Store solely from approved suppliers (including manufacturers, distributors and other sources) who demonstrate, to the continuing reasonable satisfaction of VP, the ability to meet VP's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by VP prior to any purchases by you from any such supplier, and have not thereafter been disapproved. If you desire to purchase any products or items that are not approved brands and/or from suppliers not on VP's approved supplier list, you must first submit to VP a written request to do so with sufficient information, specifications and samples for VP to conduct the examination and tests needed to ensure compliance with our standards. You shall not purchase from any supplier until and unless such supplier has been approved in writing by VP. VP shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to VP or to an independent laboratory designated by VP for testing. A fee not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by you or the supplier. VP grants or revokes approval of suppliers based primarily upon the quality of the products or merchandise produced or distributed by the supplier. If data, samples and materials reasonably requested by VP for its inspection are provided in a timely fashion, VP will approve or disapprove the supplier within fifteen (15) days of receipt of your written request. VP may also require that the supplier comply with such other requirements as VP may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs. VP reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of VP's then-current criteria. Nothing in the foregoing shall be construed to require VP to approve any particular supplier.

**O.** VP may, at its sole and exclusive election, establish one or more commissaries to supply designated and approved products to Stores owned by VP or its Affiliates and those of our franchisees (the "Commissaries"). In such event, you will be required to purchase such products from such Commissaries unless and until such time as a successor supplier of such product is designated. VP shall have no obligation to continue supplying you, or to continue to operate any Commissary. If VP ceases operating the Commissaries or terminates service to you (other than as a result of the termination or expiration of the Franchise), VP shall provide you with the name, address and phone number of an alternative approved supplier(s) and the products to be purchased from such supplier(s). All purchases from the Commissaries are on the terms specified from time to time by VP, and VP hereby reserves the right to specify different terms for different franchisees.

**P.** You acknowledge and agree that VP may develop for use in the System certain products which are highly confidential secret recipes and which are trade secrets of VP. Due to the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that VP closely controls the production and distribution of such products. Accordingly, you agree that, in the event such products are or become a part of the System, you shall use only VP's secret recipe products and shall purchase from VP or from a source designated by VP, at a fair market price, all of your requirements of such products.

**Q.** You shall spend two percent (2%) to six percent (6%) of Gross Sales on local advertising, marketing and promotion of the Store based on the adjusted and approved advertising fee rates of the National Advertising Cooperative and Regional Advertising Group, if a Regional Advertising Group is established. You shall require all advertising and promotional materials, signs, decorations, paper goods (including disposable food containers, napkins, menus, pizza boxes, and all forms and stationery used in the franchised business), and other items, which may be designated by VP to bear the Proprietary Marks in the form, color, location and manner prescribed by VP. To preserve its image under the System, VP purchases large quantities of such supplies bearing the Proprietary Marks. You agree to purchase from or through VP, or through approved suppliers, all such supplies, exclusive of menus, flyers, napkins, stationary and other paper products, provided such bear the proper Proprietary Marks.

**R.** You shall grant VP and its agents the right to enter the Store premises at any time during hours of operations specified in the Manual for the purpose of conducting inspections and training seminars for others; shall cooperate with VP's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from VP or its agents and without limiting VP's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by VP, VP shall have the right and authority (without, however, any obligation to do so), to correct such deficiencies and to fee you a reasonable fee for VP's expenses in so acting, payable by you immediately upon demand. VP shall provide you written notice of any deficiencies as set forth above.

**S.** In the event you establish a corporation, you shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of you and shall furnish the list to VP upon request. VP shall maintain the information provided by you in this section as confidential.

**T.** In the event you are a partnership, you shall prepare and furnish to VP, upon request, a list of all general and limited partners in you throughout the term of this Agreement. VP shall maintain the information provided by you in this section as confidential.

**U.** In the event you establish a Limited Liability Company, you shall prepare and furnish to VP, upon request, a list of all members and managers in the Limited Liability Company. VP shall maintain the information required by this Section as confidential.

**V.** You shall update the Point of Sale software and hardware periodically, as upgrades are made available and as required by VP in its Operations Manual. You are required to participate in the Enterprise Software Support Solution and to provide high speed internet access to enable the Enterprise Solution Software. VP reserves the right but has yet to realize revenue for the purchase, installation and training of hardware, software and other Enterprise Support services.

You are required to participate in, and bear cost of any and all support contracts and relationships deemed necessary to ensure continuous operation of your franchise. These services may include, but are not limited to: telecommunications services, "point-of-sale", online ordering, or payment transaction related hardware or software.

You are also required to participate in, and bear any costs associated with upgraded or augmenting technology in your location. VP must approve any changes to the technology in your location for the purposes of adherence to payment card industry ("PCI") compliance and any other standard required by law.

You are required to update "point-of-sale" software systems as mandated by VP in conjunction with the software vendor of record. Costs of these upgrades will be your responsibility unless otherwise identified in written agreement with VP and/or a software vendor of record.

You are required, if requested by VP, to update mapping data every 5 years during the term of this Agreement for the purpose of improving business operations, expanding effectiveness of online sales and protection of franchisee rights. All costs associated with updating this information will be borne by you.

You will transfer to VP the administration and maintenance of any social media or any other public website accounts which bear the VP trademark or its recognized derivatives as their identity, unless otherwise authorized in written form by VP. In that regard, VP may, as it deems necessary in its sole discretion, provide you with a template to create a social media site for your Store. If VP provides you with such a template, you are prohibited from posting, commenting, changing, tweeting, or otherwise modifying such template in any way and otherwise must adhere to any and all of VP's policies and procedures related to web-based marketing. If you fail to adhere to any of the foregoing, VP reserves the right to prohibit or otherwise restrict your use of such social media.

You must obtain VP's prior approval of all advertising and promotional plans and materials that you desire to use, including internet and other electronic advertising.

**W.** In the event the premises of the Store are held under a lease, you shall at all times be in compliance with the terms of such lease and you shall promptly send to VP any notices of default received from the lessor of such premises.

**X.** You are required to be connected to VP's integrated Enterprise Solution so that your Store can handle Online Orders, receive menu updates and support, store polling, network support, integrated credit card processing and customer loyalty/rewards information. VP reserves the right to change its Online Support Center Policy with ninety (90) days written notice. You are also required to adhere and comply with all guidelines, procedures, policies, rules, regulations and changes to the then current Operations Manual. You will be required to implement all changes to the Online Support Center system, and its governing policies as noted in the Operations Manual. You must pay the required Electronic Order Entry Service Fee and the Online Support Center Fee each week as set forth more fully in Section 5.B of this Agreement. You acknowledge that errors are part of all businesses and that the costs of those errors are absorbed in the natural course of operating any business, thus VP will not refund any transaction fee incurred as a result of an error or a voided or cancelled order unless otherwise specifically stated in VP's Online Support Center Policy. You agree to update the Point of Sale software periodically, as upgrades are made available and to initiate a monthly Maintenance Agreement as part of our Enterprise Support Solution. VP reserves the right to modify the Online Support Center system or to engage an alternative vendor fees and to discontinue use of the Online Support Center system with thirty (30) days' notice. Other than using the VP Online Ordering System, you may not without our consent,

use other channels of distribution such as Internet, mobile ordering platforms, catalog sales, telemarketing, or other direct marketing to solicit or accept orders.

**Y.** You shall procure, prior to the commencement of any construction operations of the Store under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement at your expense, an insurance policy or policies protecting you, VP and their respective officers, directors, partners and employees, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the franchised business.

**Z.** You are required to comply with all steps necessary to ensure the timely research and delivery of accurate street data to VP prior to developing your Store map for your DZ and to secure other information in your delivery area to ensure the accurate delivery of orders to customers. Your obligations are subject to VP's Mapping Requirements as posted on the VP.

**AA.** You are required to comply with the 100% Customer Satisfaction Guarantee policy, which may be changed by VP from time to time. VP will not refund, reimburse or compensate you for adjustments, remakes or free product issued to Customers to support VP's 100% Customer Satisfaction Guarantee policy.

**BB.** You shall comply with all other requirements set forth in this Agreement.

**CC.** You must provide updates or changes to your contact information including all home and store phone numbers, mailing addresses, fax numbers and e-mail addresses within five (5) days of any change. Failure to do so constitutes a breach of this agreement.

## **7. MARKS**

**A. Ownership and Goodwill of Proprietary Marks.** You acknowledge that VP owns the Proprietary Marks and that you have no interest whatsoever in or to the Proprietary Marks and that your right to use the Proprietary Marks is derived solely from this Agreement and is limited to the conduct of its business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by VP from time to time during the term of the Franchise. Any unauthorized use of the Proprietary Marks by you shall constitute an infringement of the rights of VP in and to the Proprietary Marks. Upon termination of this Agreement, with or without cause, you shall immediately discontinue all use of the Proprietary Marks. If you fail to do so, you shall pay all costs and expenses incurred by VP in enforcing this provision, including without limitation attorney's fees.

You agree that all usage of the Proprietary Marks by you and any goodwill established thereby shall inure to the exclusive benefit of VP, and you acknowledge that this Agreement does not confer any goodwill or other interests in the Proprietary Marks upon you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist any other person in contesting the validity or ownership of any of the Proprietary Marks.

All provisions of this Agreement applicable to the Proprietary Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use and licensed to you pursuant to the Franchise.

Upon termination or expiration of the Franchise, you shall cease using the Local telephone numbers and immediately assign all main and fax telephone numbers to VP. You further agree that if you obtain any additional or substitute telephone service or telephone

number(s) at the Store, you will promptly notify VP and such additional or substitute number(s) shall be subject to this Agreement. You shall immediately take all such actions as may be necessary to transfer any telephone number and any telephone directory listings associated with the Store or the Proprietary Marks to VP. You acknowledge and agree that the telephone company and all listing agencies may accept this Agreement as conclusive evidence of VP's exclusive right in such telephone number(s) and directory listings and VP's authority to direct their transfer. Upon termination or sale or transfer of the Franchise, the telephone numbers associated with the Store shall be immediately deemed transferred to VP and shall remain proprietary property of VP.

