

FRANCHISE DISCLOSURE DOCUMENT



CPK Franchise Inc.
A Delaware corporation
575 Anton Blvd., Suite 100
Costa Mesa, CA 92626
310.342.5000
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www.cpk.com

We offer franchises for full service restaurants that offer oven-fired “California style” pizzas, as well as pastas, salads, specialty alcoholic and non-alcoholic beverages, and related products and operate under the California Pizza Kitchen and CPK trademarks and restaurant operating system (each a “**CPK Restaurant**”). CPK restaurants share a common image, appearance, food style, menu items and methods of operation (“**CPK Chain**”).

The total investment necessary to begin operation of a new CPK Restaurant ranges from \$3,477,000 to \$6,700,000. This amount includes \$72,000 to \$77,000 that is payable to us. The total investment necessary to convert an existing restaurant to a CPK Restaurant ranges from \$1,257,000 to \$4,600,000. This amount includes \$72,000 to \$77,000 that is payable to us. The total investment necessary to begin operation of a new CPK Restaurant at a Non-Traditional Facility ranges from \$1,915,000 to \$4,110,000. This amount includes \$72,000 to \$77,000 that is payable to us. The total investment necessary to begin operation under an Area Development Agreement (for one to five CPK Restaurants) ranges from \$53,000 to \$255,000. This includes \$50,000 to \$250,000 that must be paid to us.

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 an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this disclosure 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 Stephanie Mendoza, our Global Development & Operations Manager at 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626 or 310.342.5000.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

The issuance date of this Franchise Disclosure Document is April 5, 2023.

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 <u>Exhibit G</u> .
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 <u>Exhibit D</u> 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 CPK Restaurant business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a CPK Restaurant franchisee?	Item 20 or <u>Exhibit G</u> 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 E](#).

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 litigation only in the federal or state court having jurisdiction in Delaware. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with us in Delaware 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.

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes CPK Restaurant franchises. In this disclosure document, “we,” “us,” and “our” mean CPK Franchise Inc., the franchisor, and “you” or “your” means the purchaser of the franchise. If the purchaser of the franchise is a corporation, partnership, or limited liability company, “you” means both the purchaser and the persons who own the business entity.

The Franchisor

CPK Franchise Inc. is a Delaware corporation formed on September 1, 2021. We do business under our corporate name and the names CPK and California Pizza Kitchen. We do not conduct business under any other name. Our principal place of business is 575 Anton Blvd., Suite 100, Costa Mesa, California 92626. Our agents for service of process in various states are listed in Exhibit E. We do not operate any CPK Restaurants. As of January 2, 2023, our affiliates operated 146 CPK Restaurants in the United States (which we refer to in this disclosure document as our “**Company-Operated Restaurants**”), there were 15 franchised CPK Restaurants operating in the United States and 28 franchised CPK Restaurants operating internationally. We began offering franchises for CPK Restaurants in the United States on January 26, 2022 and internationally in December 2022. We have never offered franchises in any other line of business.

CPK Restaurants

CPK Restaurants are full-service restaurants that offer oven-fired “California style” pizzas, as well as pastas, salads, specialty alcoholic and non-alcoholic beverages, and related products. The first CPK Restaurant opened in Beverly Hills, California in 1985 and introduced diners to innovative California style pizza with the invention of The Original BBQ Chicken Pizza. From signature, hand-tossed pizzas and high-quality main plates to inventive better-for-you options, Lunch Duos, premium wines and handcrafted beverages, CPK Restaurants add an imaginative twist to create a memorable dining experience. CPK Restaurants continue to reimagine California creativity, pushing culinary boundaries with a long list of industry-firsts including gluten-free crust, cauliflower crust, and healthful Power Bowls. Handcrafted with fresh, seasonally inspired ingredients, each dish and cocktail served at CPK Restaurants is uniquely built on innovation inspired by California.

We and our affiliates have developed a unique system of restaurant operation (“**System**”) for the CPK Chain, consisting of a variety of distinctive sign and facility designs, equipment specifications, equipment layouts, recipes, methods of food presentation and service, business techniques, copyrighted manuals and other materials, trade secrets, know-how and technology. CPK Restaurants are identified by various trademarks, service marks, trade names, trade dress (including product package designs), slogans, emblems, logos, external and internal building designs and architectural features, and combinations of the foregoing (“**Marks**”), which are used by us, our affiliates and our franchisees in offering, selling and distributing products and services in the CPK Chain. The CPK Chain enjoys widespread public acceptance due in part to our uniform high standards for the preparation, presentation and service of our food and beverage items; our uniform menu, image, appearance, and methods of operation in all CPK Restaurants; and the uniform use of the System and the Marks.

