

FRANCHISE DISCLOSURE DOCUMENT



CBOP Domestic, Inc.
An Arizona corporation
15005 N. Northsight Blvd.
Scottsdale, AZ 85260
(480) 947-7100
franchising@grimaldispizzeria.com
www.grimaldispizzeria.com

The franchisee will operate a restaurant under the “GRIMALDI’S,” “GRIMALDI’S PIZZERIA,” and “GRIMALDI’S COAL-BRICK OVEN PIZZERIA” names and marks featuring fresh made, hand-tossed pizzas and calzones baked in a coal-fired brick oven, house made salads and cheesecakes made fresh in the restaurant, and a full bar that includes proprietary wines (“Grimaldi’s Restaurant”).

The total amount necessary to begin operation of a Grimaldi’s Restaurant under a Grimaldi’s Restaurant Franchise Agreement ranges from \$1,389,800 to \$1,835,000. This includes \$50,000 that is payable to us and our affiliates. If you sign a Development Agreement to develop multiple Grimaldi’s Restaurants you will pay the Development Fee in the amount of \$10,000 for each Grimaldi’s Restaurant that you commit to develop. There is no minimum number of Grimaldi’s Restaurants that you are required to develop under the Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, us or our affiliates in connection with the proposed franchise sale or sooner if required by applicable state law. **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 Victor Rosa at 15005 N. Northsight Blvd., Scottsdale, AZ 85260 or (480) 947-7100.

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

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

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

Issuance Date: April 2, 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:

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 us by arbitration where we have our principal place of business, which currently is Scottsdale, Arizona. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It also may cost you more to arbitrate with us in Arizona 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 your franchise fails.
3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES 1
ITEM 2	BUSINESS EXPERIENCE 3
ITEM 3	LITIGATION 4
ITEM 4	BANKRUPTCY 4
ITEM 5	INITIAL FEES 5
ITEM 6	OTHER FEES 6
ITEM 7	ESTIMATED INITIAL INVESTMENT 10
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 14
ITEM 9	FRANCHISEE'S OBLIGATIONS 17
ITEM 10	FINANCING 18
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 18
ITEM 12	TERRITORY 27
ITEM 13	TRADEMARKS 29
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION 30
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 31
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 32
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION 33
ITEM 18	PUBLIC FIGURES 38
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS 38
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION 40
ITEM 21	FINANCIAL STATEMENTS 43
ITEM 22	CONTRACTS 43
ITEM 23	RECEIPTS 43

EXHIBITS

- A. List of State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Development Agreement
- D. Manual Table of Contents
- E. Financial Statements
- F. List of Franchisees
- G. State Required FDD Addenda
- H. State Required Agreement Addenda
- I. Franchisee Disclosure Questionnaire

State Effective Dates
Receipts

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

To simplify the language in this disclosure document, “we,” “us” or “Grimaldi’s” means CBOP Domestic, Inc., the franchisor. “You” means the person or legal entity who buys the franchise. If you are a corporation, partnership or limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

The Franchisor

We are an Arizona corporation formed on January 11, 2019. We do business only under our corporate name. Our principal place of business is 15005 N. Northsight Blvd., Scottsdale, Arizona 85260. Our agents for service of process in various states are listed in Exhibit A. We do not engage in any business not described in this Item 1. We do not operate any Grimaldi’s Restaurants, however, as of December 31, 2023, our affiliates operated 44 Grimaldi’s Restaurants and there was one franchised Grimaldi’s Restaurant in operation in the United States and one franchised Grimaldi’s Restaurant located in the United Arab Emirates. We began offering franchises for Grimaldi’s Restaurants in March 2019. We have never offered franchises in any other line of business.

Grimaldi’s Restaurants

Grimaldi’s Restaurants are casual family restaurants serving lunch and dinner that bring an authentic New York pizzeria experience to consumers all across the country. A limited menu of fresh-made, high-quality items, including pizzas, calzones, salads, and homemade cheesecake is augmented by seasonal specials designed to capture the taste of the season and drive additional traffic to the restaurant. Customers are greeted with the warm enticing smell of pizza and can enjoy the full bar service while they watch the pizza maker hand toss their pizza and bake it in a coal-fired brick oven. Grimaldi’s Restaurants also provide take-out and delivery utilizing reputable third-party delivery companies. Grimaldi’s Restaurants typically will be located in 3,600 to 3,800 square feet of Class A retail space with 800 to 1,000 square feet of patio space with easy access, sufficient parking and heavy foot traffic.

Grimaldi’s Restaurants operate according to our distinctive format, appearance, and operating procedures (“System”). The System includes our standards, policies and procedures for restaurant layout, equipment, kitchen, dining room, patio space, bar area set-up and operations, inventory procurement and control, staffing and employee training, customer service, procedures to maintain quality and consistency of menu items, community and charitable involvement, information technology and point of sale systems, and assistance with advertising, promotion, public relations, and social media; all of which we may change, improve and further develop over time. Our mandatory and recommended standards, specifications, policies and operating procedures are represented in our confidential restaurant operations manual (“Manual”), which we make available to our franchisees during the term of their Grimaldi’s Restaurant Franchise Agreement (“Franchise Agreement”), a copy of which is attached as Exhibit B. We have the right to change the Manual and the elements of the System at any time.

We identify the System by means of the “GRIMALDI’S,” “GRIMALDI’S PIZZERIA,” and “GRIMALDI’S COAL-BRICK OVEN PIZZERIA” names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, the “Marks”), which we have designated, or may in the future designate, for use with the System. We may modify the Marks used to identify the System from time to time.

The Franchise Opportunity

You can buy a franchise to develop and operate one franchised Grimaldi’s Restaurant (“Franchised Restaurant”) at a site approved by us (“Franchised Location”) by signing a Franchise Agreement (Exhibit B) and paying the Initial Franchise Fee, which is described in Item 5. You may not acquire any interest in a site for the Franchised Restaurant until you have been approved as a franchisee and we have approved

the site in writing. If you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Franchised Restaurants within a geographic area (“Development Area”) by signing a Development Agreement (Exhibit C) and paying the Development Fee, which is described in Item 5. The form of Franchise Agreement for the first Franchised Restaurant that you develop under the Development Agreement is attached as Exhibit B. The form of Franchise Agreement for additional Franchised Restaurants that you develop under the Development Agreement will be our then-current form of Franchise Agreement (which may differ from the form of Franchise Agreement included as Exhibit B).

Your receipt of this disclosure document does not mean that we will authorize you to develop or open a Franchised Restaurant. Before you may develop and open a Franchised Restaurant each of the following requirements must be completed: (1) we must approve your franchise application, (2) you and we must sign the Franchise Agreement, (3) you must pay all necessary fees, (4) we must approve the site for your proposed Franchised Restaurant in writing, and (5) your personnel must attend and successfully complete our management training program described in Item 11.

Our Parent, Affiliates and Predecessors

Our affiliate, Coal Brick Oven Pizzeria, Inc. (“CBOP”), owns the System and operates Grimaldi’s Restaurants, which we refer to as our “Company-Operated Restaurants”. CBOP granted a license to us to use and sublicense the use of the System to our franchisees domestically. We also have entered into a Management Agreement with CBOP to provide management services to us. CBOP is a Nevada limited liability company formed on October 19, 2006 that shares our principal business address. CBOP has not offered or sold franchises in any line of business.

Our affiliate, JMC Restaurant Holdings, L.L.C. (“JMC”), owns the Marks. JMC granted a license to CBOP to use and sublicense the use of the Marks. CBOP in turn granted a sublicense to us to use and sublicense the use of the Marks to our franchisees domestically. JMC is an Arizona limited liability formed on March 14, 2011 that shares our principal business address. JMC also granted a trademark license to use the Marks to one licensee for restaurants located in New York and New Jersey. These restaurants do not operate under the System. JMC has not offered or sold franchises in any line of business.

Our affiliate, CBOP Global, Inc. (“CBOP Global”), has sold franchises outside the United States since March 2016. CBOP granted a license to CBOP Global to use and sublicense the use of the Marks to its franchisees internationally. CBOP Global has also entered into a Management Agreement with CBOP to provide management services to it. CBOP Global is an Arizona corporation formed on May 27, 2016 that shares our principal business address. CBOP Global has one franchisee developing Grimaldi’s Restaurants in the United Arab Emirates.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

Industry-Specific Laws and Regulations

We are not aware of any laws or regulations applicable to a Grimaldi’s Restaurant that would not apply generally to a restaurant business with a full bar. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments enforce laws and regulations governing food preparation, food service, food handling and storage and sanitation. As a Grimaldi’s Restaurant franchisee you will be responsible to ensure that you comply with all applicable local, county, state and federal laws and regulations, which apply generally to the liquor, restaurant and foodservice industry. These include health, sanitation, food preparation, waste disposal, food handling, smoking restrictions, discrimination, employment, sexual harassment and advertising laws. Some laws require point of sale disclosures, including statements concerning nutritional and dietary characteristics of the food served at your Franchised Restaurant. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act, The Patriot Act, etc.) with which you must comply. You should consult with your attorney and local, county, state and federal government agencies concerning these and other laws and ordinances that may affect the operation of a Grimaldi’s Restaurant before you sign a Franchise

Agreement. You also must obtain all applicable real estate permits and licenses and operational licenses. It is your, and only your, responsibility, on a continuous basis to investigate and satisfy all local, county, state and federal laws as they vary from place to place and may change from time to time.

Market and Competition

The market for casual restaurants with full bar service is well established. Your Franchised Restaurant will compete with other casual dining and quick service restaurants and with establishments with full bar service some of which may offer the same or similar menu items to those offered by Grimaldi's Restaurants. These competitors may range from franchise systems, independents, chains, and other businesses offering similar menu items, bar service and catering services in a restaurant or other setting. In addition, many of these competitors may have substantial financial, marketing and other resources and they may already be well established in your market. The ability of each Grimaldi's Restaurant to compete depends on its location, signage, parking and ease of customer access, employee training, customer service, overhead costs, changing local market and economic conditions and many other factors both within and outside your control or our control.

ITEM 2 BUSINESS EXPERIENCE

CBOP DOMESTIC, INC.

Chief Executive Officer and President – Joseph Ciolli

Mr. Ciolli has served as our Chief Executive Officer since we were formed in January 2019 and as our President since January 2022. He also has served as Chief Executive Officer of our affiliate, CBOP, since January 2002. Mr. Ciolli has served as President of our affiliate, Forno Suprema, Inc., since September 2016.

MANAGER: COAL BRICK OVEN PIZZERIA, INC.

Chief Legal and Administrative Officer – Christian J. Mayled

Mr. Mayled has served as Chief Legal and Administrative Officer of CBOP since April 2017. From September 2015 to April 2017, he served as Chief Legal Officer.

Chief Operating Officer – Michael A. Flaum

Mr. Flaum has served as Chief Operating Officer of CBOP since January 2020. From July 2019 to January 2020, he served as Director of Franchise Development of CBOP. From January 2010 to June 2019, Mr. Flaum was self-employed as a Strategic Development Advisor based in Sylvania, Ohio.

Chief People Officer – Danny Breitegan

Mr. Breitegan has served as Chief People Officer of CBOP since June 2020. From July 2019 to June 2020, he was Vice President of Human Resources, from June 2017 to July 2019 he was Senior Director of Human Resources, and from January 2016 to June 2017 he was Director of Human Resources of CBOP.

Vice President of Real Estate and Development – Dale Garrett

Mr. Garrett has served as Vice President of Real Estate and Development of CBOP since December 2022. He previously served in the same role from March 2021 to March 2022. From April 2009 to March 2021, he was Director of New Development of CBOP. From April 2021 to December 2022, he served as Vice President of Real Estate and Development of Forno Suprema, Inc.

Senior Director of Franchisee Development and Project Management – Howard Barish

Mr. Barish has served as Senior Director of Franchisee Development and Project Management of CBOP since January 2023. From October 2021 until January 2023, he was President of Operations and Business Development – Chompie’s for JRI Investments, LLC in Scottsdale, Arizona. From July 2018 to February 2021, he was Managing Editor/General Manager of Gaming Today for Paulos Sports, LLC in Las Vegas, Nevada.

Director of Finance and Treasury – Lirija F. Adli

Ms. Adli has served as Director of Finance and Treasury of CBOP since January 2022. From June 2012 to January 2022, she was Corporate Financial Controller of CBOP.

Director of Information Technology – Mark Sheen

Mr. Sheen has served as Director of Information Technology of CBOP since February 2019. From October 2017 to February 2019, he was IT Manager of CBOP.

Director of Marketing – Pamela Nedwetzky

Mrs. Nedwetzky has served as Director of Marketing of CBOP since February 2019. From March 2017 to February 2019, she was Marketing Manager of CBOP.

Director of Procurement, Profitability and Franchise Operations – Victor M. Rosa III

Mr. Rosa has served as Director of Procurement, Profitability and Franchise Operations of CBOP since March 2021. From January 2017 to February 2021, he was Business Development and Operations Consultant for ITC Enterprises Inc. dba ITC Consulting in Phoenix, Arizona.

Director of Training and Development – Jeffrey Bastian

Mr. Bastian has served as Director of Training and Development of CBOP since June 2018.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

In re DATG Pizzeria, Inc., Case No. 9:2022bk17790-EPK, US Bankruptcy Court, Southern District of Florida. This matter arose from a lease dispute between a landlord and a tenant, DATG Pizzeria, Inc. (“DATG”), an affiliate of CBOP that is owned by our Chief Executive Officer and President, Joseph Ciolli. During the course of the dispute, on October 6, 2022, DATG, a solvent entity, strategically elected to file a voluntary Chapter 11, subchapter 5 bankruptcy petition. The matter was formally discharged on August 21, 2023 and DATG remains fully operational.

Other than the one matter noted above, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay an Initial Franchise Fee to us in the amount of \$50,000. The Initial Franchise Fee is fully earned by us when paid and it is not refundable except in the circumstances as described below.

If the Franchised Restaurant is the first Grimaldi's Restaurant developed by you or your affiliates, we may refund up to 50% of the Initial Franchise Fee, less our reasonable expenses incurred in recruiting you (including any sales commissions paid), evaluating your proposed site(s), and/or providing any training, if we terminate your Franchise Agreement based on the failure of your Operating Principal (as defined in Item 15) or their replacement to attend and successfully complete our management training program to our satisfaction, or your failure to meet the Site Approval Deadline or the Site Acquisition Deadline (each as defined in Item 11) if we determine that you exercised due diligence in attempting to secure a site. In either circumstance, as a condition of the refund, we may require that you and your guarantors sign a general release of claims in our favor.

Development Agreement

You must pay a Development Fee in the amount of \$10,000 for each Franchised Restaurant that you agree to develop pursuant to the Development Agreement. The Development Fee is fully earned by us when paid and is not refundable; however, we will credit the amount of the Development Fee that you pay for each Franchised Restaurant against the Initial Franchise Fee that is payable to us under each Franchise Agreement that you sign under the Development Agreement. There is no minimum number of Grimaldi's Restaurants that you are required to develop under the Development Agreement.

Site Review Expenses

We or our designee will conduct one market visit and on-site review of the proposed sites for your Franchised Restaurant at no charge; however, if we require, or if you request, any additional on-site evaluations, you must reimburse us for our travel expenses to conduct such on-site evaluations. If you and your affiliates have developed or are developing multiple Grimaldi's Restaurants, we will only conduct a market visit and on-site review of the proposed sites for your first two Grimaldi's Restaurants.

Transfer Training Fee

If you purchase the franchise from an existing franchisee through a transfer, you must pay a transfer training fee to us in the amount of \$5,000 for your personnel to attend our management training program. This fee is in addition to the travel, wages and living expenses that you will incur to send your personnel to the management training program.

* * * * *

Generally, the foregoing fees and costs are uniformly imposed on our franchisees; however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee. None of these fees or costs are refundable. No fees were reduced or waived during the last fiscal year.

**ITEM 6
OTHER FEES**

Type of Fee¹	Amount	Due Date	Remarks
Royalty Fee ²	6% of Gross Sales ²	Weekly	You must submit a weekly Gross Sales statement with the payment of the Royalty Fee and Brand Fund Contribution. See Note 3 for increased Royalty Fees that will be due if your liquor license prohibits the payment of royalty fees based on liquor sales. You must participate in our electronic funds transfer program to pay your Royalty Fees, Brand Fund Contributions and other fees (See Note 4).
Brand Fund Contribution	2% of Gross Sales (when the Brand Fund is established)	Weekly	You must also spend 3% of Gross Sales on local advertising for your Franchised Restaurant. We may reallocate your marketing expenditures among the Brand Fund, regional advertising cooperatives (see Note 5) and local advertising expenditures; however, your total advertising obligation will not exceed 5% of Gross Sales. Please see Item 11.
Attorney Fees and Costs	Amount will vary	As incurred	Payable if we prevail in a dispute regarding enforcement of the terms of the Franchise Agreement.
Audit and Inspection Costs	Amount understated by you, plus interest	Upon demand	If an inspection or audit discloses an under-statement in any report of 2% or more of Gross Sales for the audit period, you also must reimburse us for all costs and expenses connected with the inspection or audit.
Collection Costs and Expenses	Our costs and expenses	Upon demand, if required	These costs and expenses include costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges.
Convention Registration	Currently \$700 per attendee	As incurred	Your Operating Principal and General Manager (as defined in Item 15) must attend our annual convention.

Type of Fee¹	Amount	Due Date	Remarks
Indemnification	The losses and expenses incurred by us and our affiliates	As incurred	You must defend, indemnify and hold us and our affiliates harmless in all actions arising out of or resulting from the development or operation of your Franchised Restaurant, excluding losses caused by our gross negligence or willful misconduct.
Interest Charges	1.5% per month or the maximum rate permitted by applicable law, whichever is less	Upon demand	Due on all overdue amounts to us or our affiliates from the date due until paid.
Management Fee on Death or Incapacity	Currently, the greater of two times the salary paid to individuals we assign to operate the restaurant or 10% of the restaurant's weekly Gross Sales	Upon receipt of invoice	Payable if we take over the management of the Franchised Restaurant if your Operating Principal dies or becomes incapacitated.
Public Offering by Franchisee	\$10,000 or such higher cost as incurred by us to review public offering documents	With submission of offering materials for our review	If you are publicly traded, you also must reimburse us for all recurring costs associated with providing information as requested for reporting documents.
Reimbursement of Insurance Costs	Our out-of-pocket costs of obtaining coverage on your behalf	Within 15 days after receipt of an invoice	If you fail to obtain or maintain the required minimum insurance, we may obtain the insurance and charge its cost along with our out-of-pocket expenses to you.
Reimbursement of Customer Complaint Costs	Our costs and expenses	Upon demand	If you fail to adequately resolve a customer complaint, we may resolve the issue and you must reimburse us for our costs and expenses in resolving the dispute.
Relocation	Greater of \$5,000 or all reasonable charges incurred by us in reviewing your relocation request	Upon demand	You may not relocate the Franchised Restaurant without our prior written consent.
Supplier Review Process	\$1,500 - \$5,000	Estimated costs due in advance and balance due upon demand	You must pay our reasonable costs of reviewing your application for an alternate supplier and inspecting the proposed supplier's facilities, equipment, and products and all product testing costs paid by us to third parties. See Item 8 for a description of the supplier approval process.

Type of Fee¹	Amount	Due Date	Remarks
Taxes	Any fees or assessments imposed on us (other than income taxes) for acting as a franchisor or licensing the Marks	Within 30 days after receipt of an invoice	
Technology Fee	Currently, not required	Upon demand.	We may implement this fee in the future to provide help desk coverage, information technology support and access to our software, technology platforms, intranets, extranets, websites and future services that we make available to you.
Training - Additional Management Training Programs That We Develop	No charge currently	Within 30 days after receipt of an invoice	You must attend and complete any additional management training programs that we reasonably require. We may charge reasonable tuition fees in the future for these programs.
Training – Deficiency Training and Training of Replacement Management Personnel	Currently, \$5,000 per person	Upon demand.	Required if the training program that you conduct at the Franchised Restaurant is deficient or if you fail an inspection and you are required to send your personnel to our management training program.
Training - Special Assistance at the Franchised Restaurant	Currently \$500 per representative per day, plus travel expenses	Upon demand	At your request and subject to the availability of our personnel, we may provide special assistance to you at your Franchised Restaurant.
Transfer Fee – Franchise Agreement	25% of our then-current Initial Franchise Fee or such greater amount as is necessary to reimburse us for our costs to review your transfer application	Before consummation of the transfer	Payable if you propose to sell or transfer your business under a Franchise Agreement (or a partial ownership interest). See Note 6. Your purchaser must pay the Transfer Training Fee in the amount of \$5,000 to send their management personnel to the management training program.
Transfer Fee – Development Agreement	50% of our then-current Development Fee for each Franchised Restaurant that remains to be developed under the Development Schedule or such greater amount as is necessary to reimburse us for our costs to review your transfer application	Before consummation of the transfer	Payable if you propose to sell or transfer your business under the Development Agreement (or a partial ownership interest). We may reject a transfer application under the Development Agreement if you do not propose to simultaneously transfer the Franchise Agreements for the Franchised Restaurants that you have opened in the Development Area to the same purchaser.

NOTES

1. Unless otherwise noted, all of the fees or charges described in this Item derive from the Franchise Agreement and are non-refundable, payable to us, and generally are uniformly imposed on all franchisees receiving this offering. However, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee.

2. The term "Gross Sales" includes all revenue and all other income of every kind and nature related to or derived from the Franchised Restaurant whether such sale be evidenced by check, cash, credit, charge account, gift card, exchange or otherwise and shall include, but not be limited to, the amounts received from the sale of food and beverages (whether for on-sight or off-sight consumption, including catering or delivery), goods, wares and merchandise, tangible property of every kind and nature, promotional or otherwise, and for services performed upon, from, or in connection with the Franchised Restaurant. Gross Sales will not include: (a) any bona fide documented federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority; (b) the sale of products or services for which refunds, credits, allowances and adjustments have been made in good faith to customers; (c) the amount of any shipping expenses charged through to customers; (d) proceeds from insurance with respect to property damage or liability; (e) proceeds from any civil forfeiture, condemnation or seizure by governmental entities; (f) uncollectable amounts subject to the limitation that uncollectable amounts cannot exceed one half of a percent (0.5%) of Gross Sales for any fiscal year and subsequent collections of charged off amounts must be included in Gross Sales when collected. We have the right to modify our policies regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

3. In the event that and for as long as your liquor license for the Franchised Restaurant prohibits the payment of money to third parties based on revenues collected from the sale of alcoholic beverages, then, in such event: (a) you must provide a copy of the liquor license and relevant statute to us; (b) the term "Gross Sales" will exclude revenues collected by you from the sale of alcoholic beverages at the Franchised Restaurant; and (c) the Royalty Fee that you owe will be increased to 6.2% of Gross Sales.

4. You must participate in our electronic funds transfer program authorizing us to utilize a pre-authorized bank draft system. All Royalty Fees, Brand Fund contributions and other amounts owed to us under the Franchise Agreement must be received by us by the date due as specified by us. You must designate an account at a commercial bank and furnish to us all authorizations (including the ACH Authorization form attached as Exhibit D to the Franchise Agreement) necessary to permit us to make withdrawals by electronic funds transfer.

5. We do not currently have any advertising cooperatives. If an advertising cooperative is formed in a region, the activities carried on by the cooperative shall be decided by a majority vote of its members. Any Grimaldi's Restaurants that we operate in the region will have the same voting rights as those owned by franchisees. Each Grimaldi's Restaurant owner shall be entitled to cast one vote for each Grimaldi's Restaurant owned.

6. We will waive the transfer fee under the Franchise Agreement if: (a) you transfer the agreement to a corporation or limited liability wholly owned by you or if the transfer is due to an owners death or incapacity; or (b) the transfer is to a transferee who (i) has been a franchisee of another Grimaldi's Restaurant for at least three years who is in good standing with us; (ii) has managed a franchised or Company-Operated Grimaldi's Restaurant for at least three years; or (iii) acquires the ownership interest as a result of the death, incapacity or bankruptcy of one of your principal owners; (iv) is an entity formed for convenience of ownership as described; or (v) is an immediate family member of one of your principal owners.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT ²	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
IMPROVEMENT COSTS					
Construction and Leasehold Improvements (1)*	\$630,000	\$850,000	As incurred	Before opening	Contractor and Suppliers
Architectural and Engineering Fees (2)*	\$32,000	\$40,000	As incurred	Before opening	Architect and Engineers
Equipment (3)*	\$210,000	\$240,000	As Incurred	Before opening	Suppliers
Coal Brick Oven (4)*	\$65,000	\$130,000	As incurred	Before opening	Suppliers
Furniture and Fixtures (5)*	\$60,000	\$65,000	As incurred	Before opening	Suppliers
Interior Finishes and Equipment (6)*	\$85,000	\$105,000	Lump sum	Before opening	Suppliers
Exterior Finishes and Equipment (7)*	\$40,000	\$65,000	As arranged	Before and after opening	Suppliers
TOTAL IMPROVEMENT COSTS	\$1,122,000	\$1,495,000			
OTHER COSTS					
TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT ²	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee (8)	\$50,000	\$50,000	Lump sum	At signing of FA	Us
Professional Services (9)	\$10,000	\$20,000	As incurred	Before opening	Attorney and Accountant
Rent (3 months) (10)	\$46,500	\$67,500	As incurred	Before and after opening	Landlord
Pre-opening Travel (11)	\$24,500	\$31,500	As incurred	Before opening	Airlines, Hotels, Car Rental, etc.
Pre-opening Labor (12)	\$45,000	\$55,000	As incurred	Before opening	Employees
Market Introduction (opening advertising) (13)	\$13,000	\$18,000	As incurred	Before opening	Suppliers
Business Permits and Licenses (14) excluding a liquor license (15)	\$800	\$1,500	Lump sum	Before opening	Government agencies
Opening Inventory (16)	\$20,000	\$25,000	As incurred	Before opening	Suppliers
Stationery, Printing and Supplies (17)	\$1,000	\$1,500	As incurred	Before opening	Suppliers
Insurance Pre-Payment (18)	\$4,000	\$5,000	As incurred	Before opening	Insurance company/ agent utilities
Miscellaneous and Other Pre-Payments (19)	\$3,000	\$5,000	As incurred	Before opening	Suppliers
Additional Funds During the First Three Months of Operation (20)	\$50,000	\$60,000	As incurred	After opening	Us, suppliers, employees and other creditors
TOTAL OTHER COSTS	\$267,800	\$340,000			

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT ²	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
TOTAL ESTIMATED INITIAL INVESTMENT (21)	\$1,389,800	\$1,835,000	Does not include the cost of obtaining a liquor license.		

NOTES

1. Estimates are for the improvement of a property with between 3,300 and 3,800 square feet of space and 800 to 1,000 square feet of outdoor patio space with a range of improvement cost of \$340 to \$393 per square foot (items in the above cost sheet noted with * are what makes-up the total improvement costs). These figures are indicative of standard pricing in or near Phoenix, Arizona. The estimate applies to a site which has been obtained in the “grey shell” stage, which refers to the interior condition of either a new or existing commercial building with an unfinished interior and lacking heating, ventilating, and air conditioning (HVAC), and usually without lighting, plumbing, ceilings, elevators, or interior walls. Utilities are usually stubbed up near or to the back of the space by the landlord. These numbers are not inclusive of architect fees but do recognize other fees typically charged by licensed professionals, (such as project managers, general contractors and licensed tradesman), who are contracted to install electrical, plumbing, and HVAC. In some instances, landlords may provide monetary allowances for materials or work, or rent credits during the time of construction and such allowances or credits are reflected in the expense range represented here. The landlord allowance on our Company-Operated Restaurants range from \$160 to \$250 per square foot. While these landlord allowances have been typical for us, they are not included in the figures above (i.e. the costs above reflect the total cost without any landlord allowance). Your costs may be less or more than this estimate, depending upon where you are planning to open your Franchised Restaurant or if you receive the premises in any condition other than what is in the “grey shell” description above or a non-standard commercial property. Financing may be available through your bank for some of the leasehold improvement costs; however, such financing will have costs and fees, which will cause the cost to exceed what is indicated in this chart. We recommend that you interview several contractors and check their references before engaging a contractor.

2. In most localities, you are responsible for engaging the services of a professional, licensed architect and engineers to produce blueprint drawings for your Franchised Restaurant. Prior to submitting them to the local jurisdiction and/or municipality for review and approval, we must review them to assess their conformity to our requirements and could potentially return them to your architect for additional modifications. Any modifications may incur further services by your architect, and these services may likely incur additional fees. Your exact costs will depend on the architect and engineer you select. You are responsible for ensuring that the plans meet all federal, state and local laws and regulations, including Americans with Disabilities Act (“ADA”).

3. These figures represent the purchase of exhaust systems, a walk-in cooler, small wares and other production equipment necessary to produce all menu items. The range of cost recognizes instances when kitchen configurations differ, and different pieces, sizes or models may be recommended by our staff. Third party financing may also be available to qualified candidates; however, this too will generate various leasing or finance fees, which are incremental to the amounts listed here.

4. This figure represents the costs for purchase, assembly, and installation of one coal brick oven or two Woodstone 9660-CL ovens, at your option. The square footage and sales volume of your Franchised Restaurant may determine the need to purchase additional ovens.

5. The estimated range of cost covers the purchase of tables, chairs, and bar stools to accommodate 140 to 180 customers.

6. This estimate is for items such as tools, a security system, interior décor, televisions, sound system, bar face panels, hostess stand, hostess cabinet, storage hutch, and other miscellaneous finishes.

It also includes the point of sale system, the computer hardware and software that you will need to operate the business to our standards.

7. These figures represent the cost of exterior signage, landscaping and any awnings or patio covers. The amount of exterior signage you will require/allowed depends on the location of your restaurant, the size of the building, the requirements of the center in which your restaurant is located. In addition, the local jurisdiction and/or municipality will need to review and approve all exterior signage.

8. This is the Initial Franchise Fee for all single location Franchise Agreements. Any amounts payable to us or to our affiliates are generally not refundable in their entirety. See Item 5 for circumstances when we may refund a portion of the Initial Franchise Fee.

9. These fees are representative of the costs to engage professionals for the start-up of a franchised business and to secure a liquor license. We strongly recommend that you seek the assistance of an experienced franchise attorney and accountant for the initial review and resulting advisories concerning this franchise opportunity, this Franchise Disclosure Document, and subsequently, the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts such as your liquor license that you will enter into as a part of starting your Grimaldi's Pizzeria business. The estimated rates in this chart are based upon professional fees typically charged in the Phoenix, Arizona area. It is best to have a clear understanding from your professional advisors of the services they will provide and their fees for providing such services prior to engaging them to perform any services on your behalf.

10. This range of expense assumes a prepayment of three months of rent, based upon a site location with between 3,300 and 3,800 square feet with an additional 800 to 1,000 square feet of outdoor patio space in a vibrant, high traffic area. Since real estate values vary dramatically from region to region, we cannot accurately estimate your rent. These estimated rental amounts are indicative of a location in the greater Phoenix, Arizona area. Pre-paid rent is generally non-refundable, while security or other deposits may be refundable either in full, or in part, depending upon the lease contract.

11. This estimate is for three people attending our management training program. We do not charge tuition or a materials charge for the initial training; however, you are responsible for all other costs associated with attending training. Your costs will vary, depending upon your point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc.). These estimates cover the cost of any transportation, accommodation and meals incurred during the training period. The duration of the training program for your Operating Principal and General Manager is eight weeks. Training will be held at our headquarters in Phoenix, Arizona, or another location of our choosing. You will need a car to travel to our various restaurants for the work experience part of training. The lower estimate in this range covers moderately priced travel expenses, while the higher estimate covers higher priced flights, rental car, and accommodations. Your choice of mode of travel and level of accommodations will determine your total cost for attending our management training program and may be higher than what is estimated here.

12. The estimate range here covers the expenses incurred in the training of between 50 and 60 hourly employees for a period of approximately 40 to 56 hours per employee and the compensation of one General Manager for a period of 10 weeks; two managers for six weeks, and a kitchen manager for 12 weeks in an operating restaurant. The range may be higher or lower based on the cost of labor in your area, the amount that you pay your staff, benefits you offer employees, and the number of employees you hire to begin operating your Franchised Restaurant.

13. You must advertise and promote your Franchised Restaurant for a six-month period beginning one month prior to opening through five months following the opening of the Franchised Restaurant as described in Item 11. Your actual costs may vary based on media costs in your market area, whether you are the first Grimaldi's Restaurant in the market, the time of year that you open, and the pace with which you are able to build sales in your Franchised Restaurant. You may need to spend more than the amount estimated. At our request, you must submit documentation to verify that you have spent required amount under the Market Introduction Plan.

14. You are responsible to obtain and maintain all permits and licenses necessary to operate your Franchised Restaurant based on the local jurisdiction and/or municipality.

15. The estimated initial investment table does not include the cost of obtaining a liquor license since the cost varies by jurisdiction. Our liquor license is for an establishment whose primary business is serving food. It is solely your responsibility to obtain and maintain a liquor license. The requirements for a liquor license vary at both the state and local level and the cost of a liquor license can be significantly higher in a state or city where the number of licenses is restricted or available only from an existing holder of the license. You will need to check with your advisors and state and local government authorities regarding these requirements. We strongly recommend that you investigate your ability to obtain a liquor license before you sign a Franchise Agreement with us.

16. This estimate is for opening inventory that will include all food, ingredients, liquor, and other goods necessary for opening the Franchised Restaurant. In most situations, this will be sufficient to cover sales up to a period of one week. The higher estimate is for a higher volume store.

17. These estimates include the cost of printing materials such as menus, uniforms, barricade signage, office supplies, business cards, etc. and an opening order of supplies that are needed to open your Franchised Restaurant.

18. You are required to obtain and maintain the minimum amount of insurance specified in Item 8 of this Disclosure Document. This estimate is for pre-payment of six months insurance. An insurance deposit may be required by the issuing company in order to obtain the minimum required insurance as required. You will need to check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Restaurant will be located, your prior experience with the insurance carrier, the loss experience of the carrier, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums.

19. This estimate is for additional supplies and expenses that you may have in developing your Franchised Restaurant business. Included in these estimates are lease deposits, utility deposits and pre-payments and other pre-opening and opening costs. Utility deposits may be required for first time customers and a credit check may be conducted by the issuing company before beginning services. These costs will vary and are due to the type of services required for the facility and the municipality from which it is being contracted. We recommend that you check the requirements in your local area.

20. This is an estimate of the additional funds you may need to operate your Franchised Restaurant during the first three months after opening. We cannot guarantee that you will not have additional expenses. The estimate includes such items as initial payroll taxes, Royalty Fees, Brand Fund contributions, professional and accounting fees, additional advertising, insurance, health insurance and workers' compensation, ServSafe training and dram shop safety training, rent, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting and training expenses, state tax and license fees, depreciation and amortization, deposits and prepaid expenses (if applicable), and other unforeseen items. The expenses you incur during the initial start-up period will depend on factors such as the time of year you open, local economic and market conditions, your experience in operating a casual dining restaurant and general business acumen, competition, and the level of sales that you reach during this initial period. Additional operating expenses will be incurred in connection with the ongoing operation of your Franchised Restaurant.

21. This estimate is based upon our affiliate's experience in opening and operating our Company-Operated Restaurants. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, the location you select for your Franchised Restaurant, local market and economic conditions, the time it takes you to build sales of your Franchised Restaurant, and your skills at operating a casual dining restaurant business. We strongly recommend that you use the categories and estimates in this Item 7 as a guide to develop your own business plan and budget and that you investigate specific costs in your area. We do not provide financing to franchisees either directly or

indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your creditworthiness, collateral that you may make available, and the policies of local lending institutions.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

System Standards

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your Franchised Restaurant in strict conformance with our System standards, including the methods, standards, and specifications we prescribe from time to time in the Manual or otherwise in writing. The System standards may relate to any aspect of the appearance, function, cleanliness, and operation of a Grimaldi's Restaurant.

Authorized Products and Services

Your Franchised Restaurant may use, sell or offer for sale only those products, services, advertising materials, furnishings, fixtures, equipment, forms, packaging or other materials that meet the standards and specifications set forth in the Manual. We have the right to require that you use only certain brands and we may prohibit you from using other brands. You must offer all food, beverage and merchandise items authorized for sale at the Franchised Restaurant under the specific name designated by us. Within 14 days after receipt of written notice from us, you must begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. Within 30 days after receipt of written notice from us, you must begin selling any newly authorized merchandise and cease selling any merchandise that is no longer authorized. However, if any discontinued menu item or merchandise could pose a hazard to the public or prove detrimental to the System, you must cease offering or selling that product or service immediately.

Suppliers

Our proprietary wine and other proprietary items, including, but not limited to, pizza sauce, dough ingredients, mozzarella cheese and cheesecake ingredients (collectively, "Proprietary Items"), are manufactured in accordance with our secret standards and specifications. You may only buy Proprietary Items from a designated supplier (that may include us and our affiliates) and you may not offer or sell any items that are similar to (but not the same as) Proprietary Items at or from your Franchised Restaurant.

In addition to the designated suppliers for Proprietary Items, we may designate one or more suppliers for certain products or materials. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Grimaldi's Restaurants or any other businesses franchised or operated by us and/or our affiliates. We may prohibit you from purchasing products or services from a supplier if such supplier fails to meet our quality standards. Upon receipt of written notice from us, you must immediately cease placing any orders with such supplier.

If we have designated a specific supplier for a particular product or service, you may submit a written request for approval of an alternate supplier for such product or service, or you may have the supplier submit the request. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. You must pay the reasonable costs of the inspection and the actual cost of the evaluation. We will typically notify you of our decision within 60 days. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria and may be rescinded or provided on a temporary basis pending our further evaluation of the supplier. We also may require that the supplier comply with such other requirements, including the payment of reasonable continuing inspection fees and

administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. Our criteria for supplier approval will be provided in the Manual. We reserve the right, at our option, to re-inspect the facilities and products or materials of any such supplier and to revoke our approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees and our affiliates. We may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Grimaldi's Restaurants with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Grimaldi's Restaurants. We may (1) limit the number of approved suppliers with whom you may deal, (2) designate sources that you must use for some or all products and other products and services, and/or (3) refuse any of your requests, if we believe that this action is in the best interests of the System. We have unlimited discretion to approve or disapprove suppliers who may be permitted to sell products to our franchisees. You may not engage in any grey marketing activities where you take advantage of purchasing arrangements for Grimaldi's Restaurants and transfer products to any other restaurant or other business not operating under the System.

We may establish commissaries and distribution facilities owned and operated by us or an affiliate that we will designate as an approved supplier. We and our affiliates do not currently have any purchasing or distribution cooperatives. We do not provide any other material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "Allowances") offered by suppliers to you or to us or our affiliates based upon your purchases of products and other goods and services. In our last fiscal year, we and our affiliates did not earn any revenue from the sale of any products to our franchisees, nor did we receive any Allowances from suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

One of our officers owns an interest in our company and our affiliates. None of our officers own an interest in any other suppliers to Grimaldi's Restaurants.

We estimate that the purchase of goods and services that are subject to our standards and specifications represents approximately 85% to 95% of your overall purchases in establishing and approximately 65% to 75% of your overall purchases in operating the Franchised Restaurant.

Catering and Other Off-Premises Programs.

We have the right (but no obligation) to establish restaurant delivery, catering, third-party delivery, and/or wholesaling programs ("Off-Premises Programs"). Off-Premises Programs may be mandatory or optional for franchisees and may include online mobile application and telephone ordering systems. If we establish a mandatory Off-Premises Program, or you choose to participate in a voluntary program, you must pay the fees and costs associated with participating and to comply with all other rules and procedures that we specify for the program in the Manual or otherwise in writing. You may have to purchase equipment, including a delivery vehicle, in order to participate in an Off-Premises Program. We may define designated service areas for Off-Premises Programs. We may modify or terminate an Off-Premises Program at any time by notice to the participating restaurants.

Gift Card, Loyalty and Electronic Money Programs

You must participate in our programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs. You also must participate in any "frequent guest" or customer loyalty programs that we prescribe

from time to time. You may be required to purchase the software, hardware, blank cards, and other equipment necessary to administer these programs, which we will specify in writing in the Manual.

Lease

If you lease the premises for your Franchised Restaurant, you must submit the proposed lease to us for approval before you sign it and you must use our form of Addendum to Lease attached as Exhibit E to the Franchise Agreement. See Item 11 under the heading “Site Selection” for additional details.

Technology, Computer System, and Required Software

You must purchase, install, and use at the Franchised Restaurant certain brands, types, makes, and/or models of communications equipment, computer systems, and hardware, such as back office computer systems, data, audio, video, telephone, voice messaging, retrieval, and transmission systems; point of sale systems; software; physical, electronic, and other security systems and measures; printers and other peripheral devices; archival back-up systems; internet connection and speed; and wireless internet access service for customers that we specify in writing from time to time (collectively, “Computer System”). We also may develop or designate computer and point of sale software programs and accounting systems for use in connection with the Computer System (collectively, “Required Software”); updates, supplements, modifications, or enhancements to the Required Software, which you will install; the tangible and hosted media upon which you must record data; an extranet for informational assistance, which may include the Manual, training and other assistance materials, and management reporting solutions; and the database file structure of your Computer System. Please see Item 11 for further information on our point of sale system requirements.

Insurance

Before undertaking any activities in connection with your franchise, you must obtain insurance policies meeting our current requirements, at your expense. All insurance policies must be written by an “admitted” or a “non-admitted” insurance company that has received and maintains an “A+” or better rating by the latest edition of A.M. Best’s Insurance Rating Service (or any similar criteria that we periodically specify). You must provide us with certificates of insurance evidencing the proper types and at least the minimum amounts of coverage that we require. Currently, we require the following insurance:

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability	\$1M per occurrence/\$2M aggregate
Workers Compensation	\$1M per incident/\$1M each employee/\$1M policy limit
Employment Practices Liability	\$1M per occurrence/\$1M aggregate
Liquor Liability	\$1M per occurrence/\$2M aggregate
Employee Benefits Liability	\$1M per occurrence/\$2M aggregate
Auto Liability (including owned/non-owned/rented/hired)	\$1M per occurrence/\$1 aggregate
Cyber Liability	\$1M per occurrence (including full limits for fines & assessments); \$1M aggregate
Business Interruption/Income	Limit equal to 12 months of sales
Any other coverage required by law	As required by law
Umbrella/Excess coverage over all lines of coverage identified above	\$5M per occurrence/\$5M aggregate

We have the right to increase the amounts of coverage required and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances.

We and any entity that we designate that has an insurable interest shall be identified as additional named insureds on all insurance policies. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. If you fail to maintain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Development and Franchise 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 (FA) and Development Agreement (DA)	Disclosure Document Item
a. Site selection and acquisition/ lease	FA: 3 DA: 4	7 & 11
b. Pre-opening purchases/leases	FA: 3.C-H & 10.A DA: 4.A	7 & 8
c. Site development and other pre-opening requirements	FA: 3 DA: 4	6, 7 & 11
d. Initial and ongoing training	FA: 9 DA: 5.A-B	5, 6, 7 & 11
e. Opening	FA: 3.L, 9.A & 9.D DA: Not Applicable	11
f. Fees	FA: 4, 6 & 9 DA: 3 & 5.B.	5 & 6
g. Compliance with standards and policies/manuals	FA: 3, 7, 8, 10 & 11 DA: 5.C.	8 & 11
h. Trademarks and proprietary information	FA: 10 & 13 DA: Not Applicable	13 & 14
i. Restrictions on products/ services offered	FA: 11.A-J DA: Not Applicable	16
j. Warranty and customer service requirements	FA: 11.N, 11.O, & 11.V DA: Not Applicable	11
k. Territorial development and sales quotas	FA: 1.A-D DA: 1, 3	12
l. Ongoing product/service purchases	FA: 11.A DA: Not Applicable	8
m. Maintenance, appearance and remodeling requirements	FA: 8.C, 11.O, 11.Q, & 11.R DA: Not Applicable	11
n. Insurance	FA: 12 DA: Not Applicable	6 & 7

Obligation	Section in Franchise Agreement (FA) and Development Agreement (DA)	Disclosure Document Item
o. Advertising	FA: 6 DA: Not Applicable	6 & 11
p. Indemnification	FA: 22 DA: 15	6
q. Owner's participation/staffing/ management	FA: 9, 11.K, & 14.E DA: 4.B	11 & 15
r. Records and reports	FA: 5 DA: 6	6
s. Inspections and audits	FA: 3.K, 5.C, 9.G, 11.A.(3), 11.P, & 18.F DA: Not Applicable	6 & 11
t. Transfer	FA: 15 & 16 DA: 9,10	17
u. Renewal	FA: 2.B DA: Not Applicable	17
v. Post-termination obligations	FA: 19 DA:13	17
w. Non-competition covenants	FA: 17 DA: 11	17
x. Dispute resolution	FA: 27 DA: 20	17
y. Personal Guaranty	FA: Exhibit B DA: Exhibit B	15

ITEM 10 FINANCING

Neither we nor any affiliate offers any direct or indirect financing for your business. Neither we nor any affiliate will guarantee any promissory note, lease or other obligation you may make to others.

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

Except as listed below, CBOP Domestic, Inc. is not required to provide you with any assistance.