Upon termination or expiration of this Agreement (without renewal or extension), you shall have no further right, title or interest in the telephone number(s) and listings and shall remain liable to the telephone company for all fees and fees owing to the telephone company on or before the effective date of the assignment hereunder.

You agree and acknowledge that upon termination or expiration of the Franchise Agreement, VP shall have the sole right to and interest in the telephone number(s) and listings, and you appoint VP as its true and lawful attorney-in-fact to direct the telephone company to assign same to VP, and execute such documents and take such actions as may be necessary to effectuate the assignment.

**B. Limitations on Franchisee's Use of Proprietary Marks.** You agree to use the Proprietary Marks as the sole identification of the Store, provided that you shall identify yourself as the independent owner thereof in the manner prescribed by VP. You shall not use any Proprietary Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Proprietary Mark in connection with the sale of any authorized product or service or in any other manner not expressly authorized in writing by VP, it being expressly understood that the words "VOCELLI<sup>®</sup>" Pizza shall not be used in your corporate name. You agree to display the Proprietary Marks prominently and in the manner prescribed by VP on signs, menus and forms. Further, you agree to give such notices of trademark and service mark registrations and copyrights as VP specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

**C. Notification of Infringements and Claims.** You shall notify VP immediately in writing of any apparent infringement of or challenge to your use of any Proprietary Mark, or claim by any person of any rights in any Proprietary Mark or any similar trade name, trademark or service mark of which you become aware. You shall not communicate with any person other than VP and its counsel in connection with any such infringement, challenge or claim. VP and/or its licensor shall have sole discretion to take such action, as it deems appropriate and the right to exclusively control any litigation. Whether before the U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any Proprietary Mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of VP's counsel, be necessary or advisable to protect and maintain the interests of VP and/or its licensor in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of VP and/or its licensor in the Marks.

**D. Indemnification of Franchisee.** VP agrees to defend, indemnify and hold you harmless against, and to reimburse you for, all damages for which he is held liable in any proceeding in which your use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, copyright infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that you have timely

notified VP of such claim or proceeding, has otherwise complied with this Agreement and has tendered complete control of the defense of such to VP. If VP defends such claim, VP shall have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney retained by you; provided, however, in the event of a conflict between VP and you regarding the defense of the claim or for any action by you to compel VP to defend the claim VP shall be responsible for all attorney fees, expenses and costs of litigation incurred by you.

## **8. CONFIDENTIAL MANUALS**

**A.** In order to protect the reputation and goodwill of VP and to maintain high standards of operation under VP's Proprietary Marks, you shall conduct its business in accordance with the various Manuals which may consist of more than one volume, including, without limitation: operations manuals, training manuals, development manuals, marketing manuals, Online Support Center manuals, customer service manuals, system communications and all similar manuals (collectively, the "Manual"). VP shall issue you one copy of which you acknowledge having received on loan from VP for the term of this Agreement. You acknowledge and agree that VP may modify or replace the Manual and you agree to conduct your business in accordance with the then current Manual.

**B.** You shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the franchised business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

**C.** The Manual shall at all times remain the sole property of VP and shall at all times be kept in a secure place on the Store premises.

**D.** VP may from time to time revise the contents of the Manual as it deems reasonable to improve the System, and you expressly agree to comply, at your own expense, with each new or changed standard within such reasonable period of time as is necessary to achieve compliance.

**E.** You shall at all times maintain the Manual at the Store and insure that the Manual is kept current and up to date; and, in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by VP at VP's home office shall be controlling.

**F.** Upon the expiration or earlier termination of this Agreement, for any reason whatsoever, you shall immediately surrender and deliver to VP, the Manual and all supplements thereto.

## **9. CONFIDENTIAL INFORMATION**

**A.** You shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to you or of which you may be apprized by virtue of your operation under the terms of this Agreement. You shall divulge such confidential information only to those employees, as must have access to it in order to operate the franchised business. Any and all information, knowledge, know-how, and techniques which VP designated as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by VP;

or which, at or after the time of disclosure by VP to you, had become or later becomes a part of the public domain, through publication or communication by others.

**B.** You shall require your General Manager and any management personnel having access to any confidential information from VP to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at the Store. Such covenants shall be in a form satisfactory to VP, including, without limitation, specific identification of VP as a third party beneficiary of such covenants with the independent right to enforce them.

**C.** You acknowledge that any failure to comply with the requirements of this Section 9 will cause VP irreparable injury, and you agree to pay all court costs and reasonable attorney's fees incurred by VP in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 9.

## **10. ACCOUNTING, RECORDS, REPORTS, INSPECTIONS AND AUDITS**

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, but in no case less than required by local or federal law, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles, consistently applied, and in the form and manner prescribed by VP from time to time in the Manual or otherwise in writing.

**A.** In addition to the royalty fees required under Article 5 hereof, you shall submit to VP no later than 11am, Monday of each week during the term of this Agreement after the opening of the franchised business, a remittance report, in the form prescribed by VP, accurately reflecting all Gross Sales during the preceding Business Week, and such other data or information as VP may require, including without limitation, a report of all costs of goods sold including Food Cost and Labor Cost.

**B.** You shall submit no later than fourteen (14) calendar days after the period ending date of each fiscal period and during the term of this Agreement following the opening of the franchised business, financial statements which shall include an Income Statement (Profit and Loss Statement), Balance Sheet (which may be unaudited) and a Statement of Cash Flow for the franchised business for each preceding period and fiscal year-to-date. The financial statement shall be in such form, content and detail as prescribed from time-to-time by VP and shall include, among other things, a specific report of Gross Sales. It is expressly understood that VP, in order to protect its goodwill, name and royalty payments, may from time-to-time, change, alter and modify the financial reporting requirements herein and you agree to adhere to such modification. You acknowledge and agree that failure to submit the reports set forth in this Section 10 in a timely fashion is a default under the Agreement and may result in termination of the Agreement. Further, you agree to incur the expense of a full and complete audit if you do not provide financial statements. A single failure to submit timely financial statements constitutes a default under which an audit can be requested by VP. Upon VP's written request for you to initiate an audit of your business financials, you must make arrangements to initiate an audit within thirty (30) days and provide proof of procuring an accounting firm to perform the audit. Failure to procure an accounting firm within thirty (30) days shall constitute default under this agreement and may result in immediate termination of the Agreement.

You shall grant access, either remotely or by physical visitation, to any and all systems on the premises of the Store for the purpose of VP's retrieval of data for the completion of a remittance report.

**C.** You shall, at your expense, provide to VP a complete compiled annual sales report, in a format which will be provided by VP, and compiled financial statements without disclosure, including profit and loss statements, balance sheets and statements of cash flow on a fiscal year basis prepared by an independent certified public accountant approved by VP, within ninety (90) days after the end of each fiscal year of the franchised business during the term hereof, showing the results of operations of the franchised business during said fiscal year, and shall submit copies of all state sales tax returns for the franchised business.

**D.** Upon request of VP, you shall provide confirmation of all tax filings within fifteen (15) days of such request.

**E.** You shall also submit to VP, for review or auditing, such other forms, reports, records, information and data as VP may reasonably designate, in the form, which may be an electronic transfer using the POS System as set forth in Section 10.G, below, and at the times and places reasonably required by VP, upon request and as specified from time to time in the Manual or otherwise in writing.

**F.** You shall adopt such fiscal periods as VP may determine from time to time in its sole discretion. You shall comply with such requirement for its next fiscal year upon sixty (60) days' notice from VP.

**G.** You agree to purchase at your expense and use such electronic equipment and software as VP may specify including, without limitation, cash registers, computers and communications devices, firewalls, high speed internet access and other operational requirements in connection with its operations of the franchised business and communications with VP. You shall purchase and use the POS System and software program designated by VP. You are required to be connected to VP's technology infrastructure so that your store can accept online orders, receive menu updates, participate in store polling, and provide integrated credit card processing and customer loyalty/rewards information including gift cards. You are requested to follow all policies of VP, including the policies regarding your use of third-party delivery systems.

VP reserves the right to use this line for polling of sales and any other pertinent information relating to the operation of the store. You must use the Point of Sale Accounting System according to the training and documentation provided by VP, and as detailed in the Operations Manual, to record sales, purchases, income, expense and inventory. You must utilize the Online Support Center as described in Section 5 above.

**H.** VP or its designated agents shall have the right at all reasonable times to examine and copy, at VP's expense, your books, records and tax returns. VP shall have the right, at any time, to poll your store through the Point of Sale Accounting System or through whatever means necessary. If an audit should reveal that any reporting has been understated in any report submitted to VP, you shall be solely responsible to pay the full and complete cost of the aforementioned audit in addition to any monies due VP, including but not limited to, interest penalties and cost of recovery.

You shall use an electronic Point of Sale Accounting System approved by VP and save all daily reports for a period of three (3) years from the date of the sales recorded on such daily reports. You acknowledge and agree that failure to save the reports set forth herein for the time period specified is a default under the Agreement and may result in termination of the Agreement. If an inspection should reveal that any payments have been understated in any report to VP, then you shall immediately pay to VP the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If an inspection discloses an

understatement in any report of three percent (3%) or more, you shall, in addition, reimburse VP for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accountant and legal costs). The foregoing remedies shall be in addition to any other remedies VP may have for breach of this Agreement or otherwise.

## **11. ADVERTISING**

**A.** Recognizing the value of local, regional, and national advertising to the goodwill and public image of Vocelli Pizza Stores, the National Advertising Cooperative has been established for such advertising or public relations programs as VP and its franchisees may deem necessary or appropriate to advertise or promote Vocelli Pizza Stores. VP shall direct all such programs, with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof.

**B.** The National Advertising Cooperative is a separate cooperative and accordingly, shall be accounted for separately from the other monies of VP and shall not be used to defray any of VP's general operating expenses, except for such reasonable salaries, administrative costs, and overhead as VP may incur in activities reasonably related to the administration or direction of the National Advertising Cooperative and its programs (including, without limitation, conducting market research, preparing advertising materials, graphic art and design, compensating Marketing Manager(s), to, among other things, assist franchisees in working toward assuring the development and execution of local store marketing plans, and collecting and accounting for contributions to the National Advertising Cooperative. The National Advertising Cooperative and its earnings shall not otherwise inure to the benefit of VP. The National Advertising Cooperative shall maintain a separate bookkeeping account from VP, and a report of the operations of the National Advertising Cooperative shall be prepared monthly by National Advertising Cooperative and shall be available upon request. All checks drawn from the National Advertising Cooperative require the signature of a VP corporate representative.