Franchise Opportunities

If we award a franchise to you to operate a CPK Restaurant, you will sign our Franchise Agreement, which is attached as Exhibit A to this disclosure document, and you will receive a license to use the Marks and the System at a specific location that we approve (the “**Restaurant Location**”). Our mandatory and recommended System standards, policies and procedures are represented in our confidential and proprietary operations manual (“**Operations Manual**”), which contains information and knowledge that is unique, necessary and material to the System and which we will make available to you during the term of your Franchise Agreement. We and our affiliates may modify the Marks, the Operations Manual and the elements of the System at any time.

You will establish your CPK Restaurant in a well-established urban or suburban market. Flagship and Standard CPK Restaurants require an in-line, end-cap, or standalone outparcel in a high traffic, high visibility area including urban commercial districts, suburban malls, strip centers, or mixed-use

developments. Flagship CPK Restaurants require 5,000 to 6,500 square feet of space with 150 to 200 seats. Standard CPK Restaurants require 4,000 to 4,800 square feet of space with 130 to 150 seats. CPK Restaurants operated in airport locations typically require 2,100 to 3,200 square feet of space with 68 to 100 seats. CPK Restaurants operated in kiosks located in stadiums, college campus food halls, and other Non-Traditional Facilities (as defined below) require 860 to 1,000 square feet with up to 30 seats.

We will consider on a case-by-case basis a franchisee's request to convert an existing facility to a CPK Restaurant, as well as sites that may be larger or smaller than our prototype, provided that the site can be transformed to meet the standards and specifications of the System.

You may not operate your CPK Restaurant from any location other than the Restaurant Location; however, we may require you to participate in the California Pizza Kitchen Catering and/or Delivery Program to provide the catering and/or delivery services designated by us from your CPK Restaurant to customers located within a geographic area around your CPK Restaurant (the "**Protected Territory**"). In that event you would need to obtain all licenses and permits necessary for such participation and must comply with our procedures and menu requirements, purchase all equipment, vehicles, supplies, products and ingredients through our approved and designated suppliers and otherwise follow the Operations Manual with respect to the catering and/or delivery services.

We offer franchises for CPK Restaurants for new construction restaurants with the physical premises located and developed at a vacant land parcel for new development or a substantially empty building or commercial leasehold space that does not include a pre-existing restaurant business or related equipment. We also offer franchises for proposed conversions and/or remodels of pre-existing restaurant premises ("**Conversion Restaurants**").

We also offer the right to develop CPK Restaurants in Non-Traditional Facilities. "**Non-Traditional Facilities**" include, 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; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; seasonal facilities; non-foodservice businesses of any sort within which a CPK Restaurant or a branded facility is established and operated including convenience stores; theaters; and sporting event arenas and centers. If you wish to develop and operate an CPK Restaurant at a Non-Traditional Facility, and we approve that request, in addition to signing the Franchise Agreement, you will sign a Non-Traditional Facility Addendum to the Franchise Agreement (attached as Exhibit N).

Area Development Opportunities

We offer qualified persons and entities the right to develop one or more CPK Restaurants within a specified geographic area ("**Development Area**") according to a development schedule ("**Development Schedule**") under an Area Development Agreement ("**Development Agreement**"). Our current form of Development Agreement appears in Exhibit B to this disclosure document. When you sign the Development Agreement, you will pay the development fee (see Item 5) for each CPK Restaurant you agree to develop in the Development Area in one lump sum and you will receive the right and the obligation to develop a specified number of CPK Restaurants by certain deadlines set forth in the Development Schedule. You will negotiate both the number of CPK Restaurants and the Development Schedule with us.

We also offer opportunities to qualified persons and entities to purchase a Company-Operated Restaurant under our Asset Purchase Agreement ("**APA**") (Exhibit K) and Letter of Intent (Exhibit L). If you purchase a Company-Operated Restaurant, you will sign the Resale Addendum to the Franchise Agreement (Exhibit M) to address the change in ownership of the existing restaurant. If you purchase a Company-Operated Restaurant, you will be required to sign a Development Agreement to develop new CPK Restaurants.

You will sign our then-current form of Franchise Agreement for each CPK Restaurant that you develop under the Development Agreement. Our then-current form of Franchise Agreement may differ from

the version of Franchise Agreement attached to this disclosure document. You or your affiliates must sign Franchise Agreements and begin operating each CPK Restaurant on or before the dates listed in the Development Schedule.

Our Parent, Affiliates and Predecessors

Our parent, CPK Holdings Inc. (“**CPK Holdings**”), is a Delaware corporation formed on May 18, 2011 that shares our principal business address. CPK Holdings sold CPK Restaurant franchises in Canada from July 2019 to December 2022. .

The parent of CPK Holdings and our ultimate parent, CPK Parent Inc. (“**CPK Parent**”), is a Delaware corporation formed on June 30, 1999, that shares our principal business address. CPK Parent has never offered franchises in any line of business.

Our affiliate, CPK Management Company (“**CPK Management**”), is a Delaware corporation formed on May 18, 2011 that shares our principal business address. CPK Management owns the Marks and the intellectual property associated with the System. We have a license from CPK Management to use and license the Marks and this intellectual property to our franchisees. CPK Management has never offered franchises in any line of business.