Our Obligations Prior to Opening:

Before your Franchised Restaurant opens, we will:

1. Provide you with our site selection criteria, and as you may request, a reasonable amount of consultation with respect to the criteria. We will conduct an on-site evaluation of your proposed sites for your first two Franchised Restaurants. We will use reasonable efforts to approve or reject your proposed site within 30 days of receipt of your site application. (Franchise Agreement, Section 3.B.(1); Development Agreement, Sections 4.C.(1) - (3))

2. Review your lease if you are not purchasing the site. (Franchise Agreement, Section 3.D; Development Agreement, Section 4.E)
3. Provide one set of our prototypical plans for the construction, layout, and other specifications of a Grimaldi's Restaurant. (Franchise Agreement, Section 3.G.(1))
4. Approve or reject your proposed construction plans within 30 days of receipt. After our approval of such plans, any changes to the plans must be submitted in writing for our approval or rejection. Unless we notify you of a longer timeframe, we will approve or reject any such changes to the plans within 14 days after receipt. (Franchise Agreement, Section 3.G.(2))
5. Provide you with a final inspection of the Franchised Restaurant, if we choose to conduct one, and provide you with express written authorization to open if you have complied with all conditions. (Franchise Agreement, Sections 3.K and 3.L)
6. Provide you with a recommended marketing plan template for your Market Introduction Period (as described below in this Item 11) and approved marketing materials. We will review and approve your Market Introduction Plan (as described below in this Item 11) and marketing materials for your Franchised Restaurant. (Franchise Agreement, Section 6.A)
7. Provide you with electronic access to the Manual via a restricted website, intranet or extranet. (Franchise Agreement, Section 7.A) The table of contents for the Manual appears in Exhibit D of this disclosure document. As of the issuance date of this disclosure document, the Manual contains 208 pages.
8. Provide consultation and advice to you as we deem appropriate with regard to the development and operation of the Franchised Restaurant, the building layout, furnishings, fixtures and equipment plans and specifications, employee recruiting, selection and training, purchasing and inventory control and such other matters as we deem appropriate. (Franchise Agreement, Section 9.A)
9. We will provide a management training program for your Operating Principal, General Manager, and other supervisory employees that we designate. (Franchise Agreement, Section 9.B)
10. Provide you with any multi-unit training we require. (Development Agreement, Section 5.A)

Continuing Obligations

After your Franchised Restaurant opens, we will:

1. Collect, administer and spend for advertising purposes monies paid by Grimaldi's Restaurants into the Brand Fund (as described below in this Item 11). (Franchise Agreement, Section 6.C)
2. Review and approve, on an annual basis, your annual advertising plan. (Franchise Agreement, Section 6.D.(1)).
3. Periodically, provide you with samples of advertising and marketing materials, signage, stationery, business cards and related materials at no cost. (Franchise Agreement, Section 6.D.(4))
4. Host and maintain an independent store locator page for your Franchised Restaurant at an internet address specified by us. (Franchise Agreement, Section 6.G)
5. Provide various training courses, periodic conventions, regional meetings and/or conferences for you and your team members. (Franchise Agreement, Section 9.E.)

6. Periodically advise and consult with you in connection with the operation of your Franchised Restaurant. We will provide our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, food preparation and delivery, management, sales promotion, service concepts, employee recruiting, selection and training, purchasing and inventory control. We may provide these services through visits by our representatives to your Franchised Restaurant or your offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications. We may periodically inspect your Franchised Restaurant and its operations to assist your operations and ensure compliance with the System. (Franchise Agreement, Section 9.G)
7. We may change or modify the System, including modifications to the Manual, the menu, including menu items and menu formats, product packaging, the System standards, approved suppliers, the required equipment, the signage, the building and premises of Grimaldi's Restaurants (including the trade dress, décor and color schemes), the presentation of the Marks, the adoption of new administrative forms and methods of reporting and payment of any monies owed to us (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or copyrighted materials. (Franchise Agreement, § 11.A)

Site Selection and Construction

The procedure for constructing and opening your Franchised Restaurant is outlined in Section 3 of the Franchise Agreement. You must secure a site and construct the Franchised Restaurant at your own expense. You must select and obtain our approval of the site for your Franchised Restaurant within 90 days after the effective date of your Franchise Agreement ("Site Approval Deadline") within the geographic area that you and we designate as your "Site Selection Area" and you must obtain a leasehold or ownership interest in the approved site within 120 days after the effective date of your Franchise Agreement ("Site Acquisition Deadline"). If you fail to meet the Site Approval Deadline or the Site Acquisition Deadline, we may place you in default and terminate your Franchise Agreement.

We will provide you with our site selection criteria. Grimaldi's Restaurants typically will be located in 3,600 to 3,800 square feet of Class A retail space with 800 to 1,000 square feet of patio space with easy access, sufficient parking and heavy foot traffic. All Grimaldi's Restaurants must (1) be located in a jurisdiction that allows the use of solid fuel cooking devices, which produce anthracite coal emissions, and (2) obtain a liquor license. Within 30 days after the effective date of your Franchise Agreement, you must submit to us a completed site application including a copy of the site plans, photographs of the sites and surrounding area, demographic information, financial information, and such other information and materials as we may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining ownership or leasehold interests in the sites. If at least three sites meet our site approval criteria, we or our designee may conduct a site approval visit and on-site review of your proposed site(s). We do not charge any fees to conduct one site approval visit; however, if we require, or if you request, any additional on-site evaluations, you must reimburse us for our travel expenses associated with such on-site evaluation(s). We will use reasonable efforts to approve or reject a site within 30 days after receipt of your site application; however, our failure to approve or reject a proposed site within the 30-day period shall not be deemed an approval or rejection. Our approval or rejection of a site may be subject to reasonable conditions as we determine in our sole discretion. If you and your affiliates have developed or are developing multiple Grimaldi's Restaurants, we will conduct a site approval visit and on-site review of proposed sites only for your first two Grimaldi's Restaurants.

If you lease the site for your Franchised Restaurant, you must submit the proposed lease to us for approval before you sign it and you and your landlord must sign our form of Addendum to Lease attached as Exhibit E to the Franchise Agreement. The lease may not contain any covenants or other obligations that would prevent you from performing your obligations under the Franchise Agreement.

We will provide you with prototypical plans and specifications for a Grimaldi's Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment (including our

signature coal-fired brick oven(s)), signs, furnishings, and color scheme. You must have prepared all required construction plans and specifications (“Plans”) to suit the shape, dimensions and utility requirements of the premises and you must ensure that these Plans comply with applicable ordinances, building codes and permit requirements, laws and regulations, including the Americans with Disabilities Act, and any lease requirements and restrictions. Prior to submission to local authorities, you must submit your proposed Plans and all revised or “as built” Plans during the course of such construction to us for our review and approval. You may not begin site preparation or construction prior to receiving written notification from us that we have approved the Plans. You may use only registered and/or licensed architects, registered engineers, and professional and licensed, bonded and insured contractors.

Opening the Franchised Restaurant

You must open your Franchised Restaurant within 365 days after the effective date of your Franchise Agreement (“Opening Deadline”). If you do not meet the Opening Deadline, we have the right to terminate your Franchise Agreement. You must notify us in writing at least 30 days prior to the date you expect the construction and/or renovation of your Franchised Restaurant to be completed and a certificate of occupancy to be issued. We may conduct a final inspection of the Franchised Restaurant to determine if it was constructed in compliance with our System standards. If any portion of the Franchised Restaurant is built in non-compliance with our specifications, we have the right to delay the opening of the Franchised Restaurant at your expense, until you bring the Franchised Restaurant into full compliance with our specifications.

Your Operating Principal and General Manager must successfully complete our management training program and you must have hired and trained a staff prior to opening the Franchised Restaurant. We do not provide you with any assistance in hiring your managers or staff members.

The typical length of time to open a Grimaldi’s Restaurant after signing the Franchise Agreement and the lease is approximately twelve months. Factors affecting this time period include your ability to obtain a lease and adequate financing, weather, local requirements and procedures for necessary licenses, permits and zoning, shortages or delayed installation of equipment, signs and fixtures and special circumstances affecting construction in a particular area, none of which are within our control.

Point of Sale System

You must purchase, install, use, and record all sales transactions at the Franchised Restaurant on the computerized point of sale system that we designate in the Manual. Your system must be fully compatible with our system and must include an information interface capability to communicate electronically with our system to provide us with continuous transaction level point of sale data. We have the independent right under the Franchise Agreement to retrieve data and information from your point of sale system. There are no contractual limitations on our right to access this data and information.

Currently, we require you to purchase the Toast point of sale system. We currently require you to obtain the point of sale hardware and software from Toast, Inc. We also require you to purchase a personal computer, printer, scanner machine, security system, voice over internet protocol telephone system, router, and four or five point of sale terminals. We estimate that it will cost you approximately \$8,000 to \$10,000 to purchase the point of sale and computer system for your Franchised Restaurant. Software licensing, hardware warranties, and point of sale managed service must be maintained by you through our vendor of choice, Toast, Inc. You must implement and periodically make upgrades and other changes at your expense to the point of sale and computer system that we request although we will not require you to make upgrades more than once a year. We estimate that it will cost you approximately \$8,400 per year to maintain software licensing and hardware warranties. There are no contractual limitations on the costs of these obligations.

Training

At least 60 days before opening the Franchised Restaurant, your Operating Principal, General Manager, Kitchen Manager, an assistant manager, and other supervisory employees designated by us must attend and become certified in our management training program through the successful completion of performance observations, assessments and exams. We will certify any of your supervisory employees who successfully complete the management training program as a “Trainer.” As a prerequisite to the management training program, attendees must successfully complete a ServSafe training program and an alcoholic beverage and dram shop safety training program (or similar programs if required by local law) and present the certificates of completion to us. The management training program will last up to six weeks and includes classroom instruction and in-restaurant training. The management training program is held at a Grimaldi’s Restaurant operated by us or our affiliates or at our designated training facilities. We may offer portions of the management training program over the internet, our company extranet or by webinar. We will bear all expenses for the management training program that we provide; however, you must pay all salaries, wages, benefits, travel, living and other expenses incurred by your trainees while attending the training program. We can require your trainees to sign a non-disclosure and non-competition agreement in substantially the form attached as Exhibit C to the Franchise Agreement prior to attending the training program.

We may dismiss from the management training program any person whom we do not believe will perform acceptably in the position for which he/she has been hired by you or who fails to comport himself/herself with the standards we require of Grimaldi’s Restaurant managers, and you must provide a suitable replacement within 30 days of such dismissal. We will not permit you to open your Franchised Restaurant until your Operating Principal and General Manager have been certified as Trainers after successfully completing the management training program.

We use the Manual as well as videos, web based training, and demonstrations as training materials for the management training program.

The following charts summarize the subjects taught and number of required training hours during the management training program for the Kitchen Manager and the General Manager:

MANAGEMENT TRAINING PROGRAM KITCHEN MANAGER

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Back of House Operations Essentials			
Orientation	4	0	Scottsdale, Arizona
Back of house operations	4	108	Scottsdale, Arizona
Kitchen Manager administration	2	25	Scottsdale, Arizona
Food safety management	1	15	Scottsdale, Arizona
Food quality management	1	24	Scottsdale, Arizona
Food quality management demonstration	0	20	Scottsdale, Arizona
Pizza oven operations certification	0	20	Scottsdale, Arizona
<i>Back of House Operations Essentials Totals</i>	<i>12</i>	<i>212</i>	<i>5 weeks</i>
Kitchen Manager			
Scheduling and labor management	2	6	Scottsdale, Arizona
Inventory management	4	6	Scottsdale, Arizona
Recruiting, interviewing, and hiring	2	0	Scottsdale, Arizona
Training systems	2	0	Scottsdale, Arizona
<i>Kitchen Manager Totals</i>	<i>10</i>	<i>12</i>	<i>1 week</i>
TOTALS	22	224	6 weeks

**MANAGEMENT TRAINING PROGRAM
OPERATING PRINCIPAL, GENERAL MANAGER AND ASSISTANT MANAGER***

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Management 101 – Shift Leadership*			
Orientation	4	0	Scottsdale, Arizona
Back of house operations	4	65	Scottsdale, Arizona
Kitchen Manager administration	2	2	Scottsdale, Arizona
Food safety management	1	0	Scottsdale, Arizona
Front of house operations	4	28	Scottsdale, Arizona
Front of house manager administration	2	4	Scottsdale, Arizona
Opening and closing manager on duty	0	8	Scottsdale, Arizona
POS manager functions	2	1	Scottsdale, Arizona
Shift Leadership certification	2	59	Scottsdale, Arizona
Scheduling and labor management	2	0	Scottsdale, Arizona
Inventory management	4	4	Scottsdale, Arizona
Loss prevention	2	0	Scottsdale, Arizona
Guest service & recovery	2	0	Scottsdale, Arizona
Recruiting, interviewing, and hiring	2	0	Scottsdale, Arizona
Training systems	2	0	Scottsdale, Arizona
Restaurant Manager Performance Demonstration & Certification	0	35	Scottsdale, Arizona
TOTALS	33	147	4 weeks

* The assistant manager is only required to attend the Management 101 – Shift Leadership training.

If you sign a Development Agreement, we will require your Development Principal to attend and successfully complete our multi-unit training program. The multi-unit training program may consist of up to five days of classroom and on-the-job training at our Restaurant Support Center and/or another training site designated by us. We may increase or reduce the required training for any reason we deem appropriate. We will bear all expenses for the multi-unit training program that we provide; however, you must pay all salaries, wages, benefits, travel, living and other expenses incurred by your trainees while attending the multi-unit training program. We will have the right to require that your trainees execute and deliver to us a non-disclosure and non-competition agreement in substantially the form attached to the Development Agreement as Exhibit D prior to attending the training program.

MULTI-UNIT TRAINING PROGRAM

The following chart summarizes the subjects taught and number of required training hours during the multi-unit training program:

Subject	Hours Of Classroom Training	Hours Of On The Job Training	Location
Restaurant Operations	9	10	Scottsdale, Arizona
Kitchen Operations	0	10	Scottsdale, Arizona
Store Materials and Equipment	6	0	Scottsdale, Arizona
Marketing	2	0	Scottsdale, Arizona
Information Technology	2	0	Scottsdale, Arizona
Product Sourcing	4	0	Scottsdale, Arizona
TOTALS	23	20	

The management training program and the multi-unit training program are directed by Jeffrey Bastian, who has served as our Director of Training and Development since 2018. Mr. Bastian has more than five years of experience in training Grimaldi's Restaurant operators and more than 20 years of experience with other businesses in training restaurant operators.

Opening Training

If the Franchised Restaurant is the first or second Grimaldi's Restaurant developed by you and your affiliates, we will send a representative to the Franchised Restaurant to assist with the Franchised Restaurant opening for a period not to exceed 21 days ("Opening Training"). This Opening Training will also include on-site training for your Trainers and staff members and additional assistance with opening marketing and opening management. You will not be required to pay any additional costs for any of the travel or living expenses incurred by our representative while they provide the Opening Training. We will determine the hours of training for your staff members. If we provide additional or special guidance, assistance, or training at your request during this opening phase, you must pay our per diem fees, which are currently \$500 per person, and related travel expenses.

Train the Trainer Program

Your Trainers are responsible for training the Franchised Restaurant's managers and staff. You must have a full staff in place and available for training at least ten days before the Franchised Restaurant opens. Periodically, you must conduct required training programs for your employees and your Trainers will offer the management training program to your replacement Operating Principals, General Managers and supervisory employees. We will evaluate all General Managers and supervisory employees trained by your Trainers and determine whether to certify them as Trainers. You are responsible for all costs that you incur in training your employees.

Additional Training Programs

We may require your Operating Principal, General Manager, Trainers and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic business meetings, conventions, regional meetings, and conferences that we specify. You may be required pay a tuition fee that we establish from time to time for these additional training programs. You also will be required to pay all salaries, wages, meals, lodging, other living expenses and transportation costs incurred by your trainees while attending the training.

Advertising

Market Introduction Program

You must advertise and promote the Franchised Restaurant for a six-month period beginning one month prior to opening and continuing for five months after opening ("Market Introduction Period"). We will provide to you a recommended marketing plan template for the Market Introduction Period ("Market Introduction Plan") and approved marketing materials ("Market Introduction Materials"). You may modify the Market Introduction Plan and Market Introduction Materials to meet your local market needs, but you must submit your Market Introduction Plan to us for our review and approval, including total expenditures. Your Franchise Agreement will specify the amount that you will need to spend during the Marketing Introduction Period; however, you can generally expect to spend between \$13,000 and \$18,000. You may not begin implementing the Market Introduction Plan without our written approval.

Marketing and Promotion Obligation

You must contribute 2% of the Franchised Restaurant's weekly Gross Sales to the Brand Fund and you must spend at least 3% of the Franchised Restaurant's weekly Gross Sales on local advertising. You may be required to contribute to an Advertising Cooperative if one has been established in the geographic area in which your Franchised Restaurant is located. We have the right to periodically re-allocate and/or increase your marketing obligation among the Brand Fund, local advertising and an Advertising Cooperative; however, we will not increase your total marketing contributions and expenditures above 5% of Gross Sales.

Brand Fund

We have the right to establish a Brand Fund for the enhancement, promotion and protection of the System and the Marks and for the development of advertising, marketing, and public relations programs and materials. You must contribute 2% of the Franchised Restaurant's Gross Sales weekly to the Brand Fund. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Fund, with final discretion over the creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. You must participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Brand Fund. Grimaldi's Restaurants operated by us and our affiliates will contribute to the Brand Fund on the same basis as comparable franchisees.

Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and marketing materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys and interviews; (6) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; (7) creative development of signage, posters, and individual Grimaldi's Restaurant décor items including wall graphics and signage; (8) development and maintenance of the System website (including franchisee webpages), social media, digital media, mobile applications, extranet and/or intranet; (9) development, implementation, and maintenance of electronic commerce websites and/or related strategies; (10) development and implementation of search engine optimization strategies; (11) development and administration of consumer surveys, interviews and other customer satisfaction and retention policies; (12) retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; and (13) public relations and community involvement activities and programs; (14) gift card and discount card programs materials and implementation; and (15) review of locally produced advertising materials.

We will maintain a separate bank account and segregate Brand Fund monies from our other monies. We will not use the Brand Fund for any of our general operating expenses; however, we and our affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs such as conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. We may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund. We may use the Brand Fund to pay the reasonable salaries, wages, and benefits of personnel (including our personnel and our affiliates' personnel) who manage and administer the Brand Fund. We may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Brand Fund programs. We will not use the Brand Fund for anything that its sole purpose is to solicit franchise sales; however, the System website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities.

The Brand Fund (including any earnings on unspent funds) will be used to maximize general public recognition, acceptance, and patronage of Grimaldi's Restaurants. We are not obligated to make Brand Fund expenditures for you that are equivalent or proportional to your contributions or to ensure that any particular franchisee benefits directly from expenditures by the Brand Fund. We will prepare an annual, unaudited statement of Brand Fund collections and expenses within 60 days after our fiscal year end, which is made available to our franchisees upon request to our marketing department. Unused funds in the Brand Fund at the end of a year will carry over to the following year. We retain the final authority on all programs financed by the Brand Fund. We have the right to change or dissolve the Brand Fund at any time. If we dissolve the Brand Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Brand Fund contributions during the preceding 12-month period. We do not currently have an advertising council composed of franchisees to advise us with respect to our advertising policies.

We did not collect any contributions to the Brand Fund in our last fiscal year.

Local Advertising

You must develop, on an annual basis, an advertising plan and spending budget ("Advertising Plan") that we have approved for your Franchised Restaurant. You must comply with all requirements regarding the Advertising Plan, including the use of approved advertising and marketing materials and media and full compliance with all promotional recommendations. Following the expiration of the Market Introduction Period, you must set aside at least 3% of the weekly Gross Sales of your Franchised Restaurant to use and expend for local advertising. Each quarter, you must submit appropriate documentation to verify your local advertising expenditures. If you fail to expend the required amount on an annual basis, then you must contribute to the Brand Fund any amounts that you should have expended to reach the local advertising expenditure requirement. We will assist you in developing your first Advertising Plan prior to the opening of your Franchised Restaurant. Starting with your second Advertising Plan, you must develop and submit your Advertising Plan for our approval by November 30 of each year.

Advertising Cooperatives

We have the right to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative fund ("Advertising Cooperative"). If an Advertising Cooperative for the DMA in which your Franchised Restaurant is located has been established when you open the Franchised Restaurant, you must immediately become a member of such Advertising Cooperative, unless otherwise agreed to by us. If an Advertising Cooperative for the DMA in which your Franchised Restaurant is located is established after your Franchised Restaurant is opened, you must become a member of such Advertising Cooperative within 30 days of the Advertising Cooperative being formed, unless otherwise permitted by us. You will not be required to become a member of more than one Advertising Cooperative. The following provisions shall apply to each Advertising Cooperative:

- Each Advertising Cooperative will be organized and governed in a form and manner approved in advance by us in writing. Unless we specify otherwise, the activities carried on by each Advertising Cooperative will be decided by a majority vote of its members. Any Grimaldi's Restaurants that we operate in the region shall have the same voting rights as those owned by franchisees. Each Grimaldi's Restaurant owner will be entitled to cast one vote for each Grimaldi's Restaurant owned.
- Each Advertising Cooperative will be organized for the exclusive purpose of developing, administering, and executing advertising programs for the members.
- No advertising or promotional plans or materials may be used by an Advertising Cooperative or furnished to its members without our prior approval.
- You must contribute weekly to the Advertising Cooperative, along with any statements or reports that are required.

- We have the right to terminate any Advertising Cooperative; however, we will not do so until all funding in that Advertising Cooperative has been expended for advertising and/or promotional purposes or all monies have been returned to contributors proportionally to their contributions during the previous 12 months.

Approval Requirement

All advertising and promotion by you and by any Advertising Cooperative must be in the type of media and format that we approve, must be conducted in a dignified manner, and must conform to our standards and requirements. You or the Advertising Cooperative must submit written samples of all proposed advertising and promotional plans and materials for our approval at least 10 days before their intended use, unless the plans and materials were prepared by us. If we do not approve your submission within 10 days after receipt, we have effectively rejected the materials.

Electronic Marketing and Electronic Communications

We will host and maintain an independent store locator page for the Franchised Restaurant at an Internet address that we specify. We will provide and maintain this webpage using a standard template, which you may modify following the guidelines that we publish in the Manual. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks or that promotes any products or services of your Franchised Restaurant. The use of any electronic medium constitutes advertising and promotion subject to our approval as described above.

You may not transmit or cause any other party to transmit advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VoIP, streaming media, or other electronic media without first obtaining our written consent as to: (1) the content of the advertisements or solicitations; and (2) the type of media intended to be used. All telephone answering messages, e-mail auto-signatures, and other identifiers of your Franchised Restaurant must be in the form we prescribe. If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures we issue with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that we may prescribe.

ITEM 12 TERRITORY

Franchise Agreement

Each Franchise Agreement is granted for a specific location that we approve. You receive the right to sell food and beverage items at retail to the public for carry-out and/or consumption at the Franchised Restaurant premises. The Franchise Agreement does not authorize you to sell products through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing efforts. We may permit you to advertise the Franchised Restaurant through the Internet and other electronic means, but we have the right to approve and control any electronic, mobile or Internet presence that uses or displays any of our Marks. You do not receive the right under the Franchise Agreement to develop or operate more than one Grimaldi's Restaurant. We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises under the Franchise Agreement.

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will have no obligation to compensate you in connection with any such activities. We retain all rights not specifically granted to you.

You may not relocate your Franchised Restaurant without our prior written approval. We will base the approval on a variety of factors, including population density, the proximity of other Grimaldi's Restaurants and other relevant demographic factors. If we approve a relocation of your Franchised Restaurant, you must pay a relocation fee equal to the greater of \$5,000 or all reasonable charges actually incurred by Franchisor in connection with Franchisor's consideration of Franchisee's relocation request and you must relocate the Franchised Restaurant within six months after receiving our approval.

Development Agreement

If you sign a Development Agreement, you will receive a Development Area, which will be mutually agreed upon by the parties, taking into consideration the density of the area and the number of Franchised Restaurants you agree to develop. A description of the Development Area will be attached as an exhibit to the Development Agreement. The perimeters of the Development Area may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks or other similar boundary descriptions, and the size may range from a portion of a metropolitan area to a county or a state in less densely populated areas.

We will not establish, nor license anyone other than you to establish, a Grimaldi's Restaurant in the Development Area during the term of your Development Agreement ("Development Term"), provided that you are in compliance with your obligations under the Development Agreement and all Franchise Agreements between you (including any of your affiliates) and us. We and our affiliates reserve the right to: (1) operate or license others to operate Grimaldi's Restaurants at any Non-Traditional Facility or Captive Market Location (as defined below) within or outside your Development Area; (2) operate or license others to operate manufacturing and distribution facilities in your Development Area that produce and/or distribute items bearing the Marks; (3) operate or license others to operate restaurants under the Marks in formats other than dine-in full-service restaurants in the Development Area; (4) sell anywhere (within or outside your Development Area) the same or similar products that are authorized for sale at Grimaldi's Restaurants under the Marks or under other trademarks or trade dress and through any other channel of distribution, whether such channel of distribution is now in existence or is hereafter developed and whether at retail or wholesale including, without limitation, sales through catalogs, e-commerce, mail order, carts or kiosks, mass merchandise, supermarkets, restaurants, institutional customers, club stores and any other outlet or method of distribution, pursuant to any terms and conditions as we may deem appropriate; (5) establish, acquire or operate, or license others to establish and operate, restaurants under other systems or other trademarks, which may offer or sell products or services that are the same as, similar to, or different from the products and services offered from Grimaldi's Restaurants; and (6) purchase, merge with, acquire or become associated with any business of any kind under other systems and/or trademarks, which businesses may convert to or operate under the Marks and may offer or sell products and services that are the same as, similar to, or different from the products and services offered at Grimaldi's Restaurants and which businesses may be located within or outside the Development Area.

The term "Captive Market Location" includes, among other things, non-foodservice businesses of any sort within which a Grimaldi's Restaurant or a branded facility is established and operated (including, but not limited to, gas stations, convenience stores, hotels and resorts). The term "Non-Traditional Facility" includes, among other things, college campuses, schools, hotels, casinos, airports and other travel related facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; convention centers; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.

There are no minimum sales quotas or other conditions that must be met in order to maintain your limited exclusivity in the Development Territory. However, if you are in default under the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement, we may terminate the Development Agreement and the limited exclusivity in the Development Territory. You will not receive any exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You do not receive the right under the


Development Agreement to develop or operate any Franchised Restaurants in addition to the number specified in the Development Schedule.

Neither we nor any of our affiliates have established or presently intend to establish, other franchises or company-operated outlets selling or leasing similar products or services under a different trade name or trademark; however, we retain the right to do so in the future.

**ITEM 13
TRADEMARKS**

We grant you a limited and non-exclusive license under the Franchise Agreement to operate a restaurant under the “GRIMALDI’S,” “GRIMALDI’S PIZZERIA,” and “GRIMALDI’S COAL-BRICK OVEN PIZZERIA” names and marks and to use our other current or future trademarks in the operation of your Franchised Restaurant. By Marks, we mean all names, marks, logos, insignias, slogans, emblems, symbols and designs designated by us as identifying the System and the products sold and services provided in relation to the System. We will periodically advise you as to any additions to, or deletions from, the Marks, and your right to use the Marks will be deemed modified by those additions or deletions.

Under a License Agreement with JMC, CBOP has the right to use, and license others to use, the Marks in the United States. Under a Sublicense Agreement with CBOP, we have the right to use, and license others to use, the Marks in the United States. JMC owns the following principal Marks that were registered with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Trademark	Registration No.	Registration Date
	4806802	September 8, 2015
GRIMALDI'S PIZZERIA	2871214	August 10, 2004

JMC intends to file all required affidavits and renewals for the Marks listed above.

CBOP granted a non-exclusive license to us to use and sublicense others to use the Marks in the United States under an Intellectual Property Sublicense Agreement – Trademarks / Trade Dress. CBOP has the right to terminate the agreement if we commit a breach of the agreement. In that event, CBOP will assume our obligations under your Franchise Agreement. There are no other agreements that limit our right to license the Marks to you under the Franchise Agreement.

You must follow our rules when you use the Marks. You cannot use the Marks or any variations of the Marks or marks or names confusingly similar to the Marks in any manner not authorized by us or in any email address, social media identifier, website, domain name, URL, or any corporate, limited liability company or partnership name without our prior written authorization. You may not use the Marks for the sale of an unauthorized product or service or in any other manner not authorized by the Franchise Agreement.

There are no presently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court concerning the principal Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Marks. Other than as described above, there are no agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Marks in any state.

You may not directly or indirectly contest the validity, or JMC's ownership of the Marks or CBOP's license from JMC or our sublicense from CBOP to use and license others to use the Marks. The Franchise Agreement requires you to notify us immediately if you have any knowledge of infringement of the Marks or if any litigation involving the Marks is instituted or threatened against you. You also must fully cooperate in defending or settling the litigation. We will reimburse you for all costs and expenses related to any actions that you take with this regard.

We will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding challenging your authorized use of any Mark if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with the Franchise Agreement, the Manual, and any other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement.

If we should elect to use a principal name other than "Grimaldi's" to identify the System, we may select another name and notify you to change all or some items bearing the Marks to the new name within a reasonable period of time as determined by us and you promptly shall adopt that name. You will bear the sole cost and expense of making these changes and we shall have no obligation or liability to you as a result of any changes.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Franchised Restaurant.

Copyrights

Our affiliate, CBOP, owns the System and granted a non-exclusive license to us to use and sublicense others to use the System in the United States under an Intellectual Property License Agreement – Operations. CBOP has the right to terminate the Intellectual Property License Agreement if we commit a breach of the agreement. In that event, CBOP will assume our obligations under your Franchise Agreement.

We and/or our affiliates are the owners of certain proprietary materials that are used in the System ("Proprietary System Materials") and the copyrights in these Proprietary System Materials are valuable property. The Proprietary System Materials include, but are not limited to, the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, customer contracts, vehicle wraps, signs, websites and social media sites, mobile applications, and restaurant designs, plans and specifications, and any and all modifications, adaptations, translations and derivative works of the foregoing. These Proprietary System Materials may incorporate all or part of the Marks or other trade dress used as part of the System. Neither we nor our affiliates have registered those materials with the United States Registrar of Copyrights.

During the term of your Franchise Agreement, we will provide you with electronic access to the Manual via a restricted website, intranet or extranet. The Manual contains the System standards, which include mandatory and suggested specifications, standards, technical advice, policies and procedures, operating procedures, reporting requirements and rules that we periodically prescribe for operating a Grimaldi's Restaurant and information on your other obligations under the Franchise Agreement. The contents of the Manual are confidential and proprietary to us and contain our trade secrets and copyrighted material. Any passwords or other digital identifications necessary to access the Manual on our website, intranet or extranet also are deemed to be confidential and proprietary to us. You may not disclose the Manual, passwords or other digital identifications to any person other than employees of the Franchised Restaurant who need to access the Manual in connection with the fulfillment of your obligations under the Franchise Agreement. Your employees with access to the Manual must sign a confidentiality agreement in a form and format provided by us before accessing the Manual. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

We and our affiliates claim copyright protection in the Manual and certain forms, architectural, engineering and construction plans, advertising materials, product recipes, formulas, specifications, ingredients, processes, techniques and methodologies, supplier information, customer lists, site information, equipment specifications, computer programs, newsletters, training materials, and operations and accounting materials. Neither we nor our affiliates have registered those materials with the United States Registrar of Copyrights.

We are not required by any agreement to protect or defend copyrights or Proprietary System Materials, although we intend to do so as appropriate.

Consumer Data

All data collected, created, provided, or otherwise developed on your computer system by you in any form, including data uploaded to our computer system from your computer system and/or downloaded from your computer system to our computer system, is and will be owned exclusively by us, including all data collected from consumers in connection with the Franchised Restaurant including names, addresses, email addresses, telephone numbers, corporate information, transaction data, demographic data, behavioral data, customer service data, correspondence, and other documents and information obtained from consumers, suppliers, or others in connection with any product or service (collectively, "Consumer Data"). We will have the right to use such data in any manner that we deem appropriate without compensation to you. In addition, all other data created or collected by you in connection with the System, or in connection with your operation of the Franchised Restaurant, including Consumer Data, is and will be owned exclusively by us. In the Franchise Agreement, we license use of such data back to you, at no additional cost, solely for the term of the Franchise Agreement and solely for your use in connection with the Franchised Restaurant. You may not sell, transfer, or use Consumer Data for any purpose other than operating the Franchised Restaurant and marketing Grimaldi's Restaurant products and services.

You must implement and maintain reasonable and appropriate practices, procedures, and systems, including administrative, technical, and physical safeguards, to: (1) protect the security, confidentiality, and integrity of Consumer Data and other employee and transactional information, including personally identifying information; (2) ensure against anticipated threats or hazards to the security or integrity of such data and information; (3) protect against unauthorized access to or use of such data and information; and (4) otherwise comply with any data protection safeguards designated by us in the Manual. These safeguards may include a written data security plan, employee training, information access controls, restricted disclosures, systems protections (e.g., intrusion protection, data storage protection, and data transmission protection), and physical security measures. You must comply with all applicable laws governing the use, protection, and disclosure of Consumer Data. If there is a suspected or actual breach of security or unauthorized access involving Consumer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Consumer Data was compromised or disclosed.

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

You must designate a qualified individual to serve as the "Operating Principal" of your Franchised Restaurant. If you sign a Development Agreement, you must designate a qualified individual to serve as your "Development Principal." If qualified, the same person may fill both of these positions; however, we may require that these positions be held by different persons.

The Operating Principal, who will be the person with whom we communicate as to operational matters, must have the authority to bind you with respect to all operational decisions related to the Franchised Restaurant. Your Operating Principal must devote full-time and reasonable efforts to supervising the development and operation of the Franchised Restaurant and those other Grimaldi's Restaurants that you and your affiliates operate in the same geographic area as the Franchised Restaurant. Your Operating Principal may not engage in any other business or activity, directly or indirectly, that requires

substantial management responsibility and must maintain a primary residence within a reasonable driving distance of the Franchised Restaurant. Your Operating Principal must be approved by us, successfully complete our management training program, and qualify as a Trainer. The Operating Principal shall remain active in overseeing the operations of the Franchised Restaurant, including regular, periodic visits to the Franchised Restaurant and sufficient communications with us, to ensure that the Franchised Restaurant's operations comply with the operating standards as promulgated by us from time to time in the Manual or otherwise in written or oral communications. You must designate a replacement within 60 days after your Operating Principal leaves the position. You must obtain our approval before designating anyone to serve as an Operating Principal.

Your Franchised Restaurant must at all times be under the on-site supervision of your Operating Principal or a General Manager who meets all applicable training qualifications. You must employ at the Franchised Restaurant the number of managers required by us. We do not require your Operating Principal or General Manager to have an equity ownership interest in your company.

If you sign a Development Agreement, your Development Principal must: (1) devote substantial and adequate time and reasonable efforts to supervising the development of the Grimaldi's Restaurants to be developed under the Development Agreement; (2) be a person acceptable to both you and us; (3) successfully complete our multi-unit training program and any additional training; and (4) maintain a primary residence within a reasonable driving distance of the Development Area. You must designate a replacement within 60 days after your Development Principal leaves the position. You must obtain our approval before designating anyone to serve as a Development Principal.

All of your owners who hold an equity interest in you of 5% or more ("Principal Owners"), must personally guarantee your performance of the Franchise Agreement and Development Agreement by signing the Personal Guaranty and Assumption of Franchisee's Obligations in the form attached to the Franchise Agreement as Exhibit B and the Development Agreement as Exhibit B. In addition, we may require the spouse (or domestic partner or other immediate family member) of a Principal Owner to sign the Personal Guaranty. We may also require any guarantor to submit personal financial statements from time to time. If they are not obligated to sign the Personal Guaranty, we require your Operating Principal, Development Principal, General Manager and other managers who attend our management training program to sign a non-disclosure and non-competition agreement, the current form of which is attached as Exhibit C to the Franchise Agreement. We do not impose any other restrictions on your managers.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Restaurant solely for the operation of a Grimaldi's Restaurant. You must maintain sufficient inventories, adequately staff each shift with qualified employees, and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for the minimum number of days and hours that we specify in the Manual or otherwise in writing.

Your Franchised Restaurant may offer only those products and services that we have expressly authorized to be offered at Grimaldi's Restaurants in the Manual and that conform to our standards and specifications. You must not deviate from our standards and specifications, or the approved products or services by the use or offer of non-approved items without our prior written consent. We have the right to change the menu items, ingredients, products, materials, supplies and paper goods or the standards and specifications of each, and there are no limits on our ability to do so. You must discontinue offering for sale and selling any menu items and merchandise that we may, in our discretion, disapprove in writing at any time. We do not limit the customers to whom you may sell goods or services.

See Items 8 and 9 for more specific information on restrictions covering what you may sell.

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

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement and Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) OR DEVELOPMENT AGREEMENT (DA)	SUMMARY
a. Length of the franchise term	FA: 2.A DA: 1.A	FA: The Franchise Agreement expires 10 years after the opening of Franchised Restaurant. DA: The Development Agreement expires on the date that you are required to open the last Franchised Restaurant under the Development Schedule.
b. Renewal or extension of the term	FA: 2.B DA: Not applicable	FA: If you meet the criteria set forth in c. below, you will have the option to remain a franchisee at the Franchised Restaurant for two successor terms of five years each. DA: You have no right to renew the Development Agreement.
c. Requirements for you to renew or extend	FA: 2.B DA: Not applicable.	FA: Provide notice, be in compliance with Franchise Agreement and any Development Agreement (if applicable), present satisfactory evidence that you have the right to remain in possession of the premises, comply with our then-current standards and training requirements; sign a release, renovate and update the Franchised Restaurant; pay a successor franchise fee and sign our then-current form of Franchise Agreement, which may contain terms and conditions substantially different from your original Franchise Agreement including higher royalty fees and advertising obligations. DA: You have no right to renew the Development Agreement.
d. Termination by you	FA: Not Applicable DA: Not applicable	You may not terminate the Franchise Agreement or the Development Agreement.
e. Termination by us without cause	FA: Not Applicable DA: Not applicable	We may not terminate the Franchise Agreement or the Development Agreement without cause.
f. Termination by us with cause	FA: 18 DA: 12	We may terminate the Franchise Agreement and Development Agreement upon default.

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) OR DEVELOPMENT AGREEMENT (DA)	SUMMARY
g. "Cause" defined-curable defaults	FA: 18.C DA: 12.C	You have 7 days to cure monetary defaults. You have 30 days to cure non-monetary defaults other than those discussed in h.
h. "Cause" defined non-curable defaults	FA: 18.B - C DA: 12.B - C	<p>FA: Non-curable defaults include: insolvency, bankruptcy; creditor proceedings; foreclosure; receivership; failure to meet site approval, acquisition and opening deadlines; failure to have Operating Principal successfully complete training; acceleration of debt or entry of judgment of \$100,000; abandonment of the business; unauthorized transfer; violation of covenants of confidentiality and non-competition; material misrepresentation; filing false reports; loss of possession of the premises; misuse of the Marks or trade dress; felony conviction; terrorist activities; other governmental action against you, repeated defaults, even if cured; default of any other agreements between you or your affiliates (including a Development Agreement) and us or our affiliates; and others.</p> <p>DA: Failure to meet deadlines in the Development Schedule; commencement of construction before receipt of fully-executed Franchise Agreement for that location; insolvency, bankruptcy; creditor proceedings; foreclosure; receivership; unauthorized transfer; violation of covenants of confidentiality and non-competition; material misrepresentation; falsification of reports; felony conviction; terrorist activities; default of any other agreements between you or your affiliates and us or our affiliates (including a Franchise Agreement); and others.</p>
i. Your obligations on termination/ nonrenewal	FA: 19 DA: 13	<p>FA: Cease operating the Franchised Restaurant and cease using the System, the Marks and the Manual; pay all amounts owed to us and our affiliates; return the Manual, Consumer Data and other proprietary materials; complete de-identification; cancel any assumed name or equivalent registration that contains the Marks and provide evidence of compliance; assign all telephone numbers, social media accounts and listings to us; and comply with covenants.</p> <p>DA: Forfeiture of right to develop; termination of limited exclusive rights in Development Area;</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) OR DEVELOPMENT AGREEMENT (DA)	SUMMARY
		return of materials to us; continued observance of covenants; payment of amounts due to us; forfeiture of Development Fee; no operation of business under any name or in any manner that suggests connection to us and our affiliates; and cease use of our materials.
j. Assignment of contract by us	FA: 15 DA: 9	There are no restrictions on our right to assign the Franchise Agreement or the Development Agreement.
k. "Transfer" by you-defined	FA: 16.A DA: 10.A	<p>FA: Restrictions apply to sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the franchise, a majority of the assets of the Franchised Restaurant, the premises, or any other assets pertaining to your operations under the Franchise Agreement.</p> <p>DA: Restrictions apply to sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the Development Agreement or any other assets pertaining to your operations under the Development Agreement.</p>
l. Our approval of transfer by you	FA: 16.A DA: 10.A	We have the right to approve transfers under the Franchise Agreement and the Development Agreement.
m. Conditions for our approval of transfer	FA: 19.B. DA: 10.B.	<p>FA: Notice provided and qualified transferee; transferee completes management training program and pays training fee; transferee demonstrates ability to obtain a leasehold or ownership interest in the premises; reasonable debt service; payment of amounts owed to us and our affiliates and suppliers; you are in good standing with us, our affiliates, your landlord and suppliers; payment of transfer fee; transferee must sign then-current form of Franchise Agreement; and you and your owners and guarantors sign a general release.</p> <p>DA: Notice provided and qualified transferee; transferee completes multi-unit training program; reasonable debt service; payment of amounts owed to us and our affiliates and suppliers; you are in good standing with us, our affiliates, and suppliers; payment of amounts due; payment of transfer fee; you must simultaneously transfer the Franchise</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) OR DEVELOPMENT AGREEMENT (DA)	SUMMARY
		Agreements for the Franchised Restaurants that are open in the Development Area to the same purchaser; transferee must sign then-current form of Development Agreement; and you and your owners and guarantors sign a general release.
n. Our right of first refusal to acquire your business	FA: 19.H DA: 10.H	We can match any transfer offer (other than a transfer to an immediate family member of one of your Principal Owners).
o. Our option to purchase your business	FA: 20 DA: Not applicable	FA: Upon expiration or termination of the Franchise Agreement, we can take legal possession of the Premises and purchase your business assets. DA: Not applicable.
p. Your death or incapacity	FA: 19.D DA: 10.D	FA: Following death or permanent incapacity of any of your Principal Owners, you must apply to us within three months for consent to transfer that person's interest. If the deceased or incapacitated person is the Operating Principal, we have the right to manage operation of the Franchised Restaurant until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services. DA: Following death or permanent incapacity of any of your Principal Owners, you must apply to us within three months for consent to transfer that person's interest.
q. Non-competition covenants during the term of the franchise	FA: 17.C DA: 11.B	FA: No diverting customers to a Competing Business and no involvement in a Competing Business, which is defined as: (i) any pizza restaurant or pizzeria, including, but not limited to, full-service, mid-scale, fast-casual, and delivery concepts; (ii) any restaurant concept and/or operation where pizza comprises 25% or more of the concept's/operation's food menu offerings; or (iii) any business where 15% or more of the sales generated by such business is generated from the sale of pizza. DA: No diverting customers to a Competing Business and no involvement in a Competing Business.
r. Non-competition covenants after the	FA: 17.C	FA: No activity as described in q. above for two years within a ten-mile radius from the front

PROVISION	SECTION IN FRANCHISE AGREEMENT (FA) OR DEVELOPMENT AGREEMENT (DA)	SUMMARY
franchise is terminated or expires	DA: 11.B	<p>door of your Franchised Restaurant or within a ten-mile radius from the front door of any then-existing Grimaldi's Restaurant.</p> <p>DA: No activity as described in q. above for two years within the Development Area, within ten miles of the border of the Development Area, and within a ten-mile radius from the front door of any then-existing Grimaldi's Restaurant operating under the System.</p>
s. Modification of the agreement	FA: 26 & 30.D DA: 19 & 23.D	No modification generally without signed agreement; however, we may modify the System and the Manual.
t. Integration/merger clause	FA: 26 DA: 19	<p>FA: Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this disclosure document and Franchise Agreement may not be enforceable.</p> <p>DA: Only the terms of the Development Agreement are binding (subject to applicable state law). Any representations or promises made outside this disclosure document and the Development Agreement may not be enforceable.</p>
u. Dispute resolution by arbitration or mediation	FA: 27.A DA: 20.A	Either party may submit a claim arising out of the Franchise or Development Agreement to non-binding mediation; however, the parties will not be required to pursue mediation of any claim as a prerequisite to commencing legal proceedings.
v. Choice of forum	FA: 27.C DA: 20.C	Subject to applicable state law, the parties can only mediate and file suit where our principal offices are located at the time suit is filed (currently, Scottsdale, Arizona).
w. Choice of law	FA: 27.B DA: 20.B	Subject to applicable state law, Arizona law applies. However, if the covenants against competition would not be enforceable under Arizona law, then they shall be interpreted under the laws of the state where the Franchised Restaurant (Franchise Agreement) or the Development Area (Development Agreement) is located.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides that 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.

The following tables present information about the historic Gross Sales of 41 Company-Operated Grimaldi’s Restaurants that were open during the period from January 1, 2023 through December 31, 2023 (the “Reporting Period”).