Except as expressly provided in this Section 11, neither VP nor the National Advertising Cooperative assume any direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the National Advertising Cooperative, including without limitation, any failure by any franchisees of VP to make any contributions to the National Advertising Cooperative. If excess amounts remain in the National Advertising Cooperative at the end of a taxable year, any expenditure in the following taxable year shall be made first out of the accumulated earnings from previous years, next out of earnings and contributions in the current year.

Although the National Advertising Cooperative is intended to be of perpetual duration, VP maintains the right to terminate the National Advertising Cooperative at its sole discretion. The National Advertising Cooperative shall not be terminated, however, until all monies in the National Advertising Cooperative have been expended for advertising and/or promotional purposes or refunded to franchisees pro rata.

**C.** You agree that to the extent the National Advertising Cooperative is utilized for national and/or regional purposes, it may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities, including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, newspaper and other media programs and activities, the costs of employing advertising agencies to assist therewith, the cost of providing promotional brochures and advertising materials to Vocelli Pizza Stores and the cost of organizing and providing facilities for national and regional franchisee marketing conferences.

The National Advertising Cooperative shall have the right to determine, in its sole discretion, the composition of all geographic territories and market areas for the development and implementation of such regional and/or national programs. You understand and acknowledge that the National Advertising Cooperative utilized for national and/or regional purposes is intended to maximize general recognition and patronage of the Proprietary Marks and Vocelli Pizza Stores for the benefit of all Vocelli Pizza Stores and that the National Advertising Cooperative undertakes no obligation to develop, implement, or administer local advertising or public relations programs or materials to ensure that expenditures which are proportionate or equivalent to a franchisee's contributions are made for the market area of your store or that any Vocelli Pizza store benefits directly pro rata from the placement of advertising.

**D.** VP also has the right to designate a regional advertising cooperative ("Regional Advertising Group") in any geographical area. If a Regional Advertising Group has been established for the area covering your Store(s) at the time you first open, you must immediately become a member of that Regional Advertising Group and contribute 2% to 3% of Gross Sales to the Regional Advertising Group. If VP establishes a Regional Advertising Group in an area including your Store after you first open, you must join the Regional Advertising Group within thirty (30) days after its creation and then contribute 2% to 3% of Gross Sales to the Regional Advertising Group. You will never have to join more than one Regional Advertising Group.

You must contribute to the Regional Advertising Group or, if no Regional Advertising Group is established, directly spend on local advertising in an amount equal to five percent (5%) or six percent (6%) of Gross Sales based on the approved advertising fee rate for the National Advertising Cooperative (refer to Section 5.B.(2) of this Agreement). Each Regional Advertising Group established, may adopt its own by-laws, rules and regulations, which are subject to VP's prior approval. There is no requirement that any Regional Advertising Group be audited. Upon your written request, we will provide you with an annual unaudited financial statement of your Regional Advertising Group.

All franchised Stores and all VP-owned Stores contribute to the Regional Advertising Group (or directly spend on local advertising) on the same basis, and the Regional Advertising Group spends all contributions on advertising, promotion and marketing of our goods and services.

**E.** You agree to spend for the Store opening advertising not less than Five Thousand Dollars (\$5,000), and up to Eight Thousand Dollars (\$8,000), to be incurred prior to and within the first thirty (30) days that the Store is opened for business. The required advertising expenditure will be based on whether your store is located in an existing or new market, and is in addition to any other local, regional and/or national advertising fees you are required to pay under this Agreement. You shall provide VP with a marketing plan for your Store opening and have such advertising plan approved by VP in writing prior to the Store opening.

## **12. INSURANCE**

**A.** You shall procure, prior to the commencement of any construction operations of the Store under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement at your expense, an insurance policy or policies protecting you, VP and their respective officers, directors, partners and employees, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the franchised business. Such policy or policies shall be written by a responsible carrier or carriers acceptable to VP and will name VP as an additional insured. The franchisee further agrees, by signing this agreement, to hold VP harmless

from any and all claims arising from your operations, whether insured or not. You acknowledge and agree that VP may reasonably specify additional coverages and higher policy limits from time to time and that you shall add such additional coverages and/or raise policy limits accordingly. Currently such policy or policies shall include, in accordance with standards and specifications set forth in the Manual or otherwise in writing, at a minimum, the following:

(1) Comprehensive General Liability insurance including contractual liability, property damage, personal and advertising injury, products liability, completed operations and tenant fire legal liability in an amount not less than Two Million (\$2,000,000) Dollars each occurrence and a Four Million (\$4,000,000) Dollars policy aggregate. These limits may be achieved through either a standard general liability or in combination with an excess umbrella liability policy.

(2) Automobile liability insurance covering all owned, non-owned and hired autos with a limit not less than One Million (1,000,000) dollars for each occurrence.

(3) "Special Causes of Loss Form" coverage for the full cost of replacement of the Store premises and all other property in which VP may have an interest, with a replacement cost clause attached, agreed amount endorsement equal to one hundred (100%) percent of the value of the property.

(4) Workers Compensation coverage including employer's liability (or the respective State equivalent such as stop gap liability) as required by statute or rule of state or locality in which the franchised business is located and operated, but in no case less than Five Hundred Thousand (\$500,000) Dollars each accident, Five Hundred Thousand (\$500,000) Dollars disease policy limit, Five Hundred Thousand (500,000) Dollars disease each employee limit. These limits may be achieved through either a standard workers compensation, employer's liability policy or in combination with an excess umbrella liability policy.

(5) Business interruption insurance, in an amount equal to fifty (50%) percent of your annual gross earnings excluding ordinary payroll expenses. VP shall be named as additional insured and loss payee in an amount equal to the royalties that would have been paid based on the Gross Sales of the Store for the preceding twelve [12] month period, or prorated for such shorter period (if the Store has not been in operation for twelve [12] months) and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such Certificates evidence coverage.

**B.** All public liability and property damage policies shall contain a provision that VP and the other insured parties, although named as additional insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to VP or its servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

**C.** At least thirty (30) days prior to the time any insurance is first required to be carried by you, and thereafter at least thirty (30) days prior to the expiration of any such policy, you shall deliver to VP Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given VP in the event of material alteration to or cancellation of the coverages evidenced by such Certificates. Further Certificates evidencing the insurance required by Section 12.A(1)–(5) hereof shall name VP, and each of its subsidiaries and affiliates, as additional insureds, and loss payees (in the case of 12.A(5) in an amount equal to the Royalties that would have been paid based on the Gross Sales of the Store for the preceding twelve (12) month period, or prorated for such shorter period, if the Store has not been in operation for twelve

(12) months and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by VP in the Manual or otherwise in writing, VP shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to fee same to you, which fees, together with a reasonable fee for VP's expenses in so acting, shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies VP may have. Failure to procure or maintain the insurance required herein is a default under the Agreement. Notwithstanding the foregoing, VP is not responsible for obtaining, maintaining or ensuring that you own the required insurance in the required amounts. Therefore, the failure by VP to obtain, maintain or ensure that you own the required insurance is not a breach of this Agreement and cannot be asserted by you or any third party as a basis for a cause of action against VP.

### **13. TRANSFER OF INTEREST**

**A. Transfer by VP.** VP shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity.

**B. Transfer by Franchisee.**

(1) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that VP has granted this franchise in reliance on your business skill, financial capacity and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this franchise, nor any individual, partnership, corporation or other legal entity which is involved in the operation or management of your business or owns interest(s) in this franchise or in you which in the aggregate constitute a majority of the ownership of you shall sell, assign, transfer, convey or give away, any direct or indirect interest in this franchise or in any legal entity which owns this franchise without the prior written consent of VP. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of VP required by this Section 13.B(1) shall be null and void and shall constitute a material breach of this Agreement, for which VP may then terminate without opportunity to cure pursuant to Section 14.B(5) of this Agreement.

(2) VP shall not unreasonably withhold its consent to a transfer of any interest in you or in this franchise; provided, however, that if a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring a controlling interest in the franchised business, VP may, in its sole discretion, require any or all of the following as conditions of its approval:

(a) All of your accrued monetary obligations and all other outstanding obligations to VP, its subsidiaries, and its affiliates shall have been satisfied;

(b) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and VP, or its subsidiaries and affiliates;

(c) The transferor shall have executed a Termination and General Release under seal, in a form satisfactory to VP, of any and all claims against VP and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(d) The transferee shall enter into a written assignment, under seal and in a form satisfactory to VP, assuming and agreeing to discharge all of the transferor's obligations under this Agreement; and, if the obligations of you were guaranteed by the transferor, the transferee shall guarantee the performance of all such obligations in writing in a form satisfactory to VP;

(e) The transferee shall demonstrate to VP's satisfaction that it meets VP's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

(f) The transferee shall execute (and/or, upon VP's request, shall cause all interested parties to execute), VP's then-current franchise agreement for a complete term as per the then-current agreement and with such renewal term as may be provided by such Agreement, as well as any other ancillary agreements as VP may require for the franchised business;

(g) The transferee, at its expense, shall upgrade the Store to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the image then in effect for new Vocelli Pizza Stores under the System, including without limitation, structural changes, remodeling, equipment updates or changes, computer hardware and software updates, phone system, redecoration and modifications to existing improvements; and shall complete the upgrading and other requirements within the time specified by VP;

(h) You shall remain liable for all of the obligations to VP in connection with the franchised business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by VP to evidence such liability;

(i) At the transferee's expense, up to three (3) individuals designated by the transferee may attend the Certified Management Training Program. The transferee's Operating Partner, (if not previously trained and certified), and General Manager (if not previously trained and certified), must successfully complete, to VP's satisfaction, the training program for certifying qualified managers (the "Certified Management Training Program") then currently provided by VP. VP may, at its sole discretion and based on your performance, extend the training period; or

(j) Except in the case of a transfer to a corporation formed for the convenience of ownership, transferee shall pay a transfer fee equal to \$6,000 or such greater amount as is necessary to reimburse VP for its reasonable costs and expenses associated with reviewing the application to transfer, including, without limitation, legal and accounting fees.