Our affiliate, California Pizza Kitchen Inc. (“**CPK Inc.**”), is a Delaware corporation formed in 1985 that shares our principal business address. CPK Inc. operates our Company-Operated Restaurants under a license agreement with CPK Management. CPK Inc. sold CPK Restaurant franchises from October 1996 to December 2022.

We do not have any predecessors. With the exception of the entities identified above, we do not have any other affiliates that offer franchises in any line of business or that offer products or services to our franchisees.

Industry-Specific Laws

You must comply with all local, state, and federal laws that apply to your CPK Restaurant including health, menu labeling, sanitation, no-smoking, liquor, EEOC, OSHA, the Affordable Care Act, discrimination, taxes, employment, and sexual harassment laws. The Americans with Disabilities Act (“**ADA**”) requires readily accessible accommodations for disabled people and, therefore, may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must obtain real estate permits, alcoholic beverage licenses, other licenses, zoning approvals, and leasehold, signage, and site occupancy permits and certifications. Your CPK Restaurant will also be subject to other laws or regulations that are not specific to the restaurant industry but apply to businesses generally.

Your CPK Restaurant will be subject to state and local alcoholic beverage licensing laws and regulations. The failure to receive or retain a liquor license, or delay in obtaining a liquor license, in a particular location could adversely affect your CPK Restaurant’s operations at that location. More stringent and varied requirements, particularly at the local level, may increase the cost and time required to develop and open CPK Restaurants. Difficulties in obtaining necessary licenses or permits could cause delays in or cancellations of CPK Restaurant openings. If you purchase one of our Company-Operated Restaurants, we will transfer the liquor license to you if permitted under applicable law. In most states, CPK Restaurants are subject to “dram shop” laws, which impose liability on licensed alcoholic beverage servers for injuries or damages caused by their negligent service of alcoholic beverages to a visibly intoxicated person or to a minor if that service is the proximate cause of the injury or damage or that injury or damage is reasonably foreseeable. In some jurisdictions, liquor licenses may be difficult to secure and maintain. You should consult with your attorney concerning these and other local laws and ordinances that may affect your CPK Restaurant.

Market and Competition

The market for full service casual dining restaurants is well-established. You will compete with a variety of restaurants, bars, caterers, grocery stores, and delivery-service restaurants. The restaurant business is highly competitive based on price, service, restaurant location and food quality and is subject to fluctuations in consumer tastes, economic conditions, population and traffic patterns. In each market, we compete with locally owned restaurants, as well as national and regional restaurant chains. The ability of each CPK Restaurant to compete depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

ITEM 2 BUSINESS EXPERIENCE

EMPLOYEES OF CPK FRANCHISE INC.

President and Chief Executive Officer – Jeff Warne

Mr. Warne has served as our President and Chief Executive Officer since October 2022. He also has served as Chief Executive Officer of California Pizza Kitchen Inc. since October 2022. Since May 2012, he has served as a founder and owner of the Burger Republic restaurant system in Nashville, Tennessee. From April 2012 to October 2019, Mr. Warne served as Chief Executive Officer of Perkins & Marie Callender's, LLC in Memphis, Tennessee.

Executive Vice President and Chief Financial Officer – Harshvardhan Chowdhary

Mr. Chowdhary has served as our Executive Vice President and Chief Financial Officer since October 2022. He also has served as Chief Financial Officer of California Pizza Kitchen Inc. since October 2022. He was VIP of Finance of California Pizza Kitchen Inc. from August 2020 to October 2022 and Senior Director of Finance and Strategy of California Pizza Kitchen Inc. from March 2019 to August 2020. From July 2017 to March 2019, he was Investment Banking Associate for Goldman Sachs & Co. in Los Angeles, California.

General Counsel - Kendall Jones

Ms. Jones has served as our General Counsel since our inception in September 2021. She also has served as General Counsel of California Pizza Kitchen Inc. since April 2022. She served as Vice President – Legal of California Pizza Kitchen Inc. from August 2019 to April 2022. From January 2017 to August 2019, she was General Counsel of VS Media Inc. in Westlake Village, California.

EMPLOYEES OF CALIFORNIA PIZZA KITCHEN INC.

Executive Vice President and Chief Development & Franchising Officer - Giorgio Minardi

Mr. Minardi has served as Executive Vice President and Chief Development & Franchising Officer of California Pizza Kitchen Inc. since January 2018. From January 2014 to December 2018, he was President International for Telepizza Group S.A.U. in Madrid, Spain.

Global Vice President of Design and Construction - Chester Scott Wagers

Mr. Wagers has served as Global Vice President of Design and Construction of California Pizza Kitchen Inc. since January 2005.