TABLE 1

Table 1 below displays the historic Gross Sales of 41 Company-Operated Grimaldi’s Restaurants that were open during the Reporting Period. The restaurants are divided into thirds based on their Gross Sales. A “third” is determined by dividing the performance of the restaurants into three equal groups based on their Gross Sales.

2023 Gross Sales	Tier 1 Top Third	Tier 2 Middle Third	Tier 3 Bottom Third
No. of Restaurants	14	14	13
Average Gross Sales	\$3,901,273	\$2,864,475	\$1,939,072
Range of Gross Sales	\$3,248,066 - \$5,254,848	\$2,361,735 - \$3,242,084	\$1,444,840 - \$2,357,281
Median Gross Sales	\$3,843,467	\$2,885,880	\$1,933,949
No. and Percentage of Restaurants in each Tier at or above Average Gross Sales	7 / 50%	9 / 64%	6 / 46%

TABLE 2

Table 2 below displays the historic Gross Sales of 41 Company-Operated Grimaldi’s Restaurants that were open during the Reporting Period. The table displays the Gross Sales of 27 restaurants in the top two-thirds of Gross Sales and 27 restaurants in the bottom two-thirds of Gross Sales. A “third” is determined by dividing the performance of the restaurants into three equal groups based on their Gross Sales.

2023 Gross Sales	Tier 1 Top Two Thirds	Tier 2 Bottom Two Thirds
No. of Restaurants	27	27
Average Gross Sales	\$3,420,694	\$2,418,911
Range of Gross Sales	\$2,427,928 - \$5,254,848	\$1,444,840 - \$3,242,084
Median Gross Sales	\$3,248,066	\$2,361,735
No. and Percentage of Restaurants in each Tier at or above Average Gross Sales	11 / 41%	13 / 48%

TABLE 3

Table 3 below displays the historic Gross Sales of 41 Company-Operated Grimaldi's Restaurants that were open during the Reporting Period. The table displays the Gross Sales of restaurants in the three sales bands based on their Gross Sales.

2023 Gross Sales	Tier 1 Gross Sales Greater Than \$2,500,000	Tier 2 Gross Sales Between \$1,750,000 and \$2,500,000	Tier 3 Gross Sales Less Than \$1,750,000
No. of Restaurants	26	11	4
Range of Gross Sales	\$2,569,685 - \$5,254,848	\$1,894,690 - \$2,427,928	\$1,444,840 - \$1,702,553
Median Gross Sales	\$3,250,841	\$2,128,307	\$1,494,189
Average Gross Sales	\$3,458,878	\$2,169,257	\$1,533,943
No. and Percentage of Restaurants in each Tier at or above Average Gross Sales	9 / 35%	5 / 56%	1 / 17%

NOTES

1. Gross Sales is defined as all revenue and all other income of every kind and nature related to or derived from the restaurant whether such sale be evidenced by check, cash, credit, charge account, gift card, exchange or otherwise and shall include, but not be limited to, the amounts received from the sale of food and beverages (whether for on-sight or off-sight consumption, including catering or delivery), goods, wares and merchandise, tangible property of every kind and nature, promotional or otherwise, and for services performed upon, from, or in connection with the restaurant.

2. The Company-Operated Restaurants reflected in this financial performance representation operate in locations that average a square footage space of 4,082 (this excludes patio space). The average square footage of those restaurants that include patio space is 4,866. These restaurants offer products and services for sale that are substantially similar to the products and services that you will offer for sale in your Franchised Restaurant. We compiled the Gross Sales of the Company-Operated Restaurants on the basis of generally accepted accounting principles. The information presented is unaudited. All Company-Operated Restaurants use the same accounting methods and system.

3. We have not included the costs of sales, operating costs or other costs and expenses for the Company-Operated Restaurants. Therefore, this financial performance representation does not reflect the costs of sales, operating expenses or other costs and expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating a franchised Grimaldi's Restaurant.

4. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

5. **Some Grimaldi's Restaurants have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding financial performance representation, CBOP Domestic, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet; however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chief Operating Officer, Michael Flaum, at 15005 N. Northsight Blvd., Scottsdale, Arizona 85260 and/or (480) 947-7100 ext. 121, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

TABLE NO. 1

**SYSTEMWIDE RESTAURANT SUMMARY
FOR YEARS 2021 to 2023**

Restaurant Type	Year	Restaurants at Start of Year	Restaurants at End of Year	Net Change
Franchised Restaurants	2021	0	0	0
	2022	0	1	+1
	2023	1	1	0
Company-Operated Restaurants	2021	41	41	0
	2022	41	41	0
	2023	41	44	+3
Total Restaurants	2021	41	41	0
	2022	41	42	+1
	2023	42	45	+3

TABLE NO. 2

**TRANSFERS OF FRANCHISED RESTAURANTS
FOR YEARS 2021 to 2023**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

TABLE NO. 3

**STATUS OF FRANCHISED RESTAURANTS
FOR YEARS 2021 to 2023**

State	Year	Restaurants At Start of Year	Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Restaurants at End of Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

TABLE NO. 4

**STATUS OF COMPANY-OPERATED RESTAURANTS
FOR YEARS 2021 to 2023**

State	Year	Restaurants at Start of Year	Restaurants Opened	Restaurants Reacquired from Franchisees	Restaurants Closed	Restaurants Sold to Franchisees	Restaurants at End of Year
Arizona	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	0	0	0	0	7
California	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Florida	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
Idaho	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kansas	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
Kentucky	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Restaurants at Start of Year	Restaurants Opened	Restaurants Reacquired from Franchisees	Restaurants Closed	Restaurants Sold to Franchisees	Restaurants at End of Year
Nevada	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
New York	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
South Carolina	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Texas	2021	17	1	0	0	0	18
	2022	18	0	0	0	0	18
	2023	18	2	0	0	0	20
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	41	1	0	1	0	41
	2022	41	0	0	0	0	41
	2023	41	3	0	0	0	44

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Restaurant Not Opened	Projected New Franchised Restaurants in the next Fiscal Year	Projected New Company-Operated Restaurants in the next Fiscal Year
Alabama	1	1	0
Iowa	1	1	0
Total	2	2	0

NOTES

1. The numbers for 2021 to 2023 are as of December 31 of each year. If multiple events occurred affecting a restaurant, the table shows the event that occurred last in time. States not listed had no activity to report.
2. Our Company-Operated Restaurants are operated by our affiliate, CBOP.
3. Exhibit F contains our list of current franchisees and franchisees who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or

who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

4. During the last three fiscal years, we have not signed agreements with any franchisees or former franchisees restricting their ability to speak openly about their experience with us.

5. No independent franchisee organization has asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit E contains our audited Financial Statements as of December 31, 2021, December 31, 2022 and December 31, 2023. Our fiscal year ends on December 31st of each year.

ITEM 22 CONTRACTS

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

- B. Franchise Agreement
- C. Development Agreement

We also require that you fill out our Franchisee Disclosure Questionnaire (Exhibit I) before signing the Development Agreement or Franchise Agreement.

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT B

FRANCHISE AGREEMENT

GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT

Franchisee

Effective Date

Premises

**GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT
TABLE OF CONTENTS**

SECTION	PAGE
1. GRANT OF RIGHTS	1
2. TERM	3
3. DEVELOPMENT OF THE FRANCHISED RESTAURANT	5
4. FEES	9
5. RECORDS AND REPORTS	11
6. MARKETING AND PROMOTION	13
7. MANUAL AND COPYRIGHTED MATERIALS	18
8. SYSTEM STANDARDS AND MODIFICATIONS	19
9. TRAINING AND GUIDANCE	20
10. TECHNOLOGY	23
11. PERFORMANCE STANDARDS AND UNIFORMITY OF OPERATION	26
12. INSURANCE	33
13. MARKS	35
14. FRANCHISEE'S ORGANIZATION AND MANAGEMENT	36
15. TRANSFERS BY FRANCHISOR	37
16. TRANSFERS BY FRANCHISEE	38
17. COVENANTS	42
18. DEFAULT AND TERMINATION	44
19. OBLIGATIONS ON TERMINATION OR EXPIRATION	47
20. OPTION TO PURCHASE	49
21. RELATIONSHIP OF THE PARTIES	51
22. INDEMNIFICATION	51
23. CONSENTS, APPROVALS AND WAIVERS	52
24. NOTICES	53
25. FORCE MAJEURE	53
26. ENTIRE AGREEMENT	53
27. DISPUTE RESOLUTION	54
28. SEVERABILITY AND CONSTRUCTION	55
29. MISCELLANEOUS	56
30. REPRESENTATIONS	56

EXHIBITS

EXHIBIT A - FRANCHISE INFORMATION AND OWNERSHIP INTERESTS

EXHIBIT B - PERSONAL GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

EXHIBIT C - FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

EXHIBIT D - ACH AUTHORIZATION FORM

EXHIBIT E - ADDENDUM TO LEASE FORM

RIDER 1 - EXPIRATION OF FRANCHISE AGREEMENT

GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT

This Franchise Agreement ("**Agreement**") is made as of this ____ day of _____, 20__ ("**Effective Date**") by and between **CBOP Domestic, Inc.** ("**Franchisor**"), an Arizona corporation and _____ ("**Franchisee**"), a _____ formed in _____.

RECITALS

Franchisor and its affiliates have developed and own a unique and distinctive system ("**System**") relating to the development, establishment and operation of full-service dine-in casual family restaurants serving lunch and dinner featuring fresh made, hand-tossed pizzas and calzones baked in a coal-fired brick oven, house made salads and cheesecakes made fresh in the restaurant, and a full bar that includes proprietary wines (each, a "**Grimaldi's Restaurant**").

The distinguishing characteristics of the System include, without limitation, standards, policies and procedures for restaurant layout, equipment, kitchen, dining room, patio space, bar area set-up and operations, inventory procurement and control, staffing and employee training, customer service, procedures to maintain quality and consistency of menu items, community and charitable involvement, information technology and point of sale systems, and assistance with advertising, promotion, public relations, and social media, all of which Franchisor may change, improve and further develop over time.

Franchisor and its affiliates identify the System by means of the "*GRIMALDI'S*," "*GRIMALDI'S PIZZERIA*," and "*GRIMALDI'S COAL-BRICK OVEN PIZZERIA*" names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, the "**Marks**"), which Franchisor has designated, or may in the future designate, for use with the System. The Marks used to identify the System, including the principal Marks, may be modified by Franchisor and/or its affiliates from time to time.

Franchisee would like the opportunity, subject to the terms and conditions of this Agreement, to obtain a license to use the System in connection with the operation of a franchised Grimaldi's Restaurant ("**Franchised Restaurant**") at the location specified in Exhibit A ("**Premises**") and to receive training and other assistance provided by Franchisor in connection with Franchisee's development and operation of the Franchised Restaurant.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of developing and operating the Franchised Restaurant in strict conformity with this Agreement and Franchisor's confidential restaurant operations manual ("**Manual**").

Franchisor is willing to grant a license to Franchisee to operate the Franchised Restaurant at the Premises, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of Franchisor's grant to Franchisee of the right to operate the Franchised Restaurant at the Premises during the term of this Agreement, as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF RIGHTS

A. Grant.

(1) The foregoing Recitals are hereby incorporated by reference. Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right to establish

and operate the Franchised Restaurant at the Premises and a license to use the Marks solely in connection with the operation of the Franchised Restaurant (the “**Franchise**”). If Franchisor has not approved the site for the Franchised Restaurant as of the date of this Agreement, the provisions of Section 3 will apply with regard to Franchisee’s selection of a site for the Franchised Restaurant.

(2) Unless otherwise permitted by Franchisor in writing, Franchisee shall offer and sell only those products and services previously authorized by Franchisor in writing, only from the Premises, only in accordance with the requirements of this Agreement and the procedures set forth in the Manual, and only to customers at the Premises. Franchisee shall not offer or sell products or services authorized under this Agreement through any other means, including through catering, delivery, satellite locations, temporary locations, e-commerce websites, the internet, or any electronic media, without the prior written approval of Franchisor, and only in accordance with Franchisor’s policies as they may be developed and/or modified from time to time in the Manual. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate or use the System.

(3) Franchisee agrees, at all times, to faithfully, honestly and diligently perform its obligations under this Agreement, that Franchisee will continuously exert its best efforts to promote and enhance the business of the Franchised Restaurant and that Franchisee will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other Grimaldi’s Restaurants or other restaurants that are franchised by Franchisor or Franchisor’s affiliates.

B. No Exclusivity. This Agreement does not grant Franchisee the exclusive right to use the System or the Marks in any geographic area.

C. Reservation of Rights. Except as expressly granted to Franchisee in Section 1.A.(1), Franchisor and its affiliates retain all rights with respect to Grimaldi’s Restaurants, the Marks, the sale of similar or dissimilar products and services to those offered at Grimaldi’s Restaurants, and any other activities Franchisor deems appropriate whenever and wherever Franchisor desires, including the right to:

(1) operate or license others to operate at any location, during or after the term of this Agreement, any type of restaurant other than Grimaldi’s Restaurants;

(2) operate or license others to operate Grimaldi’s Restaurants at any location other than the Premises and operate or license others to operate after this Agreement terminates or expires, Grimaldi’s Restaurants at any location, including the Premises;

(3) sell the same or similar products that are authorized for sale at Grimaldi’s Restaurants under the Marks or under other trademarks or trade dress and through any other channel of distribution, whether such channel of distribution is now in existence or is hereafter developed and whether at retail or wholesale including, without limitation, sales through catalogs, e-commerce, mail order, carts or kiosks, mass merchandise, supermarkets, restaurants, institutional customers, club stores and any other outlet or method of distribution, pursuant to any terms and conditions as we may deem appropriate;

(4) operate or license others to operate manufacturing and distribution facilities that produce and/or distribute items bearing the Marks;

(5) operate or license others to operate restaurants under the Marks in formats other than dine-in full-service restaurants;

(6) establish, acquire or operate, or license others to establish and operate, restaurants under other systems or other trademarks, which restaurants may offer or sell products or services that are the same as, similar to, or different from the products and services offered from Grimaldi’s Restaurants; and

(7) purchase, merge with, acquire or become associated with any business of any kind under other systems and/or trademarks, which businesses may convert to or operate under the Marks and may offer or sell products and services that are the same as, similar to, or different from the products and services offered at Grimaldi's Restaurants.

D. Franchisor's Rights. In fulfilling its obligations under this Agreement, and in conducting any activities or exercising its rights pursuant to this Agreement, Franchisor (and its affiliates) will always have the right: (1) to take into account, as Franchisor sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor has an interest and on its activities (and those of its affiliates'); (2) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) have an interest, and/or with Franchisor's affiliates; (3) to introduce proprietary and non-proprietary items and services or operational equipment used by the System into other franchised systems in which Franchisor or its affiliates have an interest; and/or (4) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as Franchisor sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 1.D and that nothing in this Section 1.D shall in any way affect Franchisee's obligations under this Agreement.

E. Forms of Agreement. Franchisee acknowledges that Franchisor intends to enter into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

F. Delegation. Franchisor has the right, from time to time, to delegate the performance of any portion or all of Franchisor's obligations and duties under this Agreement to Franchisor's designees, whether affiliates or agents of Franchisor or independent contractors with whom Franchisor has contracted to provide the services.

2. TERM

A. Initial Term. The initial term of this Agreement ("**Initial Term**") shall begin on the Effective Date and shall expire at midnight on the day preceding the tenth anniversary of the date the Franchised Restaurant first opened for business, unless this Agreement is terminated at an earlier date pursuant to Section 18. Franchisor shall complete and forward to Franchisee a notice, in a form substantially similar to attached Rider 1, to memorialize the date the Franchised Restaurant first opened for business. Franchisee acknowledges that it does not have the unilateral right to cease operating the Franchised Restaurant prior to the expiration of the Initial Term.

B. Successor Terms. When this Agreement expires, Franchisee shall have an option to remain a franchisee at the Premises for two (2) successor terms of five (5) years each (each a "**Successor Term**") if Franchisor is still offering franchises in the area where the Franchised Restaurant is located and if Franchisee is in substantial compliance with the terms of this Agreement as of the date immediately preceding the beginning date of the respective Successor Term. The qualifications and conditions for the first Successor Term are described below. The qualifications and conditions for the second Successor Term will be described in the form of Successor Franchise Agreement signed upon the expiration of this Agreement. In order to be eligible for the first Successor Term, Franchisee must comply with all of the following conditions prior to and at the end of the Initial Term:

(1) Franchisee must give Franchisor written notice of Franchisee's election to remain a franchisee at the Premises for the first Successor Term no less than six (6) months, nor more than nine (9) months, before the end of the Initial Term;

(2) Franchisee must not be in default of this Agreement or any other agreement with Franchisor and/or its affiliates or suppliers, either at the time of giving the notice in Section 2.B.(1) or during the remainder of the Initial Term;

(3) If Franchisee entered into this Agreement through an Area Development Agreement between Franchisor and Franchisee or one of its affiliates, Franchisee and its affiliates must have successfully opened all Grimaldi's Restaurants under that agreement in compliance with the applicable deadlines, or appropriate extensions approved by Franchisor, as set forth in that Area Development Agreement;

(4) Franchisee must demonstrate that Franchisee is in "substantial compliance" with the terms of this Agreement as follows: (a) during the initial twelve (12) months of the Initial Term, Franchisee must not have received written notice from Franchisor of more than one (1) monetary or other material default or infringing use of Franchisor's System and Marks ("**Infringing Use**"), regardless of whether the defaults were cured; (b) during any rolling twenty-four (24) month period during the Initial Term, Franchisee must not have received written notice from Franchisor of more than one (1) monetary or other material default or Infringing Use, regardless of whether the defaults were cured; and (c) during the Initial Term, Franchisee must not, after receiving a notice of default from Franchisor, have failed to cure any monetary or other material default of this Agreement or any Infringing Use within any applicable cure period;

(5) As determined by Franchisor in its sole discretion, Franchisee must have operated the Franchised Restaurant and all of its other franchised Grimaldi's Restaurants in accordance with the applicable franchise agreements and with the System (as set forth in the Manual or otherwise and as revised from time to time by Franchisor);

(6) Franchisee must present satisfactory evidence to Franchisor that Franchisee has the right to remain in possession of the Premises, or other premises acceptable to Franchisor, for the Successor Term and that Franchisee is able to maintain all licenses and permits necessary to continue to operate the Franchised Restaurant for the Successor Term;

(7) Franchisee must agree to renovate and modernize the Franchised Restaurant as Franchisor may reasonably require, which may include installation of new equipment, signs, furnishings, fixtures, and décor to reflect Franchisor's then-current standards and image of Grimaldi's Restaurants;

(8) Franchisee must correct any existing deficiencies of the Franchised Restaurant or in Franchisee's operation of the Franchised Restaurant and satisfy Franchisor's then-current System standards including adding any new products or services that are then being offered in the System, meet Franchisor's qualifications for new franchisees, and complete any additional certification and training requirements that apply to Franchisee's Operating Principal (as defined in Section 11.K), the Franchised Restaurant's general manager ("**General Manager**"), supervisory and training personnel, and/or staff; and

(9) Franchisee, Franchisee's Operating Principal, all individuals who own an equity interest in Franchisee of at least five percent (5%) ("**Principal Owners**"), and all guarantors of Franchisee's obligations under this Agreement must sign a general release of any and all claims against Franchisor and Franchisor's affiliates and Franchisor's respective past and present officers, directors, shareholders, agents and employees.

(10) If Franchisor determines that Franchisee is not eligible for the first Successor Term, Franchisor will provide Franchisee an opportunity to transfer the Franchise to a qualified buyer prior to the end of the Initial Term in accordance with Section 16 of this Agreement. If approved by Franchisor, the buyer would be eligible to sign Franchisor's then-current form of franchise agreement for a ten (10) year term with any successor franchise rights that Franchisor is then offering to new franchisees.

C. Successor Franchise Agreement. If Franchisee is eligible and elects to remain a franchisee for the first Successor Term, Franchisee must pay a successor franchise fee equal to twenty-five percent (25%) of Franchisor's then-current standard initial franchise fee for a franchised Grimaldi's Restaurant ("**Successor Franchise Fee**") and sign Franchisor's then-current form of Successor Franchise Agreement (modified as necessary to reflect the fact that it is a Successor Franchise Agreement). The form of Successor Franchise Agreement will likely differ from this Agreement, including, but not limited to, provisions relating to the royalty fees and advertising obligations. Franchisee's failure to sign the Successor Franchise Agreement and return it to Franchisor with the Successor Franchise Fee prior to the expiration of the Initial Term will be deemed an election by Franchisee not to exercise Franchisee's right to remain a franchisee for the Successor Term and will result in the expiration of this Agreement and the Franchise granted by this Agreement at the end of the Initial Term.

3. DEVELOPMENT OF THE FRANCHISED RESTAURANT

A. Franchisee's Responsibility. Franchisee assumes all cost, liability, expense, and responsibility for constructing, equipping and operating the Franchised Restaurant in accordance with Franchisor's standards at the Premises. If Franchisor has not approved the Premises as of the Effective Date, Franchisee must: **(1)** obtain Franchisor's approval of a site for the Franchised Restaurant within ninety (90) days after the Effective Date ("**Site Approval Deadline**"); and **(2)** purchase or sign a lease for the Premises within one hundred and twenty days (120) after the Effective Date ("**Site Acquisition Deadline**"). Franchisee must develop and open the Franchised Restaurant within three hundred sixty-five (365) days after the Effective Date ("**Opening Deadline**"). Any failure by Franchisee to meet the Site Approval Deadline, Site Acquisition Deadline, or Opening Deadline shall be a default of this Agreement for which Franchisor can terminate this Agreement without providing an opportunity to cure the default. **TIME IS OF THE ESSENCE.**

B. Site Selection

(1) Franchisee should not make any binding commitments to acquire any interest in any site for the Franchised Restaurant until Franchisor has approved that site in writing. Franchisor will provide Franchisee with Franchisor's site selection criteria and, as Franchisee may request, a reasonable amount of consultation with respect thereto. Within thirty (30) days after the Effective Date, Franchisee shall submit a site application for multiple proposed sites for the Franchised Restaurant located within the geographic area identified on Exhibit A ("**Site Selection Area**") and submit to Franchisor, in the form specified by Franchisor, a completed site application including a copy of the site plans, photographs of the sites and surrounding area, demographic information, financial information, and such other information and materials as Franchisor may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining ownership or leasehold interests in the sites. If at least three (3) sites meet Franchisor's site approval criteria, Franchisor or Franchisor's designee may conduct a site approval visit and on-site review of Franchisee's proposed site(s). Franchisor does not charge any fees to conduct one (1) site approval visit; however, if Franchisor requires, or if Franchisee requests, any additional on-site evaluations, Franchisee must reimburse Franchisor for Franchisor's travel expenses associated with such on-site evaluation(s). Franchisor will use reasonable efforts to approve or reject a site within thirty (30) days after receipt of Franchisee's site application; however, Franchisor's failure to approve or reject a proposed site within the thirty (30) day period shall not be deemed an approval or rejection. Franchisor's approval or rejection of a site may be subject to reasonable conditions as Franchisor determines in Franchisor's sole discretion. If Franchisee and its affiliates have developed or are developing multiple Grimaldi's Restaurants, Franchisor may conduct a site approval visit and on-site review of proposed sites only for their first two (2) Grimaldi's Restaurants.

(2) Franchisee agrees that Franchisor's approval of a site for the Franchised Restaurant and any information communicated to Franchisee regarding Franchisor's site selection criteria does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for the Franchised Restaurant or for any other purpose. Franchisor's approval of a site is not a

representation or a promise by Franchisor that the Franchised Restaurant at the site will achieve certain revenues or a certain level of profitability. Similarly, Franchisor's approval of one or more sites and Franchisor's refusal to approve other sites is not a representation or a promise that the approved site will have higher revenues or be more profitable than a site that Franchisor did not approve.

(3) Franchisee agrees that Franchisee's decision to develop and operate the Franchised Restaurant at a site that Franchisor accepts is based solely on Franchisee's own independent investigation of the suitability of that site for the Franchised Restaurant. Franchisor assumes no liability or responsibility for: (a) evaluation of the soil of the site for hazardous substances; (b) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("ADA"); (d) compliance with any other applicable laws or regulations; (e) evaluation of whether the site would allow for the use of solid fuel cooking devices, which produce anthracite coal emissions; (f) evaluation of whether a liquor license can be obtained for the site. It is Franchisee's sole responsibility to obtain satisfactory evidence and/or assurances that the site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA and any other applicable laws and regulations.

C. Site Acquisition Period. If Franchisee proposes to purchase the site for the Franchised Restaurant, Franchisee must provide Franchisor with a copy of the deed or other evidence of ownership prior to the Site Acquisition Deadline. If Franchisee proposes to lease or sublease the site, Franchisee must provide Franchisor with a copy of the fully-executed lease or sublease for the site ("**Lease**") prior to the Site Acquisition Deadline. Franchisee assumes all cost, liability and expense for securing the Lease or ownership interest in the site. Upon Franchisor's approval of a site, and after Franchisee secures an ownership or leasehold interest in the site, Franchisor will insert its address into Exhibit A, and it will be the Premises. Franchisee hereby authorizes Franchisor to deliver to Franchisee replacements for Exhibit A identifying the Premises, and upon Franchisor's delivery to Franchisee of a revised Exhibit A, that Exhibit A shall be incorporated into this Agreement and binding upon both parties as if they had each signed that revised Exhibit A.

D. Lease Provisions. Franchisor has the right to review the terms of the Lease for the Premises. The Lease must: (1) in form and substance, be satisfactory to Franchisor; (2) include all of the provisions set forth in the Lease Addendum Form attached to this Agreement as Exhibit E; (3) be for an aggregate term of (at least) ten (10) years in a combination of initial and renewal terms; (4) contain terms and conditions and payments that are commercially reasonable in Franchisor's opinion; and (5) include any other provisions as Franchisor may require from time to time. The Lease shall not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Franchisee acknowledges that Franchisor's review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Grimaldi's Restaurant operated at the Premises. Franchisor's review will indicate only whether Franchisor believes that the terms of the Lease meet Franchisor's then-acceptable criteria. Notwithstanding the terms of any Lease, Franchisee shall: (a) deliver to Franchisor, immediately after delivery to or by Franchisee, any notice of default under the Lease which threatens or purports to terminate the Lease or results in a foreclosure thereof; (b) permit Franchisor to enter the Premises at any time to protect the Marks or the System or to cure any default under the Lease or this Agreement, all at Franchisee's expense; and (c) not amend the Lease in any way which is inconsistent with the provisions of this Section 3.D and the terms set forth in Franchisor's form of Addendum to Lease.

E. Relocation. Franchisee may not relocate the Franchised Restaurant without Franchisor's prior written consent, which Franchisor may withhold in Franchisor's sole discretion. If Franchisor approves a relocation of the Franchised Restaurant, Franchisee must pay a relocation fee equal to the greater of Five Thousand Dollars (\$5,000) or all reasonable charges actually incurred by Franchisor in connection with Franchisor's consideration of Franchisee's relocation request. If Franchisor approves Franchisee's relocation request, within six (6) months after Franchisee receives Franchisor's written notice of approval, Franchisee must relocate and commence operations of the Franchised Restaurant at the new site. Franchisor will not extend the term of this Agreement if Franchisee relocates the Franchised Restaurant.

F. Permitting/Licensing. After acquiring a possessory interest in the Premises, Franchisee shall promptly begin the permitting, licensing and approval process to ensure that construction of the Franchised Restaurant commences within sixty (60) days after the date the Lease is fully executed or the purchase of the Premises is consummated.

G. Construction of the Franchised Restaurant

(1) Franchisee assumes all cost, liability and expense for developing, constructing and equipping the Franchised Restaurant. Franchisor will furnish to Franchisee prototypical plans and specifications for a Grimaldi's Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment (including Franchisor's signature coal-fired brick oven(s)), signs, furnishings, and color scheme. It shall be Franchisee's responsibility to have prepared all required construction plans and specifications to suit the shape, dimensions and utility requirements of the Premises and Franchisee must ensure that these plans and specifications comply with applicable federal, state and local laws and regulations, building codes and permit requirements, the ADA, and any Lease requirements and restrictions. Franchisee shall use only registered and/or licensed architects, registered engineers, and professional and licensed, bonded and insured contractors.

(2) Prior to submission to local authorities, Franchisee shall submit proposed construction plans, specifications and drawings for the Franchised Restaurant ("**Plans**") to Franchisor and shall, upon Franchisor's request, submit all revised or "as built" Plans during the course of such construction. Franchisor will either approve or refuse to approve the Plans and notify Franchisee within thirty (30) days after Franchisor receives the Plans. Once Franchisor has approved the Plans, no substantial change shall be made to the Plans without Franchisor's prior written approval. If, in the course of construction, any such change in the Plans is contemplated, Franchisor's written approval must first be obtained before proceeding. Franchisor shall approve or reject Plan changes within fourteen (14) days after receipt. Franchisor shall not unreasonably withhold Franchisor's approval of the Plans or revisions to the Plans.

(3) Franchisee is prohibited from beginning site preparation or construction prior to receiving written notification from Franchisor that Franchisor has approved the Plans. All construction must be in accordance with Plans approved by Franchisor and must comply in all respects with applicable laws, ordinances and local rules and regulations. Franchisor may conduct an on-site evaluation of the Franchised Restaurant during the construction phase at no charge to Franchisee. If additional visits are required or requested by Franchisee, Franchisor reserves the right to require Franchisee to reimburse Franchisor for the costs of such visits, including its travel expenses and the wages of its personnel. The Franchised Restaurant may not open if construction has not been performed in substantial compliance with Plans approved by Franchisor, and this Agreement may be terminated if such non-compliance is not cured within a commercially reasonable amount of time.

(4) Once construction has commenced, it shall continue uninterrupted except for interruption by reason of events constituting Force Majeure (as defined in Section 25) until completed.

H. Acquisition of Necessary Furnishings, Fixtures and Equipment

(1) Franchisee agrees to use in the development and operation of the Franchised Restaurant only the fixtures, furnishings, décor items, supplies, equipment (including coal-fired brick ovens), and signs that Franchisor has approved for Grimaldi's Restaurants as meeting Franchisor's specifications and standards for quality, design, appearance, function, and performance. Franchisee further agrees to place or display at the interior and exterior of the Franchised Restaurant only those signs, décor items, emblems, lettering, logos and display materials that Franchisor approves in writing from time to time.

(2) Franchisee must purchase or lease approved brands, types or models of fixtures, furnishings, equipment (including coal-fired brick ovens), supplies and signs only from suppliers designated

or approved by Franchisor, which may include Franchisor or Franchisor's affiliates. If Franchisee proposes to purchase, lease or otherwise use any items which have not been approved by Franchisor, Franchisee must first notify Franchisor in writing and, at Franchisee's sole expense, submit to Franchisor upon Franchisor's request sufficient specifications, photographs, drawings and/or other information or samples for a determination as to whether those items comply with Franchisor's specifications and standards. Franchisor will, in Franchisor's sole discretion, approve or disapprove the items and notify Franchisee within thirty (30) days after Franchisor receives the request.

I. Reports. If requested by Franchisor, Franchisee must submit to Franchisor, on or before the first day of each month (or more frequently if Franchisor requests), a report with photographs showing progress made in connection with the construction and equipping of the Franchised Restaurant.

J. Limitation of Liability. Notwithstanding Franchisor's right to approve the Plans and to inspect the construction work at the Franchised Restaurant, Franchisor and Franchisor's designees shall have no liability or obligation with respect to the Premises, the design or construction of the Franchised Restaurant or the furnishings, fixtures, equipment and signage to be acquired; Franchisor's rights are being exercised solely for the purpose of ensuring compliance with the terms and conditions of this Agreement.

K. Final Inspection. Franchisee shall notify Franchisor in writing at least thirty (30) days prior to the date Franchisee expects construction and/or renovation to be completed and a certificate of occupancy to be issued. Franchisor reserves the right, after receiving Franchisee's notice, to conduct a final inspection of the Franchised Restaurant and its premises to determine if Franchisee has complied with Franchisor's specifications for site development and design. Franchisor shall not be liable for delays or losses occasioned by its inability to complete its investigation and to make a determination within this thirty (30) day period. If Franchisee builds any portion of the Franchised Restaurant in non-compliance with Franchisor's specifications and without receiving Franchisor's prior written consent for such non-compliance, Franchisor shall have the right to delay the opening of the Franchised Restaurant until Franchisee, at its sole expense, brings the Franchised Restaurant's development into full compliance of Franchisor's specifications. Franchisee shall not open the Franchised Restaurant for business without Franchisor's express written authorization, which will not be granted unless Franchisee has satisfied the conditions contained in Section 3.L.

L. Opening of the Franchised Restaurant. Franchisor will not authorize the opening of the Franchised Restaurant unless all of the following conditions have been met:

(1) Franchisee and its affiliates are not and have not been in material default beyond the applicable cure period in the past six (6) months under: (a) this Agreement or any other agreements with Franchisor and its affiliates, (b) any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant, or (c) any agreement or arrangement with any vendor or supplier to the Franchised Restaurant;

(2) Franchisor has determined that the Franchised Restaurant has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement including, without limitation, the Plans;

(3) Franchisee has obtained, provided copies to Franchisor, and maintain all required building, utility, sign, health, sanitation, business and other permits and licenses applicable to the Franchised Restaurant, including the liquor license;

(4) Franchisee has purchased or leased and installed all specified and required fixtures, equipment (including the coal-brick oven), furnishings and interior and exterior signs for the Franchised Restaurant;

(5) Franchisee has purchased the required computer and point of sale systems and they are operational;

(6) Franchisee has purchased an opening inventory of approved food, ingredients, beverages, and other goods and supplies necessary to operate the Franchised Restaurant;

(7) Franchisee's Operating Principal, General Manager, and all other supervisory employees designated by Franchisor have completed Franchisor's initial training program and Franchisee has hired and trained a staff in accordance with the requirements of Section 9;

(8) Franchisee has paid the Initial Franchise Fee (as defined in Section 4.A) and any other amounts then due to Franchisor;

(9) Franchisee has signed this Agreement and all other agreements including, but not limited to, the electronic funds transfer documents described in Section 4.J as required by Franchisor;

(10) Franchisee has obtained a certificate of occupancy and any other required health, safety or fire department certificates; and

(11) Franchisee has obtained and provided to Franchisor copies of certificates for all insurance policies required by Section 12 or such other evidence of insurance coverage and payment of premiums as Franchisor reasonably may request.

4. FEES

A. Initial Franchise Fee. Simultaneously with Franchisee's execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee in the amount of Fifty Thousand Dollars (\$50,000) ("**Initial Franchise Fee**"). The Initial Franchise Fee is fully earned by Franchisor when paid and nonrefundable. Notwithstanding the foregoing, if the Franchised Restaurant is the first Grimaldi's Restaurant developed by Franchisee or its affiliates, Franchisor may refund up to fifty percent (50%) of the Initial Franchise Fee, less Franchisor's reasonable expenses incurred in recruiting Franchisee (including any sales commissions paid), evaluating Franchisee's proposed site(s), and/or providing any training, if Franchisor terminates this Agreement based on: (1) the failure of Franchisee's Operating Principal or their replacement to attend and successfully complete Franchisor's initial training program to Franchisor's satisfaction, or (2) Franchisee's failure to meet the Site Approval Deadline or the Site Acquisition Deadline if Franchisor determines, in its sole discretion, that Franchisee exercised due diligence in attempting to secure a site. As a condition of any such refund, Franchisor may require that Franchisee and all guarantors of Franchisee's obligations sign a general release, in the form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates and their respective past, present and future officers, directors, shareholders and employees.

B. Royalty Fee

(1) Franchisee agrees to pay Franchisor a continuing weekly royalty fee in the amount of six percent (6%) of the Gross Sales (as defined below) of the Franchised Restaurant ("**Royalty Fee**") on or before Wednesday of each week based on the prior week's Gross Sales.

(2) In the event that and for as long as Franchisee's liquor license for the Franchised Restaurant prohibits the payment of money to third parties based on revenues collected from the sale of alcoholic beverages, then: (a) Franchisee shall provide a copy of the liquor license and relevant statute to Franchisor; (b) the term "Gross Sales" as defined in Section 4.C shall exclude revenues collected by Franchisee from the sale of alcoholic beverages at the Franchised Restaurant; and (c) the Royalty Fee set forth in Section 4.B.(1) shall be increased to 6.2% of Gross Sales. Franchisee shall include in the reports

furnished to Franchisor pursuant to Section 5.B such information as Franchisor shall reasonably require concerning Franchisee's sale of alcoholic beverages at the Franchised Restaurant.

C. Gross Sales. The term "**Gross Sales**" shall include all revenue and all other income of every kind and nature related to or derived from the Franchised Restaurant whether such sale be evidenced by check, cash, credit, charge account, gift card, exchange or otherwise and shall include, but not be limited to, the amounts received from the sale of food and beverages (whether for on-sight or off-sight consumption, including catering or delivery), goods, wares and merchandise, tangible property of every kind and nature, promotional or otherwise, and for services performed upon, from, or in connection with the Franchised Restaurant. Gross Sales shall not include: **(a)** any bona fide documented federal, state, or municipal sales taxes collected by Franchisee from customers and paid by Franchisee to the appropriate taxing authority; **(b)** the sale of products or services for which refunds, credits, allowances and adjustments have been made in good faith to customers; **(c)** the amount of any shipping expenses charged through to customers; **(d)** proceeds from insurance with respect to property damage or liability; **(e)** proceeds from any civil forfeiture, condemnation or seizure by governmental entities; **(f)** uncollectable amounts subject to the limitation that uncollectable amounts cannot exceed one half of a percent (0.5%) of Gross Sales for any fiscal year and subsequent collections of charged off amounts must be included in Gross Sales when collected. Franchisor reserves the right to modify its policies regarding revenue recognition, revenue reporting, and the inclusion in or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

D. Brand Fund Contributions and Expenses. Franchisee must contribute two percent (2%) of the Gross Sales of the Franchised Restaurant weekly to the Grimaldi's Restaurant Marketing and Brand Fund ("**Brand Fund**") as required by Section 6 at the same time and in the manner as the Royalty Fee payments. Franchisee also must make required local advertising expenditures as described in Section 6.

E. Other Funds Due. Franchisee agrees to pay Franchisor, within ten (10) days of Franchisor's written request (which is accompanied by reasonable substantiating material), any monies that Franchisor has paid, or that Franchisor has become obligated to pay, on Franchisee's behalf, by consent or otherwise under this Agreement.

F. Taxes Imposed on Franchisor. If any taxes, fees or assessments (other than income taxes) are imposed on Franchisor by reason of its acting as franchisor or licensing the Marks under this Agreement, Franchisee must reimburse Franchisor for the amount of those taxes, fees or assessments within thirty (30) days after receipt of an invoice from Franchisor.

G. Interest. If any payments by Franchisee due to Franchisor are not received by Franchisor by the date due, Franchisee, in addition to paying the amount owed, shall pay Franchisor interest on the amount owed from the date due until paid at the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Restaurant is located, not to exceed one and a half (1.5%) per month or a portion of a month. Payment of interest by Franchisee on past due obligations is in addition to all other remedies and rights available to Franchisor pursuant to this Agreement or under applicable law.

H. No Right of Offset. Franchisee has no right of offset against any payments due to Franchisor under this Agreement. Franchisee shall not withhold any payments due to Franchisor under this Agreement for any reason.

I. Partial Payments. No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Franchisee's payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and Franchisor may accept the partial payment without prejudice to any rights or remedies Franchisor may have against Franchisee. Acceptance of payments by Franchisor other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to

Franchisor pursuant to this Agreement or under applicable law. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any of Franchisee's past due indebtedness for Royalty Fees, Brand Fund contributions and fees, purchases from Franchisor or Franchisor's affiliates, interest or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by Franchisee. Acceptance of that payment by Franchisor will not result in that other entity being substituted for Franchisee.

J. Payment By Pre-Authorized Bank Transfer

(1) Franchisee must comply with all of Franchisor's payment policies, procedures, and requirements, as described in the Manual or otherwise in writing. Franchisee must sign and deliver to Franchisor the documents Franchisor requires to authorize Franchisor to electronically debit Franchisee's business checking account ("**Electronic Depository Transfer Account**" or "**EDTA**") automatically for the Royalty Fees, Brand Fund contributions, purchases from Franchisor and/or Franchisor's affiliates and other amounts due under this Agreement. Franchisor's current form of ACH Authorization Form is attached as Exhibit D. Franchisor will debit the EDTA for these amounts on their due dates. Franchisee must ensure that funds are available in the EDTA to cover Franchisor's withdrawals. Franchisee must pay all costs and expenses of establishing and maintaining the EDTA, including transaction fees and wire transfer fees. Franchisee agrees to maintain at all times sufficient funds in the EDTA for such sweeps. If the EDTA is closed or ceases to be used, Franchisee shall immediately provide all documents and information necessary to permit Franchisor to debit the amounts due from an alternative account. Franchisee agrees not to terminate Franchisor's right to withdraw funds from the designated EDTA during the term of this Agreement without Franchisor's prior written consent.

(2) If Franchisee fails to report the Gross Sales of the Franchised Restaurant, Franchisor may debit Franchisee's EDTA for one hundred and twenty percent (120%) of the highest weekly amount that Franchisor previously debited from Franchisee's EDTA. If the amounts that Franchisor debits from Franchisee's EDTA are less than the amounts Franchisee actually owes to Franchisor (once Franchisor has determined the true and correct Gross Sales), Franchisor will debit Franchisee's EDTA for the balance on the day Franchisor specifies. If the amounts that Franchisor debits from Franchisee's EDTA are greater than the amounts Franchisee actually owes to Franchisor, Franchisor will credit the excess against the amounts Franchisor otherwise would debit from Franchisee's EDTA during the following week.

(3) Franchisor may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic, electronic debit (e.g., by check) whenever Franchisor deems appropriate, and Franchisee must comply with Franchisor's payment instructions. If Franchisor supplies products to Franchisee, Franchisor may require pre-payment or COD depending on Franchisor's then-current policies and Franchisee's payment record with Franchisor.

K. Collection Costs and Expenses. Franchisee must pay to Franchisor on demand any and all collection costs and expenses (including costs and commissions due a collection agency, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by Franchisor in enforcing the terms of this Agreement, including in collecting any monies owed by Franchisee to Franchisor.

5. RECORDS AND REPORTS

A. Recordkeeping. Franchisee agrees to use computerized cash and data capture and retrieval systems, including an approved point of sale system, that meet Franchisor's specifications and record the Gross Sales of the Franchised Restaurant electronically. Franchisee shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Restaurant sufficient to report fully to Franchisor. Franchisee's books and records shall be kept and maintained using generally accepted accounting principles ("**GAAP**"). Franchisee shall preserve all of Franchisee's books, records and state and federal tax returns pertaining to the

Franchised Restaurant for at least seven (7) years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five (5) days after Franchisor's written request.

B. Periodic Reports. Franchisee must prepare and submit to Franchisor or its designee the following reports in the format specified by Franchisor:

(1) No later than Wednesday of each week, a report of Gross Sales for the preceding week;

(2) Within ten (10) days after the end of each month, a statement of operating performance of the Franchised Restaurant, including total revenue, total sales per day part, sales tax receipts, and other revenue, expenses, and information as specified in the Manual;

(3) Within fifteen (15) days after the expiration of each calendar quarter: (a) a consolidated balance sheet, consolidated income statement, consolidated cash flow statement, comparison of each statement to the prior quarter, and a narrative description of the Franchised Restaurant and any other Grimaldi's Restaurants operated by Franchisee and its affiliates in a format designated by Franchisor in the Manual and other information required by Franchisor as specified in the Manual; and (b) a report demonstrating Franchisee's local advertising expenditures for the preceding quarter;

(4) Within ninety (90) days after the expiration of each fiscal year, a reviewed or audited year-end balance sheet and income statement and statement of cash flow of the Franchised Restaurant for such year, reflecting all year-end adjustments and accruals;

(5) Within fifteen (15) days after filing, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information Franchisor periodically requires relating to the Franchised Restaurant and Franchisee;

(6) Such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor; and

(7) All reports shall use Franchisor's then-current standard chart of accounts. The information in each report and financial statement must be complete and accurate and signed by Franchisee's Operating Principal or one of Franchisee's officers. Franchisor reserves the right to publish or disclose information that Franchisor obtains under this section in any data compilations, collections, or aggregations that Franchisor deems appropriate, in Franchisor's sole discretion, so long as Franchisor does not disclose information relating to performance of Franchisee's individual Franchised Restaurant, unless such disclosure is required by law or court order. Franchisor strongly encourages Franchisee to use the reporting periods and fiscal year that Franchisor uses. Franchisee acknowledges and agrees that Franchisor may share information from reports that Franchisee provides to Franchisor with other prospective and existing Grimaldi's Restaurant franchisees.