(3) You shall grant no security interest in the Store in any of its assets unless the secured party agrees that in the event of any default by you under any documents related to the security interest, VP shall have the right and option to be substituted as obligor to the secured party and to cure any default of you.

(4) You acknowledge and agree that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligations hereunder.

**C. Right of First Refusal.**

(1) Any party holding any direct or indirect interest in you or in this franchise and who desires to accept any bona fide offer from a third party (other than members of such party's immediate family) to purchase such interest shall notify VP in writing of each such offer, and shall provide such information and documentation relating to the offer as VP may require. VP shall have the right and option, exercisable, within thirty (30) days after receipt of such written notification, to send written notice to the seller that VP intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that VP elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by VP. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by VP as in the case of an initial offer. Failure of VP to exercise the option afforded by this Section 13.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article 13, with respect to a proposed transfer.

(2) In the event VP exercises its right of first refusal, the Agreement of Sale relating to such sale shall contain customary representations and warranties given by the Seller of the assets of a business or voting stock of any incorporated business, as applicable, including, without limitation, representations and warranties as to ownership, condition of and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets and validity of contracts.

(3) In the event the condition, terms and/or conditions offered by a third party are such that VP may not reasonably be required to furnish the same consideration, terms and/or conditions, then VP may purchase the interest in the franchised business proposed to be sold for the reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by VP and his determination shall be binding.

**D. Non-Waiver of Claims.** VP's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of VP's right to demand exact compliance with any of the terms of this Agreement by the transferee.

**E. State and Federal Securities Laws.** All materials required by federal or state law for the sale of any interest in you shall be submitted to VP for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to VP for review prior to their use. No offer of securities of you shall imply (by use of the Proprietary Marks or otherwise) that VP is participating in an underwriting, issuance or offering of securities of either you or VP; and VP's review of any offering shall be limited solely to the subject of the relationship between you and VP. You and/or the other participants in the offering must fully indemnify VP in connection with the offering. For each proposed offering, you shall pay to VP such amount as is necessary to reimburse VP for its reasonable costs and expenses associated with reviewing the proposed offering including, without limitation, legal and accounting fees. You shall give VP written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 13.E.

**14. DEFAULT AND TERMINATION**

**A.** You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you: (i) if you made false statements on the Franchise Application; or (ii) if you shall become insolvent or make a general assignment for the

benefit of creditors; or (iii) if a petition in bankruptcy is filed by you or such a petition is filed against you and not dismissed within sixty (60) days; or (iv) if you are adjudicated a bankrupt or insolvent; or (v) if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or (vi) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or (vii) if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or (viii) if a final judgment remains unsatisfied or of record of thirty (30) days or longer (unless supersedes bond is filed); or (ix) if you are dissolved; or (x) if execution is levied against your business or property; or (xi) if suit to foreclose any lien or mortgage against the Store premises or equipment is instituted against you and not dismissed within thirty (30) days; or (xii) if the real or personal property of your Store shall be sold after levy thereupon by any sheriff, marshal or constable.

**B.** You shall be deemed to be in default and VP may, at its option, immediately terminate this Agreement and all rights granted hereunder, upon the occurrence of any of the following events upon written notice to you and without opportunity to cure:

(1) If you fail to construct and open the franchised business within the time limits as provided in Section 6.C of the Agreement;

(2) If you at any time cease to operate or otherwise abandon the franchised business, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Store is located; provided, however, that if, through no fault of you, the premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then you shall have thirty (30) days after such event in which to apply for VP's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld, but may be conditioned upon the payment of an agreed minimum royalty to VP during the period in which the Store is not in operation in the event that you are insured on such loss;

(3) If the controlling party/parties of you are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that VP believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or VP's interest therein;

(4) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Store;

(5) If you or any partner or shareholder of the Store purports to transfer any rights or obligations under this Agreement or any interest in you to any third party without VP's prior written consent, contrary to the terms of Article 13 of this Agreement;

(6) If you fail to comply with the covenants in Section 16.B hereof or fail to obtain execution of the covenants required under Sections 9.B or 16.F hereof;

(7) If, contrary to the terms of Articles 8 or 9 hereof, you disclose or divulge the contents of the Manual or other confidential information provided to you by VP;

(8) If you knowingly maintain false books or records, or knowingly submit any false reports to VP, and/or fail or refuse to timely submit monthly profit and loss statements to VP as required herein;

(9) If you, after curing a default pursuant to Section 14.C hereof, commit the same default again, whether or not cured after notice;

(10) If you are in default under Articles 5 or 6 or Section 14.C hereof for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

(11) If you fail to pay any fees due VP in accordance with this Agreement and/or violate any other term, condition or covenant hereof;

(12) If upon the death of any individual you, if you are an individual or if you are a corporation or partnership, upon the death of any shareholder or partner, owning a twenty five (25%) percent or more interest in said corporation or partnership; provided, however, that such shareholder or partner is active in the day-to-day operations of the Store purchased hereunder. Notwithstanding the foregoing, any individual you may, upon death, cause the Franchise herein granted, to pass or be transferred to any member of his immediate family, provided each of the following conditions are met: (i) such proposed transferee is a member of the "immediate family" which shall include spouse, parent(s) or children of the individual franchise; (ii) such proposed transferee is approved, by VP, which approval shall not be unreasonably withheld, it being understood that VP shall apply the same standards as it would apply to any other proposed franchisee; and (iii) the proposed transferee participates in and satisfactorily completes VP's then current training program;

(13) If you or an agent or employee of you engage in unprofessional conduct, as reasonably determined by VP and such unprofessional conduct of the agent or employee was avoidable using or by taking reasonable measures by you;

(14) If you use or continue to use after notification by VP, any unapproved seasonings, ingredients, products, equipment or suppliers or

(15) If you do not provide VP with any changes to your home or Store telephone numbers, mailing or e-mail address within five (5) days of any change.

**C.** Except as provided in Sections 14.A and 14.B of this Agreement, upon any default by you which is susceptible of being cured, VP may terminate this Agreement only by giving written notice of termination stating the nature of such default to you at least sixty (60) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default and curing it to VP's satisfaction within the sixty (60) day period (or within such shorter time period as VP may reasonably specify), and by promptly providing proof thereof to VP. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the sixty (60) day period or such longer period as applicable law may require.

**D.** If you are the owner of more than 25% of another Vocelli Pizza Store franchise, then any breach of the franchise agreement in which you have a 25% or more ownership, will constitute a breach of this Agreement, and be grounds for VP to terminate this Agreement.

## **15. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

**A.** You shall immediately cease to operate the business franchised under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of VP.

**B.** You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Proprietary Mark the name VOCELLI® Pizza (irrespective of your corporate name); and all other Proprietary Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles, which display the Proprietary Marks.

**C.** You shall take action as may be necessary to cancel any assumed name or equivalent registration which contains any service mark or trademark of VP, and you shall furnish VP with evidence satisfactory to VP of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

**D.** You shall, at VP's option, assign to VP any interest, which you have in any lease or sublease for the premises of the franchised business. In the event VP does not elect to exercise its option to acquire the lease or sublease for the premises of the franchised business, you shall make such modifications or alterations to the premises operated hereunder (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises for that of other Stores under the System, and shall make such specific additional changes thereto as VP may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Article 15, VP shall have the right to enter upon the premises where your franchised business was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required.

**E.** You agree that in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof which is likely to cause confusion, mistake or deception, or which is likely to dilute VP's rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggest or represents as association or connection with VP constituting unfair competition.

**F.** You shall promptly pay all sums owing to VP and its subsidiaries and affiliates. In the event of termination for any default of you, such sums shall include all damages, liquidated damages, costs and expenses, including reasonable attorneys' fees, incurred by VP as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of VP against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and on the premises operated hereunder at the time of default.

In that regard, you recognize that it may be difficult to establish precisely the damages associated with a termination of this Franchise Agreement prior to the end of its term. Accordingly, you agree that in addition to any damages suffered by VP prior to termination of this Franchise Agreement, you agree to pay as liquidated damages an amount equal to the average monthly royalty amount paid to VP for the 12 full calendar months immediately prior to said termination, multiplied by the number of partial and full months remaining in the term of this Franchise Agreement. For illustration purposes only, if you paid VP \$24,000 for the 12 full calendar months immediately prior to said termination and there are 36 months remaining in the term of this Franchise Agreement, then VP shall be entitled to liquidated damages in the amount of \$72,000, calculated as follows ( $\$24,000 \div 12 = \$2,000$ ) times  $36 = \$72,000$ .

**G.** You shall pay to VP all damages, liquidated damages, costs and expenses, including reasonable attorneys' fees, incurred by VP subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 15.

**H.** You shall immediately deliver to VP all manuals, including the Manual, and all other records and instructions containing confidential information, all of which is acknowledged to be the property of VP.

**I.** You shall comply with the covenants contained in Section 16.C and 16.D of this Agreement.

**J.** You agree that upon termination, with or without cause, that you shall have no further right to use any of the phone numbers, facsimile numbers, website, web-page or other identifying number or address. At VP's sole and exclusive discretion, it shall have all proprietary right, title, claim and interest in and to each of the foregoing.

**K.** Make reasonable modifications to the interior and exterior of any retained premises to reduce your identification as a part of our franchise system. These modifications will include reasonable alterations to eliminate any possibility of confusion between the retained premises and any other Vocelli Pizza location. Until all modifications and alterations are completed, you will maintain a conspicuous sign in a form that VP specifies stating that you are no longer associated with VP. You will advise all customers or prospective customers coming to the retained premises or contacting you that you are no longer associated with VP.

## **16. COVENANTS**

**A.** You covenant that during the term of this Agreement, except as otherwise approved in writing by VP, the Operating Partner shall devote full time, energy and best efforts to the management and operation of the business franchised hereunder.