Vice President – Procurement and Supply Chain – James Szczuka

Mr. Szczuka has served as Vice President – Procurement and Supply Chain of California Pizza Kitchen,

Inc. since May 2018. From July 2013 to May 2018, he was Global Head of Hotel Procurement for InterContinental Hotels Group in Atlanta, Georgia.

Vice President of Real Estate – David O’Barr

Mr. Barr has served as Vice President of Real Estate of California Pizza Kitchen, Inc. since May 2015.

Director of Franchising and Airports – Stephanie Mendoza

Ms. Mendoza has served as Director of Franchising and Airports of California Pizza Kitchen, Inc. since January 2023. From March 2003 to December 2022, she was Global Franchise Development Manager of California Pizza Kitchen, Inc.

International Director of Operations – Marvin Alvarado

Mr. Alvarado has served as International Director of Operations of California Pizza Kitchen, Inc. since January 2015. He has held multiple positions with California Pizza Kitchen, Inc. since November 1989 including Quality Assurance Director from June 2009 to November 2013 and Quality Assurance Coach from June 2009 to November 2013.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

In re: California Pizza Kitchen Inc. et al., (Case No. 20-33752) US Bankruptcy Ct. So. District of Texas, Houston Div. On July 29, 2020, CPK Inc. and CPK Holdings filed for bankruptcy protection seeking a Chapter 11 reorganization. The bankruptcy was discharged on March 3, 2021.

In re Perkins and Marie Callender’s, LLC, (Case No. 19-11743) U.S. Bankruptcy Ct. District of Delaware. Our President and Chief Executive Officer, Jeff Warne, previously served as Chief Executive Officer of Perkins and Marie Callender’s, LLC (“**PMCLLC**”), which, together with its affiliates, filed for bankruptcy protection seeking a Chapter 11 reorganization on August 5, 2019. The court approved the reorganization plan on January 14, 2020. The brands operated by PMCLLC were subsequently sold to third parties and PMCLLC was dissolved.

No other bankruptcy information is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Development Fee

If you sign the Development Agreement, you must pay us a lump sum development fee in the amount of \$50,000 multiplied by the number of CPK Restaurants you agree to develop under the Development Schedule (“**Development Fee**”). We will insert this fee in the Development Agreement before signing it. The Development Fee is non-refundable. You must agree to develop at least one CPK Restaurant in order to be eligible for a Development Agreement.

Initial Franchise Fee

You must pay us an initial franchise fee in the amount of \$50,000 (“**Initial Franchise Fee**”) for your CPK Restaurant when you sign the Franchise Agreement. The Initial Franchise Fee is payable in one lump sum, is fully earned when paid, and is not refundable.

If develop your CPK Restaurant under a Development Agreement, we will apply a credit in the amount of the Development Fee that you paid for the CPK Restaurant against your obligation to pay the Initial Franchise Fee.

Site Review

We do not charge any fees to conduct one market visit for the first two new CPK Restaurants that you develop; however, if we require or you request additional market visits, you will pay a site review fee in the amount of \$1,000 and reimburse us for our travel expenses associated with such visits.

If you request and we provide assistance in preparing a market study for your Site Review Package (as described in Item 11), you will pay \$5,000 for such assistance.

Restaurant Opening Training

For the first new CPK Restaurant that you open, we shall send a new store opening team of our employees (“**NSO Team**”) to your CPK Restaurant to assist in training personnel and otherwise assist in the opening of your CPK Restaurant. We will determine the number of members of the NSO Team that we send to your CPK Restaurant and the length of time that they will be there and you must pay us for all costs and expenses that we incur for travel, lodging, and meal expenses for our personnel. These costs and expenses will typically range from \$16,000 to \$21,000. We will not provide an NSO Team if you purchase a Company-Operated Restaurant.

Additional Fees for Purchase of a Company-Operated Restaurant

If you purchase the ongoing business of an existing Company-Operated Restaurant from our affiliate, you will need to pay a negotiated purchase price for the existing restaurant business, including the furniture, fixtures and equipment at the restaurant, plus costs for existing inventory. (See Item 7 for more information.) You will be required to pay a nonrefundable \$25,000 deposit fee at the time you sign a Letter of Intent (Exhibit L), which will be applied to the purchase price if the sale is completed. You will also be required to pay a deposit on the purchase price and franchise fee when you sign the APA (Exhibit K). The deposit is nonrefundable after an inspection period.

The fees and expenses we describe in this Item 5 are not refundable. These fees are typically uniform for all new franchisees in the system.

**ITEM 6
OTHER FEES**

Type of Fee¹	Amount	Date Due	Remarks
Royalty²	5% of Gross Sales	10th day of each 28-day reporting period (“ Period ”)	We will reduce the Royalty to 3% of Gross Sales for CPK Restaurants operated in kiosks. See Note 3 for the definition of “Gross Sales”; see Note 4 for an explanation of our electronic funds transfer process.