C. Audit Rights

(1) Franchisor or Franchisor's designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit Franchisee's books, records, and federal, state and local tax returns, and such other forms, reports, information and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Restaurant. If an inspection or audit discloses an understatement of Gross Sales, Franchisee must pay to Franchisor, within ten (10) days after receipt of the inspection or audit report, the deficiency in the Royalty Fees and Brand Fund contributions plus interest (at the rate and on the terms provided in Section 4.G) from the date originally due until the date of payment. If an inspection or audit is made necessary by Franchisee's failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or

information on a timely basis, or if Franchisor's examination reveals an understatement of Gross Sales that exceeds two percent (2%) of the amount that Franchisee actually reported to Franchisor for the period examined; then: **(a)** Franchisee must reimburse Franchisor for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of Franchisor's employees; and **(b)** Franchisor may require Franchisee to provide Franchisor with periodic audited statements. If Franchisor's examination reveals an understatement of the Gross Sales of the Franchised Restaurant for any period by two percent (2%) or more three (3) or more times during any thirty-six (36) month period, or by more than five percent (5%) on any one (1) occasion, then in addition to Franchisee's obligations in subsection (a) above, Franchisor may immediately terminate this Agreement. The foregoing remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement or applicable law.

(2) If Franchisee fails to provide Franchisor on a timely basis with the records, reports and other information required by this Agreement or, upon Franchisor's request, with copies of the same, Franchisor or Franchisor's designee shall have access at all reasonable times (and as often as necessary) to Franchisee's books and records for the purpose, among other things, of preparing the required records, reports and other information. Franchisee shall promptly reimburse Franchisor or Franchisor's designee for all costs and expenses associated with Franchisor's obtaining such records, reports or other information.

6. MARKETING AND PROMOTION

A. Market Introduction Program. Franchisee must advertise and promote the Franchised Restaurant for a six (6) month period beginning one (1) month prior to opening through five (5) months following the opening of the Franchised Restaurant ("**Market Introduction Period**"). Franchisor will provide to Franchisee a recommended marketing plan template for the Market Introduction Period ("**Market Introduction Plan**") and approved marketing materials for the Franchised Restaurant ("**Market Introduction Materials**"). Franchisee may modify the Market Introduction Plan and Market Introduction Materials to meet Franchisee's local market needs. Notwithstanding the foregoing, Franchisor must review and approve in writing the Market Introduction Plan and Franchisee's Market Introduction Materials for the Franchised Restaurant, including total expenditures. Franchisee must spend at least the amount identified in Exhibit A during the Market Introduction Period. Franchisee may spend more than the required amount. At Franchisor's request, Franchisee must submit appropriate documentation to verify full compliance with Franchisee's expenditure obligation under the Market Introduction Plan. During the Market Introduction Period, Franchisee must contribute to the Brand Fund as described in Section 6.C below; however, Franchisee's obligation to make local advertising expenditures pursuant to Section 6.D or contribute to a regional marketing and promotional cooperative fund ("**Advertising Cooperative**") pursuant to Section 6.E will not commence until after the expiration of the Market Introduction Period.

B. Marketing Contributions and Expenditures. This Section 6 describes Franchisor's marketing, public relations and advertising programs; however, Franchisor reserves the right to modify these programs and the manner in which the marketing and advertising funds are used for such purposes from time to time, in whole or in part, as Franchisor deems necessary. Franchisee acknowledges and recognizes the value of and the need to develop, enhance, and promote the System and the Marks. Franchisee also acknowledges and recognizes the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System and the Marks. In recognition of the value of and the need to develop, enhance, and promote the System and the Marks, Franchisee shall have a periodic marketing obligation in an amount of up to five percent (5%) of the Gross Sales of the Franchised Restaurant as set forth in this Section 6. Franchisee agrees to contribute to the Brand Fund, to promote the Franchised Restaurant locally, and participate in any Advertising Cooperative if an Advertising Cooperative has been established in the designed market area ("**DMA**") in which the Franchised Restaurant is located. Franchisor has the right, following written notice to Franchisee, to increase and reallocate Franchisee's marketing obligation between the Brand Fund, Franchisee's local advertising obligations, and any Advertising Cooperative; however, Franchisee's total marketing obligation shall not exceed five percent (5%) of Gross Sales.

C. Brand Fund

(1) Franchisor has established the Brand Fund for the enhancement and protection of the System and the Marks, and for the development of advertising, marketing, and public relations programs and materials as Franchisor deems appropriate. Franchisee must make a weekly contribution to the Brand Fund in the amount of two percent (2%) of the Gross Sales of the Franchised Restaurant (or such amount as subsequently specified by Franchisor from time to time in accordance with Section 6.B) at the same time and in the same manner as Franchisee pays the Royalty Fees. Grimaldi's Restaurants operated by Franchisor and Franchisor's affiliates also will contribute to the Brand Fund on the same basis as comparable franchisees. Franchisor may sell advertising, point of purchase, merchandise and premium items to Franchisee at a reasonable cost that are developed by the Brand Fund and Franchisor will contribute the earnings from such items to the Brand Fund. From time to time, Franchisor or Franchisor's suppliers may deposit into the Brand Fund any rebates or similar allowances paid to Franchisor by Franchisor's suppliers although Franchisor has no obligation to do so.

(2) Franchisor will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that Franchisor designates that Franchisor believes will enhance and protect the System and Marks and will improve and increase public recognition and perception of the System and Marks. Franchisor will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. The programs, concepts, and expenditures for which Franchisor may utilize the Brand Fund monies include: **(a)** creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and marketing materials; **(b)** creative development, preparation, production and placement of video, audio, and written materials and electronic media; **(c)** media placement and buying, including all associated expenses and fees; **(d)** administering regional and multi-regional marketing and advertising programs; **(e)** market research and customer satisfaction surveys and interviews; **(f)** the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relations events, and charitable or nonprofit events; **(g)** creative development of signage, posters, and individual Grimaldi's Restaurant décor items including wall graphics and signage; **(h)** development and maintenance of the System website (including franchisee webpages), social media, digital media, mobile applications, extranet and/or intranet; **(i)** development, implementation, and maintenance of electronic commerce websites and/or related strategies; **(j)** development and implementation of search engine optimization strategies; **(k)** development and administration of consumer surveys, interviews and other customer satisfaction and retention policies; **(l)** retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; and **(m)** public relations and community involvement activities and programs; **(n)** gift card and discount card programs materials and implementation and **(o)** review of locally produced advertising materials.

(3) Franchisor will maintain a separate bank account and segregate Brand Fund monies from Franchisor's other monies. Franchisor will not use the Brand Fund for any of Franchisor's general operating expenses; however, Franchisor and Franchisor's affiliates may be reimbursed by the Brand Fund for administrative expenses directly related to the Brand Fund's marketing programs, including without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Brand Fund. Franchisor may use the Brand Fund to pay the administrative costs of the Brand Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Brand Fund, and Franchisor may use the Brand Fund to pay the reasonable salaries, wages, and benefits of personnel (including Franchisor's personnel and Franchisor's affiliates' personnel) who manage and administer the Brand Fund. Franchisor may use the Brand Fund to pay for other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to Brand Fund business, and other expenses that Franchisor incurs in activities reasonably related to administering or directing the Brand Fund and Franchisor's programs. Franchisor will not use the Brand Fund for anything that's sole purpose is to solicit franchise sales; however, Franchisee acknowledges that the System website, public relations activities,

community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities.

(4) The Brand Fund will not be Franchisor's asset. Although the Brand Fund is not a trust, Franchisor will hold all Brand Fund contributions for the benefit of the System, and use contributions only for the purposes described in this Section 6.C. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Brand Fund contributions to pay for the administrative costs of the Brand Fund before using the Brand Fund's other assets. Franchisor will prepare an annual, unaudited statement of Brand Fund collections and expenses within sixty (60) days after Franchisor's fiscal year end. The statement is available for Franchisee's review upon written request to Franchisor's Marketing Department. Franchisor may incorporate the Brand Fund or operate it through a separate entity whenever Franchisor deems appropriate. The successor entity will have all of the rights and duties specified in this Section 6.C.

(5) Franchisor intends for the Brand Fund to maximize and enhance public, franchisee, and employee recognition of the System and the Marks. Although Franchisor may use the Brand Fund, or portions of the monies in the Brand Fund, to create, develop, use and/or place advertising and marketing materials and programs, and Franchisor may try to engage in brand enhancement activities that will benefit all Grimaldi's Restaurants, Franchisor cannot and will not ensure that Brand Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Brand Fund contributions by Grimaldi's Restaurants operating in that geographic area. Franchisor does not guarantee or assure that Franchisee, the Franchised Restaurant or any Grimaldi's Restaurant will benefit directly or in proportion to their Brand Fund contribution from the brand enhancement activities of the Brand Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

(6) Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. Franchisor may also forgive, waive, settle, and compromise all claims by or against the Brand Fund. Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to the Brand Fund. Franchisor has the sole right to enforce the obligations of franchisees who contribute to the Brand Fund, and neither Franchisee nor any other franchisees who contribute to the Brand Fund will be deemed a third-party beneficiary with respect to the Brand Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Brand Fund.

(7) Franchisor may at any time defer or reduce contributions of a Grimaldi's Restaurant franchisee to the Brand Fund and, upon thirty (30) days prior written notice to Franchisee, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and disband (and, if disbanded, subsequently reinstate) the Brand Fund. If Franchisor disbands the Brand Fund, Franchisor will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to Franchisor's franchisees and to Franchisor and Franchisor's affiliates in proportion to their respective Brand Fund contributions during the preceding twelve (12) month period.

D. Local Advertising

(1) Franchisee must develop, on an annual basis, an advertising plan and spending budget ("**Advertising Plan**") that Franchisor has approved for the Franchised Restaurant. Franchisor will assist Franchisee with the development of Franchisee's first Advertising Plan prior to the date the Franchised Restaurant opens for business. Thereafter, Franchisee must develop and submit Franchisee's Advertising Plan for the following year for Franchisor's approval by November 30 of each year. Franchisee must comply with all requirements regarding the Advertising Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and full compliance with all promotional recommendations.

(2) Following the expiration of the Market Introduction Period, Franchisee must set aside at least three percent (3%) of the weekly Gross Sales of the Franchised Restaurant and spend at least three percent (3%) of the annual Gross Sales of the Franchised Restaurant (or such other amount as specified by Franchisor in accordance with Section 6.B). for local advertising. Each quarter, Franchisee must submit appropriate documentation to verify full compliance with Franchisee's local advertising expenditure obligations. If Franchisee fails to expend on an annual basis, the required amount, then Franchisee must contribute to the Brand Fund within thirty (30) days after the close of Franchisor's fiscal year any amounts that Franchisee should have expended to reach the annual local advertising expenditure requirement.

(3) Franchisee's local advertising materials must follow Franchisor's guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of the System website and social media outlets in the manner Franchisor designates. Franchisee agrees that Franchisee's advertising and marketing materials will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that Franchisor prescribe from time to time. Franchisee further agrees not to engage in any unfair or deceptive trade practices. The parties expressly agree that Franchisee's local advertising expenditures shall not include costs or expenses that Franchisee incurs or that are spent on Franchisee's behalf in connection with any of the following: (a) salaries, wages, and expenses of Franchisee's employees, including salaries, wages, or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons; (b) charitable, political or other contributions or donations, unless approved in advance in writing by Franchisor in its sole discretion; or (c) the value of discounts provided to consumers.

(4) Franchisee may purchase local advertising materials from Franchisor or any source approved by Franchisor. Franchisee must purchase display advertising listings in print and on-line directories if specified by Franchisor. Periodically, Franchisor will provide to Franchisee samples of advertising and marketing materials, signage, stationery, business cards and related materials at no cost. If Franchisee purchases these materials from a source other than Franchisor or Franchisor's affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and marketing promulgated from time to time by Franchisor and must be submitted to Franchisor or Franchisor's designee at least ten (10) days prior to first use for approval, which Franchisor may grant or withhold in Franchisor's sole discretion. If Franchisor does not approve Franchisee's submission within ten (10) days after the day Franchisor receives the materials, Franchisor will be deemed to have not approved the materials. Franchisor reserves the right to require Franchisee to discontinue the use of any advertising and marketing materials at any time in Franchisor's sole discretion.

(5) In no event will Franchisee's advertising and marketing materials contain any statement or material which, in Franchisor's sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with Franchisor's public image of that of the System. Franchisee acknowledges and agrees that any and all copyright in and to advertising and marketing materials developed by Franchisee or on Franchisee's behalf will be Franchisor's sole property, and Franchisee must execute such documents (and, if necessary, require Franchisee's independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

E. Advertising Cooperative

(1) Franchisor shall have the right to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative fund ("**Advertising Cooperative**"). If an Advertising Cooperative for the DMA in which the Franchised Restaurant is located has been established at the time Franchisee opens the Franchised Restaurant, Franchisee shall immediately become a member of such Advertising Cooperative, unless otherwise permitted by Franchisor. If an Advertising Cooperative for the geographic area in which the Franchised Restaurant is located is established during the term of this

Agreement, Franchisee shall become a member of such Advertising Cooperative within thirty (30) days after the date on which the Advertising Cooperative is formed, unless otherwise permitted by Franchisor. In no event shall Franchisee be required to be a member of more than one (1) Advertising Cooperative. The following provisions shall apply to each such Advertising Cooperative:

(2) Each Advertising Cooperative shall be organized (including bylaws and other organizational documents) and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Advertising Cooperative shall be decided by a majority vote of its members. Any Grimaldi's Restaurants that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each Grimaldi's Restaurant owner shall be entitled to cast one (1) vote for each Grimaldi's Restaurant owned.

(3) Each Advertising Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local marketing and promotion.

(4) No advertising or promotional plans or materials may be used by an Advertising Cooperative or furnished to its members without the prior approval of Franchisor, pursuant to the procedures and terms as set forth in Section 6.D.4 and all advertising shall adhere to the standards set forth in Section 6.D.5.

(5) Franchisee shall submit its required contribution to the Advertising Cooperative at the same time and in the same manner as the Royalty Fee and Brand Fund contributions, together with such statements or reports as may be required by Franchisor or by the Advertising Cooperative with Franchisor's prior written approval. Franchisee's required contribution to an Advertising Cooperative will result in a corresponding reduction in Franchisee's local advertising expenditure requirement. If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Advertising Cooperative directly to Franchisor for distribution to the Advertising Cooperative.

(6) Although once established, each Advertising Cooperative is intended to be of perpetual duration, Franchisor maintains the right to terminate any Advertising Cooperative; however, an Advertising Cooperative shall not be terminated until all monies in that Advertising Cooperative have been expended for advertising and/or promotional purposes or all unspent monies have been returned to its contributors and to Franchisor and its affiliates in proportion to their respective contributions during the preceding twelve (12) month period.

F. Public and Media Relations. Franchisee agrees not to issue any press or other media releases or other communication without Franchisor's prior written approval. This includes television, radio, social media, newspaper and trade publication interviews. As a franchisee of the System, Franchisee may only participate in internal and external communications activities that create goodwill, enhance the public image of Grimaldi's Restaurants and build the Grimaldi's Restaurant brand.

G. Electronic Marketing and Electronic Communications

(1) Franchisor will host and maintain an independent store locator page for the Franchised Restaurant at an internet address specified by Franchisor. Franchisor will provide and maintain this webpage using a standard template, which Franchisee may modify following the guidelines set forth in the Manual. Unless Franchisor has agreed to it in writing, Franchisee may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of the Franchised Restaurant. Franchisee acknowledges that the use of any electronic medium constitutes advertising and promotion subject to Franchisor's approval under Section 6.D.(4).

(2) Franchisee agrees not to transmit, or cause any other party to transmit, advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VOIP, streaming media, or other electronic media that currently exists or may exist in the future without first obtaining Franchisor's prior written consent as to: (a) the content of the advertisements or solicitations; and (b) the type of media intended to be used. In addition to any other provision of this Agreement, Franchisee will be solely responsible for compliance with any laws pertaining to the sending of electronic communication including the CAN-SPAM Act and the Federal Telephone Consumer Protection Act. (As used in this Agreement, the term "**electronic communication**" is agreed to include all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, and faxes.) All telephone answering messages, email auto-signatures, and other identifiers of the Franchised Restaurant must be in the form prescribed by Franchisor. If Franchisor approves the use of an electronic medium, Franchisor's approval will be conditioned on Franchisee's compliance with any standards and procedures Franchisor issues with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that Franchisor may prescribe.

(3) Franchisor may permit or require Franchisee to use a specific e-mail address (that is, one that will contain a top level domain name that Franchisor designates (the "**Grimaldi's E-mail Address**")) in connection with the operation of the Franchised Restaurant. Franchisee will be required to sign Franchisor's current form of e-mail authorization letter and any related agreements for this purpose. If Franchisor assigns Franchisee any Grimaldi's E-mail Addresses, then Franchisee agrees that Franchisee (and its employees) will use only that e-mail account for all official business associated with the Franchised Restaurant and Franchisor shall have unlimited access to the content of all Grimaldi's E-Mail Address accounts.

(4) Franchisee shall comply with Franchisor's standards for the System, as set forth in the Manual or otherwise, with regard to Franchisor's authorization to use, and the use of, search engine optimization activities, blogs, common social networks (including, but not limited to, Facebook, Instagram and Pinterest), professional networks (including, but not limited to, LinkedIn), live blogging tools (including, but not limited to, Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools that in any way reference the Marks or involve the System or the Franchised Restaurant.

7. **MANUAL AND COPYRIGHTED MATERIALS**

A. Manual and System Standards. During the term of this Agreement, Franchisor will provide Franchisee with electronic access to the Manual via a restricted website, intranet or extranet. The Manual contains the System standards, which include mandatory and suggested specifications, standards, technical advice, policies and procedures, operating procedures, reporting requirements and rules that Franchisor periodically prescribes for developing and operating a Grimaldi's Restaurant and information on Franchisee's other obligations under this Agreement. Franchisee must operate the Franchised Restaurant at all times in strict conformity with the Manual and the System standards. Franchisee must use the forms and reports contained in the Manual for conducting business at the Franchised Restaurant and reporting to Franchisor. Franchisor has the right to amend and supplement the Manual periodically by letter, electronic mail, bulletins, video and audio files, software or other communications concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a Grimaldi's Restaurant. Franchisee must monitor and access the website, intranet and/or extranet for any updates to the Manual or System standards and Franchisee must comply with each new or changed standard promptly. If a dispute relating to the contents of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control. Prior to accessing Franchisor's website, intranet or extranet, Franchisee must abide by Franchisor's terms of use for access as published by Franchisor from time to time.

B. Confidentiality of the Manual. Franchisee acknowledges that the contents of the Manual are confidential and proprietary to Franchisor and that the Manual contains Franchisor's trade secrets and copyrighted material. Any passwords or other digital identifications necessary to access the Manual on

Franchisor's website, intranet or extranet also are deemed to be confidential and proprietary to Franchisor. Accordingly, Franchisee agrees that Franchisee will not disclose the Manual, passwords or other digital identifications to any person other than employees of the Franchised Restaurant who need to access the Manual in connection with the fulfillment of Franchisee's obligations pursuant to this Agreement. Franchisee's employees with access to the Manual must sign a confidentiality agreement in a form and format provided by Franchisor before accessing the Manual. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

C. Proprietary Materials. Franchisee acknowledges and agrees that Franchisor and/or its affiliates are the owners of certain proprietary materials that are used in the System ("**Proprietary System Materials**") and that the copyrights in these Proprietary System Materials are valuable property. Franchisor authorizes Franchisee to use these Proprietary System Materials on the condition that Franchisee comply with all of the terms and conditions of this Section 7.C. Franchisee acknowledges and agrees that Franchisor may create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of a Grimaldi's Restaurant, including, but not limited to, all categories of works eligible for protection under the United States copyright law, all of which will be deemed to be part of the Proprietary System Materials. The Proprietary System Materials include, but are not limited to, the Manual, advertisements, promotional materials, labels, posters, coupons, gift certificates, customer contracts, vehicle wraps, signs, websites and social media sites, mobile applications, and restaurant designs, plans and specifications, and any and all modifications, adaptations, translations and derivative works of the foregoing. These Proprietary System Materials may incorporate all or part of the Marks or other trade dress used as part of the System. Franchisee acknowledges that this Agreement does not confer any interest in the Proprietary System Materials to Franchisee, other than the limited right to use these materials in the operation of the Franchised Restaurant in compliance with the terms of this Agreement and the Manual. If Franchisee prepares any adaptation, translation or work derived from these Proprietary System Materials, including, but not limited to, advertisements, promotional materials, labels, posters, or websites, whether or not such adaptation was authorized by Franchisor, Franchisee agrees that such material will be Franchisor's property, and Franchisee hereby assigns all right, title and interest (including all copyright and other intellectual property rights) therein to Franchisor (or to a third party designated by Franchisor). Franchisee agrees to execute any documents, in recordable form, and take other actions which Franchisor deems necessary or desirable to reflect or perfect such ownership. Franchisee must submit all such adaptations, translations or derivative works to Franchisor for approval prior to use.

8. SYSTEM STANDARDS AND MODIFICATIONS

A. Compliance with System Standards. Franchisee acknowledges that each and every detail of the appearance, layout, décor, cleanliness, safety standards, services and operation of the Franchised Restaurant is essential to Franchisor and to other franchisees of Grimaldi's Restaurants to preserve the goodwill of the Marks and all Grimaldi's Restaurants. Franchisee agrees to cooperate with Franchisor by operating and maintaining the Franchised Restaurant safely and securely and according to all of Franchisor's System standards (whether contained in the Manual or another written communication to Franchisee), as Franchisor periodically modifies and supplements them. Franchisee agrees that System standards that Franchisor prescribes in the Manual or otherwise communicates to Franchisee in writing are part of this Agreement as if fully set forth within its text.

B. System Modifications. Franchisor, in its sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Manual, the menu, including menu items and menu formats, product packaging, the System standards, approved suppliers, the required equipment, the signage, the building and premises of Grimaldi's Restaurants (including the trade dress, décor and color schemes), the presentation of the Marks, the adoption of new administrative forms and methods of reporting and payment of any monies owed to Franchisor (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or copyrighted materials. Franchisee shall accept and use or display in the Franchised Restaurant any such changes or modifications to the System as if they were a part of the System at the time this Agreement was signed, and Franchisee will make such expenditures as the changes or modifications in the System may reasonably require.

C. Variations from System Standards. Franchisor has the right, in Franchisor's sole discretion, to waive, defer or permit variations from the standards of the System or the applicable agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Franchisor shall have the right, in Franchisor's sole discretion, to deny any such request Franchisor believes would not be in the best interests of the System.

D. Franchisee's Development of System Improvements. All products, menu items, services, concepts, methods, techniques, and/or new information relevant to Franchisee's operation of the Franchised Restaurant (together, "**Innovations**"), whether or not constituting protectable intellectual property, that Franchisee or its employees create, or that are created on Franchisee's behalf, must be promptly disclosed to Franchisor. All such Innovations will be deemed to be Franchisor's sole and exclusive property and works made-for-hire for Franchisor. Franchisee and each of its owners agree to: **(1)** sign the assignment and/or other documents Franchisor requests in order to implement this clause in order to evidence Franchisor's ownership; **(2)** cause Franchisee's employees and contractors to sign such assignment documents as Franchisor may request for this purpose; and **(3)** assist Franchisor in securing intellectual property rights in such Innovations.

9. TRAINING AND GUIDANCE

A. Pre-Opening Assistance. Franchisor shall provide consultation and advice to Franchisee as Franchisor deems appropriate with regard to the development and operation of the Franchised Restaurant, the building layout, furnishings, fixtures and equipment plans and specifications, employee recruiting, selection and training, purchasing and inventory control and such other matters as Franchisor deems appropriate.

B. Initial Training Program

(1) At least sixty (60) days before the Franchised Restaurant opens for business, Franchisee's Operating Principal, General Manager, and other supervisory employees designated by Franchisor must attend, and become certified in Franchisor's initial training program. Franchisor shall certify any supervisory employee of Franchisee's who successfully completes to Franchisor's satisfaction the initial training program as a "**Trainer.**" As a prerequisite to the initial training program, attendees must successfully complete a ServSafe training and an alcoholic beverage and dram shop safety training (or similar programs if required by local law) and present the certificates of completion to Franchisor. The initial training program will last up to six (6) weeks and includes classroom instruction and on-the-job training. The initial training program is held at a Grimaldi's Restaurant operated by Franchisor or Franchisor's affiliates or at Franchisor's designated training facilities. Franchisor may offer portions of the initial training program over the internet, Franchisor's company extranet or by webinar. Franchisor will bear all expenses for the initial training program that Franchisor provides; however, Franchisee must pay all salaries, wages, benefits, travel, living and other expenses incurred by Franchisee's trainees while attending the training program. Franchisor will have the right to require that Franchisee's trainees execute and deliver to Franchisor a non-disclosure and non-competition agreement in substantially the form appended hereto as Exhibit C prior to attending the training program.

(2) Franchisor may dismiss from the initial training program any person whom Franchisor does not believe will perform acceptably in the position for which he/she has been hired by Franchisee or who fails to comport himself/herself with the standards Franchisor requires of Grimaldi's Restaurant managers, and Franchisee shall provide a suitable replacement within thirty (30) days of such dismissal. Franchisor will authorize the Franchised Restaurant to open only after Franchisee's Operating Principal and General Manager have been certified as Trainers after successfully completing the initial training program to Franchisor's satisfaction.

C. Train the Trainer Program

(1) Franchisee's Trainers are responsible for training the Franchised Restaurant's managers and staff. Franchisee must have a full staff in place and available for training at least ten days before the Franchised Restaurant opens. Franchisor will authorize Franchisee to open the Franchised Restaurant only after an adequate number of Franchisee's employees, as determined by Franchisor in Franchisor's sole discretion, have attended and received certification in the position for which they were hired. Periodically, Franchisee must conduct such training programs for Franchisee's employees as Franchisor may require, including those training programs required for Franchisee's employees to become certified for the position(s) for which each employee was hired. Franchisee's Trainers also will offer the initial training program to Franchisee's replacement Operating Principals, General Managers and supervisory employees. Franchisor will evaluate all General Managers and supervisory employees trained by Franchisee and determine whether to certify them as Trainers. Franchisee will be responsible for all costs that Franchisee incurs in training Franchisee's employees.

(2) Franchisor may periodically visit the Franchised Restaurant to ensure that Franchisee's Trainers and staff continue to meet Franchisor's standards. Franchisor has the right to de-certify any of Franchisee's personnel (including Franchisee's Operating Principal, General Manager or supervisory personnel) who consistently fails to maintain Franchisor's System standards as set forth in the Manual. Such individuals may not act as Trainers until they have successfully been re-certified as Trainers. If Franchisor determines, in Franchisor's sole discretion, that Franchisee's Trainers are no longer qualified to train Franchisee's employees, then Franchisee, at Franchisor's election, must either have the Trainers attend and successfully complete the initial training program and be re-certified as Trainers or designate replacement personnel to complete the initial training program to be certified as Franchisee's Trainers. Franchisor may charge a reasonable training fee to re-certify Franchisee's Trainers.

(3) If Franchisee does not have any Trainers on staff, then Franchisee must send Franchisee's supervisory employees to the initial training program offered by Franchisor and Franchisor will send a trainer to the Franchised Restaurant to train Franchisee's employees. If Franchisee is required to send Franchisee's training and managerial employees to the initial training program because Franchisee does not have a Trainer, then Franchisee must pay Franchisor's then current tuition fee for Franchisee's employees who attend the initial training program, in addition to paying all salaries, wages, benefits, travel, living and other expenses incurred by Franchisee's employees while attending the initial training program. If Franchisor send a trainer to the Franchised Restaurant, Franchisee must pay Franchisor's then-current per diem fees and all travel, living and other expenses incurred by Franchisor's trainer.

D. Opening Training

(1) If the Franchised Restaurant is the first or second Grimaldi's Restaurant developed by Franchisee and its affiliates, Franchisor will send a representative to the Franchised Restaurant to assist with the Franchised Restaurant opening for a period not to exceed fourteen (14) days ("**Opening Training**"). This Opening Training will also include on-site training for Franchisee's Trainers and staff members and additional assistance with opening marketing activities and opening management. Franchisee will not be required to pay any additional costs for any of the travel or living expenses incurred by Franchisor's representative while they provide the Opening Training. Franchisor will determine the hours of training for Franchisee's staff members. If Franchisee requests, and Franchisor agrees to provide, additional or special guidance, assistance, or training during this opening phase, Franchisee agrees to pay Franchisor's then applicable charges, including fees for Franchisor's personnel and their travel and living expenses.

(2) Franchisee shall provide Franchisor written notice at least (30) days in advance of the Franchised Restaurant's scheduled opening date, and Franchisor shall have the right to rely on that date to schedule and coordinate Franchisor's personnel who will assist in the opening. Franchisee must have a certificate of occupancy, or a conditional certificate of occupancy, at least two (2) days before the scheduled arrival of Franchisor's employees. Franchisor may delay the scheduled arrival of Franchisor's

employees if Franchisor determines, in Franchisor's sole discretion that the Franchised Restaurant building is not safe or not ready to begin training.

(3) If the pre-opening training date or the opening date is postponed or delayed for failure to obtain a certificate of occupancy or for any other reason and, as a direct result thereof, Franchisor incurs any additional costs and expenses, Franchisee shall promptly reimburse Franchisor for those costs and expenses, plus the salaries, wages, and the fringe benefits for Franchisor's opening trainers during the period of such delay. If Franchisee requests, Franchisor may, depending on the availability of Franchisor's personnel, make available trainers for longer than the period deemed necessary by Franchisor.

E. Additional Training. Franchisor shall have the right (which may be exercised at any time and in Franchisor's sole discretion) to require that Franchisee's Operating Principal, General Manager, Trainers and/or other previously trained and experienced staff members to attend and complete satisfactorily various training courses that Franchisor periodically chooses to provide at the times and locations that Franchisor designates, as well as periodic conventions, regional meetings, and conferences that Franchisor specifies. Franchisor reserves the right to require Franchisee to pay a tuition fee as established by Franchisor from time to time for these additional training programs within thirty (30) days of receipt of an invoice from Franchisor. Franchisee will be required to pay all salaries, wages, meals, lodging, other living expenses and transportation costs incurred by Franchisee's trainees while attending the training.

F. Annual Convention. Franchisee's Operating Principal and General Manager must attend periodic business meetings and Franchisor's annual convention and pay any registration fees for the convention and the costs of travel and accommodations for its personnel.

G. Post-Opening Assistance. Franchisor may periodically, as Franchisor deems appropriate, advise and consult with Franchisee in connection with the operation of the Franchised Restaurant. Franchisor, as Franchisor deems appropriate, shall provide to Franchisee Franchisor's knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, food preparation and delivery, management, sales promotion, service concepts, employee recruiting, selection and training, purchasing and inventory control, and such other matters as Franchisor deems appropriate. Franchisor may provide these services through visits by Franchisor's representatives to the Franchised Restaurant or Franchisee's offices, the distribution of printed, filmed or electronic information, meetings or seminars, telephone communications, e-mail communications or other communications. Franchisor may periodically inspect the Franchised Restaurant and its operations to assist Franchisee's operations and ensure compliance with the System. At Franchisee's request, Franchisor may provide special assistance at the Franchised Restaurant for which Franchisee will be required to pay Franchisor's per diem fees and charges Franchisor may establish from time to time.

H. Control by Franchisor. Notwithstanding anything to the contrary in this Section 9, Franchisee and Franchisor recognize and agree that Franchisor does not exercise any day-to-day control of the Franchised Restaurant, security at the Franchised Restaurant, the hiring and firing of employees, or other forms of day-to-day control.

I. Training Methods; Expenses. Except for the classroom and on-the-job training portions of the initial training program, Franchisor has the right to provide training programs in person, by video, via the Internet, or by other means, as determined by Franchisor. All training conducted in person will be held at a location designated by Franchisor. Franchisee is responsible for all expenses of its trainees, including the costs of uniforms, transportation, lodging, meals, and wages. Franchisee may also be required to purchase training materials.

10. TECHNOLOGY

A. Computer Systems and Software. With respect to computer systems and required software:

(1) Franchisor has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Grimaldi's Restaurants, and in accordance with Franchisor's standards, including without limitation: (a) computer systems, point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Grimaldi's Restaurants, between or among Grimaldi's Restaurants, and between and among the Franchised Restaurant, and Franchisee, and Franchisor; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (e.g., form of telecommunications connection) and speed; and (f) WiFi and other internet service for customers (collectively, all of the above are referred to as the "**Computer System**").

(2) Franchisor will have the right, but not the obligation, to develop or have developed for Franchisor's needs, or to designate: (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee will install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee will install; (c) the tangible and hosted media upon which Franchisee will record data; (d) an extranet for informational assistance, which may include the Manual, training and other assistance materials, and management reporting solutions; and (e) the database file structure of Franchisee's Computer System.

(3) Franchisee agrees to purchase, install and use the Computer System and Required Software at Franchisee's sole expense. Franchisee agrees to pay Franchisor or third-party vendors, as the case may be, initial and ongoing fees in order to install and continue to use the Required Software, hardware, and other elements of the Computer System. Franchisee agrees to implement and periodically make upgrades and other changes at Franchisee's expense to the Computer System and Required Software as Franchisor may reasonably request in writing (collectively, "**Computer Upgrades**"). Franchisor will not require Franchisee to make any Computer Upgrades more than once a year.

(4) Franchisee agrees to comply with all specifications that Franchisor issues with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at Franchisee's expense. Franchisee agrees to also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that Franchisor requests. Franchisor reserves the right to charge Franchisee a periodic fee ("**Technology Fee**") for providing help desk coverage, information technology support and access to Franchisor's software, technology platforms, intranets, extranets, websites and future services that Franchisor make available to Franchisee as provided in the Manual.

(5) Because changes to technology are dynamic and not predictable within the term of this Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees: (a) that Franchisor will have the right to establish, in writing, reasonable new standards to address new technologies, whether published in the Manual or otherwise in writing, and that Franchisor has the right to implement those changes in technology into the System; and (b) to abide by Franchisor's reasonable new standards as if this Section 10.A. and other technology provisions in this Agreement, were periodically revised for that purpose.

B. POS Systems. Franchisee agrees to record all sales transactions on computer-based point of sale systems that Franchisor has approved in writing or on such other types of cash registers that Franchisor may designate in the Manual or otherwise in writing ("**POS Systems**"), which shall be deemed part of Franchisee's Computer System. Franchisee agrees to utilize computer-based POS Systems which

are fully compatible with any program or system (which Franchisor shall have the right to require) and Franchisee agrees to record all Gross Sales and all sales information on such equipment.

C. Data

(1) All data collected, created, provided, or otherwise developed on Franchisee's Computer System by Franchisee in any form including data uploaded to Franchisor's computer system from Franchisee's Computer System and/or downloaded from Franchisee's Computer System to Franchisor's computer system, is and will be owned exclusively by Franchisor, including all data collected from consumers in connection with the Franchised Restaurant, including names, addresses, email addresses, telephone numbers, corporate information, transaction data, demographic data, behavioral data, customer service data, correspondence, and other documents and information obtained from consumers, suppliers, or others in connection with any product or service ("**Consumer Data**"). Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Restaurant, including Consumer Data, is and will be owned exclusively by Franchisor during the term of, and following the termination or expiration of, this Agreement. Franchisee hereby assigns to Franchisor all of Franchisee's right, title and interest (including all copyright and other intellectual property rights), if any, in and to all such data. Franchisee agrees to execute any documents, in recordable form, and take other actions which Franchisor deems necessary or desirable to reflect or perfect such ownership. As the owner of such data, Franchisor may use all such information, data, and reports in any manner, including providing financial and operating reports to franchisees and other operators under the System. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the Franchised Restaurant.

(2) Franchisee has the right to use Consumer Data while this Agreement or a Successor Franchise Agreement is in effect, but only in connection with operating the Franchised Restaurant and only in accordance with the policies that Franchisor establishes from time to time. Franchisee may not sell, transfer, or use Consumer Data for any purpose other than operating the Franchised Restaurant and marketing "Grimaldi's brand" products and services. However, if Franchisee transfers the Franchised Restaurant (as provided in Section 16 below), as part of the transfer, Franchisee must also transfer use of the Consumer Data to the buyer as part of the total purchase price paid for the Franchised Restaurant. Franchisee shall ensure that any third parties who provide operational services to the Franchised Restaurant and to whom Franchisee provides access to the Consumer Data do not acquire any ownership rights or interest in the Consumer Data, may have access to the Consumer Data only for the purpose of providing services to Franchisee, are prohibited from copying or distributing the Consumer Data and must return any Consumer Data to Franchisee after the completing its service.

D. Privacy and Data Protection

(1) Franchisee agrees to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**"). Franchisee agrees to comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent.

(2) Franchisee must implement and maintain reasonable and appropriate practices, procedures, and systems, including administrative, technical, and physical safeguards to: (a) protect the security, confidentiality, and integrity of Consumer Data and other employee and transactional information,

including personally identifying information; **(b)** ensure against anticipated threats or hazards to the security or integrity of such data and information; **(c)** protect against unauthorized access to or use of such data and information; and **(d)** otherwise comply with any data protection safeguards designated by Franchisor in the Manual. These safeguards may include a written data security plan, employee training, information access controls, restricted disclosures, systems protections (e.g., intrusion protection, data storage protection, and data transmission protection), and physical security measures. Franchisee must comply with all applicable laws governing the use, protection, and disclosure of Consumer Data. If there is a suspected or actual breach of security or unauthorized access involving Consumer Data, Franchisee must notify Franchisor immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Consumer Data was compromised or disclosed.

E. Non-Cash Payment Systems

(1) Franchisee shall accept debit cards, credit cards, or other non-cash payment systems specified by Franchisor to enable customers to make purchases and shall obtain all necessary hardware and/or software used in connection with these non-cash payment systems. At all times, Franchisee must maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-fund-transfer systems that Franchisor designates as mandatory, and Franchisee must not use any such services or providers that Franchisor has not approved in writing or for which Franchisor has revoked Franchisor's approval. Franchisor has the right to modify Franchisor's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Franchisor's approval of any service provider. Franchisee must comply with Franchisor's credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Manual.

(2) Franchisee agrees to comply with Franchisor's standards for processing electronic payments and any costs to do so are at Franchisee's expense. Franchisee agrees to abide by: **(a)** the Payment Card Industry Data Security Standards ("**PCIDSS**") enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); **(b)** the Fair and Accurate Credit Transactions Act ("**FACTA**"); and **(c)** all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("**Electronic Payment Requirements**"). If required by Franchisor or by PCI Council standards, Franchisee shall perform an annual PCI security audit with the PCI Qualified Security Auditor of Franchisor's choice at Franchisee's expense. If required by Franchisor, Franchisee shall provide Franchisor with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to Franchisor copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Franchisee. If Franchisee knows or suspects a security breach, Franchisee must immediately notify Franchisor. Franchisee will promptly identify and remediate the source of any compromise. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchised Restaurant.

F. Outsourcing. Franchisee may not hire third-party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that Franchisor may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with Franchisor's computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. Franchisee must not install, or remove any software from, the Computer System without Franchisor's prior written consent.

G. Changes. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for

inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees to comply with those reasonable new standards that Franchisor establishes as if Franchisor periodically revised this Section 10 for that purpose.

11. PERFORMANCE STANDARDS AND UNIFORMITY OF OPERATION

A. Operating Standards. To insure that the highest degree of quality and service is maintained, Franchisee agrees to operate Franchisee's Restaurant in strict conformity with such methods, standards, and specifications that Franchisor may periodically require in the Manual or otherwise in writing. In this regard, Franchisee agrees to do all of the following:

(1) To maintain in sufficient supply, and to use and/or sell at all times only such products, ingredients, materials, supplies, merchandise and paper goods as conform to Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without Franchisor's specific prior written consent;

(2) To sell or offer for sale only such products and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all such products and services, utilizing the ingredients and employing the preparation standards and techniques, as specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications, including the manner of preparation of products, without Franchisor's prior written consent; and to discontinue selling and offering for sale any products or services which Franchisor shall have the right to disapprove, in writing, at any time. If Franchisee deviates or proposes to deviate from Franchisor's standards and specifications, whether or not such deviation is approved by Franchisor, such deviation shall become the property of Franchisor;

(3) To permit Franchisor or its agents, at any reasonable time, to remove samples of products, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications;

(4) To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, decor, and signs as Franchisor shall specify; and to refrain from installing or permitting to be installed on or about the Franchised Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting Franchisor's standards and specifications;

(5) To refrain from using the Premises for the sale of any items that promote illegal activity and refrain from selling any items that Franchisor determines, in its sole discretion, would offend an appreciable segment of the public or that may adversely affect the acceptance, favorable reputation or goodwill associated with the System; and

(6) To fully and faithfully comply with all applicable governing authorities, laws and regulations. Franchisee shall immediately close the Franchised Restaurant and terminate operations in the event that: (a) any products sold at the Franchised Restaurant evidence adulteration or deviation from the standards set for products by Franchisor; (b) any products sold at the Franchised Restaurant fail to comply with applicable laws or regulations; or (c) Franchisee fails to maintain the products, premises, equipment, personnel, or operation of the Franchised Restaurant in accordance with any applicable law or regulations. In the event of such closing, Franchisee shall immediately notify Franchisor in writing and Franchisee shall destroy immediately in accordance with procedures set forth in the Manual, or otherwise in writing by Franchisor, all products which it knows, or should know through the exercise of reasonable care, to be adulterated, tainted, contaminated, spoiled, unsafe, or otherwise unfit for human consumption and eliminate the source thereof, and remedy any unsanitary, unsafe, or other condition or other violation of the applicable

law or regulation. Franchisee shall not reopen the Franchised Restaurant until after Franchisor has inspected the Franchised Restaurant premises, and Franchisor has determined that Franchisee has corrected the condition and that all products sold at the Franchised Restaurant comply with Franchisor's standards.

B. Suppliers

(1) Franchisee agrees to purchase all products, ingredients, supplies, materials, merchandise and other products used or offered for sale at the Franchised Restaurant solely from suppliers that Franchisor has approved in writing (and whom Franchisor has not subsequently disapproved). In determining whether Franchisor will approve any particular supplier, Franchisor will consider various factors, including but not limited to: (a) whether the supplier can demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's then-current standards and specifications for such items; (b) whether the supplier has adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; (c) whether approval of the supplier would enable the System, in Franchisor's sole opinion, to take advantage of marketplace efficiencies; and (d) whether the supplier will sign a confidentiality agreement and a license agreement in the form that Franchisor may require (which may include a royalty fee for the right to use Franchisor's Marks and any other proprietary rights). For the purpose of this Agreement, the term "**supplier**" includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. Franchisee also recognizes and agrees that Franchisor has the right to appoint only one supplier for any particular item (including but not limited to distribution of products to Grimaldi's Restaurants), which may be Franchisor or one of Franchisor's affiliates.

(2) If Franchisee wants to buy any supplies or other items from an unapproved supplier, Franchisee must first submit a written request to Franchisor asking for Franchisor's prior written approval. Franchisee agrees not to buy from any such supplier unless and until Franchisee has received Franchisor's prior written consent to do so. Franchisor has the right to require that Franchisor's representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory that Franchisor has designated for testing. Franchisee (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the evaluation. Franchisor has the right to also require that the supplier comply with such other requirements that Franchisor has the right to designate, including but not limited to payment of reasonable continuing inspection fees and administrative costs and/or other payment to Franchisor by the supplier on account of their dealings with Franchisee or other franchisees, for use of Franchisor's trademarks, and for services that Franchisor may render to such suppliers. Franchisor also reserves the right, at Franchisor's option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke Franchisor's approval if the supplier does not continue to meet any of Franchisor's then-current criteria.

(3) Nothing in the other provisions of this Agreement shall be construed to require Franchisor to approve any particular supplier, nor to require that Franchisor make available to prospective suppliers, standards and specifications, which Franchisor has the right to deem confidential.

(4) Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees Franchisor has the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Grimaldi's Restaurants with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of Grimaldi's Restaurants. In this event, Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and services, and/or refuse any of Franchisee's requests if Franchisor believes that this action is in the best interests of the System or the network of Grimaldi's Restaurants. Franchisor has the right to approve or disapprove of the suppliers who may be permitted to sell products and services to Franchisee.

(5) Franchisee agrees that Franchisor has the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to Franchisee or to Franchisor (or Franchisor's affiliates) based upon Franchisee's purchases of products and other goods and services. These Allowances include those based on System-wide purchases of food, beverages, paper goods, merchandise and other items. Franchisee assigns to Franchisor or Franchisor's designee all of Franchisee's right, title and interest in and to any and all such Allowances and authorizes Franchisor (or Franchisor's designee) to collect and retain any or all such Allowances without restriction.

C. Authorized Menu Items and Merchandise

(1) Franchisee must offer for sale in the Franchised Restaurant all products and services that Franchisor designates as required items. Within fourteen (14) days after receipt of written notice from Franchisor, Franchisee shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. Within thirty (30) days after receipt of written notice from Franchisor, Franchisee shall begin selling any newly authorized merchandise and cease selling any merchandise that is no longer authorized. However, if any discontinued menu item or merchandise could pose a hazard to the public or prove detrimental to the system, Franchisee must cease selling or using that item or ingredient immediately. Franchisee shall purchase any additional equipment and smallwares as Franchisor deems reasonably necessary in connection with new menu items. If Franchisor requires Franchisee to begin offering a new menu item which requires the purchase of additional equipment, a reasonable period of time, as determined in the sole discretion of Franchisor, shall be provided for the financing, purchase and installation of any such equipment before such new menu items must be offered for sale at the Franchised Restaurant. All food, beverage and merchandise items authorized for sale at the Franchised Restaurant shall be offered for sale under the specific name designated by Franchisor. Franchisor, in its sole discretion, may restrict sales of menu items to certain time periods during the day. Franchisor has the right to require Franchisee to use only certain brands and to prohibit Franchisee from using other brands. Franchisor may from time to time modify the list of approved brands and Franchisee shall not reorder any brand that is no longer approved.