**B.** You specifically acknowledge that, pursuant to this Agreement, you will receive valuable specialized training and confidential information, including without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of VP and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by VP, neither you, your officers, directors, principals, nor any member of the immediate family of you or your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(1) Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering or licensing pizza and/or prepared food delivery business or other products, goods and/or services offered or authorized for sale by VP franchisees; provided, however, that this Section does not apply to your operation of any Store;

(2) Employ or seek to employ any person who is at that time or in the past has been employed by VP or by any other franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

(3) Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

**C.** You covenant that, except as otherwise approved in writing by VP, you shall not, for a period of three (3) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any member of the immediate family of you or your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any person, persons, partnership or corporation enter into any business competing in whole or in part with VP in granting franchises or licenses to operate businesses offering pizza and/or any other prepared food delivery business or other products, goods and/or services offered or authorized for sale by VP franchisees at the time the Agreement is terminated or otherwise expires and is not renewed.

**D.** You further covenant that for a period of three (3) years after the expiration, transfer, or termination of this Agreement, regardless of the cause, neither you, your officers, directors, principals, nor any member of the immediate family of you or your officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

(1) Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering pizza and/or any other prepared food delivery business or other products, goods, and/or services offered or authorized for sale by VP franchisees at the time this Agreement is terminated or expires and is not otherwise renewed in the following locations: (i) at the Accepted Location; (ii) within the Delivery Zone; or (iii) within a radius of fifty (50) miles of the perimeter of: (a) the Delivery Zone being granted hereunder, (b) any other Delivery Zone licensed by VP as of the date of expiration or termination of this Agreement, or (c) any other geographic area licensed to a franchisee under a Franchise Agreement to operate a Store as of the date of expiration or termination of this Agreement;

(2) Solicit business from customers of your former Store;

(3) Contact any of VP's suppliers or vendors for any competitive business purpose;

(4) Solicit any of VP's employees, or the employees of VP's affiliates, or any other VP franchisee to discontinue employment; or

(5) Sell, lease, sublet, assign or otherwise transfer possession of the Premises to any enterprise which is substantially similar to or competitive with the business covered by this Agreement or which provides, produces, manufactures or in any manner markets pizza and related products as a significant portion of its business.

**E.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 16 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which VP is a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 16.

**F.** You acknowledge that your violation of the terms of this Article 16 would result in irreparable injury to VP for which no adequate remedy at law may be available, and you accordingly understand that VP may seek the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Article 16. You shall pay all costs, including all attorneys' fees, necessary to enforce any covenant in this Article 16.

**G.** At VP's request, you shall require and obtain execution of covenants similar to those set forth in this Article 16 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (1) all General Managers of the franchised store and any other personnel employed by you who have received or will receive training from VP; (2) all officers, directors, and holders of a beneficial interest of one (1%) percent or more of the securities of the franchisee, and of any corporation directly or indirectly controlling the franchisee, if you are a corporation; and (3) the general partners (including any corporation, and the officers, directors and holders of a beneficial interest of one (1%) percent or more of the securities of any corporation which controls, directly or indirectly, any general partner), if you are a partnership. Every covenant required by this Section 16.G shall be in a form satisfactory to VP, including, without limitation, specific identification of VP as a third party beneficiary of such covenants with the independent right to enforce them. Failure by you to obtain execution of a covenant required by this Section 16.G shall constitute a default under Section 14.B(6) hereof.

## **17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

**A.** It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose whatsoever.

**B.** During the term of this Agreement and any extensions hereof, you shall hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from VP. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which VP reserves the right to specify.

**C.** It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on VP's behalf, or to incur any debt or other obligation in VP's name; and that VP shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall VP be liable by reason of any act or omission of you in its conduct of the franchised business or for any claim or judgment arising therefrom against you or VP. You shall indemnify and hold VP, and VP's officers, directors and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with your operation of the franchised business, whether negligent or not, as well as the costs, including attorneys' fees, of defending against them.

## **18. APPROVALS AND WAIVERS**

**A.** Whenever this Agreement requires the prior approval or consent of VP, you shall make a timely written request to VP therefor, and such approval or consent must be obtained in writing. All consents of VP shall not be unreasonably withheld.

**B.** VP makes no warranties or guarantees upon which you may rely, and assumes no liability or obligation to you, by providing any waiver, approval, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

**C.** No delay, waiver, omission or forbearance on the part of VP to exercise any right, option, duty or power arising out of any breach or default by you under any of the terms, provisions, covenants or conditions hereof, shall constitute a waiver by VP to enforce any such right, option, duty or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by VP of any payments due to it hereunder shall not be deemed to be a

waiver by VP of any preceding breach by you of any terms, provisions, covenants or conditions of this Agreement.

**D.** Nothing herein contained shall bar VP's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that VP may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law.

## **19. GRANT OF SECURITY INTEREST**

**A.** For valuable consideration, receipt of which is hereby acknowledged, you hereby grant to VP a security interest in all of your rights in all of your assets, whether now owned or hereafter acquired, used in connection with the franchised business conducted pursuant to this Agreement, including, without limitation, all Goods, Equipment (other than leasehold improvements which constitute fixtures), Inventory, Instruments, Accounts, Chattel Paper, General Intangibles (including, without limitation, all rights of you in the Customer List used in the operation of the franchised business) Deposit Accounts, Electronic Chattel Paper, Letter of Credit Rights, Software (as such terms are defined in the Uniform Commercial Code as in effect from time to time the "UCC") and any other property, and any and all additions and accessions thereto, all substitutions and replacements therefor and all products and proceeds thereof or proceeds of insurance thereon (the "Collateral",) as security for the payment and performance of all obligations owed by you to VP under this Agreement including, without limitation, the payment of royalty fees, National Advertising Cooperative contributions and any and all other fees and amounts owed by you to VP hereunder and the performance of the in-term non-competition obligations and the post-term non-competition and disassociation provisions. You acknowledge that this Agreement shall constitute a security agreement under the UCC for purposes of establishing the respective rights of VP and you in the above-described personal property and the enforcement of such security interest against you.

**B.** You hereby authorize VP to file one or more financing statements at any time pursuant to the UCC.

**C.** Upon the occurrence of any of the events described in Section 14 of this Agreement, VP shall have the rights and remedies of a secured party under the UCC. Upon the occurrence of a default by you and termination of your rights under this Agreement, VP shall have the immediate right to possession and use of the Collateral.

**D.** VP hereby agrees that nothing herein shall restrict the right of your shareholders/partners/members to mortgage or pledge all or part of the ownership interests in you to a bank or other lending institution advancing funds necessary for the opening and operation of the Store. Upon the request of the lending institution providing such loan to you, VP will subordinate the lien position of VP's security interest to a bank or other financial lending institution which provides financing to you to be used in the opening and/or operation of the Store.

**E.** You acknowledge and agree with VP that, upon a foreclosure on the collateral described above, a sale of such collateral may be limited to a buyer who will continue to operate the collateral as a franchisee of VP and that such a limitation is commercially reasonable as it will save you the costs to be incurred in disassociating the Collateral from the Proprietary Marks and the System so that such cost savings may be included as part of the purchase price for the Collateral.

**F.** You agree that, upon the occurrence of any default under this Agreement, the full amount remaining unpaid on secured shall, at the option of VP and without notice, become due and payable immediately, and VP shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code as in effect in the state which the store is located, including, without limitation, VP's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by VP in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions in this Agreement.

## **20. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

NOTICES TO VP:

Vocelli, LLC  
1005 South Bee Street  
Pittsburgh, PA 15220  
Attention: Varol Ablak, Chairman

NOTICES TO FRANCHISEE:

All notices to you shall be sent to the  
Accepted Location.

Any notice by certified or registered mail shall be deemed to have been given at the date and time of receipt.

## **21. ENTIRE AGREEMENT**

This Agreement and the documents referred to herein constitute the entire, full and complete Agreement between VP and you concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. Except for those permitted to be made unilaterally by VP hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by VP in the disclosure document.

## **22. SEVERABILITY AND CONSTRUCTION**

**A.** Except as expressly provided to the contrary herein, each portion, article, section, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, any article, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, articles, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, articles, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement.

**B.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, VP, VP's

officers, directors and employees, and such of your and VP's respective successors and assigns as may be contemplated (and, as to you, permitted) by Article 13 hereof, any rights or remedies under or by reason of this Agreement.

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

**D.** All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

**E.** All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable; and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of you.

### **23. APPLICABLE LAW**

**A.** This Agreement takes effect upon its acceptance and execution by VP, and shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law.

**B.** You must first bring any claim or dispute between you and VP to VP's CEO. You must exhaust these internal dispute resolution procedures before you may bring your dispute before a third-party.

**C.** At VP's option, all claims or disputes between you and Vocelli Pizza or its affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this agreement, shall be submitted first to mediation, in Pittsburgh, Pennsylvania, under the auspices of the National Franchise Mediation Program ("NFMP"), in accordance with the NFMP's Commercial Mediation Rules then in effect. Before commencing any legal action against VP or its affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. VP will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Vocelli Pizza or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against VP or its affiliates with respect to any such claim or dispute in any court unless VP fails to exercise its option to submit such claim or dispute to mediation, or such 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 VP. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by NFMP and the mediator's fees. VP's right to mediation, as set forth herein, may be specifically enforced by VP and our representative.

**D.** VP's officers, directors, shareholders, agents, employees and/or affiliates are express third party beneficiaries of this Agreement and the mediation and internal dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and internally resolve claims asserted against such person(s) by you.

**E.** Nothing contained in this Agreement herein shall prevent VP from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect VP's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

**F.** The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and litigated to conclusion within the Commonwealth of Pennsylvania in the judicial circuit in which VP has its principal place of business and you hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**G.** No right or remedy conferred upon or reserved to VP or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**H.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from VP of the franchise and/or any goods or services.