Type of Fee¹	Amount	Date Due	Remarks
Brand Fund Contribution	1% of Gross Sales	10 th day of each Period	We have the right to increase your periodic total combined marketing obligation up to 5% of Gross Sales, including your local marketing expenditure obligation, which is currently 1% of Gross Sales, your Brand Fund Contribution and any Cooperative contribution. Please see Item 11 for further details.
Cooperative Contributions	As directed by us	As directed by us	We have the right to establish cooperative marketing programs (“ Cooperatives ”) in your region. At our direction, you may be required to join and contribute to a Cooperative pertinent to your CPK Restaurant. The voting power for our Company-Operated Restaurants will be the same as the voting power of our franchised CPK Restaurants in each Cooperative. Please see Item 11 for further details.
Collection Costs and Expenses	Amount incurred	Upon demand	You must pay our collection costs and expenses, which include collection agency fees, costs incurred in creating reports demonstrating Gross Sales, attorney’s fees, and related expenses we incur in enforcing the terms of the Franchise Agreement.
Early Termination Damages	Amount of the average weekly Royalty Fees and Brand Fund contributions that you owed for the one year period prior to termination, multiplied by the lesser of 48 Periods or the number of Periods remaining in the term of the Franchise Agreement	Within 30 days following termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the initial term of the Franchise Agreement.
Enforcement Expenses	Reasonable cost of our attorneys’ fees and expenses	Upon demand	Payable if we obtain injunctive or other relief for the enforcement of any term of the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we incur any expense, including attorneys’ fees and other costs, or are held liable for claims arising out of the operation of your CPK Restaurant.
Interest	1.5% per month or the maximum rate permitted by applicable law, whichever is less.	With payment of overdue amount	We calculate interest from the date the payment was due until paid in full.

Type of Fee¹	Amount	Date Due	Remarks
On-Site Assistance Fee	Expenses and salaries of our personnel including travel expenses, accommodations, and meals	Upon demand	Payable if we determine that it is necessary or desirable to send our personnel to your CPK Restaurant for training or assistance.
Public Filings	Our costs and expenses	With submission of offering materials for our review	If you are or become a publicly-held entity and you request information from us to compile your reports, you must reimburse us for our costs and expenses associated with preparing such reports.
Quality Assurance Programs	Our out-of-pocket costs (currently: Zenput: \$50/month)	As incurred	You must comply fully with our quality assurance program, which may include, among other things, evaluation tools, inspections of your CPK Restaurant, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, product and ingredient testing, and observation of food preparation areas and processes. You must pay any out-of-pocket costs that we incur to third parties to carry out quality assurance program activities at your CPK Restaurant. We also may require you to pay any such third parties directly.
Relocation Fee	\$10,000	Upon demand	Payable if you make a request and we approve the relocation of your CPK Restaurant to a location within a 5-mile radius of your current Restaurant Location. If farther than 5 miles, this will be treated as a new restaurant opening rather than a relocation.
Reimbursement for Preparing Reports and Examination or Audit	Our expenses for the inspection or audit of your books and records, including reasonable accounting and legal costs and travel expenses	Upon demand	Payable only if (1) you fail to provide financial reports and we have to prepare the reports on your behalf; or (2) an examination or audit reveals an understatement of the Gross Sales of your CPK Restaurant by more than 1%. This is in addition to your obligation to pay any underreported amounts owed and applicable interest.

Type of Fee¹	Amount	Date Due	Remarks
Reimbursement of our Expenses	Amount we pay on your behalf	Upon demand	Payable only if we pay, or become obligated to pay, monies on your behalf by consent or otherwise under the Franchise Agreement including amounts we pay to obtain insurance for your CPK Restaurant on your behalf if you fail to maintain the required insurance policies.
Renewal Fee	\$10,000	Upon execution of a renewal franchise agreement	If you choose to and are approved to continue operating your CPK Restaurant for a renewal term you must sign our then current form of renewal franchise agreement.
Supplier Evaluation	Reasonable costs of evaluating alternate suppliers that you request, which currently are expected to range between \$1,000 and \$1,500 although costs could be less than or exceed these amounts depending on the product and the supplier	Upon demand	Payable whether or not we approve the supplier. Please see item 8 for additional details.
Taxes	Amount imposed on us	Upon demand	You must reimburse us for any taxes, fees or assessments imposed on us for acting as a franchisor or licensing the Marks to you.
Training – Additional Programs	Reasonable tuition fees	Upon demand	We have the right to charge you reasonable tuition fees for additional training programs that you request from us during the term of your Franchise Agreement.
Transfer Fee – Franchise Agreement	\$10,000	Upon demand	Payable if you propose to sell or transfer the Franchise Agreement, your business (or a partial ownership interest).
Transfer Fee – Development Agreement	\$10,000	Upon demand	Payable if you propose to sell or transfer the Development Agreement, your business (or a partial ownership interest).