(2) If Franchisee has a suggestion for a new menu item or for a change to an authorized menu item or Franchisee desires to participate in a test market program, Franchisee shall provide Franchisor written notice prior to implementation. Franchisee shall not add or modify any menu item or participate in a test market program without first having obtained Franchisor's prior written approval. Franchisor may periodically conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee agrees to cooperate with Franchisor in connection with the conduct of such test marketing programs at Franchisee's own expense and Franchisee must comply with Franchisor's procedures that are established from time to time in connection such programs as set forth in the Manual, including Franchisee's obligation to keep appropriate records and report their results to Franchisor.

D. Menu Formats. Franchisor shall have the right to prescribe, and subsequently vary, one or more menu formats to be utilized in the Franchised Restaurant. The menu formats may include requirements concerning organization, graphics, product descriptions, caloric disclosures, illustrations and other matters (except prices) related to the menu. Prescribed menu formats may vary depending on region, market size or other factors deemed relevant by Franchisor. If any menu format utilized by Franchisee ceases to be an authorized menu format, Franchisee shall have a reasonable period of time (not to exceed six (6) months) to discontinue use of the old menu format and begin using an authorized menu format.

E. Proprietary Items. Franchisee acknowledges and agrees that the proprietary wine and other proprietary items including, but not limited to, pizza sauce, dough ingredients, mozzarella cheese and cheesecake ingredients (collectively, "**Proprietary Items**") that Franchisor may specify for sale at the Franchised Restaurant are manufactured in accordance with Franchisor's secret standards and specifications, and are Proprietary Items of Franchisor and/or its affiliates. To maintain the high standards of quality, taste, and uniformity associated with any Proprietary Items sold under the System, Franchisee

agrees to buy Proprietary Items only from a designated supplier, and not to offer or sell any items that are similar to (but not the same as) Proprietary Items at or from the Franchised Restaurant. In connection with the handling, storage, transport and delivery of any Proprietary Items that Franchisee purchases from designated suppliers, Franchisee agrees that any action (or inaction) by a third party (e.g., an independent carrier) in connection with the handling, storage, transport and delivery of the Proprietary Items shall not be attributable to Franchisor, nor constitute negligence on Franchisor's part.

F. Catering and Other Off-Premises Programs. Franchisor has the right (but no obligation) to establish Restaurant delivery, catering, third-party delivery, and/or wholesaling programs ("**Off-Premises Programs**"). Off-Premises Programs may be mandatory or optional for franchisees and may include online, mobile application and telephone ordering systems. If Franchisor establishes a mandatory Off-Premises Program or Franchisee chooses to participate in a voluntary program, Franchisee agrees to pay the fees and costs associated with participating and to comply with all other rules and procedures that Franchisor specifies for the program in the Manual or otherwise in writing. Franchisee acknowledges that Franchisee may have to purchase equipment, including a delivery vehicle, in order to participate in an Off-Premises Program. Franchisor may define designated service areas for Off-Premises Programs. Franchisor can modify or terminate an Off-Premises Program by notice to the participating restaurants.

G. No Other Sales Channels. Franchisee may not engage in any grey marketing activities where Franchisee takes advantage of purchasing arrangements for Grimaldi's Restaurants and transfers products to any other restaurant or other business not operating under the System. Unless expressly authorized by Franchisor, Franchisee may not sell products or services through any channel or facility other than to retail customers for consumption on the Franchised Restaurant premises, or for personal carry-out consumption, including any Off-Premises Programs, food trucks, carts, kiosks, or temporary locations. If Franchisor approves any one or more activities, Franchisor will not be deemed to have given Franchisor's approval or waived Franchisor's right to approve or disapprove any other activities that Franchisee may later propose. Franchisor will consider the factors that Franchisor deems appropriate, which may include the period of time Franchisee has been operating the Franchised Restaurant, Franchisee's sales volume, whether Franchisee has met certain quality standards and other benchmarks, and other standards that Franchisor may determine are applicable.

H. Gift Card, Loyalty and Electronic Money Programs. Franchisee must participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs as Franchisor may prescribe from time to time. Participation includes both issuing program benefits or credits and accepting them for payment by customers, and may require Franchisee to purchase software, hardware, blank cards, and additional equipment. Franchisee also must participate in any "frequent guest" or customer loyalty programs that Franchisor prescribes from time to time in compliance with the policies and procedures set forth in the Manual. Franchisee shall pay such periodic and per-swipe transaction fees as may be required by the vendor of the programs. Franchisee may not offer its own gift card, electronic money, or loyalty program for the Franchised Restaurant without Franchisor's prior written approval. Franchisee agrees not to sell, issue, or redeem gift certificates or cards other than gift cards that Franchisor has approved in writing. Franchisor will coordinate the crediting and debiting of funds among Grimaldi's Restaurants based on customer purchases and redemption of stored value. Franchisee must maintain sufficient cash reserves to pay Franchisor or other franchisees as part of any network-wide periodic reconciliation of any gift card program.

I. Entertainment Equipment. Franchisee shall not permit at the Franchised Restaurant any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film or video device not authorized by Franchisor.

J. Use of the Premises; Hours of Operation. Franchisee may use the Premises only for the operation of the Franchised Restaurant; and Franchisee also agrees not to use or permit the Premises to be used for any other purpose or activity at any time. As used in this Agreement, the term "**Premises**" includes the grounds surrounding the Franchised Restaurant building. Franchisee agrees to keep the

Franchised Restaurant open and in normal operation for the hours and days that Franchisor may periodically specify in the Manual or as Franchisor may otherwise approve in writing.

K. Operating Principal. Franchisee shall designate and retain an individual to serve as its “**Operating Principal**”. The Operating Principal as of the Effective Date is identified in Exhibit A. The Operating Principal will be the person with whom Franchisor communicates as to operational matters and must have the authority to bind Franchisee with respect to all operational decisions related to the Franchised Restaurant. Unless waived in writing by Franchisor, the Operating Principal shall meet all of the following qualifications: **(1)** the Operating Principal, at all times, shall devote full-time and reasonable efforts to supervising the operation of the Franchised Restaurant and those other Grimaldi’s Restaurants operated by Franchisee and its affiliates in the same geographic area as the Franchised Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility; **(2)** the Operating Principal shall maintain a primary residence within a reasonable driving distance of the Franchised Restaurant; **(3)** the Operating Principal shall have successfully completed the initial training program and qualified as a Trainer and any additional training required by Franchisor; **(4)** Franchisor shall have approved the Operating Principal, and not have later withdrawn that approval; and **(5)** the Operating Principal must sign Franchisor’s Non-Disclosure and Non-Competition Agreement in substantially the form attached to this Agreement as Exhibit C. The Operating Principal shall remain active in overseeing the operations of the Franchised Restaurant, including regular, periodic visits to the Franchised Restaurant and sufficient communications with Franchisor to ensure that the Franchised Restaurant’s operations comply with the operating standards as promulgated by Franchisor from time to time in the Manual or otherwise in written or oral communications. If the Operating Principal no longer qualifies as such, Franchisee shall designate another qualified person to act as Operating Principal within sixty (60) days after the date the prior Operating Principal ceases to be qualified. Franchisee’s designee to become the Operating Principal must successfully complete the management training program.

L. Management and Staffing

(1) The Franchised Restaurant shall at all times be under the on-site supervision of the Operating Principal or a General Manager who must meet, to Franchisor’s satisfaction, all applicable training qualifications for their designated position. Franchisee shall employ at the Franchised Restaurant the number of managers as required by Franchisor.

(2) Franchisee shall hire all employees of the Franchised Restaurant and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of the Franchised Restaurant, in human resources and customer relations. Franchisee shall establish at the Franchised Restaurant a training program for all employees that meets the standards prescribed by Franchisor. Franchisee shall employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Franchisor and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual. Franchisee shall use reasonable efforts to ensure that Franchisee’s employees maintain a neat and clean appearance and render competent and courteous service to all customers and fellow employees of the Franchised Restaurant.

(3) Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Restaurant including those related to hiring, firing, training, compliance with wage and hour requirements, compensation, personnel policies, benefits, insurance, recordkeeping, supervision, and discipline of employees. At no time will Franchisee or Franchisee’s employees be deemed to be employees of Franchisor and Franchisor is not a joint employer of those persons. Franchisee shall establish at the Franchised Restaurant a training program for all employees that meets the standards prescribed by Franchisor.

M. Pricing. As a service to Franchisee and other franchisees of Grimaldi’s Restaurant’s, Franchisor may, but is not obligated to, utilize its experience and the data obtained from all of its franchisees

to establish and maintain a suggested schedule of prices for products and services of each Grimaldi's Restaurant. In addition, Franchisor may establish required maximum prices for products and services of each Grimaldi's Restaurant and Franchisee will be required to comply with that maximum pricing schedule.

N. Customer Complaints. Franchisee agrees to deal fairly and honestly with Franchisor and with each customer, and that Franchisee will render prompt, courteous, and willing service in the Franchised Restaurant. Franchisee shall immediately resolve any customer complaints regarding the quality of the products and services offered at the Franchised Restaurant, the cleanliness of the Franchised Restaurant, or any similar complaints. Franchisee agrees to handle all customer complaints and adjustments in a manner consistent with the protocols and requirements specified by the Manual. When any customer complaints cannot be immediately resolved, Franchisee shall use reasonable efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed adequately to address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay to Franchisor immediately on demand.

O. Quality Assurance Programs. In order to (among other things) maintain and enhance the goodwill associated with the Marks, the System and each Grimaldi's Restaurant, Franchisee agrees to participate in programs initiated to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including a toll free number, mystery shoppers, guest surveys, or other quality assurance and evaluation programs as Franchisor may require. Franchisee agrees to bear its proportionate share, as determined by Franchisor in its sole discretion, of the costs of any such programs. Franchisor will share the results of these programs, as they pertain to the Franchised Restaurant, with Franchisee. If Franchisee receives an unsatisfactory or failing report in connection with any such program, Franchisee must immediately implement any remedial actions Franchisor requires and pay to have Franchised Restaurant re-evaluated (as well as all expenses Franchisor may incur to inspect the Franchised Restaurant thereafter) together with any costs or incidental expenses that Franchisor incurs.

P. Inspection by Franchisor. Franchisor and Franchisor's designees have the right at any reasonable time and without prior notice to: **(1)** inspect the Franchised Restaurant; **(2)** observe, photograph, record and/or film the operations of the Franchised Restaurant; **(3)** remove samples of any products, materials or supplies for testing and analysis; and **(4)** interview personnel and customers of the Franchised Restaurant. Franchisee agrees to cooperate fully with such activities. Upon receipt of notice from Franchisor or Franchisor's agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and Franchisee must promptly reimburse Franchisor for its costs of doing so.

Q. Repair and Maintenance of the Franchised Restaurant

(1) Franchisee shall maintain the Franchised Restaurant in a first-class manner and condition, and Franchisee shall, at Franchisee's sole cost, make such repairs to the Franchised Restaurant as may be required to maintain the Franchised Restaurant in a first-class manner and condition (including without limitation, periodic repainting and/or replacement of obsolete or damaged signs, furnishings, equipment and décor) as Franchisor may reasonably direct. If Franchisee is not permitted to make certain repairs because such repairs are reserved to the landlord of the Premises as common area maintenance, Franchisee shall use diligent efforts to cause the landlord to make such repairs timely and in a workmanlike manner. Except for repairs required to maintain the Franchised Restaurant in a first-class manner and condition, all other repairs, replacements, additions, and modifications to the Franchised Restaurant shall require Franchisor's prior written consent. Franchisee may not make any alterations to the Franchised

Restaurant that would be different than the original accepted Plans, nor replace any furnishings, fixtures, equipment and signs with items that are not in accordance with Franchisor's standards and specifications or are inconsistent with or have caused variation in the accepted Plans or the approved furnishings, fixtures, equipment and signs, without Franchisor's prior written approval. Franchisor has the right, at Franchisee's expense, to rectify any replacements, relocations or alterations not previously approved by Franchisor in writing.

(2) If, at any time, the general state of repair, appearance or cleanliness of the Franchised Restaurant or its furnishings, fixtures, equipment and signs does not meet Franchisor's standards, Franchisor may notify Franchisee and specify the action Franchisee must take to correct such deficiency. If, within fourteen (14) days after receiving such notice, Franchisee fails or refuse to initiate in good faith and with due diligence a bona fide program to complete such required maintenance, Franchisor has the right (in addition to Franchisor's rights under Section 18), but not the obligation, to enter the Premises and perform such maintenance on Franchisee's behalf and at Franchisee's expense. Franchisee must promptly reimburse Franchisor for such expenses and the cost of coordinating such repairs.

(3) If the Franchised Restaurant is damaged or destroyed by fire or other casualty, Franchisee must initiate within thirty (30) days (and diligently continue until completion, which shall be accomplished in no more than one hundred and twenty (120) days) all repairs or reconstruction to restore the Franchised Restaurant to its original condition (and all remodeling performed or required to be performed to date), unless Franchisee's landlord fails to rebuild the premises. If, in Franchisor's reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct the Franchised Restaurant in accordance with the then-standard Grimaldi's Restaurant layout and décor specifications, Franchisor may require Franchisee to repair or reconstruct the Franchised Restaurant in accordance with those specifications.

R. Remodeling. Extensive structural changes, major remodeling and renovations, and substantial modifications to existing equipment and improvements to modernize and conform the Franchised Restaurant to the image of the System for new Grimaldi's Restaurants shall be required at Franchisor's request (but not more often than once during the term of this Agreement). Within thirty (30) days after receipt of Franchisor's written notice regarding the required remodel, Franchisee shall prepare and complete drawings and plans for the required remodel. These drawings and plans must be submitted to, and their use approved by, Franchisor prior to the commencement of work. Franchisee shall complete the required remodel within ninety (90) days after receipt of Franchisor's written notice. If the costs of the required remodel exceed Thirty-Five Thousand Dollars (\$35,000), then Franchisee shall have six (6) months to complete the work at the Franchised Restaurant. In the event Franchisor determines, in its sole discretion, that Franchisee cannot amortize the cost of the remodel over the remaining years of the term of this Agreement, Franchisor may agree to extend the term of this Agreement. Capital expenses necessary for the repair and maintenance of the Premises, exterior and interior signage, statue, equipment, furniture, paint and flooring are not subject to the expense and time limitations described in this section.

S. Taxes. Franchisee shall promptly pay when due all taxes levied or assessed (including, without limitation, unemployment and sales taxes) and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Restaurant under this Agreement. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Franchised Restaurant and/or Premises (or any improvements thereon).

T. Community and Charitable Involvement. Franchisee acknowledges that it is a tenant of the System that Grimaldi's Restaurants participate in community and charitable events and programs. Franchisee shall participate in such events and programs as specified by Franchisor in the Manual or otherwise in writing.

U. Compliance with Laws and Good Business Practices

(1) Franchisee must secure and maintain in force, at Franchisee's sole cost, any and all required state, county, and/or local licenses, permits and certificates, including liquor licenses, required for the construction and operation of the Franchised Restaurant and any other licenses applicable to Franchisee's management and personnel. Franchisee must operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to the handling and sale of food products and alcohol, occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

(2) Franchisee must notify Franchisor in writing within five (5) days of receipt of notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or occurrence of any accident or injury which may adversely affect the operation of the Franchised Restaurant or Franchisee's financial condition or give rise to liability or a claim against Franchisee or Franchisor. If operations at the Franchised Restaurant are suspended or prohibited for more than thirty (30) consecutive days as a result of Franchisee's failure to comply with applicable laws and regulations relating to any licenses and permits, then Franchisor may, in Franchisor's sole discretion, terminate this Agreement upon ten (10) days prior written notice to Franchisee.

(3) Franchisee must meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Restaurant, and furnish to Franchisor, within two (2) days after receipt thereof, a copy of each and every health department, or similar agency, health inspection report and fire department inspection report. Franchisee must notify Franchisor by telephone within twenty-four (24) hours, and confirm in writing within two (2) days, after receiving notice of any investigation or violation concerning any zoning, health, liquor, narcotics laws, or fire department laws and regulations. In the event that Franchisee is prohibited by a governmental authority from offering alcoholic beverages at the Restaurant on more than two (2) occasions (other than routine occasions on which Franchisee is prohibited by applicable law from offering alcoholic beverages for sale from the Restaurant, such as a local prohibition on the sale of alcoholic beverages on Sunday) during any continuous twelve (12) month period, including because of violations of federal, state or local liquor laws, then, at the option of Franchisor, this Agreement shall be immediately terminated upon receipt by Franchisee of written notice from Franchisor to such effect.

V. Crisis Management. To further ensure quality, safety, overall customer experience, and brand integrity, Franchisee must advise Franchisor immediately of any crisis so that Franchisor may assist Franchisee, as necessary, in handling such matter, or Franchisor deems it necessary, Franchisor may take the lead in managing such matter. The following circumstances should be reported immediately: (1) fire or other building casualty for which customers are evacuated; (2) robbery; (3) any violence at the Franchised Restaurant; (4) actual or suspected data breach; or (5) any other circumstances that have the potential to result in any significant adverse publicity or impact on the System.

W. Franchisee Advisory Committee. Franchisor reserves the right to create a franchisee advisory committee ("FAC"). Franchisee will be required to participate in any communication programs developed by the FAC. Franchisee must participate, at Franchisee's sole cost, in the FAC if Franchisee or one of Franchisee's owners is elected or appointed as a committee member. Franchisee may be required to pay a fee for, or contribute to, the FAC in an amount determined by the FAC.

12. INSURANCE

A. Procurement of Insurance by Franchisee. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurant. Franchisee shall maintain in full force and effect throughout the term of this

Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 12.B.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to Franchisor, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Franchisee in writing. Franchisor may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. Franchisor's minimum insurance requirements as of the Effective Date are set forth in Exhibit A.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Franchisee is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. Franchisor and its affiliates shall be identified as additional named insureds on all insurance policies and the policies shall provide that Franchisor may appoint its own legal defense counsel. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against Franchisor and its affiliates, successors and assigns. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Franchisor. In the event payments are required to be made under Franchisor's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, Franchisee agrees to reimburse, hold harmless and indemnify Franchisor and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 12.B stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to CBOP Domestic, Inc. All insurance coverage obtained by CBOP Domestic, Inc. shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by Franchisor or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Franchisee to third parties and all other items for which Franchisee is required to indemnify Franchisor under this Agreement.

(4) Each insurance policy shall be written by an "admitted" or a "non-admitted" insurance company that has received and maintains an "A+" or better rating by the latest edition of A.M. Best's Insurance Rating Service (or any similar criteria that Franchisor periodically specifies in the Manual).

(5) No insurance policy shall provide for a deductible amount that exceeds Five Thousand Dollars (\$5,000), unless otherwise approved in writing by Franchisor, and Franchisee's co-insurance under any insurance policy shall be eighty percent (80%) or greater.

D. Proof of Insurance. No later than thirty (30) days after the Effective Date, and at least thirty (30) days prior to each policy renewal date thereafter, Franchisee shall submit evidence of satisfactory

insurance and proof of payment therefor to Franchisor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor. Upon request, Franchisee also shall provide to Franchisor copies of all or any policies, and policy amendments and riders.

E. No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement or the Manual constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect Franchisee from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Franchisee of its obligations under this Section 12, shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by Franchisor. Should Franchisee, for any reason, fail to procure or maintain at least the insurance required by this Section 12, as revised from time to time pursuant to the Manual or otherwise in writing, Franchisor shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Franchisee. Within fifteen (15) days of receipt of Franchisor's notice, Franchisee shall reimburse Franchisor for all out-of-pocket costs incurred by Franchisor in obtaining such insurance on behalf of Franchisee immediately upon Franchisee's receipt of an invoice therefor.

13. MARKS

A. Scope. The term "Marks" as used in this Agreement refers to all names, marks, logos, insignias, slogans, emblems, symbols and designs or combinations thereof designated by Franchisor as identifying the System and the products sold and services provided in connection with the System. Franchisor shall, from time to time, advise Franchisee as to any additions or deletions to the Marks, and Franchisee's right to use the Marks shall be deemed modified by those additions or deletions.

B. Limited Right To Use Marks. Franchisor hereby grants to Franchisee a limited, non-exclusive, non-sublicensable and non-transferable right and license to use the Marks solely in the operation of the Franchised Restaurant at the Premises and as expressly provided in this Agreement and the Manual. Franchisee shall not use the Marks or any variations of the Marks, including "GRIMALDI'S," "GRIMALDI'S PIZZERIA," and "COAL-BRICK OVEN", or marks or names confusingly similar to the Marks in any manner not authorized by Franchisor in writing as part of any email address, social media identifier, website, domain name, URL, or any corporate, limited liability company or partnership name. Franchisee shall not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Marks are being used as a fictitious or assumed name, Franchisee shall include in such filing or application an indication that the filing is made "as a franchisee of CBOP Domestic, Inc. Franchisee shall use the symbol "®" with all registered marks and the symbol "™" with all pending registrations or other marks. Franchisee must have a sign prominently displayed in the Franchised Restaurant, the form of which shall be approved by Franchisor, that indicates that the Franchised Restaurant is independently owned and operated by Franchisee under license from Franchisor.

C. Modifications to the Marks. If Franchisor should elect to use a principal name other than "Grimaldi's" to identify the System, Franchisor may select another name and notify Franchisee to change all or some items bearing the Marks to the new name within a reasonable period of time as determined by Franchisor, and Franchisee shall promptly adopt that name. Franchisee will bear the sole cost and expense of making these changes, and Franchisor shall have no obligation or liability to Franchisee as a result of any such changes.

D. Franchisee's Acknowledgements Concerning the Marks. Franchisee agrees that: **(a)** nothing in this Agreement gives Franchisee any right, title or interest in the Marks (except the right to use the Marks solely in accordance with the terms of this Agreement), **(b)** the Marks are the sole property of Franchisor and/or its affiliates, **(c)** Franchisee shall not directly or indirectly contest the validity or

ownership of the Marks or Franchisor's right to license the Marks, and **(d)** any and all uses by Franchisee of the Marks and the goodwill arising therefrom shall inure exclusively to the benefit of Franchisor and its affiliates. Franchisee will not seek to register, reregister, assert claim to ownership of, license or allow others to use, or otherwise appropriate to yourself, any of the Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing, except to the extent this action inures to Franchisor's benefit and has Franchisor's prior written approval. Any unauthorized use of the Marks by Franchisee or attempt by Franchisee, directly or indirectly, to register the Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of Franchisor's rights in and to the Marks.

E. Notice of Challenges. Franchisee shall promptly inform Franchisor in writing as to any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Franchisor's ownership of, right to use and to license others to use, or Franchisee's right to use, the Marks of which Franchisee has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining Franchisor's written approval. Franchisor shall have the right, but not the obligation, to bring such action or take such steps as Franchisor may deem advisable to prevent any such infringement and to join Franchisee as a party to any action in which Franchisor is or may be a party and as to which Franchisee is or would be a necessary or proper party. Franchisee also shall promptly notify Franchisor of any litigation (including administrative or arbitration proceedings) of which Franchisee is aware instituted against Franchisor, Franchisor's affiliates or Franchisee relating to the Marks. Franchisee shall sign any and all instruments and documents, render such other assistance and perform any acts as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in the Marks, including, without limitation, Franchisor's interests in litigation or proceedings before the U.S. Patent and Trademark Office or other tribunal relating to the Marks. Franchisor agrees to reimburse Franchisee for all costs and expenses related to any actions taken by Franchisee in conjunction with this Section 13.E.

F. Indemnification for Use of Marks. Franchisor shall reimburse Franchisee for all damages and expenses that Franchisee incurs in any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has timely notified Franchisor of, and complied with Franchisor's directions in responding to, the proceeding, and Franchisee has used the Mark(s) in full compliance with this Agreement, the Manual, and any other directives from Franchisor. At Franchisor's option, Franchisor may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

14. FRANCHISEE'S ORGANIZATION AND MANAGEMENT

A. Representations. Franchisee makes the following representations and warranties: **(1)** it is duly organized and validly existing under the laws of the state of its formation; **(2)** it is qualified to do business in the state in which the Franchised Restaurant is located; **(3)** execution of this Agreement and the development and operation of the Franchised Restaurant is permitted by its governing documents and will not violate any agreement to which Franchisee is bound or to which it is a party; and **(4)** unless waived in writing by Franchisor, Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of Grimaldi's Restaurants.

B. Governing Documents. If Franchisee is a corporation, true, correct and complete copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the board of directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Franchisor. If Franchisee is a limited liability company, true, correct and complete copies of Franchisee's Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Franchisor. If Franchisee is a partnership, true, correct and complete copies of Franchisee's written partnership agreement, other

governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee promptly shall provide copies to Franchisor.

C. Ownership Interests. Exhibit A identifies Franchisee's ownership interests as of the Effective Date. Franchisee shall comply with the requirements of Section 16 prior to any change in ownership interests and shall sign addenda to Exhibit A as changes occur in order to ensure the information contained in Exhibit A is true, accurate and complete at all times.

D. Restrictive Legend. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Grimaldi's Restaurant Franchise Agreement(s) to which the corporation is a party." If Franchisee is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Grimaldi's Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is a partnership, Franchisee's written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed on assignment by this Agreement.

E. Personal Guaranty. Franchisee's Principal Owners shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing the Personal Guaranty and Assumption of Franchisee's Obligations in the form attached to this Agreement as Exhibit B. In addition, Franchisor may require the spouse (or domestic partner or other immediate family member) of a Principal Owner to sign the Personal Guaranty and Assumption of Franchisee's Obligations. Franchisor reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time. With respect to Principal Owners, Franchisee acknowledges that, unless otherwise agreed to in writing by Franchisor, it is Franchisor's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Personal Guaranty and Assumption of Franchisee's Obligations. Accordingly, if any Principal Owner is not an individual, Franchisor shall have the right to have the Personal Guaranty and Assumption of Franchisee's Obligations executed by individuals who have only an indirect ownership interest in Franchisee. (By way of example, if a Principal Owner of Franchisee is a corporation, Franchisor has the right to require that the Personal Guaranty and Assumption of Franchisee's Obligations be executed by individuals who have an ownership interest in that corporation.)

15. TRANSFERS BY FRANCHISOR

Franchisee acknowledges that Franchisor maintains a staff to manage the System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular owner, director, officer, or employee remaining with Franchisor in that capacity. Franchisor has the absolute, unrestricted right, exercisable at any time, to change its ownership or form and/or transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without Franchisee's consent. After Franchisor's transfer or assignment of this Agreement to a third party who expressly assumes Franchisor's obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Franchisee acknowledges that Franchisor can sell its assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting Franchisee's obligations under this Agreement.

16. TRANSFERS BY FRANCHISEE

A. Franchisor's Prior Written Consent Required. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has entered into this Agreement in reliance on Franchisee's and Franchisee's owners' business skill, financial capacity, personal character, experience and demonstrated or purported ability to develop and operate high quality restaurants. Accordingly, neither Franchisee, Franchisee's owners, nor any immediate or remote successor to any part of Franchisee's interest in this Agreement shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Franchisee, this Agreement, the Franchise, a majority of the assets of the Franchised Restaurant, the Premises or any other assets pertaining to Franchisee's operations under this Agreement (collectively "**Transfer**") without obtaining Franchisor's prior written consent. Notwithstanding the foregoing, Franchisee may grant a security interest in, or otherwise encumber certain assets of the Franchised Restaurant, excluding the Franchise Agreement, in connection with obtaining financing for the development and/or operation of the Franchised Restaurant or equipment leasing, if such financing satisfies Franchisor's requirements, which may include, without limitation, execution of agreements by Franchisor, Franchisee and Franchisee's owners and Franchisee's secured creditor, in a form satisfactory to Franchisor, acknowledging such creditor's obligations to be bound by the terms of this Section 16. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having Franchisor's prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement without providing Franchisee an opportunity to cure the breach.

B. Transfer Considerations. Franchisee shall advise Franchisor in writing of any proposed Transfer and submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by Franchisor relating to the proposed Transfer. If Franchisor does not exercise Franchisor's right of first refusal as described in Section 16.H, the decision as to whether or not to consent to a proposed Transfer shall be made by Franchisor in Franchisor's sole discretion and shall include numerous factors deemed relevant by Franchisor. These factors may include, but will not be limited to, the following:

(1) Franchisee and Franchisee's owners and affiliates must be in compliance with the provisions of this Agreement and all other agreements with Franchisor and Franchisor's affiliates.

(2) All of Franchisee's and its affiliates' accrued monetary obligations to Franchisor and Franchisor's affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurant (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in Franchisor's reasonable judgment, adequately provided for. Franchisor may require Franchisee to place a reasonable sum of money in escrow to ensure that all of these obligations are satisfied.

(3) The proposed transferee must: be an entity, and its owners must provide to Franchisor on a timely basis all information that Franchisor requests. The proposed transferee must meet Franchisor's then-current criteria for new franchisees and be approved by Franchisor, and the proposed transferee's owners must be individuals who are of good character and reputation and who have sufficient business experience, aptitude and financial resources to operate the Franchised Restaurant.

(4) The proposed transferee's Operating Principal, General Manager, and any other personnel whom Franchisor designates must complete Franchisor's initial training program or must be currently certified by Franchisor to operate and/or manage a Grimaldi's Restaurant to Franchisor's satisfaction and the proposed transferee shall pay a transfer training fee in the amount of Five Thousand Dollars (\$5,000).

(5) Franchisee must pay to Franchisor a nonrefundable transfer fee in the amount equal to twenty-five (25%) of Franchisor's then-current Initial Franchise Fee or such greater amount as is required to reimburse Franchisor for Franchisor's reasonable expenses associated with reviewing the

application for Transfer including legal and accounting fees; however, the transfer fee will be waived if the proposed transferee: **(a)** has been a franchisee of another Grimaldi's Restaurant for at least three (3) years and is in good standing with Franchisor; **(b)** has managed a franchised or company-operated Grimaldi's Restaurant for at least three (3) years; **(c)** acquires the ownership interest as a result of the death, incapacity or bankruptcy of one of Franchisee's Principal Owners as described in Section 16.D; **(d)** is an entity formed for convenience of ownership as described in Section 16.E; or **(e)** is an immediate family member of one of Franchisee's Principal Owners.

(6) The debt service shall not be so high, in Franchisor's reasonable judgment, as to jeopardize the ability of the proposed transferee to develop, maintain, operate and promote the Franchised Restaurant and meet financial obligations to Franchisor, third party suppliers and creditors. Franchisor's decision with respect to a proposed Transfer shall not create any liability on Franchisor's part: **(a)** to the proposed transferee, if Franchisor approves the Transfer and the transferee experiences financial difficulties; or **(b)** to Franchisee or the proposed transferee, if Franchisor disapproves the Transfer pursuant to this Section 16. Franchisor, without any liability to Franchisee or the proposed transferee, has the right, in Franchisor's sole discretion, to communicate with, and counsel, Franchisee and the proposed transferee regarding any aspect of the proposed Transfer.

(7) The proposed transferee must obtain a leasehold or an ownership interest in the Premises and obtain all required licenses from all applicable authorities for the Franchised Restaurant.

(8) If Franchisee (or any of Franchisee's Principal Owners or affiliates, if applicable) finance any part of the sale price of the transferred interest, Franchisee and/or Franchisee's Principal Owners or affiliates must agree that all obligations of the proposed transferee to Franchisee (and/or Franchisee's Principal Owners or affiliates, as applicable) and any promissory notes, agreements and security interests reserved by Franchisee (and/or Franchisee's Principal Owners or affiliates, as applicable) in the assets transferred will be subordinate to the proposed transferee's obligations to pay all amounts due to Franchisor and Franchisor's affiliates and to comply otherwise with this Agreement or any Franchise Agreement signed by Franchisor and the proposed transferee.

(9) The transferee must sign Franchisor's then current form of Grimaldi's Restaurant franchise agreement for a term expiring as of the expiration date of this Agreement and the transferee's owners must guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor.

(10) Franchisee, all Principal Owners, and all guarantors of Franchisee's obligations must execute a general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates.

(11) Franchisee and all Principal Owners must sign a non-competition covenant, in form and substance satisfactory to Franchisor, agreeing to abide by the post-termination covenants set forth in Section 17.C.

(12) Franchisee and Franchisee's Principal Owners must sign such other documents and do such other things as Franchisor may reasonably require to protect Franchisor's rights under this Agreement.

C. Effect of Franchisor's Consent. Franchisor's consent to a Transfer does not constitute: **(1)** a representation as to the fairness of the terms of any agreement or arrangement between Franchisee or Franchisee's Principal Owners and the transferee or the prospects of the transferee's success in operating the Franchised Restaurant; or **(2)** a release of Franchisee and Franchisee's Principal Owners, a waiver of any claims against Franchisee or Franchisee's Principal Owners or a waiver of Franchisor's right to demand the transferee's compliance with this Agreement. Franchisor's consent to any Transfer shall apply only to the specific Transfer being proposed and shall not constitute consent to, or have any bearing on, any other proposed Transfer. Franchisor's consent to a Transfer will not create any liability on

Franchisor's part to the transferee, if the transferee experiences financial difficulties, and Franchisor's refusal to consent to a Transfer will not create any liability on Franchisor's part to Franchisee, Franchisee's Principal Owners, or the transferee, if Franchisor's refusal is pursuant to this Section 16. Franchisor, without incurring any liability to Franchisee or the transferee, have the right, in Franchisor's sole discretion, to communicate with, and counsel, Franchisee (and Franchisee's Principal Owners), the transferee (and its owners) and either party's representatives regarding any proposed Transfer.

D. Transfer Upon Death or Incapacity or Bankruptcy. If any of Franchisee's Principal Owners dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Franchisor in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 16, as applicable; however, Franchisee will not be required to pay a transfer fee. In addition, if the deceased or incapacitated person is the Operating Principal, Franchisor will have the right (but no obligation) to take over operation of the Franchised Restaurant upon giving notice to the executor, administrator, personal representative, or trustee and to manage the Franchised Restaurant until the transfer is completed. If Franchisor exercises this right, Franchisor can charge a reasonable management fee for its services. For purposes of this Section 16.D, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement **(1)** for a period of thirty (30) or more consecutive days, or **(2)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 16.B, the executor may transfer the decedent's interest to another successor that Franchisor has approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 16.D within six (6) months after the date of death or appointment of a personal representative or trustee, Franchisor can terminate this Agreement.

E. Transfers for Convenience of Ownership. Neither Franchisor's right of first refusal described in Section 16.H nor Franchisor's right to collect a transfer fee shall apply to any Transfer of this Agreement by an individual, a group of individuals or a partnership comprised solely of individuals to a corporation (or limited liability company) formed for the convenience of ownership. Franchisor's approval of such a Transfer also will be conditioned on the following: **(1)** the corporation (or limited liability company) must be newly organized; **(2)** prior to the Transfer, Franchisee must provide Franchisor with a copy of the documents specified in Section 16.B and the transferee shall comply with the remaining provisions of Section 16; and **(3)** each owner shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

F. Offerings by Franchisee. If Franchisee and/or its affiliates only operate Grimaldi's Restaurants, Franchisee and/or its affiliates may not sell any securities or partnership interests in Franchisee and/or its affiliates by private placement or public offering. If Franchisee and/or its affiliates operate multiple brands and number of outlets owned and operated by Franchisee and/or its affiliates in each of the other brands exceed the number of Grimaldi's Restaurants owned, operated, and under development (including any development options under a Grimaldi's Restaurant Development Agreement) by Franchisee and/or its affiliates, then securities or partnership interests in Franchisee and/or its affiliates may be sold by private placement or public offering only with Franchisor's prior written consent (whether or not Franchisor's consent is required under any other provision of this Agreement). In addition to the requirements of Section 16.B, prior to the time that any public offering or private placement of securities or partnership interests in Franchisee and/or its affiliates is made available to potential investors, Franchisee, at Franchisee's expense, shall deliver to Franchisor a copy of the offering documents. Franchisee, at Franchisee's expense, also shall deliver to Franchisor an opinion of Franchisee's legal counsel and an opinion of one other legal counsel selected by Franchisor (both of which shall be addressed to Franchisor and in a form acceptable to Franchisor) that the offering documents properly use the Marks and accurately describe Franchisee's relationship with Franchisor and/or Franchisor's affiliates. Franchisee must pay the greater of Ten Thousand Dollars (\$10,000) or Franchisor's higher costs to review Franchisee's public offering documents. The indemnification provisions of Section 22 also shall include any losses or expenses incurred by Franchisor and/or Franchisor's affiliates in connection with any statements made by or on behalf of Franchisee and/or

its affiliates in any public offering or private placement of such securities. On an annual basis, Franchisee must reimburse Franchisor for Franchisor's expenses associated with providing information that Franchisee and/or its affiliates request for Franchisee's reporting documents.

G. Changes in Ownership of Voting Securities If Franchisee was a publicly-held entity as of the Effective Date, Section 16.B shall be applicable to Transfers of ownership interests in Franchisee only if the proposed Transfer would result in: **(1)** 50% or more of Franchisee's voting securities being held by different shareholders than as of the Effective Date; or **(2)** any change in ownership of Franchisee's voting securities whereby any existing shareholder acquires an additional ten percent (10%) or more of Franchisee's voting securities.

H. Franchisor's Right of First Refusal

(1) If Franchisee or any of Franchisee's Principal Owners desire to undertake a Transfer for legal consideration (other than a Transfer to an immediate family member of one of Franchisee's Principal Owners), Franchisee or such Principal must obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer, including price and payment terms. If the offeror proposes to buy any other property or rights from Franchisee or any of Franchisee's Principal Owners or affiliates (other than rights under this Agreement) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to Franchisor. In addition, upon Franchisor's request, Franchisee must also provide to Franchisor copies of all materials and information provided to the potential purchaser.

(2) Franchisor and its designees have the right, exercisable by notice delivered to Franchisee or Franchisee's Principal Owners within thirty (30) days after Franchisor's receipt of a complete and accurate copy of such offer, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: **(a)** Franchisor may substitute cash for any form of payment proposed in such offer; **(b)** Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; **(c)** Franchisor shall not be obligated to pay any finder's or broker's fees; and **(d)** Franchisor will have not less than sixty (60) days from the date Franchisor exercises the right to close on the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the proposed transaction. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate, and Franchisee and Franchisee's Principal Owners must cooperate fully with Franchisor. If the parties can't agree on the reasonable equivalent of cash of the non-cash part of the offer received by Franchisee, the amount shall be determined by three (3) professionally certified appraisers; one (1) appraiser shall be selected by each party and the third by the first two (2) appraisers. The average value set by the appraisers (whether two (2) or three (3) appraisers as the case may be) shall be conclusive and Franchisor may exercise Franchisor's right of first refusal within thirty (30) days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) If Franchisor exercises Franchisor's right of first refusal, Franchisor is entitled to set off any monies owed by Franchisee to Franchisor and purchase such interest, subject to all representations, warranties, closing documents and indemnities as Franchisor reasonably may require, provided that, if Franchisor exercises Franchisor's option as a result of a written offer reflected in a fully negotiated, definitive agreement with the proposed purchaser, Franchisor will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on Franchisee's rights and obligations under the definitive agreement.

(4) Franchisor's failure to exercise Franchisor's right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 16 with respect to a proposed Transfer. If Franchisor does not exercise Franchisor's right of first refusal, Franchisee or Franchisee's Principal Owners may complete the sale to such offeror pursuant to and on the exact terms

of such offer, subject to Franchisor's consent to the Transfer as provided in Section 16.B, provided that if the sale to such offeror is not completed within sixty (60) days after receipt of Franchisor's notice of Franchisor's decision not to exercise Franchisor's right of first refusal, or if there is a material change in the terms of the offer, Franchisee must promptly notify Franchisor, and Franchisor will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) day period following Franchisee's notification of the expiration of the sixty (60) day period or the material change to the terms of the offer.

17. COVENANTS

A. Best Efforts. During the term of this Agreement, Franchisee's Operating Principal shall devote his/her best efforts to the development, management and operation of the Franchised Restaurant.

B. Confidentiality

(1) Franchisee acknowledges and agrees that: **(a)** Franchisor owns all right, title and interest in and to the System; **(b)** the System consists of trade secrets and confidential and proprietary information and know-how that gives Franchisor and its affiliates a competitive advantage; **(c)** Franchisor and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; **(e)** Franchisee has no right to disclose any part of the System to anyone who is not an employee of Franchisee; **(f)** Franchisee will disclose to its employees only those parts of the System that an employee needs to know; **(g)** Franchisee will have a system in place to ensure its employees keep confidential Franchisor's trade secrets and confidential and proprietary information with such obligations of confidentiality surviving the termination of employment, and, if requested by Franchisor, Franchisee shall obtain from those of its employees designated by Franchisor an executed Confidentiality Agreement or Non-Disclosure and Non-Competition Agreement in substantially the form attached to this Agreement as Exhibit C; **(h)** Franchisee will not acquire any interest in the System; and **(i)** Franchisee's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, techniques and other data that Franchisor or its affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

C. Restrictive Covenants

(1) Franchisee acknowledges and agrees that: **(a)** pursuant to this Agreement, Franchisee will have access to valuable trade secrets, specialized training and confidential information from Franchisor and Franchisor's affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience established by Franchisor and acquired by Franchisee under this Agreement are of substantial and material value; **(c)** in developing the System, Franchisor and Franchisor's affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** Franchisor would be unable to adequately protect the System and Franchisor's trade secrets and confidential information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Grimaldi's Restaurants if franchisees were permitted to hold interests in Competing Businesses (as defined in Section 17.C.(2)(b)); and **(e)** restrictions

on Franchisee's right to hold interests in, or perform services for, Competing Businesses will not unreasonably or unnecessarily hinder Franchisee's activities.

(2) Accordingly, Franchisee covenants and agrees that, during the term of this Agreement and for a continuous period of two (2) years following the expiration, termination or Transfer of this Agreement, Franchisee shall not directly, indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity or in any manner whatsoever:

(a) Divert or attempt to divert any actual or potential business or customer of any Grimaldi's Restaurant to any competitor by direct or indirect inducement or otherwise; or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, develop, operate, engage in, franchise or license, make loans to, or have any interest in or render services or give advice to any "**Competing Business**," which is defined as: (i) any pizza restaurant or pizzeria, including, but not limited to, full-service, mid-scale, fast-casual, and delivery concepts; (ii) any restaurant concept and/or operation where pizza comprises twenty-five percent (25%) or more of the concept's/operation's food menu offerings; or (iii) any business where fifteen percent (15%) or more of the sales generated by such business is generated from the sale of pizza.

(3) During the term of this Agreement, there is no geographical limitation on these restrictions. For a two (2) year period following the Transfer, expiration or earlier termination of this Agreement, these restrictions shall apply within a ten (10) mile radius from the front door of the Franchised Restaurant and within a ten (10) mile radius from the front door of any then-existing Grimaldi's Restaurant operating under the System, except as otherwise approved in writing by Franchisor. This restrictive covenant shall not apply to: (a) Franchisee's business operations in existence as of the Effective Date if Franchisor has provided a waiver as identified in Exhibit A; (b) other Grimaldi's Restaurant's operated by Franchisee and its affiliates; and (c) the legal or beneficial ownership of less than ten percent (10%) of the outstanding equity securities of any publicly held corporation if such interest is owned for investment only and not as an officer, director, employee or consultant of such publicly-held company. If any part of these restrictions is found to be unreasonable in time or distance, each measure of time or distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two (2) year period following Transfer, expiration or earlier termination of this Agreement, Franchisee fails to comply with its obligations under this Section 17.C.(3), that period of noncompliance will not be credited toward Franchisee's satisfaction of the two (2) year obligation.

(4) Franchisee further covenants and agrees that, for a period of two (2) years following the expiration, termination or Transfer of this Agreement, it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Premises to any person, firm, partnership, corporation, or other entity that they know, or have reason to know, intends to operate a Competing Business at the Premises. Franchisee, by the terms of any conveyance selling, assigning, leasing or transferring Franchisee's interest in the Premises, shall include these restrictive covenants as are necessary to ensure that a Competing Business that would violate Section 17.C.(2)(b) or 17.C.(3) is not operated at the Premises for this two (2) year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

D. Modification. Franchisor shall have the right, in Franchisor's sole discretion, to reduce the scope of any covenant in this Section 17 effective immediately upon Franchisee's receipt of written notice, and Franchisee agrees that Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 26.

E. Execution of Covenants by Third Parties. At Franchisor's request, Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section 17 (including covenants applicable upon the termination of an individual's relationship with Franchisee) from Franchisee's

Operating Principal, General Manager, Trainers and Principal Owners. Every covenant required by this section shall be in a form satisfactory to Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. Franchisor's current form of Non-Disclosure and Non-Competition Agreement is attached as Exhibit C. Failure by Franchisee to obtain execution of a covenant required by this Section 17.E shall constitute a material breach of this Agreement.

F. Applicability. The restrictions contained in this Section 17 shall apply to Franchisee and all guarantors of Franchisee's obligations. With respect to Franchisee's guarantors, these restrictions shall apply for a two (2) year period after the earlier of (1) the expiration, termination or Transfer of this Agreement; or (2) the date any guarantor ceases to be Franchisee's Principal Owner. The existence of any claim that Franchisee or any of Franchisee's guarantors may have against Franchisor or Franchisor's affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17. The preceding sentence, however, does not constitute a waiver of any such claim.