**I.** You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, liquidated, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against the other arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, recovery by you shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**J.** If either party institutes any judicial or mediation proceeding to enforce any monetary or non-monetary obligations or interpret the terms of this Agreement and VP prevails in the action or proceeding, you shall be liable to VP for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

## **24. ACKNOWLEDGMENTS**

**A.** You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of you as an independent businessman. VP expressly disclaims the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

**B.** You acknowledge that you received a copy of the complete VOCELLI® Pizza Franchise Agreement, the Attachment(s) thereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the Federal Trade Commission at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

**C.** You acknowledge that you have read and understood this Agreement, the Attachment(s) hereof, and agreements relating thereto, if any, and that VP has accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

**25. FURTHER ASSURANCES**

The parties hereto each hereby undertake and agree to execute and deliver such further documents, instruments and writings as shall be from time to time required to give full effect to the transactions contemplated herein.

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

**VOCELLI, LLC**

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

**FRANCHISEE (if an individual)**

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

Signature

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

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

Signature

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

**FRANCHISEE (if an entity)**

\_\_\_\_\_  
Name of Entity

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

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

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

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

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

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

**EXHIBIT A  
TO  
FRANCHISE AGREEMENT**

**Delivery Zone**

Pursuant to Section 1.C of the Franchise Agreement, the Delivery Zone for the Store, the Accepted Location of which is set forth in Section 1.B, is shown on the map attached.

**To be added following lease execution.**

**FRANCHISEE:**

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

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

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

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

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

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

**EXHIBIT B  
TO  
FRANCHISE AGREEMENT**

**Ownership Structure and Warranty**

Franchisee represents and warrants that it is duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, is qualified to do business in all jurisdictions in which its business activities or the nature of properties owned by Franchisee requires such qualification, and has the corporate or other authority to execute, deliver and carry out all of the terms of this Agreement.

Franchisee further represents and warrants that all owners of Franchisee and their interests in Franchisee are completely and accurately listed on this Exhibit B and that Franchisee will execute such revised Exhibits B as may be necessary during the term of this Agreement to reflect any changes in the information contained in the original Exhibit B.

**OWNERSHIP INTERESTS**

1. **Ownership Structure.** Franchisee is a corporation, limited liability company, partnership or other entity, Franchisee and its owners represent and warrant that the ownership structure of Franchisee is as follows:

Name of Owner, Shareholder Member or Partner	Percentage Of Total Ownership Interest
_____	___%
_____	___%
_____	___%
_____	___%
_____	___%

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

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

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

**EXHIBIT C  
TO  
FRANCHISE AGREEMENT**

**Guaranty Agreement and Acknowledgement By Guarantor**

WHEREAS, a Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, has been entered into between Vocelli, LLC and \_\_\_\_\_ (referred to as "Franchisee") for the operation by Franchisee of a Vocelli Pizza Store; and

WHEREAS, the undersigned guarantor desires to guarantee the obligations of Franchisee to Vocelli, LLC;

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

The undersigned, as a person with an interest in a Vocelli Pizza franchise, agrees to personally and unconditionally guarantee the obligations of Franchisee to Vocelli, LLC and shall personally be subject to and bound by all terms, conditions, restrictions and prohibitions contained in the Vocelli, LLC's Single Unit Franchise Agreement including, without limitation, the confidentiality provisions, restrictive covenants, and indemnification provisions contained in Sections 9, 17 and 16, respectively. Further, the undersigned agrees to personally act as surety for the full and faithful performance of all of the financial obligations, commitments and payments required of the Franchisee in any such subject Franchise Agreement. The undersigned agrees that Vocelli, LLC does not have to pursue any remedies it may have against the Franchisee or any other individual guarantor; but, rather, it may proceed directly and primarily against the undersigned with or without joining the Franchisee or other guarantors as principals or as named parties in any such proceeding. The undersigned is jointly and severally liable for such obligations, commitments and payments required of the Franchisee.

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Print Name

**Acknowledgement By Guarantor**

WHEREAS, a Guaranty Agreement dated \_\_\_\_\_, \_\_\_\_\_ is being entered into between Vocelli, LLC and \_\_\_\_\_ ("Guarantor"), whereunder Guarantor has guaranteed the obligations of a corporate, limited partnership or limited liability company franchisee to Vocelli, LLC or is the spouse of an individual franchisee of Vocelli, LLC, and

WHEREAS, Vocelli, LLC and Guarantor desire to clarify the relationship between them.

NOW, THEREFORE, Guarantor acknowledges that Guarantor has conducted an independent investigation of the Vocelli, LLC franchise program and recognizes that the business venture contemplated by the franchisee involves business risk and success will be largely dependent upon the ability of the franchisee, Guarantor and other persons with an interest in the franchise as independent businesspersons. Vocelli, LLC expressly disclaims the making of, and Guarantor acknowledges not receiving, any guaranty or warranty, express or implied, nor any representation as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement. Guarantor further represents that Guarantor is not a party to any agreement which might interfere with the performance required of persons with an interest in the franchise under the Vocelli, LLC's Single Unit Franchise Agreement, and that entering into such agreement shall not in any way interfere with or constitute a breach of any prior to existing contract to which Guarantor is a party.

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Print Name

**EXHIBIT D  
TO  
FRANCHISE AGREEMENT**

**Confidentiality and Non-Competition Agreement**  
(for trained employees, shareholders, officers, directors,  
general partners, members and managers of Franchisee)

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_, doing business as Vocelli Pizza ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Franchisee has acquired the right and franchise from Vocelli, LLC (the "Company") to establish and operate a Vocelli Pizza franchised store (the "Store" or "Franchised Store") and the right to use in the operation of the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Vocelli Pizza Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only within the following authorized and approved territory (the "Delivery Zone"): \_\_\_\_\_

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2. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Store (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques that the company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the company's Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Store during the term hereof, and the use of duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, that I shall hold in strict confidence all Confidential Information and all other Information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchise and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for 3 years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business selling any product or products which are the same as, or substantially similar to, any of the products or services offered by a Vocelli Pizza Store, except at a Vocelli Pizza Store, which is or is intended to be, located at or within:

7.1 50 miles of the Franchised Store's Accepted Location as defined in the Franchise Agreement;

7.2 50 miles of the perimeter of Franchised Store's Delivery Zone;

7.3 50 miles of the perimeter of: (i) any other Delivery Zone licensed by VP as of the date of expiration or termination of this Agreement; or (ii) any other geographic area licensed to a Vocelli Pizza franchisee under a Franchise Agreement.

7.4 This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be constructed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty by law, as if the resulting covenant were separately stated in and made part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is an intended beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature: \_\_\_\_\_

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

Address: \_\_\_\_\_

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

ACKNOWLEDGED BY FRANCHISEE

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

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

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

**EXHIBIT E  
TO  
FRANCHISE AGREEMENT**

**Collateral Assignment of Lease**

**FOR VALUE RECEIVED**, the undersigned ("Assignor") hereby assigns and transfers to Vocelli , LLC, a Pennsylvania limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as:

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This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder. Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for the Vocelli Pizza Store between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

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

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

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

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

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

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

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

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

### Consent and Agreement of Lessor

The undersigned Lessor under the aforescribed Lease hereby:

- (a) Agrees that the premises will only be used for the operation of a Vocelli Pizza Store, pursuant to the terms of the Franchise Agreement.
- (b) Agrees to permit Assignee to enter the premises to make any modifications necessary to protect the Assignee's Proprietary Marks, upon the termination or expiration of the Lease, absent an Assignment.
- (c) Agrees to furnish Assignee with a current copy of the Lease, Assignor's account information, sales reports and other related information upon Assignee's written request.
- (d) Agrees that Assignee has the option, but not the obligation, to assume the Lease on its existing terms and the occupancy of the premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease upon Assignor's default or termination thereunder or upon Assignor's default or termination or expiration of the Franchise Agreement, and in connection with said assumption Assignee will not be obligated to pay to the landlord past due rent, common area maintenance and other fees attributable to more than one month. Lessor shall give Assignee thirty (30) days, upon termination of Assignor's rights under the lease to exercise its option.
- (e) The Lease may not be amended, assigned or sublet without Assignee's prior written approval.
- (f) For a period of two (2) years after termination or expiration of Assignor's Vocelli, LLC Franchise Agreement, Lessor will not enter into a lease with Assignor for business premises for a pizza business, within the premises or shopping center in which the premises are located.

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

LESSOR:

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

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

**EXHIBIT F  
TO  
FRANCHISE AGREEMENT**

**Statement of Prospective Franchisee**

(Note: Dates and answers must be completed in the Prospective Franchisee's own handwriting.)

The date of my first face-to-face meeting with a Franchise Marketing Representative, Franchise Broker or any other person to discuss the possible purchase of a Franchise: \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The date on which I received a disclosure document about the Vocelli Pizza Franchise: \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The date when I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed: \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt page): \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

The earliest date on which I delivered cash, check or other consideration to the Franchise Marketing Representative, broker, Vocelli, LLC ("Franchisor") or any other person or company: \_\_\_\_\_, 20\_\_\_\_. Franchisee's Initials \_\_\_\_\_

**Representations:**

No promises, agreements, contracts, commitments, understandings, "side-deals", options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or otherwise) nor have I relied in any way on any such except as expressly set forth in the Franchise Agreement, written Option Agreement, or written addendum signed by me and the President of Franchisor's general partner except as follows: \_\_\_\_\_

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.) Franchisee's Initials \_\_\_\_\_

No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the disclosure document or the Franchise Agreement was made to me by any person or entity, except as follows: \_\_\_\_\_

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.) Franchisee's Initials \_\_\_\_\_

No oral, written or visual claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me by any person or entity, except as follows: \_\_\_\_\_

\_\_\_\_\_. (If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)  
Franchisee's Initials \_\_\_\_\_

No contingency, condition, prerequisite, prior requirement, proviso, reservation, impediment, stipulation, provision or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of a site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement and/or any other documents to be executed by me nor have I relied in any way on any such, except as expressly set forth in a writing signed by me and the President of Franchisor's general partner, except as follows: \_\_\_\_\_

\_\_\_\_\_.  
(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)  
Franchisee's Initials \_\_\_\_\_

I hereby understand that there will be no refunds. Franchisee's Initials \_\_\_\_\_

Franchisor does not make or endorse nor does it allow any marketing representative, broker or other individual to make or endorse any oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) with respect to this or any other Franchise, whether made on behalf or for Franchisor, any Franchisee or other individual and expressly disclaims any such information, data or results.