NOTES TO CHART:

- (1) Unless otherwise noted, all of the fees or charges described in this Item derive from the Franchise Agreement. Unless otherwise noted, all fees are non-refundable, payable to us, and uniformly imposed on all franchisees receiving this offering.
- (2) If, due to federal, state or local laws, you are prohibited from receiving a percentage royalty based on alcoholic beverage revenues, you must pay us a Royalty on all Gross Sales except alcoholic beverage revenues in the same dollar amount as would have been paid if you paid the specified Royalty percentage on all Gross Sales.

- (3) **“Gross Sales”** means the total amount of revenue received by you from all business activities taking place at the CPK Restaurant, in the form of cash or credit, plus the fair market value of goods delivered and services rendered to you, or your designee, in consideration for food, beverages (including all alcoholic and non-alcoholic beverages), services, goods, and other things of value of every kind sold at, in, upon, or from the CPK Restaurant. There shall be excluded from “Gross Sales” bona fide refunds, credits given or allowed by you to customers, meals consumed by employees during their work hours, gratuities paid to employees, and sales taxes. Gross Sales includes all lost sales which form the basis for recoveries under business interruption coverages. If you participate in a fundraising event at the CPK Restaurant where a portion of the CPK Restaurant’s sales are contributed to a fundraising organization, Gross Sales shall include the total amount of sales generated from the event without deduction for the amount of the proceeds that you contribute to the fundraising organization.

If you operate the CPK Restaurant from a Non-Traditional Facility, Gross Sales does not include revenues from any other businesses that you operate at the larger building in which the Premises is located (other than the CPK Restaurant).

- (4) You must designate an account at a commercial bank of your choice (**“Account”**) for the payment of amounts due to us under the Franchise Agreement. You must furnish us and the bank with authorizations as necessary to permit us to make withdrawals from the Account by electronic funds transfer. No later than the fifth day of each Period, you must submit a complete and accurate report of Gross Sales for the preceding Period, and such other data as we may reasonably require. On the tenth day of each Period (or at another date specified by us from time to time), we will transfer from the Account an amount equal to amounts due from you for the preceding Period as reported to us in your remittance report or determined by us based on the records contained in the point of sale terminals of the CPK Restaurant, as well as any other fees due to us.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**TABLE 1
YOUR ESTIMATED INITIAL INVESTMENT
FOR A NEW CPK RESTAURANT UNDER A FRANCHISE AGREEMENT**

Note	Nature of Expenditure	Amount Low Estimate	Amount High Estimate	Payment Method	When Due	Payment To
1	Initial Franchise Fee	\$50,000	\$50,000	Lump sum	When Sign Franchise Agreement	Us
2	Construction and Leasehold Improvements	\$2,650,000	\$5,000,000	As incurred	Before opening	Suppliers
3	Architects and Design	\$150,000	\$240,000	As incurred	Before opening	Suppliers
4	Signs	\$15,000	\$50,000	As incurred	Before opening	Suppliers
5	Furniture and Fixtures	\$47,000	\$100,000	As incurred	Before opening	Suppliers
6	POS System, Back Office Technology and Software	\$25,000	\$100,000	As incurred	Before opening	Suppliers
7	Equipment and Security Systems	\$300,000	\$500,000	As incurred	Before opening	Suppliers

Note	Nature of Expenditure	Amount Low Estimate	Amount High Estimate	Payment Method	When Due	Payment To
8	Lease Deposit	\$15,000	\$25,000	As incurred	Before opening	Landlord
9	Lease Rent (3 months)	\$35,000	\$75,000	As incurred	After opening	Landlord
10	Utility Deposits	\$10,000	\$30,000	As incurred	Before opening	Utility Companies
11	Licenses and Permits	\$5,000	\$20,000	As incurred	Before opening	Suppliers
12	Liquor License	\$10,000	\$200,000	As incurred	Before opening	City/County
13	Professional Fees	\$5,000	\$10,000	As incurred	Before opening	Suppliers
14	Initial Food Inventory	\$12,000	\$20,000	As incurred	Before opening	Suppliers
15	Initial Supplies and Non-Food Inventory	\$3,000	\$5,000	As incurred	Before opening	Suppliers
16	Insurance	\$10,000	\$15,000	Annual	Before opening	Suppliers
17	Training Expenses	\$25,000	\$50,000	As incurred	Before opening	Airlines, Hotels, Restaurants, Employees, and Us
18	Grand Opening Marketing	\$10,000	\$10,000	As incurred	Before opening	Suppliers
19	Additional Funds – 3 Months (Working Capital)	\$100,000	\$200,000	As incurred	After opening	Various
20	Total	\$3,477,000	\$6,700,000	(Does not include the cost of purchasing real estate.)		