G. Survival. The terms of this Section 17 shall survive the termination, expiration, or any Transfer of this Agreement. The parties agree this Section 17 shall be construed as independent of any other provision of this Agreement.

18. DEFAULT AND TERMINATION

A. Material Obligations. Franchisee acknowledges and agrees that each obligation described in this Agreement is a material and essential obligation of Franchisee's; that nonperformance of any such obligation will adversely and substantially affect Franchisor and the System; and that Franchisor's exercise of any of the rights and remedies set forth in this Section 18 are appropriate and reasonable.

B. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee if: (1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; or (2) a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or (3) Franchisee is adjudicated as bankrupt or insolvent; or (4) a bill in equity or other proceeding for the appointment of a receiver for Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or (5) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or (6) proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or (7) a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless unappealed or a supersedeas bond is filed); or (8) Franchisee is dissolved; or (9) execution is levied against Franchisee's business or property; or (10) suit to foreclose any lien or mortgage against the Premises or Restaurant equipment is instituted against Franchisee and not dismissed within sixty (60) days; or (11) the real or personal property of the Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal, or constable.

C. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, Franchisor may terminate this Agreement, and the rights granted to Franchisee by this Agreement, upon written notice to Franchisee without an opportunity to cure upon the occurrence of any of the following events:

(1) Franchisee fails to meet the Site Approval Deadline, the Site Acquisition Deadline or the Opening Deadline;

(2) Franchisee ceases to operate the Franchised Restaurant continuously for a period in excess of three (3) consecutive business days or for five (5) individual business days within a twelve (12) month period, unless the closing is due to fire, flood, earthquake or other similar causes beyond Franchisee's control or is approved in writing in advance by Franchisor;

(3) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchised Restaurant will result in an imminent danger to public health or safety;

(4) Franchisee loses possession of the Premises through Franchisee's own fault or Franchisee's failure to extend the Lease for the Premises through the Initial Term or Franchisee relocates the Premises without Franchisor's prior written approval;

(5) Franchisee's Operating Principal fails to satisfactorily complete the initial training program; Franchisee has on staff any person who does not meet all state or local requirements for certification or other requirements necessary for employment in the United States; or Franchisee fails or refuses to have the required number of Franchisee's employees attend and successfully complete the training programs described in Section 9;

(6) Franchisee defaults on the terms of any indebtedness that results in the acceleration of the indebtedness with an outstanding principal amount of One Hundred Thousand Dollars (\$100,000) or more;

(7) There is a material loss or damage to any of Franchisee's assets related to the Franchised Restaurant that results in an aggregate loss (in excess of coverage) of One Hundred Thousand Dollars (\$100,000) or more;

(8) Franchisee fails to operate the Franchised Restaurant in full compliance with federal, state and local laws and regulations or fail to cure such violations within fifteen (15) days of notification or such longer period if Franchisee is diligently working to cure the violation and the cure is not possible within such fifteen (15) day period;

(9) There is a governmental action against Franchisee that, in Franchisor's sole discretion, would adversely impact Franchisee or the System; or continuation of the business relationship between the parties would cause Franchisor to be in violation of any federal, state or local laws or regulations;

(10) Franchisee loses any wine, beer or liquor license required with respect to the operation of the Franchised Restaurant and such license is not reinstated within seven (7) days or on the second such occurrence regardless of the cause or the length of the license suspension;

(11) There is a material breach by Franchisee of any covenant or obligation under Section 17;

(12) Any Transfer that requires Franchisor's prior written consent occurs without Franchisee's having obtained that prior written consent;

(13) Franchisor discovers that Franchisee made a material misrepresentation in or omitted a material fact from the information that Franchisee provided to Franchisor in connection with Franchisor's decision to enter into this Agreement;

(14) Franchisee knowingly falsifies any report required to be furnished to Franchisor or makes any material misrepresentation in Franchisee's dealings with Franchisor or fails to disclose any material facts to Franchisor;

(15) There is a material breach by Franchisee of any representation or warranty set forth in Section 30.E.;

(16) Any assets, property, or interests of Franchisee's or Franchisee's Principal Owners are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any Principal violate any such law, ordinance or regulation;

(17) Franchisee, Franchisee's Operating Principal, or any of Franchisee's Principal Owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in Franchisor's sole opinion, to adversely affect Franchisor, Franchisor's affiliates or the System;

(18) Franchisee, Franchisee's Operating Principal or any of Franchisee's Principal Owners **(a)** materially misuse or make unauthorized use of the Marks or trade dress, **(b)** commit any act or take any action that impairs the goodwill of the Marks, **(c)** use Franchisor's trade dress or other proprietary System knowledge at any location owned or operated by Franchisee or Franchisee's Principal Owners that is not a franchised Grimaldi's Restaurant; or **(d)** fail to cure any breach or default under this Agreement that materially impairs or can be expected to impair the goodwill associated with the Marks;

(19) Franchisee understates the Gross Sales of the Franchised Restaurant for any period by two percent (2%) or more three or more times during any thirty-six (36) month period, or by more than five percent (5%) on any one occasion;

(20) Franchisee conceals revenue or takes for Franchisee's own use employee taxes, FICA, insurance or benefits or any of Franchisor's property;

(21) Franchisee engages in any gray marketing activities where Franchisee takes advantage of purchasing arrangements for Grimaldi's Restaurants and transfers products to any other restaurant or other business not operating under the System;

(22) Franchisee interferes with Franchisor's relations with third parties and Franchisor's ability to operate, and/or grant franchises under, the System;

(23) Franchisee fails to pay a financial obligation owed to Franchisor or Franchisor's affiliates, any lender that has provided financing under an arrangement with Franchisor, and any approved vendors and suppliers within five (5) business days of the date on which Franchisor provides notice of delinquency; or

(24) Franchisee, Franchisee's affiliates, Franchisee's Operating Principal, or any Principal Owner: **(a)** remain in default beyond the applicable cure period under any other agreement with Franchisor or Franchisor's affiliates (provided that, if the default is not by Franchisee, Franchisor shall provide to Franchisee written notice of the default and a fifteen (15) day period to cure the default); **(b)** remain in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to the Franchised Restaurant; **(c)** fail to pay when due any taxes or assessments relating to the Franchised Restaurant or its employees, unless Franchisee is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization; **(d)** Franchisee commits the same default of this Agreement within a thirty-six (36) month period; or **(e)** Franchisee repeatedly fails to comply with one or more requirements of this Agreement, regardless of whether Franchisee has previously cured the default.

D. Termination Following Expiration of Cure Period. This Agreement will terminate, effectively immediately if Franchisee fails to cure any other default of this Agreement within thirty (30) days after receiving written notice of default unless Franchisor notifies Franchisee otherwise in writing. Franchisee will be in default under this Section 18.D for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

E. Emergency Closing. If Franchisor in good faith believes that Franchisee is utilizing procedures at the Franchised Restaurant that are unsafe to customers and/or employees, Franchisor has the right, without prior notice, to immediately close the Franchised Restaurant until such time as the unsafe procedures are no longer used. Franchisee shall have twenty-four (24) hours after the closing of the Franchised Restaurant to prepare a written plan detailing the procedures that Franchisee will put in place to ensure that the unsafe practice has been fully remedied and will not recur. If Franchisee and Franchisor cannot agree on a plan, or if Franchisee intentionally fails to follow the plan agreed upon, then Franchisor will have the right to terminate this Agreement by written notice, with no further opportunity for Franchisee to cure the default.

F. Termination Following Inspection. Franchisor shall have the right to conduct periodic inspections of the Franchised Restaurant to evaluate Franchisee's compliance with the System and this Agreement. Following each inspection, Franchisor will provide Franchisee an inspection report listing Franchisee's score on the inspection and those conditions at the Franchised Restaurant that must be rectified. If Franchisee fails to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If Franchisee fails to achieve a passing score on the next inspection (which shall be conducted at least ten (10) days after Franchisee's receipt of the inspection report for the prior inspection), Franchisor may terminate this Agreement, without opportunity to cure, by providing Franchisee written notice of termination along with the inspection report.

G. Termination under Lease. Franchisor and Franchisee acknowledge and agree that termination or expiration of this Franchise Agreement shall give rise to Franchisor's right and option to acquire the Lease under Section 3.D and the Lease Addendum Form attached as Exhibit E. Franchisee shall cause its Lease to contain a provision giving effect to this Section 18.G.

H. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement shall be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

I. Notice to Lender. By executing this Agreement, Franchisee agrees that Franchisor has the right and authority (but not the obligation) to notify the financial institution that provided Franchisee with financing that enabled Franchisee to purchase the Franchised Restaurant ("**Lender**"), if any, if Franchisee should ever be in default of this Agreement. Franchisee shall provide Franchisor with the name, address and telephone number of Franchisee's contact at the Lender upon Franchisor's request.

19. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Franchisee's Obligations. Upon termination or expiration of this Agreement:

(1) All rights and licenses granted to Franchisee under this Agreement (including, without limitation, rights to use the System, the Manual, and the Marks) shall immediately terminate and any right, title, and interest claimed by Franchisee to any such matters shall immediately revert to Franchisor without further notice or documentation. Franchisee acknowledges and agrees that Franchisee has no ownership interest in the Marks and is not entitled to compensation for goodwill upon termination or expiration of this Agreement.

(2) Franchisee must immediately cease operating the Franchised Restaurant; cease using the confidential methods, procedures, and techniques associated with the System, the "*GRIMALDI'S*" name and mark, all other Marks, all proprietary materials, and all other distinctive forms, customer and vendor contracts, slogans, signs, symbols, websites, domain names, e-mail addresses, telephone numbers, other electronic identifiers, and devices associated with the Franchised Restaurant, the Marks, or the System; withdraw all advertising matter (including electronic marketing); cancel any assumed name registration or equivalent registration; remove the Marks from the Premises and from equipment, clothing, signs, letterhead, materials, vehicles and other items owned or used by Franchisee in the operation of the

Franchised Restaurant. Franchisee hereby appoints Franchisor as its attorney-in-fact to carry out the requirements of this Section 19.A.(2) if Franchisee fails to do so. Franchisee must not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of Franchisor or its affiliates.

(3) Franchisee must promptly pay all sums owing to Franchisor and Franchisor's affiliates. In the event of termination of this Agreement, the sums will include all damages, costs, and expenses incurred by Franchisor as a result of the default, including reasonable attorneys' fees and the early termination damages set forth in Section 19.C. Franchisee must permit Franchisor's access to, and examination of, books and records as provided in Section 5 to determine any amounts due.

(4) Franchisee must promptly deliver to Franchisor any printed portions of the Manual and all other proprietary materials, records, correspondence, and instructions in Franchisee's possession or control, in any medium, that contain confidential information, copyrighted materials, trade secrets, or know-how relating to the System or the operation of a Grimaldi's Restaurant, all of which are acknowledged to be Franchisor's property.

(5) Franchisee must immediately cease all communications with customers and suppliers to the Franchised Restaurant, provide to Franchisor copies of all data, including Consumer Data, and any related information Franchisor requests, and provide Franchisor with all other information and access necessary for Franchisor (or its designee) to continue servicing the customers, suppliers, and related business relationships.

(6) Franchisee shall, at Franchisor's request, immediately assign to Franchisor or its designee any interest which Franchisee has in any lease for the Premises. In the event Franchisor does not request such assignment, Franchisee must promptly make such alterations and modifications to the Premises, the ovens, and other equipment as may be necessary to clearly distinguish to the public the Premises and its equipment from its former appearance as a Grimaldi's Restaurant and also make those specific additional changes as Franchisor may request for that purpose. If Franchisee fails to promptly make these alterations and modifications, Franchisor will have the right (at Franchisee's expense, to be paid upon Franchisee's receipt of an invoice from Franchisor) to do so without being guilty of trespass or other tort.

(7) Franchisee may not use any reproduction, counterfeit, copy, or colorable imitation of the Marks or any proprietary materials in connection with any other business which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception or to dilute Franchisor's and its affiliates' rights in and to the Marks and such proprietary materials. Franchisee must not use any designation of origin or description or representation which, in Franchisor's sole discretion, falsely suggests or represents an association or connection with Franchisor.

(8) Franchisee must immediately take whatever action Franchisor may require to transfer and assign to Franchisor or its designee all telephone numbers, directory listings and related advertisements associated with the Franchised Restaurant and the Marks. Franchisee shall use its best efforts to assist Franchisor and its designee in an orderly transfer of these matters.

(9) Franchisee, its Principal Owners, guarantors and all persons and entities subject to the covenants contained in Section 17 must continue to abide by those covenants and refrain from, directly or indirectly, taking any action that violates those covenants.

(10) Franchisee must furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by a Principal Owner of Franchisee) satisfactory to Franchisor of Franchisee's compliance with this Section 19.A. Franchisee shall sign all agreements required by Franchisor to effectuate the obligations set forth in this Section 19.A.

B. Right to Enter and Operate. In order to preserve the goodwill of the System following termination, Franchisor (or its designee) shall have the right (but not the obligation) to enter the Franchised Restaurant (without liability to Franchisee, Franchisee's owners, or otherwise) for the purpose of continuing the Franchised Restaurant's operation and maintaining the goodwill of the business. Franchisee shall obtain a provision in its Lease which requires its landlord to allow Franchisor to enter into, and operate, the Franchised Restaurant upon termination, as provided for in, or consistent with, the Lease Addendum Form attached hereto as Exhibit E.

C. Early Termination Damages. If Franchisee defaults on its obligations and Franchisor terminates this Agreement prior to the expiration of the term of this Agreement, it is hereby agreed by the parties that the amount of damages which Franchisor would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchisee and its guarantors shall pay to Franchisor an amount equal to the average weekly Royalty Fees and Brand Fund contributions that Franchisee owed for the one (1) year period prior to termination (or, if the Franchised Restaurant was open for less than one (1) year, the average weekly Royalty Fees and Brand Fund contributions owed by Franchisee for the number of weeks that the Franchised Restaurant was in operation), multiplied by the lesser of two hundred and eight (208) or the number of weeks (including any partial week) remaining in the term of this Agreement. These early termination damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchisee and its guarantors. The parties acknowledge and agree that: **(1)** the early termination damages are a reasonable estimation of the damages that would be incurred by Franchisor resulting from or arising out of the premature termination of this Agreement; and **(2)** Franchisee's payment of such early termination damages is intended to fully compensate Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement. The imposition of early termination damages shall be at Franchisor's option. Franchisor is not required to impose early termination damages and may, in addition or in lieu thereof, pursue other remedies available to Franchisor under the terms and conditions of this Agreement, in equity or at law in the event of Franchisee's default under this Agreement, including actual damages incurred by Franchisor, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

D. Survival. The terms of this Section 19 shall survive the termination or expiration of this Agreement. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 19.

20. OPTION TO PURCHASE

A. Scope. Within thirty (30) days before and after the expiration or termination of this Agreement, Franchisor (or its designee) shall have the option (but not the obligation) to purchase the Franchised Restaurant building shell from Franchisee including any or all of the furnishings, fixtures, equipment, supplies, and inventory related to the Franchised Restaurant and excluding any liabilities related to Franchisee and/or the Franchised Restaurant at the Purchase Price defined below (collectively, the "**Assets**").

B. Purchase Price

(1) The "**Purchase Price**" of the Assets shall be equal to their fair market value ("**FMV**") (as if the sale were an "asset sale") and shall exclude any liabilities related to Franchisee and/or the Franchised Restaurant. All amounts due and owing to Franchisor under the Franchise Agreement shall be deducted from the Purchase Price, and the Purchase Price shall exclude any items which are required to be returned or delivered to Franchisor under Section 19.A.

(2) If the parties are unable to agree upon a FMV of the Assets within a period of ten (10) days after Franchisor's exercise of such option, the FMV shall be determined by two (2) independent third-party professionally certified appraisers knowledgeable and reputable in valuating restaurant business operations to appraise the FMV of the Assets as if the sale were to be an "asset sale" and assuming the sale of the Assets in an active marketing process with no restrictions on the transfer of the Assets. Franchisee shall select one (1) appraiser and Franchisor shall select one (1) appraiser. If the higher appraisal is more than ten percent (10%) greater than the other appraisal, the two (2) appraisers shall select a third professionally certified appraiser who also shall appraise the FMV of the Assets. The average value set by the appraisers (whether two (2) or three (3) appraisers as the case may be) shall be conclusive and shall be the Purchase Price. The parties shall split the cost of such third-party appraiser. Once the FMV of the Assets has been determined, Franchisor may then either: (a) exercise its option to purchase and proceed to close the transaction as soon as reasonably practicable, taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties; or (b) elect to reject its option to purchase and discontinue such discussions.

C. Closing

(1) The closing of the purchase of the Assets will take place no later than thirty (30) days after the determination of the Purchase Price or such later date as agreed by the parties, taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties. All closing documents shall contain all customary representations and warranties. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree. At closing, Franchisee shall deliver all instruments required to transfer to Franchisor (or its designee) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances and with all sales and other transfer taxes paid by Franchisee.

(2) At closing, Franchisee also shall deliver to Franchisor an assignment of the Lease for the Premises (or, if assignment is prohibited, subleases for the full remaining term and on the same terms and conditions as the Lease). If Franchisee owns the Premises, then Franchisee agrees to lease the Premises to Franchisor pursuant to the terms of its standard lease, for a term of five (5) years with two successive five (5) year renewal options at fair market rental during the term. Prior to closing, the parties will comply with any applicable Bulk Sales provisions of the Uniform Commercial Code enacted in the state where the Franchised Restaurant is located.

D. Management of the Franchised Restaurant

(1) If Franchisor exercises the option to purchase the Assets (pending the closing of such purchase), Franchisor has the right to appoint a manager to maintain the operation of the Franchised Restaurant or, at Franchisor's option, require Franchisee to close the Franchised Restaurant during such time period without removing any assets of the Franchised Restaurant.

(2) If Franchisor appoints a manager to maintain the operation of the Franchised Restaurant pending closing of such purchase, all funds from the operation of the Franchised Restaurant during the period of management by Franchisor's appointed manager will be kept in a separate account, and all expenses of the Franchised Restaurant, including compensation, other costs, and travel and living expenses of Franchisor's appointed manager, will be charged to such account.

(3) As compensation for such management services, Franchisor will charge such account ten percent (10%) of the Gross Sales of the Franchised Restaurant during the period when Franchisor manages the Franchised Restaurant. Franchisor will operate the Franchised Restaurant during any such period on Franchisee's behalf, provided that Franchisor will have a duty only to utilize its good faith effort and will not be liable to Franchisee for any debts or obligations incurred by the Franchised Restaurant or to any of Franchisee's creditors for any products, parts, merchandise, materials, supplies or services purchased by the Franchised Restaurant during this period. Franchisee shall maintain in force all insurance policies required by this Agreement until the date of closing.

E. Specific Performance. In the event Franchisee fails to comply with this Section 20, in addition to any other rights and remedies available to Franchisor, Franchisee agrees that Franchisor shall be entitled to sue for specific performance of Franchisee's obligations under this Section 20.

21. RELATIONSHIP OF THE PARTIES

A. Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee 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. Nothing in this Agreement is intended, nor may anything in this Agreement be construed, to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

B. Identification as Independent Contractor. At all times during the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise agreement with Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Franchised Restaurant, the content of which Franchisor reserves the right to specify.

C. No Agency. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its development and operation of the Franchised Restaurant or for any claim or judgment arising therefrom against Franchisee or Franchisor. Without limiting the generality of the foregoing, Franchisee acknowledges that Franchisor has no responsibility to ensure that the Franchised Restaurant is developed and operated in compliance with all applicable laws, ordinances and regulations and that Franchisor shall have no liability in the event the development or operation of the Franchised Restaurant violates any law, ordinance or regulation.

22. INDEMNIFICATION

A. Obligation To Indemnify

(1) Franchisee and Franchisee's Principal Owners agree to defend, indemnify and hold harmless, Franchisor and Franchisor's parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of Franchisee's development and operation of the Franchised Restaurant, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement, or Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees. Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder; provided, however, that the failure to provide such notice will not release Franchisee from Franchisee's indemnification obligations under this section except to the extent Franchisee is actually and materially prejudiced by such failure.

(2) Franchisee will have the right, upon written notice delivered to the Indemnified Party (with a copy to Franchisor) within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (a) the Indemnified Party has been advised by counsel that there are one or more legal

or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, (b) Franchisee does not assume responsibility for such Losses in a timely manner; or (c) Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Franchisee will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

(3) Franchisee or the Indemnified Party (as the case may be) will keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. Franchisee will not, without the prior written consent of the Indemnified Party, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this section will be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, Franchisee agrees that Franchisor will have the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by Franchisor, but reasonably satisfactory to Franchisee.

(4) Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

B. Losses. For purposes of this Section 22, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of threatened or actual litigation, federal or state agency investigations or legal proceedings, arbitration, and alternative dispute resolution.

C. Survival. Franchisee's obligations in this Section 22 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee under this Section 22. Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 22.

23. APPROVALS, NO WARRANTIES AND WAIVERS

A. Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Franchisee shall make a timely written request to Franchisor therefor, and any approval or consent received, in order to be effective and binding upon Franchisor, must be obtained in writing and be signed by one of Franchisor's authorized officers.

B. No Warranties. Franchisor makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay,

or denial of any request therefor. Franchisor shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Franchisor would not otherwise be subject.

C. Waivers. No failure by Franchisor to exercise any power reserved to Franchisor by this Agreement or to insist upon strict compliance by Franchisee with respect to any obligation or condition under this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, shall constitute a waiver of Franchisor's right to demand exact compliance with any term of this Agreement. Franchisor's waiver of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission by Franchisor in exercising any power or right arising out of any breach or default by Franchisee of any term, provision or covenant of this Agreement affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Franchisor's subsequent acceptance of any payments due to Franchisor under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any term, covenant or condition of this Agreement.

24. NOTICES

All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by electronic means, or by certified mail to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days prior written notice of such change to the other party. Franchisor may provide Franchisee with routine information, invoices, updates to the Manual, System standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to Franchisee on the internet, an extranet, or other electronic means.

25. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "**Force Majeure**" means any natural disaster, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Franchisee's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

26. ENTIRE AGREEMENT

The parties acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning Franchisee's rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this

Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Subject to Franchisor's right to modify the Manual, the System standards and the System, and its right to modify Exhibit A to reflect the Premises pursuant to Section 3.C or as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in the Franchise Disclosure Document provided to Franchisee.

27. DISPUTE RESOLUTION

A. Submission to Mediation. Except as provided with respect to injunctive relief as provided for in Section 27.G, either party may submit any claim, controversy, or dispute arising out of this Agreement to non-binding mediation under the Commercial Mediation Rules administered by the American Arbitration Association. The parties will not be required to pursue mediation of any claim, controversy, or dispute as a prerequisite to filing a lawsuit or commencing other legal proceedings and the initiation of a mediation proceeding will not cause any legal proceedings to be stayed pending the outcome of the mediation. Once either party has submitted a dispute to mediation, the obligation to attend will be binding on both parties. Both parties must sign a confidentiality agreement before participating in any mediation proceeding. The mediation will take place in the city where Franchisor's principal offices are located at the time the demand for mediation is filed.

B. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the state of Arizona, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Arizona choice-of-law rules); provided, however, that if the covenants in Section 17 of this Agreement would not be enforceable under the laws of the state of Arizona, and the Franchised Restaurant is located outside the state of Arizona, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Restaurant is located. Nothing in this Section 27.B is intended by the parties to subject this Agreement to any franchise, business opportunity, consumer protection, or similar law, rule, or regulation of the state of Arizona to which this Agreement would not otherwise be subject.

C. Venue and Jurisdiction. Any legal proceeding involving any dispute between the parties must take place exclusively and solely in the federal district court covering the location at which Franchisor has its principal place of business at the time the action is commenced; provided, however, that if the federal district court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Franchisee) and may (with respect to actions commenced by Franchisor) be brought in the state court within the judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision and agree to submit themselves to the jurisdiction of the court selected pursuant to this provision.

D. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding.

E. Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

F. WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIALS. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM

FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY. IN ADDITION, THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO PARTICIPATE IN, ANY CLASS, REPRESENTATIVE OR COLLECTIVE ACTION MATTERS, AS A CLASS REPRESENTATIVE, CLASS MEMBER OR AN OPT-IN PARTY, ACT AS A PRIVATE ATTORNEY GENERAL, OR JOIN OR CONSOLIDATE CLAIMS WITH CLAIMS OF ANY OTHER PERSON OR ENTITY, AGAINST THE OTHER PARTY HERETO. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.

G. Injunctive Relief. Franchisee recognizes that Franchisee's failure to comply with the terms of this Agreement, including, but not limited to, the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to Franchisor, Franchisor's affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, notwithstanding the choice of venue in Section 27.C above, Franchisor shall be entitled to seek injunctive relief (both preliminary and permanent) in any court of competent jurisdiction restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

28. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Franchisee and Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement, all of which will remain binding on the parties and continue to be given full force and effect.

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

C. Franchisor's Discretion. Whenever Franchisor has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise Franchisor's right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests. This also applies if Franchisor is deemed to have a right and/or discretion. Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; **(2)** Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; **(3)** Franchisor's decision or the action taken applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or **(4)** Franchisor's decision or the action taken is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. The parties intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agrees

that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations under this Agreement.

D. Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

E. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

29. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. 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 of this Agreement.

C. Counterparts. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax or scanned PDF, and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

D. References. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

E. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a national holiday, the period automatically shall be extended to the next day that is not a national holiday.

30. REPRESENTATIONS

A. Franchisor's Agreements with Third Parties. Franchisor has entered, and will continue to enter, into agreements with other franchisees to operate Grimaldi's Restaurants. The manner in which Franchisor enforce Franchisor's rights and the franchisees' obligations under any of those other agreements shall not affect Franchisor's ability to enforce Franchisor's rights or Franchisee's obligations under this Agreement.

B. System Modifications. Franchisor may change or modify the System, from time to time, including the Manual, and Franchisee will be required to make such expenditures as such changes or modifications in the System may require.

C. Representations and Warranties

(1) Franchisee represents, acknowledges and warrants to Franchisor (and Franchisee agrees that these representations, acknowledgments and warranties shall survive the termination or

expiration of this Agreement) that: **(1)** neither Franchisee nor any of its Principal Owners have made any untrue statement of any material fact nor omitted to state any material fact in its and their franchise application and other documents and information submitted to Franchisor, or in obtaining the rights granted herein; **(2)** neither Franchisee nor any of its Principal Owners have any direct or indirect legal or beneficial interest in any business that may be deemed a Competing Business, except as otherwise completely and accurately disclosed in its franchise application materials; **(3)** Franchisee and its Principal Owners have a legal right to own and operate the Franchised Restaurant; and **(4)** neither Franchisee nor its Principal Owners: **(a)** have been designated as suspected terrorists under U.S. Executive Order 13244; **(b)** are identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control; **(c)** have violated and will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, the Foreign Corrupt Practices Act, or any similar law. Franchisee recognizes that Franchisor entered into this Agreement with Franchisee in reliance on all of the statements Franchisee and its Principal Owners have made in connection therewith, and that Franchisee has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

(2) All information that Franchisee provided to Franchisor in connection with Franchisee’s franchise application and Franchisor’s grant of this Franchise is truthful, complete and accurate.

(3) The persons signing this Agreement on Franchisee’s behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Franchisee’s execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Franchisee or any Principal Owner is a party.

D. No Actual or Apparent Authority. Even though this Agreement contains provisions requiring Franchisee to operate the Franchised Restaurant in compliance with the System: **(1)** Franchisor and Franchisor’s affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Franchisee’s business or employment decisions; and **(2)** the parties do not intend for Franchisor or Franchisor’s affiliates to incur any liability in connection with or arising from any aspect of the System or Franchisee’s use of the System, whether or not in accordance with the requirements of the Manual, except with respect to any liability arising from Franchisor’s gross negligence or willful misconduct.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the Effective Date.

CBOP Domestic, Inc.
an Arizona corporation
Franchisor

a _____
Franchisee

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address for Notices:

Address for Notices:

15005 N. Northsight Blvd.
Scottsdale, AZ 85260
Attn: Legal Department

Attn: _____

EXHIBIT A

FRANCHISE INFORMATION

1. **Premises (Recitals):** _____

If the Premises has not been accepted by Franchisor as of the Effective Date, the area for Site Selection shall be identified as: _____

2. **Required Market Introduction Expenditures (Section 6.A):** _____

3. **Form of Ownership (Section 14.C):**

(a) **Individual Proprietorship.** Franchisee's owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** Franchisee is a _____ incorporated or formed on _____, under the laws of the State of _____. The following is a list, as applicable, of Franchisee's partners, directors, officers and/or members as of the effective date shown above:

Name	Position(s) Held

(c) The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Address	Percentage/Description of Interest

4. **Operating Principal (Section 11.K):** Franchisee's Operating Principal as of the Effective Date of this Exhibit A is _____. Franchisee may not change the Operating Principal without Franchisor's prior written approval.

5. **Interests in any Competing Businesses as of the Effective Date (waiver of non-compete) (Section 17.C.(3)):** _____

6. Minimum Insurance Requirements (Section 12):

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability	\$1M per occurrence/\$2M aggregate
Workers Compensation	\$1M per incident/\$1M each employee/\$1M policy limit
Employment Practices Liability	\$1M per occurrence/\$1M aggregate
Liquor Liability	\$1M per occurrence/\$2M aggregate
Employee Benefits Liability	\$1M per occurrence/\$2M aggregate
Auto Liability (including owned/non-owned/rented/hired)	\$1M per occurrence/\$1 aggregate
Cyber Liability	\$1M per occurrence (including full limits for fines & assessments); \$1M aggregate
Business Interruption/Income	Limit equal to 12 months of sales
Any other coverage required by law	As required by law
Umbrella/Excess coverage over all lines of coverage identified above	\$5M per occurrence/\$5M aggregate

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT B

PERSONAL GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

As an inducement to having CBOP Domestic, Inc. ("**Franchisor**") execute the Grimaldi's Restaurant Franchise Agreement with _____ ("**Franchisee**") dated as of _____, 20__ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary and other obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in the Franchise Agreement including, but not limited to, Sections 16 (Transfers by Franchisee), 17 (Covenants) 19 (Obligations on Termination or Expiration) and 22 (Indemnification) of the Agreement, and acknowledge and agree that this Guaranty does not grant the undersigned any right to use the "Grimaldi's" trademarks or operating system licensed to Franchisee under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guaranty in a judicial proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the obligations and provisions below, each of the undersigned agree that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be commenced in state court in Maricopa County, Arizona or in a Grimaldi's Franchise Agreement

federal court in whose district Maricopa County is situated, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts.

Nonetheless, each of the undersigned agree that Franchisor may enforce this Guaranty and any orders and awards in the courts of the state or states in which such undersigned is domiciled.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement. This Guaranty shall be interpreted and construed under the laws of the state of Arizona. In the event of any conflict of law, the laws of the state of Arizona shall prevail (without regard to, and without giving effect to, the application of Arizona conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date noted below.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his/her signature below.

GUARANTORS:

Date: _____

Print Name: _____

Home Address: _____

Date: _____

Print Name: _____

Home Address: _____

EXHIBIT C

FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

(For key persons associated with franchisees of CBOP Domestic, Inc.)

1. My name is _____. I am associated with _____ (the "Franchisee") in the following capacity: _____. I reside at _____.

2. I have been advised by the Franchisee that I must sign this Non-Disclosure and Non-Competition Agreement ("**Agreement**") with the Franchisee and comply with the obligations described below as a condition of my current association with the Franchisee, as well as a condition of the Franchisee's association with CBOP Domestic, Inc. ("**Franchisor**").

3. Because of my association with the Franchisee, I acknowledge that I currently have received, and/or expect to receive, valuable specialized training and confidential information including, without limitation, information regarding Franchisor's operational, sales, promotional, and marketing methods and techniques and those of a Grimaldi's Restaurant. In order to protect the legitimate business interests of both Franchisor and the Franchisee, and as condition for my association with the Franchisee, I agree to the following covenants in order to protect Franchisor, the Franchisee and other Grimaldi's Restaurants.

a. I will not, during or after my association with the Franchisee, communicate, divulge, or use for the benefit of anyone else any confidential information, knowledge, or know-how which may be communicated to me or which I may learn about it in the course of my association with the Franchisee concerning Franchisor's methods of operation or that of a Grimaldi's Restaurant. Any and all matters, information, knowledge, know-how, and techniques which either Franchisor or the Franchisee designates as confidential shall be deemed confidential for purposes of this Agreement, which information shall include but not be limited to, any and all Grimaldi's Restaurant manuals, recipes and food preparation methods, and marketing, management, and operational plans. All of the forgoing information shall remain confidential unless and until I can demonstrate that the information has become public knowledge.

b. While I am associated with the Franchisee, I will not, either directly or indirectly, myself or through, on behalf of, or in conjunction with any other person or legal entity, divert or attempt to divert any business or present or prospective customer 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 Grimaldi's Restaurant trademarks or business systems, Franchisor or the Franchisee.

c. During my association with the Franchisee, I will not own, maintain, advise, operate, engage in, work in any managerial or supervisory role for, provide advice or assistance to, or have any interest in (as owner or otherwise) any "**Competing Business**", which is defined as: (i) any pizza restaurant or pizzeria, including, but not limited to, full-service, mid-scale, fast-casual, and delivery concepts; (ii) any restaurant concept and/or operation where pizza comprises twenty-five percent (25%) or more of the concept's/operation's food menu offerings; or (iii) any business where fifteen percent (15%) or more of the sales generated by such business is generated from the sale of pizza. During the two (2) year period immediately following the termination of my association with the Franchisee, the above-described restrictions also shall apply, but only to Competing Businesses located at or within a ten (10) mile radius of the Franchisee's Grimaldi's Restaurant, or any other then-existing Grimaldi's Restaurant.

4. I understand that this Agreement shall be interpreted in accordance with the laws of the state where the Franchisee's Grimaldi's Restaurant is located.

5. I understand that Franchisor is a third-party beneficiary of this Agreement and may enforce it solely and/or jointly with the Franchisee. I am aware that any actions by me in violation of this Agreement will cause both Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay to Franchisor and the Franchisee all costs it/they incur, including, without limitation, attorneys' fees, if this Agreement is enforced against me.

6. The only way this Agreement can be changed is in writing signed by both me and the Franchisee.

[INSERT OWNER/EMPLOYEE NAME]:

By: _____

Name: _____

Title: _____

[INSERT FRANCHISEE NAME]

By: _____

Name: _____

Title: _____

EXHIBIT D

ACH AUTHORIZATION FORM

RESTAURANT LOCATION: _____

DEPOSITOR (NAME OR LEGAL ENTITY): _____

The undersigned depositor ("**Depositor**") hereby authorizes CBOP Domestic, Inc. to initiate debit entries and credit correction entries to Depositor's checking or savings account indicated below and Depositor hereby authorizes the depository designated below ("**Bank**") to debit or credit such account pursuant to CBOP Domestic, Inc.'s instructions. This authorization is to remain in full force and effect until 60 days after CBOP Domestic, Inc. has received written notification from Depositor of its termination.

DEPOSITOR INFORMATION

Depositor Name:
Mailing Address:
City/ State/ Zip Code:
Telephone:
Email:

DEBITING BANK ACCOUNT INFORMATION

Bank Name:
City / State / Zip Code:
Branch:
Account Number to Debit:
Routing Number (9 digit #):
Account Name:

The undersigned representative of Depositor represents and warrants to CBOP Domestic, Inc. and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and accurate.

Depositor By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT E

GRIMALDI'S RESTAURANT FORM OF ADDENDUM TO LEASE

THIS ADDENDUM is executed as of this ___ day of _____, _____, by and between _____ (“**Franchisee**”) and _____ (“**Landlord**”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, (“**Lease**”) for the premises located at _____, State of _____ (“**Premises**”) dated as of _____, ____.

Franchisee has entered into a Grimaldi's Restaurant Franchise Agreement (“**Franchise Agreement**”) with CBOP Domestic, Inc. (“**Franchisor**”) for the development and operation of a Grimaldi's Restaurant at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its Option to Purchase under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.
4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.
6. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to a franchisee of Franchisor to operate the Grimaldi's Restaurant at the Premises provided that the following criteria are met: (a) Franchisor has an established franchising program for Grimaldi's Restaurants; and (b) the proposed franchisee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.
7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by

Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a Grimaldi's Restaurant. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.

8. Landlord and Franchisee agrees that if Landlord is an affiliate or an owner of any equity interest in Franchisee, and Landlord proposes to sell the Premises, prior to the sale of the Premises, the Lease upon the request of Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Grimaldi's Restaurant is located.
9. Landlord agrees that Franchisee's coal-fired oven(s) shall remain the property of Franchisee at all times and shall not be deemed to have attached or been affixed to the Premises. Landlord further agrees that upon termination of the Lease (whether by expiration, default or mutual consent) Franchisee must remove Franchisee's coal-fired oven from the Premises. Notwithstanding anything to the contrary herein, in the event Franchisee fails to remove the coal-fired oven from the Premises within a reasonable period of time following the termination of the Lease, Landlord and Franchisee agree that Franchisor may enter the Premises, upon notice to Landlord, and remove the coal-fired oven from the Premises. Franchisee, at its expense, shall repair any damage caused by the removal of the coal-fired oven, whether such removal was performed by Franchisee or Franchisor.
10. Franchisor, along with its successors and assigns, is an intended third-party beneficiary of the provisions of this Addendum.
11. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 15005 N. Northsight Blvd., Scottsdale, AZ 85260 (Attn: Legal Department), or such other address as Franchisor shall specify by written notice to Landlord.

WITNESS the execution hereof under seal.

LANDLORD:

BY: _____

TITLE: _____

DATE: _____

Subscribed and sworn to before me this
__ day of _____, ____.

Notary Public

My Commission expires: _____

Address for Notices:

Fax:

Attn:

FRANCHISEE:

BY: _____

TITLE: _____

DATE: _____

Subscribed and sworn to before me this
__ day of _____, ____.

Notary Public

My Commission expires: _____

Address for Notices:

Fax:

Attn:

RIDER 1

FRANCHISE AGREEMENT EXPIRATION DATE

TO: _____

The Grimaldi's Restaurant located at _____ first opened for business on _____. The Initial Term of the Franchise Agreement for the Franchised Restaurant expires on _____. If Franchisee desires to remain a franchisee for a Successor Term, Franchisee must give Franchisor its Renewal Notice no earlier than _____ (nine months before the expiration date of the Franchise Agreement) and no later than _____ (six months before the expiration date).

CBOP DOMESTIC, INC.

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT C

DEVELOPMENT AGREEMENT

GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT

Developer: _____

Effective Date: _____

Development Area: _____

GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. GRANT OF DEVELOPMENT RIGHTS.....	1
2. LIMITED EXCLUSIVE RIGHTS	2
3. DEVELOPMENT SCHEDULE AND DEVELOPMENT FEES.....	3
4. SITE DEVELOPMENT PROCEDURES	4
5. MULTI-UNIT TRAINING AND THE MANUAL	6
6. RECORDKEEPING AND REPORTS	7
7. INSURANCE	8
8. ORGANIZATION OF DEVELOPER.....	9
9. TRANSFERS BY FRANCHISOR.....	10
10. TRANSFERS BY DEVELOPER	10
11. COVENANTS	14
12. DEFAULT AND TERMINATION	16
13. OBLIGATIONS ON TERMINATION OR EXPIRATION	18
14. RELATIONSHIP OF THE PARTIES	19
15. INDEMNIFICATION	19
16. APPROVALS, NO WARRANTIES AND WAIVERS	21
17. NOTICES	21
18. FORCE MAJEURE	21
19. ENTIRE AGREEMENT	22
20. DISPUTE RESOLUTION	22
21. SEVERABILITY AND CONSTRUCTION.....	23
22. MISCELLANEOUS.....	24
23. REPRESENTATIONS.....	24
EXHIBITS	
A. DEVELOPMENT INFORMATION AND OWNERSHIP INTERESTS	
B. PERSONAL GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS	
C. ADDENDUM TO LEASE FORM	
D. FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT	

GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("**Agreement**") is made as of this ____ day of _____, 20____ ("**Effective Date**") by and between **CBOP Domestic, Inc.** ("**Franchisor**"), an Arizona corporation and _____ ("**Developer**"), a _____ formed in _____.

RECITALS

Franchisor and its affiliates have developed and own a unique and distinctive system ("**System**") relating to the development, establishment and operation of full-service dine-in casual family restaurants serving lunch and dinner featuring fresh made, hand-tossed pizzas and calzones baked in a coal-fired brick oven, house made salads and cheesecakes made fresh in the restaurant, and a full bar that includes proprietary wines (each, a "**Grimaldi's Restaurant**").

The distinguishing characteristics of the System include, without limitation, standards, policies and procedures for restaurant layout, equipment, kitchen, dining room, patio space, bar area set-up and operations, inventory procurement and control, staffing and employee training, customer service, procedures to maintain quality and consistency of menu items, community and charitable involvement, information technology and point of sale systems, and assistance with advertising, promotion, public relations, and social media, all of which Franchisor may change, improve and further develop over time.

Franchisor and its affiliates identify the System by means of the "**GRIMALDI'S**," "**GRIMALDI'S PIZZERIA**," and "**GRIMALDI'S COAL-BRICK OVEN PIZZERIA**" names and marks and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, the "**Marks**"), which Franchisor has designated, or may in the future designate, for use with the System. The Marks used to identify the System, including the principal Marks, may be modified by Franchisor and/or its affiliates from time to time.

Developer would like the opportunity to develop franchised Grimaldi's Restaurants solely subject to the terms and conditions of this Agreement and in strict compliance with the standards and specifications established by Franchisor in Franchisor's confidential restaurant operations manual ("**Manual**") within a defined geographic territory.

Franchisor is willing to grant development rights to Developer subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant

(1) The foregoing Recitals are hereby incorporated by reference. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Developer the right, and Developer accepts and undertakes the obligation, to develop the number of franchised Grimaldi's Restaurants ("**Franchised Restaurants**") specified in Exhibit A within the geographic area described in Exhibit A ("**Development Area**") during the term of this Agreement (the "**Development Term**"). The Development Term begins on the Effective Date and expires on the date that Developer is required to open the last Franchised Restaurant pursuant to the schedule set forth in Exhibit A ("**Development Schedule**"). There is no renewal term for this Agreement. Each Franchised Restaurant shall be developed in the Development Area at a specific site approved by Franchisor.

(2) Developer agrees, at all times, to faithfully, honestly and diligently perform its obligations under this Agreement, that Developer will continuously exert its best efforts to develop the Franchised Restaurants and that Developer will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other Grimaldi's Restaurants or other restaurants that are franchised by Franchisor or Franchisor's affiliates.

B. Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Grimaldi's Restaurants or use the System. In addition, this Agreement does not give Developer any right to license others to operate Grimaldi's Restaurants or use the System. This Agreement only gives Developer the opportunity to enter into Grimaldi's Restaurant Franchise Agreements (each a "**Franchise Agreement**") for the operation of Franchised Restaurants at specific sites in the Development Area approved by Franchisor. Each Franchised Restaurant developed pursuant to this Agreement shall be established and operated only in strict compliance with a separate Franchise Agreement.

C. Franchisor's Rights. In fulfilling its obligations under this Agreement, and in conducting any activities or exercising its rights pursuant to this Agreement, Franchisor (and its affiliates) will always have the right: (1) to take into account, as Franchisor sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor has an interest and on its activities (and those of its affiliates'); (2) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) have an interest, and/or with Franchisor's affiliates; (3) to introduce proprietary and non-proprietary items and services or operational equipment used by the System into other franchised systems in which Franchisor or its affiliates have an interest; and/or (4) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as Franchisor sees fit. Developer understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 1.C, and that nothing in this Section 1.C shall in any way affect Developer's obligations under this Agreement.

D. Forms of Agreement. Developer acknowledges that Franchisor intends to enter into agreements with other developers that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and other developers may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

E. Delegation. Franchisor has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to Franchisor's designees, whether affiliates or agents of Franchisor or independent contractors with whom Franchisor has contracted to provide the services.

2. LIMITED EXCLUSIVE RIGHTS

A. Limited Exclusivity. Except as reserved in Section 2.B, Franchisor shall not establish, nor license anyone other than Developer to establish, a Grimaldi's Restaurant in the Development Area during the Development Term provided that Developer is in compliance with its obligations under this Agreement and all Franchise Agreements between Developer (including any affiliate of Developer) and Franchisor. This Section 2.A does not prohibit Franchisor and its affiliates, from: (1) operating, and licensing others to operate, Grimaldi's Restaurants in the Development Area that are open and operating or under development as of the Effective Date; (2) during the Development Term, operating, and licensing others to operate, Grimaldi's Restaurants at any location outside the Development Area; (3) after this Agreement terminates or expires, operating, and licensing others to operate, Grimaldi's Restaurants at any location. Developer acknowledges that the development rights granted under this Agreement are non-exclusive and that, except as expressly provided in this Section 2.A, Developer has no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of Grimaldi's Restaurants, on any sales or distribution of products under the Marks, or on Franchisor's (and its affiliates') business activities.