In addition, Franchisor does not permit any promises, agreements, contracts, commitments, understandings, "side-deals", options, rights-of-first-refusal or otherwise or variations of, changes in or supplements to the Franchise Agreement or the existence of any contingencies or conditions to Franchisee's obligations except by means of a written Addendum signed by Franchisee and Franchisor.

If any such representations, "side-deals", contingencies or otherwise have been made by you by any person or otherwise exist, immediately inform the President of Franchisor's general partner.

The prospective franchisee understands and agrees to all of the foregoing and certifies that all of the above statements are true, correct and complete.

FRANCHISEE

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

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

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

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

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

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

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

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

ACCEPTED:

VOCELLI, LLC

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

**EXHIBIT G-1**  
**MARYLAND**  
**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**  
**AND**  
**FRANCHISE AGREEMENT**

**THE FRANCHISE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:**

The state of Maryland requires the following specific disclosures to be made to Maryland Franchisees. These provisions supplement and amend the disclosure document and Franchise Agreement ("Amendment"). This Amendment is incorporated into and made a part of the disclosure document and Franchise Agreement to the extent the following paragraphs supplement and amend the respective sections of the disclosure document and Franchise Agreement:

Item 5 of the disclosure document is amended by adding the following:

Based upon the Company's financial condition, the Maryland Securities Commissioner requires financial assurances. In this regard, and notwithstanding anything contained in this Franchise Disclosure Document to the contrary, any franchisee in Maryland shall not be required to pay any of the initial fees, including the franchise fee and option fee, which shall be deferred until such time as we have fulfilled all of our pre-opening obligations for the first Store. For all Stores thereafter, pursuant to the Multi-Unit Option Agreement, the initial fee of \$30,000 under the Single Unit Franchise Agreement shall not be required to be paid until such time as we have fulfilled all of our pre-opening obligations for said Store. In addition, all multi-unit option fees and initial payments shall be deferred until the first franchise under the multi-unit option agreement opens.

Item 17 of the disclosure document is amended by adding: any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the disclosure document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

Item 17 of the disclosure document is amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 is hereby amended by adding the following language in the "Summary" column of line VA franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

**THE FRANCHISE AGREEMENT IS AMENDED AS FOLLOWS:**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- b. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- e. Section 5A of the Franchise Agreement is amended by adding the following: The initial franchise fee as well as any other fees shall be deferred until such time as VP has fulfilled all of its pre-opening obligations for your Store.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**THE MULTI-UNIT OPTION AGREEMENT IS AMENDED AS FOLLOWS:**

The first sentence of Section 1 is amended to read as follows: In consideration of your payment to Vocelli Pizza of a \$7,500 option fee for each additional Store provided for in this Agreement (the "Option Fee"), which amount is deferred and is due and payable upon Vocelli Pizza fulfilling all of its pre-opening obligations for the first Store, Vocelli Pizza grants you the right and option to establish and operate \_\_\_ Additional Stores under the terms and conditions of this Agreement.

Section 4.2 is amended to read as follows: Upon Vocelli Pizza fulfilling all of its pre-opening obligations, pay the Initial Franchise Fee of \$30,000, less a \$7,500 credit for each Additional Store.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties hereto have duly executed this Amendment to the disclosure document and Franchise Agreement on the date indicated below.

**VOCELLI, LLC**

Attest: \_\_\_\_\_

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

**FRANCHISEE**

Witness: \_\_\_\_\_

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

**GUARANTOR**

Witness: \_\_\_\_\_

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT G-2**

**VIRGINIA  
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
AND  
FRANCHISE AGREEMENT**

**THE FRANCHISE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:**

The Commonwealth of Virginia requires the following specific disclosures to be made to Virginia Franchisees. These provisions supplement and amend the disclosure document and Franchise Agreement (“Amendment”). This Amendment is incorporated into and made a part of the disclosure document and Franchise Agreement to the extent the following paragraphs supplement and amend the respective sections of the Franchise Disclosure Document and Franchise Agreement:

Item 17 of the disclosure document is amended by adding: Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Item 17 of the disclosure document is amended by adding: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.)

**THE FRANCHISE AGREEMENT IS AMENDED AS FOLLOWS:**

1. The Virginia Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law, including the Virginia Retail Franchising Act. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable
- b. the provision in the Franchise Agreement that provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. Seq.).it is unlawful for a franchisor to cancel a franchise without reasonable cause.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and

that it intends to comply with this Amendment and be bound thereby. The parties hereto have duly executed this Amendment to the disclosure document and Franchise Agreement on the date indicated below.

**VOCELLI, LLC**

Attest: \_\_\_\_\_

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

**FRANCHISEE**

Witness: \_\_\_\_\_

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

**GUARANTOR**

Witness: \_\_\_\_\_

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Multi-Unit Option Agreement**

## MULTI-UNIT OPTION AGREEMENT

This Multi-Unit Option Agreement ("Agreement") entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Vocelli, LLC, a Pennsylvania limited partnership, with an address at 1005 South Bee Street, Pittsburgh, Pennsylvania (hereafter "Vocelli Pizza") and \_\_\_\_\_ (hereafter "you").

### Background

- A. Contemporaneous with the execution of this Agreement, you and Vocelli Pizza have entered into a Single Unit Franchise Agreement (the "First Franchise Agreement") for the right to establish and operate a single Vocelli Pizza Store (the "First Store") and paid the Initial Franchise Fee.
- B. Vocelli Pizza offers qualified franchisees the right and option to open and operate additional Vocelli Pizza Stores (the "Additional Stores") during the term of the option period (defined below) and otherwise upon the terms and conditions of this Agreement.
- C. You wish to purchase an option to establish and operate \_\_\_ Additional Stores under the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### Agreement

- Grant of Option.** In consideration of your payment to Vocelli Pizza of a \$7,500 option fee for each additional Store provided for in this Agreement (the "Option Fee"), which is due and payable upon your execution of this Agreement, Vocelli Pizza grants you the right and option to establish and operate \_\_\_\_ Additional Stores under the terms and conditions of this Agreement. This Option Fee is deemed fully earned upon payment and is nonrefundable. The failure by you to establish additional Stores pursuant to the development schedule described in Section 3 may result, upon written notice by Vocelli Pizza, in termination of this Multi-Unit Option Agreement and retention by Vocelli Pizza of the entire balance of the Option Fee.
- Option Territory.** Your Additional Stores must be located within the following territory \_\_\_\_\_ (the "Option Territory"). During the Option Period, Vocelli Pizza will not establish nor license anyone other than you to establish, any Store under the System within the Option Territory. In the event that you fail to exercise your Option pursuant to the terms and conditions of this Agreement, the Option Territory shall immediately revert back to Vocelli Pizza but you will maintain your Delivery Zone for each Store opened under each franchise agreement you executed.
- Option Period.** Your option to establish the first Additional Store (the "Second Store") begins on the date you sign this Agreement and must be exercised pursuant to paragraph 4 below by the Grand Opening of the First Store, but in no event later than six (6) months from the date hereof (the "Option Period"). Your option to establish each Additional Store subsequent to the Second Store begins on the date you execute a lease for the immediately preceding Additional Store and must be exercised by the Grand Opening of such Additional Store. In no event shall an Additional Store open later than One (1) year from the Grand Opening of your immediately

preceding Additional Store. You may not execute a lease for any Additional Store prior to exercising your option pursuant to paragraph 4 below.

4. **Exercise of Option.** In order to exercise your option for each Additional Store you must satisfy all of the following conditions, upon the exercise of each option:

4.1. Execute a new franchise agreement ("Additional Franchise Agreement(s)"), in our then current form, for each of your Additional Stores, each with its own Delivery Zone;

4.2. Pay the Initial Franchise Fee of \$30,000, less a \$7,500 credit, for each Additional Store.

4.3. You are not in default under this Agreement, or any other agreement with Vocelli Pizza, including any other franchise agreement or agreement and have fully and faithfully performed all of your material obligations under any such agreements throughout their respective terms;

4.4. Neither this Agreement, the First Franchise Agreement or any other agreement with you has expired or been terminated by Vocelli Pizza;

4.5. You have timely paid any fees or other monies due Vocelli Pizza as and when due under the terms of the First Franchise Agreement or any other agreement with Vocelli Pizza, including interest or principal due under any note payable to Vocelli Pizza;

4.6. There has been no change in the effective control of you (by way of change in share ownership, membership or partnership interest, or otherwise) without Vocelli Pizza's written consent; and

4.7. Your Designated Manager or Operating Partner has successfully completed Vocelli Pizza's Certified Management Training Program.

5. **Site Location Extension.** Vocelli Pizza may grant, but is not obligated, to provide you an extension to obtain an approved site location.

6. **Sale or Assignment.** Your rights under this Agreement are personal and you may not sell, transfer, or assign any right granted herein without Vocelli Pizza's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company, with VP's prior approval, upon the same terms and conditions as provided in Section 13 of the First Franchise Agreement. Vocelli Pizza has the right to assign this Agreement in whole or in part in its sole discretion.

7. **Time of the Essence.** Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

8. **Acknowledgment.** You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use the Vocelli Pizza's proprietary marks or its system.

9. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

10. **Governing Law.** This Agreement shall be deemed to have been made in the Commonwealth of Pennsylvania.

11. **Jurisdiction and Venue.** The parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced and litigated to conclusion only in the state of federal Court whose jurisdiction encompasses Pittsburgh, Pennsylvania.

12. **Jury Trial Waiver.** The parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Vocelli Pizza of the franchise, option and/or any goods or services.

13. **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, liquidated, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

14. **Attorneys' Fees.** If either party institutes any judicial or arbitration proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Vocelli Pizza prevails in the action or proceeding, you shall be liable to Vocelli Pizza for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

15. **Nonwaiver.** Vocelli Pizza's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Vocelli Pizza's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Vocelli Pizza respecting any breach or default shall not affect Vocelli Pizza's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Vocelli Pizza's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

16. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Vocelli Pizza reserves the right to terminate this Agreement.