**TABLE 2
YOUR ESTIMATED INITIAL INVESTMENT
FOR A CONVERSION RESTAURANT UNDER A FRANCHISE AGREEMENT**

Note	Nature of Expenditure	Amount Low Estimate	Amount High Estimate	Payment Method	When Due	Payment To
1	Initial Franchise Fee	\$50,000	\$50,000	Lump sum	When Sign Franchise Agreement	Us
2	Construction and Leasehold Improvements	\$500,000	\$3,000,000	As incurred	Before opening	Suppliers

Note	Nature of Expenditure	Amount Low Estimate	Amount High Estimate	Payment Method	When Due	Payment To
3	Architects and Design	\$80,000	\$140,000	As incurred	Before opening	Suppliers
4	Signs	\$15,000	\$50,000	As incurred	Before opening	Suppliers
5	Furniture and Fixtures	\$47,000	\$100,000	As incurred	Before opening	Suppliers
6	POS System, Back Office Technology and Software	\$25,000	\$100,000	As incurred	Before opening	Suppliers
7	Equipment and Security Systems	\$300,000	\$500,000	As incurred	Before opening	Suppliers
8	Lease Deposit	\$15,000	\$25,000	As incurred	Before opening	Landlord
9	Lease Rent (3 months)	\$35,000	\$75,000	As incurred	After opening	Landlord
10	Utility Deposits	\$10,000	\$30,000	As incurred	Before opening	Utility Companies
11	Licenses and Permits	\$5,000	\$20,000	As incurred	Before opening	Suppliers
12	Liquor License	\$10,000	\$200,000	As incurred	Before opening	City/County
13	Professional Fees	\$5,000	\$10,000	As incurred	Before opening	Suppliers
14	Initial Food Inventory	\$12,000	\$20,000	As incurred	Before opening	Suppliers
15	Initial Supplies and Non-Food Inventory	\$3,000	\$5,000	As incurred	Before opening	Suppliers
16	Insurance	\$10,000	\$15,000	Annual	Before opening	Suppliers
17	Training Expenses	\$25,000	\$50,000	As incurred	Before opening	Airlines, Hotels, Restaurants, Employees, and Us
18	Grand Opening Marketing	\$10,000	\$10,000	As incurred	Before opening	Suppliers
19	Additional Funds – 3 Months (Working Capital)	\$100,000	\$200,000	As incurred	After opening	Various
	Total	\$1,257,000	\$4,600,000	(Does not include the cost of purchasing real estate.)		

NOTES TO TABLES 1 AND 2

- (1) Initial Franchise Fee. The manner in which the Initial Franchise Fee is paid is explained in detail in Item 5.
- (2) Construction and Leasehold Improvements. Typical CPK Restaurants range in size from approximately 4,000 square feet to 6,500 square feet. The estimates in Table 1 apply to a site which has been obtained in the “vanilla box” stage, which refers to the interior condition of either a new or existing building or suite that has been prepped with heating/cooling delivery systems, lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting, plumbing and other utilities to stub, and a concrete slab floor. The estimated costs cover all interior improvements, millwork, electrical, flooring, HVAC (heating, ventilation, air conditioning), structural changes, and restrooms. 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, however such allowances or credits are not reflected in the expense range represented here. Your costs may be less or more than this estimate, depending upon where you are planning to open your CPK Restaurant or if you receive the premises in any condition other than what is described above or a non-standard commercial property. We recommend that you interview several contractors and check their references before engaging a contractor. We anticipate that you will lease rather than buy your CPK Restaurant. We therefore have not included any costs for land, building construction or related costs in the table; however we estimate the cost per foot of purchasing space for a CPK Restaurant to be approximately \$350 per square foot depending on the size and location of the restaurant.

For Conversion Restaurants (Table 2), you must modify the restaurant premises according to our approved standards. The architectural, engineering and construction costs associated with modifications to the site/building that may be necessary to install equipment and operate a CPK Restaurant according to our floor plans/layouts will vary depending on the condition of the site. The estimate presumes you will need to make minimal modifications to the premises and you may incur additional expenses if significant upgrades are required. Specifically, the low range presumes that you will primarily be making cosmetic updates to the Front of House, while the high range includes extensive Back of House updates and modifications. The total cost depends on the existing condition of the premises to be converted into a CPK Restaurant.

- (3) Architects and Design. In most localities, you are responsible for engaging the services of a professional, licensed architect to produce blueprint drawings for your CPK Restaurant. Prior to submitting the drawings to the local 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 higher fees. Your exact costs will depend on the architect you select and/or if an engineer is necessary. You are responsible for ensuring that the plans meet all state and local requirements including the ADA. Most, though not all, Architect/ Design fees include the costs of obtaining building permits from the applicable government jurisdiction.
- (4) Signs. This is an estimate of the cost to produce signage for a CPK Restaurant. The low estimate covers the fabrication of standard signage, while the high estimate takes into consideration a larger sign fabrication, as well as the configuration of the building, zoning laws and requirements, and restrictions imposed by your landlord. All signage must be in compliance with our standards and your local building and other codes.
- (5) Furniture and Fixtures. These figures represent the purchase of the furniture and fixtures needed for the operation of a CPK Restaurant, including seating, décor, and other furnishings, fixtures, and merchandising. The range of cost recognizes instances where restaurant configurations differ, and different pieces, sizes or models may be recommended by our staff.