B. Reservation of Rights. With the exception of the limited exclusivity granted to Developer in Section 2.A, Franchisor and its affiliates retain all rights with respect to Grimaldi's Restaurants, the Marks, the sale of similar or dissimilar products and services to those offered at Grimaldi's Restaurants, and any other activities Franchisor deems appropriate whenever and wherever Franchisor desires, including the right to:

(1) operate or license others to operate Grimaldi's Restaurants at any Non-Traditional Facility or Captive Market Location (as defined below) within or outside the Development Area.

(a) The term "**Captive Market Location**" includes, among other things, non-foodservice businesses of any sort within which a Grimaldi's Restaurant or a branded facility is established and operated (including, but not limited to, gas stations, convenience stores, hotels and resorts).

(b) The term "**Non-Traditional Facility**" includes, among other things, college campuses, schools, hotels, casinos, airports and other travel related facilities; federal, state, or local government facilities (including military bases); theme and amusement parks; recreational facilities; convention centers; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; seasonal facilities; shopping malls; theaters; and sporting event arenas and centers.

(2) operate or license others to operate manufacturing and distribution facilities in the Development Area that produce and/or distribute items bearing the Marks;

(3) operate or license others to operate restaurants under the Marks in formats other than dine-in full-service restaurants in the Development Area;

(4) sell anywhere (within or outside the Development Area) the same or similar products that are authorized for sale at Grimaldi's Restaurants under the Marks or under other trademarks or trade dress and through any other channel of distribution, whether such channel of distribution is now in existence or is hereafter developed and whether at retail or wholesale including, without limitation, sales through catalogs, e-commerce, mail order, carts or kiosks, mass merchandise, supermarkets, restaurants, institutional customers, club stores and any other outlet or method of distribution, pursuant to any terms and conditions as Franchisor may deem appropriate;

(5) establish, acquire or operate, or license others to establish and operate, restaurants under other systems or other trademarks, which may offer or sell products or services that are the same as, similar to, or different from the products and services offered from Grimaldi's Restaurants; and

(6) purchase, merge with, acquire or become associated with any business of any kind under other systems and/or trademarks, which businesses may convert to or operate under the Marks and may offer or sell products and services that are the same as, similar to, or different from the products and services offered at Grimaldi's Restaurants and which businesses may be located within or outside the Development Area.

3. DEVELOPMENT SCHEDULE AND DEVELOPMENT FEES

A. Development Schedule

(1) During the Development Term, Developer shall develop, open and continuously operate in the Development Area the number of Franchised Restaurants specified in the Development Schedule in Exhibit A. For each Franchised Restaurant to be developed during the Development Term, Developer shall: (1) obtain Franchisor's written approval of the site by the Site Approval Deadline listed in the Development Schedule; (2) open the Franchised Restaurant by the Opening Deadline listed in the

Development Schedule; and **(3)** have open and operating the number of Franchised Restaurants specified by the Development Schedule.

(2) The Development Schedule identifies the minimum number of Franchised Restaurants that Developer must have open and in operation within the Development Area during certain time periods. If any Franchised Restaurants are temporarily or permanently closed for business (except for authorized holidays or temporarily for major repairs), such closed Franchised Restaurants will not be included, while closed, as open and operating in computing such minimum numbers of open and operating Franchised Restaurants and in satisfying the deadlines set forth in the Development Schedule. However, if, during the Development Term, Developer sells a Franchised Restaurant that was developed pursuant to this Agreement, that Franchised Restaurant will continue to be counted as a Franchised Restaurant for the purpose of meeting Developer's obligations under the Development Schedule, provided that the sale has been approved by Franchisor and only so long as that Franchised Restaurant continues to be operated pursuant to a Franchise Agreement with Franchisor or its affiliates.

(3) Strict compliance with the Development Schedule is essential to this Agreement. Any failure by Developer to comply with the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting Franchisor immediately to terminate this Agreement by giving written notice of termination to Developer. **TIME IS OF THE ESSENCE.**

B. Development Fee. Simultaneously with the execution of this Agreement, Developer shall pay to Franchisor a development fee in the amount of Ten Thousand Dollars (\$10,000) for each Franchised Restaurant that Developer agrees to develop in the Development Area during the Development Term ("**Development Fee**"). The total amount of the Development Fee is recorded on Exhibit A. The Development Fee is fully earned by Franchisor when this Agreement is signed and is non-refundable even if Developer fails to develop any Franchised Restaurants according to the Development Schedule. The Development Fee paid for each Franchised Restaurant shall be credited against the initial franchise fee that is due and payable under the Franchise Agreement for such Franchised Restaurant.

4. SITE DEVELOPMENT PROCEDURES

A. Developer's Responsibility. Developer assumes all cost, liability and expense for locating, obtaining and developing sites for the Franchised Restaurants in accordance with Franchisor's standards. Developer shall not make any binding commitments to purchase, lease or occupy a site until Franchisor has approved the site in writing.

B. Development Principal. Developer shall designate and retain an individual to serve as its "**Development Principal**". The Development Principal as of the Effective Date is identified in Exhibit A. Unless waived in writing by Franchisor, the Development Principal shall: **(1)** devote full-time and reasonable efforts to supervising the development of the Franchised Restaurants in the Development Area and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility; **(2)** maintain a primary residence within a reasonable driving distance of the Development Area; and **(3)** successfully complete Franchisor's multi-unit training program and any additional training required by Franchisor. Franchisor shall have approved the Development Principal, and not have later withdrawn that approval. The Development Principal must sign the form of Non-Disclosure and Non-Competition Agreement attached as Exhibit D unless waived by Franchisor in its sole discretion. If the Development Principal no longer qualifies as such, Developer shall designate another qualified person who meets Franchisor's approval to act as Development Principal within sixty (60) days after the date the prior Development Principal ceases to be qualified. Developer's designee to become the Development Principal must successfully complete Franchisor's multi-unit training program.

C. Site Selection

(1) Franchisor will provide Developer with Franchisor's site selection criteria and, as Developer may request, a reasonable amount of consultation with respect thereto. Developer shall submit a site application for multiple proposed sites for each Franchised Restaurant located within the

Development Area and submit to Franchisor, in the form specified by Franchisor, a completed site application including a copy of the site plans, photographs of the sites and surrounding area, demographic information, financial information, and such other information and materials as Franchisor may reasonably require, together with option contracts, letters of intent, or other evidence satisfactory to Franchisor which confirms Developer's favorable prospects for obtaining ownership or leasehold interests in the sites. Developer must obtain Franchisor's written approval of a site before Developer makes any binding commitments related to the site.

(2) To satisfy a Site Approval Deadline in the Development Schedule, Developer must submit a site application for a site at which a Franchised Restaurant can be open and operating by the corresponding Opening Deadline in the Development Schedule. If Developer submits a site application, but a Franchised Restaurant cannot be open and operating at the site by the next Opening Deadline in the Development Schedule, then that site will not satisfy the Site Approval Deadline in the Development Schedule.

(3) For the first two (2) Franchised Restaurants developed under this Agreement, Franchisor or its designee may conduct a site approval visit and on-site review of Developer's proposed site(s). With respect to each of these first two (2) Franchised Restaurants, if at least three (3) sites meet Franchisor's site approval criteria, Franchisor or Franchisor's designee may conduct an on-site evaluation of the proposed site(s). Franchisor does not charge any fees to conduct one (1) site approval visit for a Franchised Restaurant; however, if Franchisor requires, or if Developer requests, any additional on-site evaluations, Developer must reimburse Franchisor for Franchisor's travel expenses associated with such on-site evaluation(s). Franchisor will use reasonable efforts to approve or reject a proposed site within thirty (30) days after receipt of Developer's site application; however, Franchisor's failure to approve or reject a proposed site within the thirty (30) day period shall not be deemed an approval or rejection nor shall it waive, extend or modify the Development Schedule. Franchisor's approval or rejection of a site may be subject to reasonable conditions as Franchisor determines in Franchisor's sole discretion. A site approved by Franchisor shall be referred to as an "**Approved Site.**"

(4) Developer agrees that Franchisor's approval of a site for a Franchised Restaurant and any information communicated to Developer regarding Franchisor's site selection criteria does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for a Franchised Restaurant or for any other purpose. Franchisor's approval of a site is not a representation or a promise by Franchisor that a Franchised Restaurant at the site will achieve certain revenues or a certain level of profitability. Similarly, Franchisor's approval of one or more sites and Franchisor's refusal to approve other sites is not a representation or a promise that the Approved Site will have higher revenues or be more profitable than a site that Franchisor did not approve. Developer agrees that Developer's decision to develop and operate a Franchised Restaurant at an Approved Site is based solely on Developer's own independent investigation of the suitability of that site for the Franchised Restaurant. Franchisor assumes no liability or responsibility for: (a) evaluation of the soil of the site for hazardous substances; (b) inspection of any structure at the site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("**ADA**"); (d) compliance with any other applicable laws or regulations; (e) evaluation of whether the site would allow for the use of solid fuel cooking devices, which produce anthracite coal emissions; (f) evaluation of whether a liquor license can be obtained for the site. It is Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the Approved Site for each Franchised Restaurant (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA and any other applicable laws and regulations.

(5) Developer acknowledges that Franchisor may refuse to approve any site, and specifically that Franchisor may, in its sole discretion, refuse to review any site submitted by Developer if Developer and its affiliates are not, at the time of the site application submission, in good standing with Franchisor's operational standards for the System and current in the payment of all sums due to Franchisor and its affiliates under any Franchise Agreement or other agreement. Franchisor's refusal to review or approve any site shall not waive, extend or modify the Development Schedule.

D. Site Acquisition. Within ninety (90) days after Franchisor approves a site for a Franchised Restaurant (the "**Site Acquisition Deadline**"), Developer must provide Franchisor with a copy of the deed or other evidence of ownership of the Approved Site if Developer proposes to purchase the Approved Site or a copy of the fully-executed lease or sublease for the Approved Site ("**Lease**") if Developer proposes to lease or sublease the Approved Site. Developer assumes all cost, liability and expense for securing an ownership or leasehold interest in the Approved Site.

E. Lease Provisions. Franchisor has the right to review the terms of the Lease for each Approved Site. The Lease must: **(1)** in form and substance, be satisfactory to Franchisor; **(2)** include all of the provisions set forth in the Lease Addendum Form attached to this Agreement as Exhibit C; **(3)** be for an aggregate term of (at least) ten (10) years in a combination of initial and renewal terms; **(4)** contain terms and conditions and payments that are commercially reasonable in Franchisor's opinion; and **(5)** include any other provisions as Franchisor may require from time to time. The Lease shall not contain any covenants or other obligations that would prevent Developer from performing its obligations under the Franchise Agreement for the Approved Site. Developer acknowledges that Franchisor's review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Grimaldi's Restaurant operated at the Approved Site. Franchisor's review will indicate only whether Franchisor believes that the terms of the Lease meet Franchisor's then-acceptable criteria. Notwithstanding the terms of any Lease, Developer shall: **(a)** deliver to Franchisor, immediately after delivery to or by Developer, any notice of default under the Lease which threatens or purports to terminate the Lease or result in a foreclosure thereof; **(b)** permit Franchisor to enter the premises of the Franchised Restaurant at any time to protect the Marks or the System or to cure any default under the Lease or this Agreement, all at Developer's expense; and **(c)** not amend the Lease in any way which is inconsistent with the provisions of this Section 4.E and the terms set forth in Franchisor's form of Addendum to Lease.

F. Execution of Franchise Agreements

(1) Franchisor will prepare and forward to Developer a Franchise Agreement for each Approved Site. The form of Franchise Agreement for Developer's first Franchised Restaurant shall be the form included in the applicable Grimaldi's Restaurant Franchise Disclosure Document as of the Effective Date. The form of Franchise Agreement for additional Franchised Restaurants developed by Developer pursuant to this Agreement shall be Franchisor's then-current form in general use at the time of Franchisor's site approval notice. After providing Franchisor with a copy of the Lease, deed or other evidence of ownership of the Approved Site and prior to the expiration of the Site Acquisition Deadline, Developer shall sign and return the applicable Franchise Agreement (along with the initial franchise fee as required by the Franchise Agreement) to Franchisor. Franchisor will then sign the Franchise Agreement and return a fully-executed Franchise Agreement to Developer. Developer may not begin construction of any Franchised Restaurant without having a fully-executed Franchise Agreement for that Franchised Restaurant.

(2) At Developer's request, Franchisor will permit the Franchise Agreement for any Franchised Restaurant in the Development Area to be executed by a corporation, a limited liability company or general or limited partnership formed by Developer to develop and operate the Franchised Restaurant ("**Controlled Affiliate**"), provided all of the following conditions are met: **(1)** Developer's owners hold at least fifty-one percent (51%) of the ownership interests in the Controlled Affiliate and have the right to control the entity's management and policies; **(2)** the Controlled Affiliate conducts no business other than the operation of the Franchised Restaurant; **(3)** Developer's owners agree to guarantee the Controlled Affiliate's obligations, covenants and agreements contained in the Franchise Agreement; and **(4)** the Controlled Affiliate meets Franchisor's then-current requirements for new franchisees of the System.

5. MULTI-UNIT TRAINING AND THE MANUAL

A. Multi-Unit Training Program. Prior to opening Developer's second Franchised Restaurant, the Development Principal must attend and successfully complete Franchisor's multi-unit training program to Franchisor's satisfaction. The multi-unit training program may consist of up to five (5) days of classroom and on-the-job training at a Grimaldi's Restaurant, Franchisor's home office and/or another training site designated by Franchisor. Franchisor may increase or reduce the required training for

any reason Franchisor deems appropriate. Franchisor will bear all expenses for the multi-unit training program that Franchisor provides; however, Developer must pay all salaries, wages, benefits, travel, living and other expenses incurred by Developer's trainees while attending the multi-unit training program. Franchisor will have the right to require that Developer's trainees execute and deliver to Franchisor a non-disclosure and non-competition agreement in substantially the form attached to this Agreement as Exhibit D prior to attending the training program.

B. Additional Training. Franchisor shall have the right (which may be exercised at any time and in Franchisor's sole discretion) to require that the Development Principal and Developer's owners and employees designated by Franchisor take and successfully complete other training courses in addition to the multi-unit training program. Franchisor may require Developer to pay reasonable tuition fees for these programs and Developer will be required to pay for all salaries, wages, benefits, travel, living and other expenses incurred by the Developer's trainees while attending the training courses.

C. Manual

(1) During the Development Term, Franchisor will provide Developer with electronic access to the Manual via a restricted website, intranet or extranet. The Manual contains the System standards, which include mandatory and suggested specifications, standards, technical advice, policies and procedures, operating procedures, reporting requirements and rules that Franchisor periodically prescribes for developing and operating a Grimaldi's Restaurant and information on Developer's other obligations under this Agreement. Developer must develop and operate each Franchised Restaurant in strict conformity with the Manual and the System standards. Developer must use the forms and reports contained in the Manual for conducting its business under this Agreement and reporting to Franchisor. Franchisor has the right to amend and supplement the Manual periodically by letter, electronic mail, bulletins, video and audio files, software or other communications concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating a Grimaldi's Restaurant. Developer must monitor and access the website, intranet and/or extranet for any updates to the Manual or System standards and Developer must comply with each new or changed standard promptly. If a dispute relating to the contents of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control. Prior to accessing Franchisor's website, intranet or extranet, Developer must abide by Franchisor's terms of use for access as published by Franchisor from time to time.

(2) Developer acknowledges that the contents of the Manual are confidential and proprietary to Franchisor and that the Manual contains Franchisor's trade secrets and copyrighted material. Any passwords or other digital identifications necessary to access the Manual on Franchisor's website, intranet or extranet also are deemed to be confidential and proprietary to Franchisor. Accordingly, Developer agrees that Developer will not disclose the Manual, passwords or other digital identifications to any person other than Developer's employees who need to access the Manual in connection with the fulfillment of Developer's obligations under this Agreement. Developer's employees with access to the Manual must sign a confidentiality agreement in a form and format provided by Franchisor before accessing the Manual. Developer may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual.

6. RECORDKEEPING AND REPORTS

A. Annual Reports. At Franchisor's request, Developer must submit to Franchisor, at Developer's expense, in the form prescribed by Franchisor, a quarterly consolidated balance sheet, consolidated income statement, consolidated cash flow statement, comparison of each statement to the prior quarter, narrative description of the Franchised Restaurants and Developer and its affiliates' other franchised Grimaldi's Restaurants, operating results and other information as specified in the Manual.

B. Other Reports. Developer shall submit to Franchisor, for review or auditing, such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at

the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

7. INSURANCE

A. Procurement of Insurance by Developer. Developer shall be responsible for all loss or damage arising from or related to Developer's development and operation of each Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, each Franchised Restaurant. Developer shall maintain in full force and effect throughout the Development Term that insurance which Developer determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of each Franchised Restaurant, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 7.B.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to Franchisor, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Developer in writing. Franchisor may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Developer shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. Franchisor's minimum insurance requirements as of the Effective Date are set forth in Exhibit A.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Developer is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. Franchisor and its affiliates shall be identified as additional named insureds on all insurance policies and the policies shall provide that Franchisor may appoint its own legal defense counsel. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against Franchisor and its affiliates, successors and assigns. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Franchisor. In the event payments are required to be made under Franchisor's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Developer are exhausted, Developer agrees to reimburse, hold harmless and indemnify Franchisor and its insurers for such payments. Developer shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 7.B stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to CBOP Domestic, Inc. All insurance coverage obtained by CBOP Domestic, Inc. shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Developer in the event of a claim by Franchisor or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Developer to third parties and all other items for which Developer is required to indemnify Franchisor under this Agreement.

(4) Each insurance policy shall be written by an “admitted” or a “non-admitted” insurance company that has received and maintains an “A+” or better rating by the latest edition of A.M. Best’s Insurance Rating Service (or any similar criteria that Franchisor periodically specifies in the Manual).

(5) No insurance policy shall provide for a deductible amount that exceeds Five Thousand Dollars (\$5,000), unless otherwise approved in writing by Franchisor, and Developer’s co-insurance under any insurance policy shall be eighty percent (80%) or greater.

D. Proof of Insurance. No later than thirty (30) days after the Effective Date, and at least thirty (30) days prior to each policy renewal date thereafter, Developer shall submit evidence of satisfactory insurance and proof of payment therefor to Franchisor. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days’ prior written notice to Franchisor. Upon request, Developer also shall provide to Franchisor copies of all or any policies, and policy amendments and riders.

E. No Representations. Developer acknowledges that no requirement for insurance contained in this Agreement or the Manual constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect Developer from losses in connection with its business under this Agreement or any Franchise Agreement. Maintenance of this insurance, and the performance by Developer of its obligations under this Section 7, shall not relieve Developer of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by Franchisor. Should Developer, for any reason, fail to procure or maintain at least the insurance required by this Section 7, as revised from time to time pursuant to the Manual or otherwise in writing, Franchisor shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. Within fifteen (15) days of receipt of Franchisor’s notice, Developer shall reimburse Franchisor for all out-of-pocket costs incurred by Franchisor in obtaining such insurance on behalf of Developer immediately upon Developer’s receipt of an invoice therefor.

8. ORGANIZATION OF DEVELOPER

A. Representations. Developer makes the following representations and warranties: **(1)** it is duly organized and validly existing under the laws of the state of its formation; **(2)** it is qualified to do business in the state or states in which the Development Area is located; **(3)** execution of this Agreement and the development and operation of the Franchised Restaurants is permitted by its governing documents and will not violate any agreement to which Developer is bound or to which it is a party; and **(4)** unless waived in writing by Franchisor, Developer’s Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Developer are limited exclusively to the development and operation of Grimaldi’s Restaurants.

B. Governing Documents. If Developer is a corporation, true, correct and complete copies of Developer’s Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the board of directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Franchisor. If Developer is a limited liability company, true, correct and complete copies of Developer’s Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Franchisor. If Developer is a partnership, true, correct and complete copies of Developer’s written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Developer’s written partnership agreement. When any of these governing documents are modified or changed, Developer promptly shall provide copies to Franchisor.

C. Ownership Interests. Exhibit A identifies Developer's ownership interests as of the Effective Date. Developer shall comply with the requirements of Section 10 prior to any change in ownership interests and shall sign addenda to Exhibit A as changes occur in order to ensure the information contained in Exhibit A is true, accurate and complete at all times.

D. Restrictive Legend. If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Grimaldi's Restaurant Area Development Agreement(s) to which the corporation is a party." If Developer is a limited liability company, each membership or management certificate shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Grimaldi's Restaurant Area Development Agreement(s) to which the limited liability company is a party." If Developer is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed on assignment by this Agreement.

E. Personal Guaranty. All individuals who own an equity interest in Developer of at least five percent (5%) ("**Principal Owners**") shall jointly and severally guarantee Developer's performance of each and every provision of this Agreement by executing the Personal Guaranty and Assumption of Developer's Obligations in the form attached to this Agreement as Exhibit B. In addition, Franchisor may require the spouse (or domestic partner or other immediate family member) of a Principal Owner to sign the Personal Guaranty and Assumption of Developer's Obligations. Franchisor reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time. With respect to Principal Owners, Developer acknowledges that, unless otherwise agreed to in writing by Franchisor, it is Franchisor's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Personal Guaranty and Assumption of Developer's Obligations. Accordingly, if any Principal Owner is not an individual, Franchisor shall have the right to have the Personal Guaranty and Assumption of Developer's Obligations executed by individuals who have only an indirect ownership interest in Developer. (By way of example, if a Principal Owner of Developer is a corporation, Franchisor has the right to require that the Personal Guaranty and Assumption of Developer's Obligations be executed by individuals who have an ownership interest in that corporation.)

9. TRANSFERS BY FRANCHISOR

Developer acknowledges that Franchisor maintains a staff to manage the System and that staff members can change as employees come and go. Developer represents that Developer has not signed this Agreement in reliance on any particular owner, director, officer, or employee remaining with Franchisor in that capacity. Franchisor has the absolute, unrestricted right, exercisable at any time, to change its ownership or form and/or transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without Developer's consent. After Franchisor's transfer or assignment of this Agreement to a third party who expressly assumes Franchisor's obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Developer acknowledges that Franchisor can sell its assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting Developer's obligations under this Agreement.

10. TRANSFERS BY DEVELOPER

A. Franchisor's Prior Written Consent Required. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and that Franchisor has entered into this Agreement in reliance on Developer's and Developer's owners' business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality restaurants and that Franchisor has entered into this Agreement with the understanding that, except as otherwise reserved by Franchisor in Section 2, Developer will be the only

developer of Grimaldi's Restaurants in the Development Area during the Development Term. Accordingly, neither Developer, Developer's owners, nor any immediate or remote successor to any part of Developer's interest in this Agreement shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Developer, this Agreement, or any assets pertaining to Developer's operations under this Agreement (collectively "**Transfer**") without obtaining Franchisor's prior written consent. Franchisor shall be free to withhold consent to any Transfer, without consideration of the factors listed in Section 10.B, if Developer does not propose to Transfer the same interest to the same transferee with respect to all Franchise Agreements with Franchisor in the Development Area. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having Franchisor's prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement without providing Developer an opportunity to cure the breach.

B. Transfer Considerations. Developer shall advise Franchisor in writing of any proposed Transfer and submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals, and all other information requested by Franchisor relating to the proposed Transfer. If Franchisor does not exercise Franchisor's right of first refusal as described in Section 10.H, the decision as to whether or not to approve a proposed Transfer shall be made by Franchisor in its sole discretion and shall include numerous factors deemed relevant by Franchisor. These factors may include, but will not be limited to, the following:

(1) Developer and Developer's owners and affiliates must be in compliance with the provisions of this Agreement and all other agreements with Franchisor and Franchisor's affiliates.

(2) All of Developer's and its affiliates' accrued monetary obligations to Franchisor and Franchisor's affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurants (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in Franchisor's reasonable judgment, adequately provided for. Franchisor may require Developer to place a reasonable sum of money in escrow to ensure that all of these obligations are satisfied.

(3) The proposed transferee must: be an entity, and its owners must provide to Franchisor on a timely basis all information that Franchisor requests. The proposed transferee must meet Franchisor's then-current criteria for new developers and be approved by Franchisor, and the proposed transferee's owners must be individuals who are of good character and reputation and who have sufficient business experience, aptitude and financial resources to develop and operate the Franchised Restaurants.

(4) The proposed transferee's Development Principal must satisfactorily complete Franchisor's multi-unit training program and any other required training programs required by Franchisor;

(5) Developer shall pay to Franchisor a nonrefundable transfer fee in the amount equal to fifty percent (50%) of Franchisor's then-current development fee multiplied by the number of Franchised Restaurants that remain to be developed under the Development Schedule or such greater amount as is necessary to reimburse Franchisor's reasonable expenses associated with reviewing the application for Transfer including legal and accounting fees. If the transaction involves one or more Franchise Agreements for Grimaldi's Restaurants in addition to this Agreement, the transferor must also pay the transfer fee specified in those agreements in the transaction;

(6) The debt service shall not be so high, in Franchisor's reasonable judgment, as to jeopardize the ability of the proposed transferee to develop, maintain, operate and promote the Franchised Restaurants and meet financial obligations to Franchisor, third party suppliers and creditors. Franchisor's decision with respect to a proposed Transfer shall not create any liability on Franchisor's part: (a) to the proposed transferee, if Franchisor approves the Transfer and the transferee experiences financial difficulties; or (b) to Developer or the proposed transferee, if Franchisor disapproves the Transfer pursuant to this Section 10. Franchisor, without any liability to Developer or the proposed transferee, has the right,

in its sole discretion, to communicate with and counsel Developer and the proposed transferee regarding any aspect of the proposed Transfer;

(7) If Developer (or any of Developer's Principal Owners or affiliates, if applicable) finances any part of the purchase price, Developer and/or Developer's Principal Owners or affiliates must agree that all obligations of the proposed transferee to Developer (and/or Developer's Principal Owners or affiliates, as applicable) under promissory notes, agreements, and security interests reserved by Developer (and/or Developer's owners or affiliates, as applicable) in the assets transferred will be subordinate to the proposed transferee's obligations to pay all amounts due to Franchisor and Franchisor's affiliates and to comply otherwise with this Agreement or any Development Agreement signed by Franchisor and the proposed transferee;

(8) The transferee must sign Franchisor's then-current form of Grimaldi's Restaurant Area Development Agreement incorporating that portion of the Development Schedule for the Franchised Restaurants remaining to be developed under this Agreement and with a term ending on the expiration date of the Development Term and the transferee's owners must guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

(9) Developer, all Principal Owners, and all guarantors of Developer's obligations must execute a general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates;

(10) Developer and all Principal Owners must sign a non-competition covenant, in form and substance satisfactory to Franchisor, agreeing to abide by the post-termination covenants set forth in Section 11.B; and

(11) Developer and all Principal Owners must sign such other documents and do such other things as Franchisor may reasonably require to protect Franchisor's rights under this Agreement.

C. Effect of Franchisor's Consent. Franchisor's consent to a Transfer does not constitute: (1) a representation as to the fairness of the terms of any agreement or arrangement between Developer or Developer's Principal Owners and the transferee or the prospects of the transferee's success in developing and operating the Franchised Restaurants; or (2) a release of Developer and Developer's Principal Owners, a waiver of any claims against Developer or Developer's Principal Owners or a waiver of Franchisor's right to demand the transferee's compliance with this Agreement. Franchisor's consent to any Transfer shall apply only to the specific Transfer being proposed and shall not constitute consent to, or have any bearing on, any other proposed Transfer. Franchisor's consent to a Transfer will not create any liability on Franchisor's part to the transferee, if the transferee experiences financial difficulties, and Franchisor's refusal to consent to a Transfer will not create any liability on Franchisor's part to Developer, Developer's Principal Owners, or the transferee, if Franchisor's refusal is pursuant to this Section 10. Franchisor, without incurring any liability to Developer or the transferee, have the right, in Franchisor's sole discretion, to communicate with, and counsel, Developer (and Developer's Principal Owners), the transferee (and its owners) and either party's representatives regarding any proposed Transfer.

D. Transfer Upon Death or Incapacity or Bankruptcy. If any of Developer's Principal Owners dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Franchisor in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 10, as applicable; however, Developer will not be required to pay a transfer fee. For purposes of this Section 10.D, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 10.B, the executor may transfer the decedent's interest to another successor that Franchisor has approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under

this Section 10.D within six (6) months after the date of death or appointment of a personal representative or trustee, Franchisor can terminate this Agreement.

E. Transfers for Convenience of Ownership. Neither Franchisor's right of first refusal described in Section 10.H nor Franchisor's right to collect a transfer fee shall apply to any Transfer of this Agreement by an individual, a group of individuals or a partnership comprised solely of individuals to a corporation (or limited liability company) formed for the convenience of ownership. Franchisor's approval of such a Transfer also will be conditioned on the following: **(1)** the corporation (or limited liability company) must be newly organized; **(2)** prior to the Transfer, Developer must provide Franchisor with a copy of the documents specified in Section 8.B and the transferee shall comply with the remaining provisions of Section 8; and **(3)** each owner shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

F. Offerings by Developer. If Developer and/or its affiliates only operate Grimaldi's Restaurants, Developer and/or its affiliates may not sell any securities or partnership interests in Developer and/or its affiliates by private placement or public offering. If Developer and/or its affiliates operate multiple brands and the number of outlets owned and operated by Developer and/or its affiliates in each of the other brands exceed the number of Grimaldi's Restaurants owned, operated, and under development (including any development options under this Agreement or another Grimaldi's Restaurant Development Agreement) by Developer and/or its affiliates, then securities or partnership interests in Developer and/or its affiliates may be sold by private placement or public offering only with Franchisor's prior written consent (whether or not Franchisor's consent is required under any other provision of this Agreement). In addition to the requirements of Section 10.B, prior to the time that any public offering or private placement of securities or partnership interests in Developer and/or its affiliates is made available to potential investors, Developer, at Developer's expense, shall deliver to Franchisor a copy of the offering documents. Developer, at Developer's expense, also shall deliver to Franchisor an opinion of Developer's legal counsel and an opinion of one other legal counsel selected by Franchisor (both of which shall be addressed to Franchisor and in a form acceptable to Franchisor) that the offering documents properly use the Marks and accurately describe Developer's relationship with Franchisor and/or Franchisor's affiliates. Developer must pay the greater of Ten Thousand Dollars (\$10,000) or Franchisor's higher costs to review Developer's public offering documents. The indemnification provisions of Section 15 also shall include any losses or expenses incurred by Franchisor and/or Franchisor's affiliates in connection with any statements made by or on behalf of Developer and/or its affiliates in any public offering or private placement of such securities. On an annual basis, Developer must reimburse Franchisor for Franchisor's expenses associated with providing information that Developer and/or its affiliates request for their reporting documents.

G. Changes in Ownership of Voting Securities. If Developer was a publicly held entity as of the Effective Date, Section 10.B shall be applicable to Transfers of ownership interests in Developer only if the proposed Transfer would result in: **(1)** fifty percent (50%) or more of Developer's voting securities being held by different shareholders than as of the Effective Date; or **(2)** any change in ownership of Developer's voting securities whereby any existing shareholder acquires an additional ten percent (10%) or more of Developer's voting securities.

H. Franchisor's Right of First Refusal

(1) If Developer or any of Developer's Principal Owners desire to undertake a Transfer for legal consideration (other than a Transfer to an immediate family member of one of Developer's Principal Owners), Developer or such Principal must obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer, including price and payment terms. If the offeror proposes to buy any other property or rights from Developer or any of Developer's Principal Owners or affiliates (other than rights under this Agreement and the applicable Franchise Agreements) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to Franchisor. In addition, upon Franchisor's request, Developer must also provide to Franchisor copies of all materials and information provided to the potential purchaser.

(2) Franchisor and its designees have the right, exercisable by notice delivered to Developer or Developer's Principal Owners within thirty (30) days after Franchisor's receipt of a complete and accurate copy of such offer, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: **(a)** Franchisor may substitute cash for any form of payment proposed in such offer; **(b)** Franchisor's credit shall be deemed equal to the credit of any proposed purchaser; **(c)** Franchisor shall not be obligated to pay any finder's or broker's fees; and **(d)** Franchisor will have not less than sixty (60) days from the date Franchisor exercises the right to close on the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the proposed transaction. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate, and Developer and Developer's Principal Owners must cooperate fully with Franchisor. If the parties can't agree on the reasonable equivalent of cash of the non-cash part of the offer received by Developer, the amount shall be determined by three (3) professionally certified appraisers; one (1) appraiser shall be selected by each party and the third by the first two (2) appraisers. The average value set by the appraisers (whether two (2) or three (3) appraisers as the case may be) shall be conclusive and Franchisor may exercise Franchisor's right of first refusal within thirty (30) days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) If Franchisor exercises Franchisor's right of first refusal, Franchisor is entitled to set off any monies owed by Developer to Franchisor and purchase such interest, subject to all representations, warranties, closing documents and indemnities as Franchisor reasonably may require, provided that, if Franchisor exercises Franchisor's option as a result of a written offer reflected in a fully negotiated, definitive agreement with the proposed purchaser, Franchisor will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on Developer's rights and obligations under the definitive agreement.

(4) Franchisor's failure to exercise Franchisor's right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 10 with respect to a proposed Transfer. If Franchisor does not exercise Franchisor's right of first refusal, Developer or Developer's Principal Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's consent to the Transfer as provided in Section 10.B, provided that if the sale to such offeror is not completed within sixty (60) days after receipt of Franchisor's notice of Franchisor's decision not to exercise Franchisor's right of first refusal, or if there is a material change in the terms of the offer, Developer must promptly notify Franchisor, and Franchisor will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) day period following Developer's notification of the expiration of the sixty (60) day period or the material change to the terms of the offer.

11. COVENANTS

A. Confidentiality

(1) Developer acknowledges and agrees that: **(a)** Franchisor owns all right, title and interest in and to the System; **(b)** the System consists of trade secrets and confidential and proprietary information and know-how that gives Franchisor and its affiliates a competitive advantage; **(c)** Franchisor and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to Developer regarding the System is disclosed in confidence; **(e)** Developer has no right to disclose any part of the System to anyone who is not an employee of Developer; **(f)** Developer will disclose to its employees only those parts of the System that an employee needs to know; **(g)** Developer will have a system in place to ensure its employees keep confidential Franchisor's trade secrets and confidential and proprietary information with such obligations of confidentiality surviving the termination of employment, and, if requested by Franchisor, Developer shall obtain from those of its employees designated by Franchisor an executed Confidentiality Agreement or Non-Disclosure and Non-Competition Agreement in substantially the form attached to this Agreement as

Exhibit D; **(h)** Developer will not acquire any interest in the System; and **(i)** Developer's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Developer shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, techniques and other data that Franchisor or its affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

B. Restrictive Covenants

(1) Developer acknowledges and agrees that: **(a)** pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and confidential information from Franchisor and Franchisor's affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience established by Franchisor and acquired by Developer under this Agreement are of substantial and material value; **(c)** in developing the System, Franchisor and Franchisor's affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** Franchisor would be unable to adequately protect the System and Franchisor's trade secrets and confidential information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Grimaldi's Restaurants if franchisees were permitted to hold interests in Competing Businesses (as defined in Section 11.B.(2)(b)); and **(e)** restrictions on Developer's right to hold interests in, or perform services for, Competing Businesses will not unreasonably or unnecessarily hinder Developer's activities.

(2) Accordingly, Developer covenants and agrees that during the Development Term, and for a continuous period of two (2) years following the expiration, termination or Transfer of this Agreement, Developer shall not, directly, indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity or in any manner whatsoever:

(a) Divert or attempt to divert any actual or potential business or customer of any Grimaldi's Restaurant to any competitor by direct or indirect inducement or otherwise; or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System;

(b) Own, maintain, develop, operate, engage in, franchise or license, make loans to, or have any interest in or render services or give advice to any "**Competing Business**," which is defined as: **(i)** any pizza restaurant or pizzeria, including, but not limited to, full-service, mid-scale, fast-casual, and delivery concepts; **(ii)** any restaurant concept and/or operation where pizza comprises twenty-five percent (25%) or more of the concept's/operation's food menu offerings; or **(iii)** any business where fifteen percent (15%) or more of the sales generated by such business is generated from the sale of pizza.

(3) During the Development Term, there is no geographical limitation on these restrictions. For a two (2) year period following the Transfer, expiration or earlier termination of this Agreement, these restrictions shall apply within the Development Area, within ten (10) miles of the border of the Development Area, and within a ten (10) mile radius from the front door of any then-existing Grimaldi's Restaurant operating under the System, except as otherwise approved in writing by Franchisor. This restrictive covenant shall not apply to: **(a)** Developer's business operations in existence as of the Effective Date if Franchisor has provided a waiver as identified in Exhibit A; **(b)** other Grimaldi's Restaurant's operated by Developer and its affiliates; and **(c)** the legal or beneficial ownership of less than ten percent (10%) of the outstanding equity securities of any publicly held corporation if such interest is owned for investment only and not as an officer, director, employee or consultant of such publicly-held company. If any part of these restrictions is found to be unreasonable in time or distance, each measure of time or distance

may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two (2) year period following Transfer, expiration or earlier termination of this Agreement, Developer fails to comply with its obligations under this Section 11.B.(3), that period of noncompliance will not be credited toward Developer's satisfaction of the two (2) year obligation.

C. Modification. Franchisor shall have the right, in Franchisor's sole discretion, to reduce the scope of any covenant in this Section 11 effective immediately upon Developer's receipt of written notice, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.

D. Execution of Covenants by Third Parties. At Franchisor's request, Developer shall require and obtain the execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of an individual's relationship with Developer) from Developer's Principal Owners and Development Principal. Every covenant required by this section shall be in a form satisfactory to Franchisor, including specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Franchisor's current form of Non-Disclosure and Non-Competition Agreement is attached as Exhibit D. Failure by Developer to obtain execution of a covenant required by this Section 11.D shall constitute a material breach of this Agreement.

E. Applicability. The restrictions contained in this Section 11 shall apply to Developer and all guarantors of Developer's obligations. With respect to Developer's guarantors, these restrictions shall apply for a two (2) year period after the earlier of (1) the expiration, termination or Transfer of this Agreement; or (2) the date any guarantor ceases to be Developer's Principal Owner. The existence of any claim that Developer or any of Developer's guarantors may have against Franchisor or Franchisor's affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11. The preceding sentence, however, does not constitute a waiver of any such claim..

F. Developer's Development of System Improvements. All products, menu items, services, concepts, methods, techniques, and/or new information relevant to Developer's development and operation of the Franchised Restaurants (together, "**Innovations**"), whether or not constituting protectable intellectual property, that Developer or its employees create, or that are created on Developer's behalf, must be promptly disclosed to Franchisor. All such Innovations will be deemed to be Franchisor's sole and exclusive property and works made-for-hire for Franchisor. Developer and each of its owners agree to: (1) sign the assignment and/or other documents Franchisor requests in order to implement this clause in order to evidence Franchisor's ownership; (2) cause Developer's employees and contractors to sign such assignment documents as Franchisor may request for this purpose; and (3) assist Franchisor in securing intellectual property rights in such Innovations.

G. Survival. The terms of this Section 11 shall survive the termination, expiration, or any Transfer of this Agreement. The parties agree this Section 11 shall be construed as independent of any other provision of this Agreement.

12. DEFAULT AND TERMINATION

A. Material Obligations. Developer acknowledges and agrees that each obligation described in this Agreement is a material and essential obligation of Developer's; that nonperformance of any such obligation will adversely and substantially affect Franchisor and the System; and that Franchisor's exercise of any of the rights and remedies set forth in this Section 12 are appropriate and reasonable.

B. Automatic Termination. Developer shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if: (1) Developer shall become insolvent or make a general assignment for the benefit of creditors; or (2) a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer; or (3) Developer is adjudicated as bankrupt or insolvent; or (4) a bill in equity or other proceeding for the

appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or **(5)** a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or **(6)** proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or **(7)** a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless unappealed or a supersedeas bond is filed); or **(8)** Developer is dissolved; or **(9)** execution is levied against Developer's business or property.

C. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, Franchisor may terminate this Agreement, and the rights granted to Developer by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to comply with any Site Approval Deadline or Opening Deadline in the Development Schedule or fails to have open and operating the number of Franchised Restaurants required by the Development Schedule;

(2) Developer defaults on the terms of any indebtedness that results in the acceleration of the indebtedness with an outstanding principal amount of One Hundred Thousand Dollars (\$100,000) or more;

(3) There is a governmental action against Developer that, in Franchisor's sole discretion, would adversely impact Developer or the System; or continuation of the business relationship between the parties would cause Franchisor to be in violation of any federal, state or local laws or regulations;

(4) There is a material breach by Developer of any covenant or obligation under Section 11;

(5) Any Transfer that requires Franchisor's prior written consent occurs without Developer having obtained that prior written consent;

(6) Franchisor discovers that Developer made a material misrepresentation in or omitted a material fact from the information that Developer provided to Franchisor in connection with Franchisor's decision to enter into this Agreement;

(7) Developer knowingly falsifies any report required to be furnished Franchisor, makes any material misrepresentation in Developer's dealings with Franchisor, or fails to disclose any material facts to Franchisor;

(8) There is a material breach by Developer of any representation or warranty set forth in Section 23.E.;

(9) Any assets, property, or interests of Developer's or Developer's Principal Owners are blocked under any law, ordinance, or regulation relating to terrorist activities, or Developer or any Principal violate any such law, ordinance or regulation;

(10) Developer, Developer's Development Principal, or any of Developer's Principal Owners are convicted of, or plead no contest to, a felony charge, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in Franchisor's sole opinion, to adversely affect Franchisor, Franchisor's affiliates or the System;

(11) Developer, Developer's Development Principal or any of Developer's Principal Owners **(a)** materially misuse or make unauthorized use of the Marks or trade dress, **(b)** commit any act or take any action that impairs the goodwill of the Marks, **(c)** use Franchisor's trade dress or other proprietary

System knowledge at any location owned or operated by Developer or Developer's Principal Owners that is not a franchised Grimaldi's Restaurant; or **(d)** fail to cure any breach or default under this Agreement that materially impairs or can be expected to impair the goodwill associated with the Marks.

(12) Developer interferes with Franchisor's relations with third parties and Franchisor's ability to operate, and/or grant franchises under, the System;

(13) Developer fails to pay a financial obligation owed to Franchisor or Franchisor's affiliates, any lender that has provided financing under an arrangement with Franchisor, and any approved vendors and suppliers within five (5) business days of the date on which Franchisor provides notice of delinquency; or

(14) Developer, Developer's affiliates, Developer's Development Principal, or any Principal Owner: **(a)** remain in default beyond the applicable cure period under any other agreement with Franchisor or Franchisor's affiliates (provided that, if the default is not by Developer, Franchisor shall provide to Developer written notice of the default and a fifteen (15) day period to cure the default); **(b)** remain in default beyond the applicable cure period under any real estate lease, equipment lease, financing instrument or supplier contract relating to a Franchised Restaurant; **(c)** fail to pay when due any taxes or assessments relating to the Franchised Restaurants or Developer's employees, unless Developer is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization; or **(d)** Developer repeatedly fails to comply with one or more requirements of this Agreement, regardless of whether Developer has previously cured the default.

D. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 12, this Agreement shall be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

13. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Obligations. Upon termination or expiration of this Agreement:

(1) Developer shall have no further right to develop or open Franchised Restaurants in the Development Area, except that Developer shall be entitled to complete the development of and open a Franchised Restaurant for which a Franchise Agreement has been fully executed and has not been terminated. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Restaurants that were open and operating under valid Franchise Agreements as of the date this Agreement terminated or expired.

(2) The limited exclusive rights granted Developer in the Development Area shall terminate, and Franchisor shall have the right to operate or license others to operate Grimaldi's Restaurants anywhere in the Development Area.

(3) Developer must promptly deliver to Franchisor any printed portions of the Manual and all other proprietary materials, records, correspondence, and instructions in Developer's possession or control, in any medium, that contain confidential information, copyrighted materials, trade secrets, or know-how relating to the System or the operation of a Grimaldi's Restaurant, all of which are acknowledged to be Franchisor's property.

(4) Developer must immediately take such action as may be necessary to cancel any assumed name registration or equivalent registration and any websites, domain names, e-mail addresses, telephone numbers, other electronic identifiers, and devices associated with the Marks or the System and furnish evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement. Developer hereby appoints Franchisor as its attorney-in-fact to

carry out the requirements of this Section 13.A.(4) if Developer fails to do so. Developer must not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of Franchisor or its affiliates.

(5) Developer may not use any reproduction, counterfeit, copy, or colorable imitation of the Marks or any proprietary materials in connection with any other business which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception or to dilute Franchisor's and its affiliates' rights in and to the Marks and such proprietary materials. Developer must not use any designation of origin or description or representation which, in Franchisor's sole discretion, falsely suggests or represents an association or connection with Franchisor.

(6) Developer, its Principal Owners, guarantors and all persons and entities subject to the covenants contained in Section 11 must continue to abide by those covenants and refrain from, directly or indirectly, taking any action that violates those covenants.

(7) Developer must furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by a Principal Owner) satisfactory to Franchisor of Developer's compliance with this Section 13. Developer shall sign all agreements required by Franchisor to effectuate the termination of this Agreement.

B. Survival. The terms of this Section 13 shall survive the termination or expiration of this Agreement. Developer shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 13.

14. RELATIONSHIP OF THE PARTIES

A. Independent Contractors. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer 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. Nothing in this Agreement is intended, nor may anything in this Agreement be construed, to state or imply that Franchisor is the employer of Developer's employees and/or independent contractors.