17. **Construction of Language.** Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise

Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

18. **Successors.** References to "Vocelli Pizza" or "you" include the respective parties' successors, assigns or transferees, subject to the limitations of Paragraph 5 of this Agreement.

19. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Vocelli Pizza's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Vocelli Pizza may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint Vocelli Pizza as your attorney-in-fact to execute any and all documents on your behalf, reasonably necessary to effectuate the transactions contemplated herein.

20. **No Right to Offset.** You may not withhold all or any part of any payment to Vocelli Pizza or any of its affiliates on the grounds of the alleged nonperformance of Vocelli Pizza or any of its affiliates or as an offset against any amount Vocelli Pizza or any of its affiliates may owe or allegedly owe you under this Agreement or any related agreements.

21. **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which your Store is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to you.

22. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning the purchase and operation of additional Stores; no promises, inducements or representations (other than those in the disclosure document) not contained in this Agreement have been made, nor shall any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Vocelli Pizza reserves the right to change Vocelli Pizza's policies, procedures, standards, specifications or manuals at Vocelli Pizza's discretion. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s), the terms, conditions and intent of this Agreement shall control.

**IN WITNESS WHEREOF**, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

**Franchisee:**

\_\_\_\_\_  
Witness (Individual, Partnership or Corporation Name)

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

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

\_\_\_\_\_  
Witness

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

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

\_\_\_\_\_  
Witness

**Vocelli, LLC**

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

**EXHIBIT G  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Confidentiality Agreement**

**CONFIDENTIALITY AGREEMENT**

I, \_\_\_\_\_, in consideration of the approval by Vocelli, LLC ("VP") to review certain confidential information including, without limitation, certain manuals and/or other information relating to the operation of a VP franchise ("Confidential Information") before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such Confidential Information in recognition that such information is confidential and is divulged only to VP franchisees. In the event that I am unable to consummate the contemplated purchase of the VP franchise or to otherwise become a VP franchisee, I shall not disclose any of this information to any other person. I further represent and warrant that I shall not use such information in any other capacity except as an authorized VP franchisee. I hereby acknowledge that I shall not reproduce any of the Confidential Information being entrusted to me today, nor shall I make any oral or written notes regarding any of the information contained therein.

I acknowledge and agree that disclosure or unauthorized use of any of the Confidential Information presented to me is likely to cause VP immediate and irreparable harm, which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such Confidential Information, to the entry of injunctive relief in favor of VP, including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

**I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN ON THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.**

FRANCHISEE

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

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

**EXHIBIT H  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Termination Agreement and Release**

## TERMINATION AGREEMENT AND RELEASE

This Termination of Franchise Agreement and Release (the "Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Vocelli, LLC, a Pennsylvania limited liability company with an address at 1005 South Bee Street, Pittsburgh, PA 15220, ("VP" or "Franchisor"), and \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_ ("Guarantor").

### BACKGROUND

A. On \_\_\_\_\_, Franchisee entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Vocelli Pizza Store at a location identified in the Franchise Agreement (the "Territory").

B. Guarantor signed the Franchise Agreement as shareholders of Franchisee, and are individually jointly and severally liable for performance thereunder.

C. Franchisor and Franchisee wish to termination the Franchise Agreement pursuant to the terms of this Agreement.

### AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Payment. Franchisee shall pay VP the sum of \_\_\_\_\_ in consideration of all past due royalty, advertising and other fees due to VP under the Franchise Agreement through the date of this Agreement.

2. Termination. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Franchisee arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

3. Post-Termination Obligations. Franchisee hereby acknowledges and agrees that nothing in this Agreement is intended to release Franchisee or Guarantor from all post-termination covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to confidentiality, indemnification, restrictions on competition, and Guarantor and Franchisee's obligations upon termination under Article 16 of the Franchise Agreement.

4. Release by Guarantor and Franchisee. Guarantor and Franchisee, for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge VP and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "VP Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the VP Releasees arising out of or related to the offer or sale of the Franchised Business and the parties' rights or obligations under the Franchise Agreement.

5. Release by VP. Except as otherwise provided in this Agreement, VP, for itself and all persons and entities claiming by, through, or under it, releases, acquits and forever discharges Franchisee and Guarantor and their present and former officers, employees, shareholders,

directors, agents, servants, representatives, affiliates, successors and assigns from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which VP, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against Franchisee and Guarantor arising out of or related to the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against VP or any of its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement or the ownership or operation of the Franchised Business. Franchisee and Guarantor, jointly and severally, agree to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims.

6. Governing Law. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, which laws shall control in the event of any conflict of law.

7. Advice of Counsel. Each party declares that the terms of this Agreement have been completely read and fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

8. Binding Effect. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Attorney's Fees. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

10. Forum. Franchisee agrees that Franchisee has and had a relationship with Franchisor at Franchisor's offices in Pennsylvania and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the Commonwealth of Pennsylvania pursuant to the forum selection provisions of the Franchise Agreement.

11. Entire Agreement. This Agreement constitutes the entire integrated agreement of the parties with respect to subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

12. Counterparts. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**VOCELLI, LLC**

Attest: \_\_\_\_\_

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

**FRANCHISEE**

Witness: \_\_\_\_\_

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

**GUARANTOR**

Witness: \_\_\_\_\_

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

**EXHIBIT I  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Table of Contents of Operations Manual**

## Table of Contents

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OPERATIONS MANUAL**

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4	Delivery	9
5	Local Store Marketing	5
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8	Safety	16
9	Appendix	8
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**EXHIBIT J  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**State Addenda**

**MARYLAND  
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
AND  
FRANCHISE AGREEMENT**

**THE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:**

The state of Maryland requires the following specific disclosures to be made to Maryland Franchisees. These provisions supplement and amend the disclosure document and Franchise Agreement ("Amendment"). This Amendment is incorporated into and made a part of the disclosure document and Franchise Agreement to the extent the following paragraphs supplement and amend the respective sections of the disclosure document and Franchise Agreement:

Item 17 of the disclosure document is amended by adding: any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the disclosure document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

Item 17 of the disclosure document is amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 is hereby amended by adding the following language in the "Summary" column of line v: A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

**THE FRANCHISE AGREEMENT IS AMENDED AS FOLLOWS:**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- d. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- e. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties hereto have duly executed this Amendment to the disclosure document and Franchise Agreement on the date indicated below.

**VOCELLI, LLC**

Attest: \_\_\_\_\_

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

**FRANCHISEE**

Witness: \_\_\_\_\_

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

**GUARANTOR**

Witness: \_\_\_\_\_

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**VIRGINIA  
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
AND  
FRANCHISE AGREEMENT**

**THE FRANCHISE DISCLOSURE DOCUMENT IS SUPPLEMENTED AS FOLLOWS:**

The Commonwealth of Virginia requires the following specific disclosures to be made to Virginia Franchisees. These provisions supplement and amend the disclosure document and Franchise Agreement (“Amendment”). This Amendment is incorporated into and made a part of the disclosure document and Franchise Agreement to the extent the following paragraphs supplement and amend the respective sections of the disclosure document and Franchise Agreement:

Item 17 of the disclosure document is amended by adding: Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Item 17 of the disclosure document is amended by adding: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.)

**THE FRANCHISE AGREEMENT IS AMENDED AS FOLLOWS:**

1. The Virginia Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law, including the Virginia Retail Franchising Act. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable
- b. the provision in the Franchise Agreement that provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. Seq.: it is unlawful for a franchisor to cancel a franchise without reasonable cause.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties hereto have

duly executed this Amendment to the disclosure document and Franchise Agreement on the date indicated below.

**VOCELLI, LLC**

Attest: \_\_\_\_\_

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

**FRANCHISEE**

Witness: \_\_\_\_\_

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

**GUARANTOR**

Witness: \_\_\_\_\_

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<b>State</b>	<b>Effective Date</b>
Maryland	Pending
Virginia	December 12, 2023, amended March 13, 2024

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.

**EXHIBIT K  
TO  
FRANCHISE DISCLOSURE DOCUMENT**

**Receipts**

## 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 Vocelli, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or sooner if required by state law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington require that we give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The franchisor is Vocelli, LLC, located at 1005 South Bee Street, Pittsburgh, PA 15220. Its telephone number is (412) 919-2100 or (800) 862-3554.

Issuance date: May 29, 2024

The franchise sellers will be identified at the time of the execution of the Franchise Agreement.

VP authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a disclosure document with an issue date of May 29, 2024, that included the following Exhibits:

- Exhibit A – State Agencies
- Exhibit B – Agents for Service of Process
- Exhibit C – Current and Former Franchisees
- Exhibit D – Financial Statements
- Exhibit E – Franchise Agreement
  - Exhibit A – Delivery Zone
  - Exhibit B – Ownership Structure and Warranty
  - Exhibit C – Guaranty Agreement and Acknowledgement by Guarantor
  - Exhibit D – Confidentiality and Non-Competition Agreement
  - Exhibit E – Collateral Assignment of Lease
  - Exhibit F – Statement of Prospective Franchisee
  - Exhibit G-1 – Addendum to Franchise Disclosure Document and Franchise Agreement (Maryland)
  - Exhibit G-2 – Addendum to Franchise Disclosure Document and Franchise Agreement (Virginia)
- Exhibit F – Multi-Unit Option Agreement

- Exhibit – G Confidentiality Agreement
- Exhibit – H Termination Agreement and Release
- Exhibit – I Table of Contents of Operations Manual
- Exhibit – J State Addenda
- Exhibit – K Receipts

Date: \_\_\_\_\_ Franchisee  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (Telephone Number)

Complete Below for a partnership, corporation or limited liability company:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Name of Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

You may return the signed and dated receipt either by signing, dating and mailing it to Vocelli, LLC at 1005 South Bee Street, Pittsburgh, PA 15220.

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Date: \_\_\_\_\_ Franchisee  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (Telephone Number)

Complete Below for a partnership, corporation or limited liability company:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Name of Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Date: \_\_\_\_\_

You may return the signed and dated receipt either by signing, dating and mailing it to Vocelli, LLC at 1005 South Bee Street, Pittsburgh, PA 15220.