B. Identification as Independent Contractor. At all times during the Development Term, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

C. No Agency. It is understood and agreed that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Developer in its development of the Franchised Restaurants or for any claim or judgment arising therefrom against Developer or Franchisor.

15. INDEMNIFICATION

A. Obligation To Indemnify

(1) Developer and Developer's Principal Owners agree to defend, indemnify and hold harmless, Franchisor and Franchisor's parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third

party and directly or indirectly arising out of Developer's development and operation of the Franchised Restaurants, Developer's conduct of business under this Agreement, Developer's breach of this Agreement, or Developer's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Developer's acts or omissions relating to Developer's employees. Franchisor will promptly notify Developer of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release Developer from Developer's indemnification obligations under this section except to the extent Developer is actually and materially prejudiced by such failure.

(2) Developer will have the right, upon written notice delivered to the Indemnified Party (with a copy to Franchisor) within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If: (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Developer and, in the reasonable opinion of the Indemnified Party, Developer's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Developer's interests; (b) Developer does not assume responsibility for such Losses in a timely manner; or (c) Developer fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and Developer will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Developer, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

(3) Developer or the Indemnified Party (as the case may be) will keep Developer or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. Developer will not, without the prior written consent of the Indemnified Party: (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives; or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Developer. No claim which is being defended in good faith by Developer in accordance with the terms of this section will be settled by the Indemnified Party without Developer's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, Developer agrees that Franchisor will have the exclusive right to assume the defense of such claim, at Developer's expense with counsel selected by Franchisor, but reasonably satisfactory to Developer.

(4) Developer has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

B. Losses. For purposes of this Section 15, "Losses" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of threatened or actual litigation, federal or state agency investigations or legal proceedings, arbitration, and alternative dispute resolution.

C. Survival. Developer's obligations in this Section 15 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Developer under this Section 15. Developer agrees that a failure to pursue

a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Developer under this Section 15.

16. APPROVALS, NO WARRANTIES AND WAIVERS

A. Approvals. Whenever this Agreement requires Franchisor's prior approval or consent, Developer shall make a timely written request to Franchisor therefor, and any approval or consent received, in order to be effective and binding upon Franchisor, must be obtained in writing and be signed by one of Franchisor's authorized officers.

B. No Warranties. Franchisor makes no warranties or guarantees upon which Developer may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement and assumes no liability or obligation to Developer therefor, or by reason of any neglect, delay, or denial of any request therefor. Franchisor shall not, by virtue of any approvals, advice or services provided to Developer, assume responsibility or liability to Developer or to any third parties to which Franchisor would not otherwise be subject.

C. Waivers. No failure by Franchisor to exercise any power reserved to Franchisor by this Agreement or to insist upon strict compliance by Developer with respect to any obligation or condition under this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, shall constitute a waiver of Franchisor's right to demand exact compliance with any term of this Agreement. Franchisor's waiver of any particular default by Developer shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission by Franchisor in exercising any power or right arising out of any breach or default by Developer of any term, provision or covenant of this Agreement affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Franchisor's subsequent acceptance of any payments due to Franchisor under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any term, covenant or condition of this Agreement.

17. NOTICES

All notices pursuant to this Agreement must be in writing and delivered in person or sent by personal delivery, by next day delivery service, by electronic means, or by certified mail to the respective parties at the addresses shown on the signature page of this Agreement (unless and until a different address has been designated by written notice to the other party). Any notices sent by personal delivery, next day delivery service or by electronic means shall be deemed given on the next business day after transmittal. Any notices sent by certified mail shall be deemed given on the third business day after the date of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days prior written notice of such change to the other party. Franchisor may provide Developer with routine information, invoices, updates to the Manual, System standards and other System requirements and programs, including any modifications thereto, by regular mail or by e-mail, or by making such information available to Developer on the internet, an extranet, or other electronic means.

18. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "**Force Majeure**" means any natural disaster, strike, lock out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected

thereby. Developer's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

19. ENTIRE AGREEMENT

The parties acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning Developer's rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Subject to Franchisor's right to modify the Manual, the System standards and the System, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in the Franchise Disclosure Document provided to Developer.

20. DISPUTE RESOLUTION

A. Submission to Mediation. Except as provided with respect to injunctive relief as provided for in Section 20.G, either party may submit any claim, controversy, or dispute arising out of this Agreement to non-binding mediation under the Commercial Mediation Rules administered by the American Arbitration Association. The parties will not be required to pursue mediation of any claim, controversy, or dispute as a prerequisite to filing a lawsuit or commencing other legal proceedings and the initiation of a mediation proceeding will not cause any legal proceedings to be stayed pending the outcome of the mediation. Once either party has submitted a dispute to mediation, the obligation to attend will be binding on both parties. Both parties must sign a confidentiality agreement before participating in any mediation proceeding. The mediation will take place in the city where Franchisor's principal offices are located at the time the demand for mediation is filed.

B. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the state of Arizona, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Arizona choice-of-law rules); provided, however, that if the covenants in Section 11 of this Agreement would not be enforceable under the laws of the state of Arizona, and the Development Area is located outside the state of Arizona, then such covenants shall be interpreted and construed under the laws of the state in which the Development Area is located. Nothing in this Section 20.B is intended by the parties to subject this Agreement to any franchise, business opportunity, consumer protection, or similar law, rule, or regulation of the state of Arizona to which this Agreement would not otherwise be subject.

C. Venue and Jurisdiction. Any legal proceeding involving any dispute between the parties must take place exclusively and solely in the federal district court covering the location at which Franchisor has its principal place of business at the time the action is commenced; provided, however, that if the federal district court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Developer) and may (with respect to actions commenced by Franchisor) be brought in the state court within the judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision and agree to submit themselves to the jurisdiction of the court selected pursuant to this provision.

D. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and

travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding.

E. Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

F. WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIALS. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY. IN ADDITION, THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO PARTICIPATE IN, ANY CLASS, REPRESENTATIVE OR COLLECTIVE ACTION MATTERS, AS A CLASS REPRESENTATIVE, CLASS MEMBER OR AN OPT-IN PARTY, ACT AS A PRIVATE ATTORNEY GENERAL, OR JOIN OR CONSOLIDATE CLAIMS WITH CLAIMS OF ANY OTHER PERSON OR ENTITY, AGAINST THE OTHER PARTY HERETO. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.

G. Injunctive Relief. Developer recognizes that Developer's failure to comply with the terms of this Agreement, including, but not limited to, the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to Franchisor, Franchisor's affiliates and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, notwithstanding the choice of venue in Section 20.C above, Franchisor shall be entitled to seek injunctive relief (both preliminary and permanent) in any court of competent jurisdiction restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Franchisor shall be in addition to, and not in lieu of, all remedies and rights that Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

21. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Developer and Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement, all of which will remain binding on the parties and continue to be given full force and effect.

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

C. Franchisor's Discretion. Whenever Franchisor has expressly reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make such decision or exercise Franchisor's right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests. This also applies if Franchisor is deemed to have a right and/or discretion. Franchisor's judgment of what is in the best interests of the System, at

the time Franchisor's decision is made or Franchisor's right or discretion is exercised, can be made without regard to whether: **(1)** other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by Franchisor; **(2)** Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; **(3)** Franchisor's decision or the action taken applies differently to Developer and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or **(4)** Franchisor's decision or the action taken is adverse to Developer's interests. Franchisor will have no liability to Developer for any such decision or action. The parties intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Developer agrees that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's rights and obligations under this Agreement.

D. Survival of Provisions. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

E. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

22. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. 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 of this Agreement.

C. Counterparts. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax or scanned PDF, and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

D. References. Each reference in this Agreement to a corporation or partnership also shall be deemed to refer to a limited liability company and any other entity or organization similar thereto if applicable. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto if applicable.

E. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a national holiday, the period automatically shall be extended to the next day that is not a national holiday.

23. REPRESENTATIONS

A. Franchisor's Agreements with Third Parties. Franchisor has entered, and will continue to enter, into agreements with other franchisees to develop and operate Grimaldi's Restaurants. The manner in which Franchisor enforce Franchisor's rights and the franchisees' obligations under any of those other agreements shall not affect Franchisor's ability to enforce Franchisor's rights or Developer's obligations under this Agreement.

B. System Modifications. Franchisor may change or modify the System, from time to time, including the Manual, and Developer will be required to make such expenditures as such changes or modifications in the System may require.

C. Representations and Warranties

(1) Developer represents, acknowledges and warrants to Franchisor (and Developer agrees that these representations, acknowledgments and warranties shall survive the termination or expiration of this Agreement) that: (1) neither Developer nor any of its Principal Owners have made any untrue statement of any material fact nor omitted to state any material fact in its and their franchise application and other documents and information submitted to Franchisor, or in obtaining the rights granted herein; (2) neither Developer nor any of its Principal Owners have any direct or indirect legal or beneficial interest in any business that may be deemed a Competing Business, except as otherwise completely and accurately disclosed in its franchise application materials; (3) Developer and its Principal Owners have a legal right to develop and operate the Franchised Restaurants; and (4) neither Developer nor its Principal Owners (a) have been designated as suspected terrorists under U.S. Executive Order 13244; (b) are identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control; (c) have violated and will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, the Foreign Corrupt Practices Act, or any similar law. Developer recognizes that Franchisor entered into this Agreement with Developer in reliance on all of the statements Developer and its Principal Owners have made in connection therewith, and that Developer has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the franchise application.

(2) All information that Developer provided to Franchisor in connection with Developer’s franchise application and Franchisor’s grant of this Franchise is truthful, complete and accurate.

(3) The persons signing this Agreement on Developer’s behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. Developer’s execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Developer or any Principal Owner is a party.

D. No Actual or Apparent Authority. Even though this Agreement contains provisions requiring Developer to develop and operate the Franchised Restaurants in compliance with the System: (1) Franchisor and Franchisor’s affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of Developer’s business or employment decisions; and (2) the parties do not intend for Franchisor or Franchisor’s affiliates to incur any liability in connection with or arising from any aspect of the System or Developer’s use of the System, whether or not in accordance with the requirements of the Manual, except with respect to any liability arising from Franchisor’s gross negligence or willful misconduct.

E. Limited Exclusivity. Developer understands that there are certain limitations to Developer’s exclusive rights in the Development Area during the term of this Agreement and that, following termination or expiration of the term of this Agreement, Franchisor may develop and operate, and license others to develop and operate, restaurants identified in whole or in part by the name and mark “Grimaldi’s Restaurant” at any location in the Development Area.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the Effective Date.

CBOP Domestic, Inc.
an Arizona corporation
Franchisor

a _____
Developer

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address for Notices:

Address for Notices:

15005 N. Northsight Blvd.
Scottsdale, AZ 85260
Attn: Legal Department

Attn: _____

**EXHIBIT A TO THE
GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT**

DEVELOPMENT INFORMATION

1. **Development Area (Section 1.A.(1)):** _____

The Development Area may also be depicted on a map and, if so, that map will be attached to this Exhibit A. Developer's rights in the Development Area are subject to the limitations described in Section 2 of the Development Agreement. Any boundaries contained in the description of the Development Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.

2. **Development Schedule (Section 1.A.(1)):** Developer shall develop and continue to operate a minimum of ____ Franchised Restaurants in the Development Area, in accordance with the following schedule:

Site Approval Deadline	Opening Deadline	Cumulative Number of Franchised Restaurants To Be Open And Operating On The Opening Deadline

3. **Development Fee (Section 3.B.):** _____

4. **Development Principal (Section 4.B):** Developer's Development Principal as of the Effective Date of this Exhibit A is _____. Developer may not change the Development Principal without Franchisor's prior written approval.

5. **Minimum Insurance Requirements as of the Effective Date (Section 7):**

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Commercial General Liability	\$1M per occurrence/\$2M aggregate
Workers Compensation	\$1M per incident/\$1M each employee/\$1M policy limit
Employment Practices Liability	\$1M per occurrence/\$1M aggregate
Liquor Liability	\$1M per occurrence/\$2M aggregate
Employee Benefits Liability	\$1M per occurrence/\$2M aggregate
Auto Liability (including owned/non-owned/rented/hired)	\$1M per occurrence/\$1 aggregate
Cyber Liability	\$1M per occurrence (including full limits for fines & assessments); \$1M aggregate
Business Interruption/Income	Limit equal to 12 months of sales
Any other coverage required by law	As required by law

TYPE OF INSURANCE POLICY	COVERAGE REQUIREMENTS
Umbrella/Excess coverage over all lines of coverage identified above	\$5M per occurrence/\$5M aggregate

6. Form of Ownership (Section 8.C):

(a) **Individual Proprietorship.** Developer's owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company, or Partnership.** Developer is a _____ incorporated or formed on _____, under the laws of the State of _____. The following is a list, as applicable, of Developer's partners, directors, officers and/or members as of the effective date shown above:

Name	Position(s) Held

(c) The following list includes the full name of each person who is an owner of a legal or beneficial interest in Developer, and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Address	Percentage/Description of Interest

7. Interests in Other Business Operations (Waiver of Non-competition Clause) (Section 11.B.(3)):

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A-1
TO THE GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
DEVELOPMENT AREA MAP

**EXHIBIT B TO THE
GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT**

PERSONAL GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

As an inducement to having CBOP Domestic, Inc. ("**Franchisor**") execute the Grimaldi's Restaurant Area Development Agreement with _____ ("**Developer**") dated as of _____, 20__ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Developer's monetary and other obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Developer under the Agreement and waive any right to require Franchisor to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer; or (d) give notice of demand for payment by Developer. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of financial and other investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be individually bound by all of the covenants contained in the Development Agreement including, but not limited to, Sections 10 (Transfers by Developer), 11 (Covenants) 13 (Obligations on Termination or Expiration) and 15 (Indemnification) of the Agreement, and acknowledge and agree that this Guaranty does not grant the undersigned any right to use the "Grimaldi's" trademarks or operating system licensed to Developer under the Agreement.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

If Franchisor is required to enforce this Guaranty in a judicial proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the obligations and provisions below, each of the undersigned agree that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between

Franchisor and the undersigned, must be commenced in state court in Maricopa County, Arizona or in a federal court in whose district Maricopa County is situated, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts.

Nonetheless, each of the undersigned agree that Franchisor may enforce this Guaranty and any orders and awards in the courts of the state or states in which such undersigned is domiciled.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement. This Guaranty shall be interpreted and construed under the laws of the state of Arizona. In the event of any conflict of law, the laws of the state of Arizona shall prevail (without regard to, and without giving effect to, the application of Arizona conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date noted below.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his/her signature below.

GUARANTORS:

Date: _____

Print Name: _____

Home Address: _____

Date: _____

Print Name: _____

Home Address: _____

**EXHIBIT C TO THE
GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT**

GRIMALDI'S RESTAURANT FORM OF ADDENDUM TO LEASE

THIS ADDENDUM is executed as of this ___ day of _____, _____, by and between _____ (“**Franchisee**”) and _____ (“**Landlord**”), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein, (“**Lease**”) for the premises located at _____, State of _____ (“**Premises**”) dated as of _____, ____.

Franchisee has entered into a Grimaldi's Restaurant Franchise Agreement (“**Franchise Agreement**”) with CBOP Domestic, Inc. (“**Franchisor**”) for the development and operation of a Grimaldi's Restaurant at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its Option to Purchase under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.
4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
5. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.
6. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to a franchisee of Franchisor to operate the Grimaldi's Restaurant at the Premises provided that the following criteria are met: (a) Franchisor has an established franchising program for Grimaldi's Restaurants; and (b) the proposed franchisee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor shall be released from any further liability under the terms and conditions of the Lease.

7. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a Grimaldi's Restaurant. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof.
8. Landlord and Franchisee agrees that if Landlord is an affiliate or an owner of any equity interest in Franchisee, and Landlord proposes to sell the Premises, prior to the sale of the Premises, the Lease upon the request of Franchisor shall be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the Grimaldi's Restaurant is located.
9. Landlord agrees that Franchisee's coal-fired brick oven shall remain the property of Franchisee at all times and shall not be deemed to have attached or been affixed to the Premises. Landlord further agrees that upon termination of the Lease (whether by expiration, default or mutual consent) Franchisee must remove Franchisee's coal-fired oven from the Premises. Notwithstanding anything to the contrary herein, in the event Franchisee fails to remove the coal-fired oven from the Premises within a reasonable period of time following the termination of the Lease, Landlord and Franchisee agree that Franchisor may enter the Premises, upon notice to Landlord, and remove the coal-fired oven from the Premises. Franchisee, at its expense, shall repair any damage caused by the removal of the coal-fired oven, whether such removal was performed by Franchisee or Franchisor.
10. Franchisor, along with its successors and assigns, is an intended third-party beneficiary of the provisions of this Addendum.
11. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 15005 N. Northsight Blvd., Scottsdale, AZ 85260 (Attn: Legal Department), or such other address as Franchisor shall specify by written notice to Landlord.

WITNESS the execution hereof under seal.

LANDLORD:

BY: _____

TITLE: _____

DATE: _____

Subscribed and sworn to before me this
__ day of _____, ____.

Notary Public
My Commission expires: _____

Address for Notices:

Fax:

Attn:

FRANCHISEE:

BY: _____

TITLE: _____

DATE: _____

Subscribed and sworn to before me this
__ day of _____, ____.

Notary Public
My Commission expires: _____

Address for Notices:

Fax:

Attn:

**EXHIBIT D TO THE
GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
FORM OF NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

(For key persons associated with franchisees of CBOP Domestic, Inc.)

1. My name is _____. I am associated with _____ (the "Developer") in the following capacity: _____. I reside at _____.

2. I have been advised by the Developer that I must sign this Non-Disclosure and Non-Competition Agreement ("**Agreement**") with the Developer and comply with the obligations described below as a condition of my current association with the Developer, as well as a condition of the Developer's association with CBOP Domestic, Inc. ("**Franchisor**").

3. Because of my association with the Developer, I acknowledge that I currently have received, and/or expect to receive, valuable specialized training and confidential information including, without limitation, information regarding Franchisor's operational, sales, promotional, and marketing methods and techniques and those of a Grimaldi's Restaurant. In order to protect the legitimate business interests of both Franchisor and the Developer, and as condition for my association with the Developer, I agree to the following covenants in order to protect Franchisor, the Developer and other Grimaldi's Restaurants.

a. I will not, during or after my association with the Developer, communicate, divulge, or use for the benefit of anyone else any confidential information, knowledge, or know-how which may be communicated to me or which I may learn about it in the course of my association with the Developer concerning Franchisor's methods of operation or that of a Grimaldi's Restaurant. Any and all matters, information, knowledge, know-how, and techniques which either Franchisor or the Developer designates as confidential shall be deemed confidential for purposes of this Agreement, which information shall include but not be limited to, any and all Grimaldi's Restaurant manuals, recipes and food preparation methods, and marketing, management, and operational plans. All of the forgoing information shall remain confidential unless and until I can demonstrate that the information has become public knowledge.

b. While I am associated with the Developer, I will not, either directly or indirectly, myself or through, on behalf of, or in conjunction with any other person or legal entity, divert or attempt to divert any business or present or prospective customer 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 Grimaldi's Restaurant trademarks or business systems, Franchisor or the Developer.

c. During my association with the Developer, I will not own, maintain, advise, operate, engage in, work in any managerial or supervisory role for, provide advice or assistance to, or have any interest in (as owner or otherwise) any "**Competing Business**", which is defined as: (i) any pizza restaurant or pizzeria, including, but not limited to, full-service, mid-scale, fast-casual, and delivery concepts; (ii) any restaurant concept and/or operation where pizza comprises twenty-five percent (25%) or more of the concept's/operation's food menu offerings; or (iii) any business where fifteen percent (15%) or more of the sales generated by such business is generated from the sale of pizza. During the two (2) year period immediately following the termination of my association with the Developer, the above-described restrictions also shall apply, but only to Competing Businesses located at or within a ten (10) mile radius of the Developer's Grimaldi's Restaurant, or any other then-existing Grimaldi's Restaurant.

4. I understand that this Agreement shall be interpreted in accordance with the laws of the state where the Developer's Grimaldi's Restaurant is located.

5. I understand that Franchisor is a third-party beneficiary of this Agreement and may enforce it solely and/or jointly with the Developer. I am aware that any actions by me in violation of this Agreement will cause both Franchisor and the Developer irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Developer may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay to Franchisor and the Developer all costs it/they incur, including, without limitation, attorneys' fees, if this Agreement is enforced against me.

6. The only way this Agreement can be changed is in writing signed by both me and the Developer.

[INSERT OWNER/EMPLOYEE NAME]:

By: _____

Name: _____

Title: _____

[INSERT DEVELOPER NAME]

By: _____

Name: _____

Title: _____

EXHIBIT D

MANUAL TABLE OF CONTENTS



INTRODUCTION.....5

Welcome Letter.....6

Disclaimer.....7

Confidentiality.....7

Grimaldi’s Culture.....8

Grimaldi’s History.....9

Leadership Team.....10

BACK OF HOUSE OPERATIONS.....14

Food Safety.....15

Food Prep.....25

Walk-In Cooler Setup.....26

Dish.....33

Salad & Dessert Station.....37

Stretch & Topping.....41

Pizza Oven.....57

Expo.....71

FRONT OF HOUSE OPERATIONS.....75

Safety & Security.....76

Responsible Alcohol Service.....83

Menu Knowledge.....89

Hospitality & Guest Service.....97

Host.....103

To Go Attendant.....109

Server Assistant.....111

Server.....115

Bartender.....125

RESTAURANT SAFETY & SECURITY.....132

Restaurant Safety.....133

Suggested Security and Emergency Procedures.....135

Workplace Safety and Security In Your Store.....136



Grimaldi’s Robbery Prevention AND SAFETY PREVENTION..... 140

Crisis Plan 143

PREVENTATIVE MAINTENANCE 148

HVAC Preventative Maintenance..... 149

Quarterly Refrigeration Program..... 150

Monthly Pizza Table Maintenance 151

How to Change the Oven Door..... 154

How To Change The Oven Grate 155

RESTAURANT DESIGN AND BUILD OUT 156

Design Review..... 157

Restaurant Development and Opening..... 158

Building the Oven 159

New Restaurant Opening Countdown Checklist..... 161

TRAINING 163

Training Requirements 164

New Restaurant Opening Training 165

HUMAN RESOURCES 167

Interviewing and Hiring Best Practices..... 168

Sample Grimaldi’s Hourly Interview Guide 170

Sample Job Descriptions 176

Sample Position Agreement..... 188

MARKETING 193

Marketing Plan..... 194

Marketing and Advertising 194

Pre-Opening Marketing..... 194

Social Media Advertising Setup 194

Pre-Opening Checklist..... 195

Local Store Marketing Guidelines..... 196

Available Support Tools and Resources 196

Be Our Guest Program 197



Brand Style Guide200

Architectural Branding203

Social Media Guidelines204

Trademark Usage.....205

Marketing and Advertising Costs.....205

COMPLIANCE.....206

Audits207

Franchise Standards and Inspection Reports.....208

EXHIBIT E

FINANCIAL STATEMENTS

CBOP Domestic, Inc.

Financial Statements

December 31, 2023, 2022 and 2021

CBOP Domestic, Inc.

Table of Contents

December 31, 2023, 2022 and 2021

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Balance Sheets	3
Statements of Operations and Changes in Stockholder's Deficit	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Independent Auditors' Report

To the Stockholder
CBOP Domestic, Inc.

Opinion

We have audited the accompanying financial statements of CBOP Domestic, Inc. (an Arizona S-Corporation), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of operations and changes in stockholder's deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CBOP Domestic, Inc. as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Baker Tilly US, LLP

Tempe, Arizona
February 23, 2024

CBOP Domestic, Inc.

Balance Sheets

December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current Assets			
Cash	\$ 411,479	\$ 225,916	\$ 300,113
Accounts receivable	3,611	3,165	-
Prepaid expenses	21,103	14,146	-
Total assets	<u>\$ 436,193</u>	<u>\$ 243,227</u>	<u>\$ 300,113</u>
Liabilities and Stockholder's Deficit			
Current Liabilities			
Deferred franchise fees, current portion	\$ 15,633	\$ 7,180	\$ 3,947
Total current liabilities	<u>15,633</u>	<u>7,180</u>	<u>3,947</u>
Noncurrent Liabilities			
Due to related party	895,758	918,249	1,062,537
Deferred franchise fees, net of current portion	265,107	139,116	56,053
Total noncurrent liabilities	<u>1,160,865</u>	<u>1,057,365</u>	<u>1,118,590</u>
Total liabilities	<u>1,176,498</u>	<u>1,064,545</u>	<u>1,122,537</u>
Commitments and Contingencies	<u>-</u>	<u>-</u>	<u>-</u>
Stockholder's Deficit			
Common stock, no par value; 1,000,000 shares authorized; 100,000 shares issued and outstanding	100,000	100,000	100,000
Accumulated deficit	(840,305)	(921,318)	(922,424)
Total stockholder's deficit	<u>(740,305)</u>	<u>(821,318)</u>	<u>(822,424)</u>
Total liabilities and stockholder's deficit	<u>\$ 436,193</u>	<u>\$ 243,227</u>	<u>\$ 300,113</u>

See notes to financial statement

CBOP Domestic, Inc.

Statements of Operations and Changes in Stockholder's Deficit

December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues			
Franchise fees	\$ 5,556	\$ 3,704	\$ -
Royalty fees	157,136	134,724	-
Total revenues	<u>162,692</u>	<u>138,428</u>	<u>-</u>
Expenses			
Legal	18,553	14,365	14,321
Management fee	29,905	29,244	174,615
Other operating expenses	33,221	93,713	18,098
Total expenses	<u>81,679</u>	<u>137,322</u>	<u>207,034</u>
Net income (loss)	81,013	1,106	(207,034)
Stockholder's Deficit Beginning	<u>(821,318)</u>	<u>(822,424)</u>	<u>(615,390)</u>
Stockholder's Deficit Ending	<u>\$ (740,305)</u>	<u>\$ (821,318)</u>	<u>\$ (822,424)</u>

See notes to financial statement

CBOP Domestic, Inc.

Statements of Cash Flows

December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities			
Net income (loss)	\$ 81,013	\$ 1,106	\$ (207,034)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in:			
Prepaid expenses	(6,957)	(14,146)	7,490
Accounts receivable	(446)	(3,165)	-
Increase (decrease) in:			
Deferred franchise fees	134,444	86,296	60,000
	<u>208,054</u>	<u>70,091</u>	<u>(139,544)</u>
Net cash provided by (used in) operating activities			
Cash Flows From Financing Activities			
Increase (decrease) in amount due to related party	<u>(22,491)</u>	<u>(144,288)</u>	<u>(460,451)</u>
Net cash provided by (used in) investing activities	<u>(22,491)</u>	<u>(144,288)</u>	<u>(460,451)</u>
Net increase (decrease) in cash	185,563	(74,197)	(599,995)
Cash, Beginning	<u>225,916</u>	<u>300,113</u>	<u>900,108</u>
Cash, Ending	<u>\$ 411,479</u>	<u>\$ 225,916</u>	<u>\$ 300,113</u>

See notes to financial statement

CBOP Domestic, Inc.

Notes to Financial Statements
December 31, 2023, 2022 and 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

CBOP Domestic, Inc. (the Company) was organized on January 11, 2019, for the purpose of developing, managing, operating and selling restaurant franchises throughout the United States. The restaurant franchises focus is on the operation of casual family restaurants serving lunch and dinner that bring an authentic New York pizzeria experience to the consumers all across the country.

The following table summarizes the number of restaurants in operation under franchise agreements and as company-owned:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchised restaurants:			
Restaurants open at beginning of year	1	-	-
Restaurants opened during the year	-	1	-
Restaurants closed during the year	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>
Total restaurants as of the end of year	<u>1</u>	<u>1</u>	<u>-</u>
Franchised restaurants sold but not yet operational	<u>3</u>	<u>2</u>	<u>-</u>

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity date of three months or less at date of acquisition to be cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from franchisees for royalty fees. Generally, royalty fees are paid by the franchisee the week subsequent to when they are earned. The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determines that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, and changes in the terms of receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment. Such forecasted information includes: GDP growth, unemployment rates and interest rates amongst others. The Company determined that an allowance for doubtful accounts was not necessary as of December 31, 2023.

Revenue Recognition

The Company will generate revenues through franchise fees, royalty fees and brand fund fees.

Franchise Fees

The Company will require the entire franchise fee to be paid upon execution of the franchise agreement. Generally, the Company will enter into franchise agreements with initial terms of ten years. The Company will charge franchisees three types of flat fees: initial, transfer and renewal.

Initial franchisee fees for restaurants will be \$50,000. The franchise agreement requires the Company to provide various services throughout the term of the agreement including training and ongoing operational support. These services are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Recognition of franchise fees are deferred until the restaurant opening and then recognized over the term of the franchise agreement.

Transfer fees will be paid as consideration for the same rights and services as the initial fee and occur when a former franchisee transfers ownership of their location to a new franchisee. Transfer fees are recognized over the remaining life of the transferred franchise agreement.

The renewal fee will be charged to existing franchisees upon renewal of the franchise agreement. This fee is similar to, but typically less than, the initial fee and is recognized over the term of the franchise renewal agreement.

Royalty Fees

Once a franchisee is opened, the Company will collect a royalty fee, as stipulated in the franchise agreement, equal to 6% of weekly net revenues. Royalties are sales-based, relate to the Company's performance obligation under the franchise agreement and are recognized as franchisee level sales occur.

Brand Fund Fees

Once a franchisee is opened, the Company will collect a brand fund fee, as stipulated in the franchise agreement equal to 2% of net revenues. The brand fund fees support research, development and support costs and are used to develop and promote the brand name for marketing promotions. Brand fund fees are sales-based, relate to the Company's performance obligation under the franchise agreement and are recognized as revenue as franchisee level sales occur. The Company has not yet established the brand fund; therefore, the franchisees are not required to contribute to the brand fund until it has been established.

CBOP Domestic, Inc.

Notes to Financial Statements
December 31, 2023, 2022 and 2021

Contract Balances

The contract balances from contracts with customers consist of the following as of December 31:

	2023	2022	2021	2020
Accounts receivable	\$ 3,611	\$ 3,165	\$ -	\$ -
Deferred franchise fees	280,740	146,296	60,000	-

Income Taxes

The Company has elected to be treated as an S-Corporation 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 stockholder on the stockholder's respective income tax returns. The Company's tax status as a pass-through entity is based on an election of the stockholder. S-Corporations can potentially have federal income taxes at the corporate level due to either violation of the S-Corporation rules or built-in gains. State income taxes could also be possible based on the particular elections and filings in each applicable state. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Reclassification

Certain reclassifications have been made to the 2022 financial statement presentation to correspond with the current year's format. Total assets, liabilities, stockholder's deficit and net income are unchanged due to these reclassifications.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 23, 2024, the date the financial statements were available to be issued.

Adoption of New Accounting Standard

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

On January 1, 2023, the Company adopted the ASU prospectively. There was no adjustment to retained earnings upon adoption.

CBOP Domestic, Inc.

Notes to Financial Statements
December 31, 2023, 2022 and 2021

2. Concentrations of Credit Risk

Financial instruments that subject the Company to potential concentrations of credit risk consist principally of cash. The Company maintains its cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

3. Related Parties

Coal Brick Oven Pizzeria, Inc. (CBOP), a commonly owned related party company, granted the Company a license and sublicense for the use of the Grimaldi's restaurants distinctive format, appearance and operating procedures (System). No amounts were paid under these license agreements.

CBOP entered into a management agreement with the Company to provide management services, which will equal 5% of the Company's gross revenues and an allocation of payroll expense for CBOP employees spending part of their time working for the Company. The management fee expense was \$29,905, \$29,244 and \$174,615 for the years ended December 31, 2023, 2022 and 2021, respectively. For 2021, this amount was only for the allocation of payroll expense as there were no revenues prior to 2022.

CBOP has also paid for expenses on behalf of the Company. This has resulted in the noncurrent liability, due to related party, in the amount of \$895,758, \$918,249 and \$1,062,537 for the years ended December 31, 2023, 2022 and 2021, respectively.

JMC Restaurant Holdings, LLC (JMC), a commonly owned related party company, granted the Company a license and sublicense to the Grimaldi's trademark name and logo to franchisors. No amounts were paid under these license agreements.

EXHIBIT F

LIST OF FRANCHISEES

LIST OF FRANCHISEES

1. LIST OF FRANCHISED RESTAURANTS AS OF DECEMBER 31, 2023

Franchisee	Restaurant Address	City	State	Zip Code	Phone
Alabama Pizza Bros. Inc.*	2724 Carl T Jones Dr. SE	Huntsville	AL	35802	256-679-5451

*Area Developer

2. LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT THE FRANCHISED RESTAURANT IS NOT YET OPEN AS OF DECEMBER 31, 2023

Franchisee	Restaurant Address	City	State	Zip Code	Phone
Hoover Pizza Co LLC	5520 Grove Blvd, Suite A	Hoover	AL	35244	256-672-3535
Ankey Pizza LLC	1450 SW Vintage Parkway	Ankey	IA	50023	515-635-1038
WDM Pizza LLC	5465 Mills Civic Parkway	West Des Moines	IA	50266	515-635-1038

3. LIST OF DEVELOPERS AS OF DECEMBER 31, 2023

Developer	Development Area	Phone
Alabama Pizza Bros. Inc.	Madison, Limestone and Jefferson Counties in Alabama	256-679-5451
DoughTime Pizza Company, LLC	State of Iowa	514-451-7042

4. LIST OF FRANCHISEES THAT TRANSFERRED A FRANCHISE OR HAD A FRANCHISE AGREEMENT TERMINATED OR NOT RENEWED IN 2023 OR WHO HAVE NOT COMMUNICATED WITH US WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS FDD

NONE

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

EXHIBIT G

STATE REQUIRED FDD ADDENDA

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR URL ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

Neither we nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. **Items 5 and 7, Additional Financial Assurances**. The following is added to Items 5 and 7:

Based upon the review of our audited financial statements (attached as Exhibit E) by the California Department of Financial Protection and Innovation, ("Department"), the Department requires us to defer the payment of: (1) the Development Fee for each Grimaldi's Restaurant developed under the Development Agreement until the relevant Grimaldi's Restaurant opens for business; and (2) the Initial Franchise Fee for each Grimaldi's Restaurant until the relevant Grimaldi's Restaurant opens for business. Upon the opening of each Grimaldi's Restaurant that you open under a Development Agreement, you will pay the Development Fee for that Restaurant. Under the opening of each Grimaldi's Restaurant under a Franchise Agreement, you will pay the Initial Franchise Fee when the Grimaldi's Restaurant opens for business.

4. **Item 6, Additional Disclosure**. The following statement is added to Item 6:

The maximum interest rate permitted in California currently is 10% per annum.

5. **Item 17, Additional Disclosures**. The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of the Franchise. If the franchise agreements contain a provision that is inconsistent with the law, the law will control.

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Restaurant. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information

The franchise agreements contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you transfer your franchise or development rights (if applicable) or execute a renewal franchise agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

6. **Item 22, Additional Disclosure**. The following statements are added to Item 22:

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

1. **Item 5, Additional Disclosure**. The following statement is added to Item 5:

In the state of Illinois, we defer the payment of: (1) the Development Fee until the first Grimaldi's Restaurant required to be developed under the Development Agreement opens for business; and (2) the Initial Franchise Fee for each Grimaldi's Restaurant until we have satisfied our pre-opening obligations to you and the relevant Grimaldi's Restaurant opens for business. Upon the opening of the first Grimaldi's Restaurant that you open under a Development Agreement, you will pay the Development Fee. For each Grimaldi's Restaurant you open under a Franchise Agreement, you will pay the Initial Franchise Fee when the Grimaldi's Restaurant opens for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

2. **Item 17, Additional Disclosures**. The following statements are added to Item 17:

Illinois law shall apply to and govern the Franchise Agreement and Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void with respect to any action that is otherwise enforceable in Illinois. However, a franchise agreement may provide for arbitration to take place out of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

3. **Item 22, Additional Disclosures**. The following statements are added to Item 22:

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in

connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MICHIGAN**

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

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

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7717.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK**

1. **State Cover Page.** The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. **Item 3, Additional Disclosure.** The following is added to the end of Item 3:

Except as provided in this Item 3, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge

or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. **Item 4, Additional Disclosure.** The following is added to the end of Item 4:

Except as provided in this Item 4, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. **Item 5: Initial Fees.** The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. **Item 17: Renewal, Termination, Transfer and Dispute Resolution**

A. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

B. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

C. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement and Development Agreement.

D. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In recognition of the requirements of the South Dakota Franchise Investment Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53, and the policies of the South Dakota Division of Securities, the Franchise Disclosure Document for CBOP Domestic, Inc. shall be amended by the addition of the following language:

1. **Item 5, Additional Disclosure**. The following statement is added to Item 5:

The South Dakota Division of Securities has required that, due to our financial condition, we defer the payment of: (1) the Development Fee until the first Grimaldi's Restaurant required to be developed under the Development Agreement opens for business; and (2) the Initial Franchise Fee for each Grimaldi's Restaurant until the relevant Grimaldi's Restaurant opens for business. Upon the opening of the first Grimaldi's Restaurant that you open under a Development Agreement, you will pay the Development Fee. Under the opening of each Grimaldi's Restaurant under a Franchise Agreement, you will pay the Initial Franchise Fee when the Grimaldi's Restaurant opens for business.

This addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53, are met independently without reference to this addendum to the disclosure document.

EXHIBIT H

STATE REQUIRED AGREEMENT ADDENDA

**ADDENDUM TO THE GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
REQUIRED FOR CALIFORNIA DEVELOPERS**

This Addendum to the Grimaldi's Restaurant Area Development Agreement dated _____ ("**Development Agreement**") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("**Franchisor**") and _____, a _____ formed in _____ ("**Developer**") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of California; **(B)** Developer is a resident of the State of California; **(C)** part or all of any Development Area is located in the State of California; and/or **(D)** a Franchised Restaurant will be located or operated in the State of California.

2. The following sentence is added at the end of Section 3.B.:

Notwithstanding the foregoing, in the State of California, Franchisor will defer the payment of the Development Fee for each Franchised Restaurant required to be developed under the Development Agreement until Developer opens that Franchised Restaurant. At that time, Developer shall pay to Franchisor the Development Fee associated with that Franchised Restaurant.

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

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES**

This Addendum to the Grimaldi's Restaurant Franchise Agreement dated _____ ("Franchise Agreement") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("Franchisor") and _____, a _____ formed in _____ ("Franchisee") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of California; **(B)** Franchisee is a resident of the State of California; and/or **(C)** a Franchised Restaurant will be located or operated in the State of California.
2. The following sentence is added at the end of Section 4.A.:

Notwithstanding the foregoing, in the State of California, Franchisor will defer the payment of the Initial Franchise Fee until Franchisee opens the Franchised Restaurant. At that time, Franchisee shall pay to Franchisor the Initial Franchise Fee.
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the Grimaldi's Restaurant Area Development Agreement dated _____ ("**Development Agreement**") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("**Franchisor**") and _____, a _____ formed in _____ ("**Developer**") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Illinois; **(B)** Developer is a resident of the State of Illinois; and/or **(C)** part or all of the Development Area is located in the State of Illinois.
2. The following sentence is added at the end of Section 3.B.:

Notwithstanding the foregoing, in the State of Illinois, Franchisor will defer the payment of the Development Fee until Developer opens its first Franchised Restaurant to be developed under this Agreement. At that time, Developer shall pay to Franchisor the Development Fee. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.
3. Illinois law shall apply to and govern the Development Agreement.
4. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place out of Illinois.
5. Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. In conformance with Section 41 of the Illinois Franchise Disclosure Act any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
9. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

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IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Grimaldi's Restaurant Franchise Agreement dated _____ ("Franchise Agreement") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("Franchisor") and _____, a _____ formed in _____ ("Franchisee") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Illinois; **(B)** Franchisee is a resident of the State Illinois; and/or **(C)** a Franchised Restaurant will be located or operated in the State of Illinois.
2. The following sentence is added at the end of Section 4.A.:

Notwithstanding the foregoing, in the State of Illinois, Franchisor will defer the payment of the Initial Franchise Fee until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee opens the Franchised Restaurant. At that time, Franchisee shall pay to Franchisor the Initial Franchise Fee. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.
3. Illinois law shall apply to and govern the Franchise Agreement.
4. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place out of Illinois.
5. Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. In conformance with Section 41 of the Illinois Franchise Disclosure Act any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK DEVELOPERS**

This Addendum to the Grimaldi's Restaurant Area Development Agreement dated _____ ("**Development Agreement**") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("**Franchisor**") and _____, a _____ formed in _____ ("**Developer**") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of New York; **(B)** Developer is a resident of the State of New York; and/or **(C)** part or all of the Development Area is located in the State of New York.
2. Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 - 695 may not be enforceable.
3. The following sentence is added to Section 9:

Franchisor will not assign Franchisor's rights under this Agreement, except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under this Agreement.
4. The following sentence is added to the end of Section 10.B.(9):

Any provision in this Agreement requiring Developer to sign a general release of claims against Franchisor does not release any claim Developer may have under New York General Business Law, Article 33, Sections 680-695.
5. The following sentence is added to the end of Section 11.A.(1):

Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 20:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
8. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Grimaldi's Restaurant Franchise Agreement dated _____ ("Franchise Agreement") is entered into by and between **CBOP Domestic, Inc., an Arizona corporation ("Franchisor")** and _____, a _____ formed in _____ ("Franchisee") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of New York; **(B)** Franchisee is a resident of the State of New York; and/or **(C)** the Franchised Restaurant will be located in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to the end of Sections 2.B.(9), 4.A. and 16.B.(10):

Any provision in this Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 15:

Franchisor will not assign Franchisor's rights under this Agreement, except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under this Agreement.
5. The following sentence is added to the end of Sections 17.B.(1) and 27.G.:

Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 27.B:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:

CBOP DOMESTIC, INC., an Arizona corporation

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT AREA DEVELOPMENT AGREEMENT
REQUIRED FOR SOUTH DAKOTA DEVELOPERS**

This Addendum to the Grimaldi's Restaurant Area Development Agreement dated _____ ("**Development Agreement**") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("**Franchisor**") and _____, a _____ formed in _____ ("**Developer**") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of South Dakota; **(B)** Developer is a resident of the State of South Dakota; and/or **(C)** part or all of the Development Area is located in the State of South Dakota.

2. The following is added to the end of Section 3.B. of the Development Agreement:

Notwithstanding the foregoing, Franchisor shall defer the payment of the Development Fee until the first Franchised Restaurant that Developer develops under this Agreement opens for business. Upon the opening of the first Franchised Restaurant, Developer shall pay the Development Fee to Franchisor.

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

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:
CBOP DOMESTIC, INC., an Arizona corporation

DEVELOPER:

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

EFFECTIVE DATE: _____

**ADDENDUM TO THE GRIMALDI'S RESTAURANT FRANCHISE AGREEMENT
REQUIRED FOR SOUTH DAKOTA FRANCHISEES**

This Addendum to the Grimaldi's Restaurant Franchise Agreement dated _____ ("Franchise Agreement") is entered into by and between **CBOP Domestic, Inc.**, an Arizona corporation ("Franchisor") and _____, a _____ formed in _____ ("Franchisee") as of the Effective Date (which is the date indicated on the signature page of this Addendum).

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

2. The following sentence is added at the end of Section 4.A. of the Franchise Agreement:

Notwithstanding the foregoing, Franchisor shall defer the payment of the Initial Franchise Fee until the Franchised Restaurant opens for business. Upon the opening of the Franchised Restaurant, Franchisee shall pay the Initial Franchise Fee to Franchisor.

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

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

FRANCHISOR:
CBOP DOMESTIC, INC., an Arizona corporation

FRANCHISEE:

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____
Title: _____

EFFECTIVE DATE: _____

EXHIBIT I

FRANCHISEE DISCLOSURE QUESTIONNAIRE

**FRANCHISEE DISCLOSURE QUESTIONNAIRE
TO BE COMPLETED BEFORE SIGNING A GRIMALDI'S RESTAURANT
AREA DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT**

You are preparing to enter into a Grimaldi's Restaurant Area Development Agreement or Franchise Agreement ("Agreement") with CBOP Domestic, Inc. ("we" "our" or "us"). Please review each of the following questions carefully and provide complete responses to each.

Franchise Applicant _____

1. Have we provided you with a Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates?

Yes ___ No ___

2. Did you sign a Receipt indicating the date on which you received the Franchise Disclosure Document?

Yes ___ No ___

3. Please list any questions you have regarding the franchise opportunity that you would like to discuss prior to signing the Agreement. (Attach additional pages, if necessary.)

4. Please list any information provided to you by any employee or other person speaking on our behalf concerning the sales, revenue, profits, or operating costs of one or more Grimaldi's Restaurant operated by us, our affiliates, or our franchisees or that you may earn or experience that is in addition to the information contained in the Franchise Disclosure Document:

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 California Franchise Investment Law or any other state franchise registration and disclosure law.

FRANCHISE APPLICANT

[Insert name of Franchise Applicant]

By: _____
[Name of Person signing on behalf of Franchise Applicant]

Its: _____
[Title of Person signing on behalf of Franchise Applicant]

OWNER(S) OF FRANCHISE APPLICANT

[Insert name of Owner]

[Signature of Owner]

State Effective Dates

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

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

STATES	EFFECTIVE DATE
California	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
New York	Pending
South Dakota	Pending
Wisconsin	Pending

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