- (6) Equipment and Security System. This estimate covers the purchase of the equipment that is necessary to produce all menu items and other equipment, including a pizza oven, cookline, refrigeration, pizza station, pasta station, pantry station, beverage station, and smallwares, as well as the purchase and installation of security system cameras plus monitoring service for the alarms for the first three months.
- (7) Lease Deposit. This range of expense assumes a prepayment of two months rent and deposits for a commercial lease. 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.
- (8) Lease Rent (3 months). This range of expenses includes the first three months of rent after opening for a CPK Restaurant at 4,000 square feet and for a CPK Restaurant at 6,500 square feet. Since real estate values vary dramatically from region to region, your expense for rent may fall outside the low-high ranges provided. We estimate that leasing commercial restaurant space will range from \$50 to \$75 per square foot.
- (9) Utility Deposits. This estimate is for deposits for regular utilities, such as gas, water, and electricity. 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.
- (10) Point of Sale (POS) System, Back Office Technology, and Software. This estimate covers the purchase of point of sale system hardware and software, back office hardware (including a computer, monitor, and printer), as well as the business management, accounting, and financial reporting software that we specify. The estimates include the first month of subscription fees for the required POS and other software. See Item 11 for additional information.
- (11) Licenses and Permits. This estimate is for the cost of obtaining and maintaining all required permits and licenses necessary to operate the CPK Restaurant, excluding a liquor license. You will need to check with your advisors as license and permit requirements (and fees) will vary by locality.
- (12) Liquor License. The cost to obtain a liquor license (a permit to operate a bar and serve alcoholic beverages) for a CPK Restaurant varies widely from jurisdiction to jurisdiction, and some regions require multiple liquor licenses (at both the city and state levels, for example). The process to obtain a liquor license can also be extensive. We recommend that you begin researching your jurisdiction's cost and requirements early in your process.
- (13) Professional Fees. These fees are representative of the costs for engagement of professionals for the start-up of a restaurant business. We also strongly recommend that you seek the assistance of attorneys and accountants to review this franchise opportunity, this disclosure document, and subsequently, the Franchise Agreement and the Development Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of developing your CPK Restaurant. It is best to ask your professional advisors for a fee schedule prior to engaging them to perform any services on your behalf.
- (14) Initial Food Inventory. This estimate covers the pre-opening stocking inventory of food, beverages, ingredients, and disposables. In most situations, this will be sufficient to cover sales up to 7 days. The higher estimate is for an order that is for up to 21 days.
- (15) Initial Supplies and Non-Food Inventory. This estimate covers a stocking order of inventory and supplies including cleaning products, uniforms, and packaging necessary for the opening of a CPK Restaurant.

- (16) Insurance. This estimate includes the cost of insurance deposits and premiums during the pre-opening phase. An insurance deposit may be required by the issuing company in order to obtain the minimum required insurance as listed in Item 8 of this disclosure document. 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 business will be located, your 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.
- (17) Training Expenses. The estimate assumes that you will pay for the travel, meals, auto, and lodging, for at least three individuals including your Operating Principal, general manager and assistant managers that we designate for approximately 10 to 14 weeks of training at our headquarters and a Company-Operated Restaurant. We do not charge a tuition fee for our training program; however, you must for the travel and living expenses incurred by our representatives who conduct opening training at your CPK Restaurant. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, per diem expenses actually incurred, and the number of persons who will attend training, as well as your chosen style of travel and accommodations.
- (18) Grand Opening Marketing Program. This estimate covers the costs of the Grand Opening Marketing Program. See Item 11 for more information.
- (19) Additional Funds – 3 Months (Working Capital). This is an estimate of the additional working capital you may need to operate your CPK Restaurant during the first three months of operation and is net of any revenue you receive during this period. This estimate is based upon our affiliates' experience in opening and owning CPK Restaurants. The estimate includes items such as pre-opening wages that you pay your staff, but does not include an owner's salary. The estimate also includes items, such as initial payroll taxes, Royalty Fees, Brand Fund contributions, professional and accounting fees, additional advertising, insurance, health insurance and workers' compensation, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, depreciation and amortization, deposits and prepaid expenses (if applicable) and other unforeseen miscellaneous items. This estimate covers inventory of food, beverages, ingredients, disposables, and supplies for the first three months after your CPK Restaurant opens. 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, the cost of labor in your area, the amount you pay your staff, the number of employees you hire, your experience and business acumen, competition, and the sales level you reach during this initial period. .

Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your CPK Restaurant is located. We do not provide any direct or indirect financing for the Initial Franchise Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

- (20) Initial Investment For The Purchase Of A Company-Operated Restaurant. If you purchase an existing CPK Restaurant from our affiliate, your costs will be different from those stated in Tables 1 or 2 above. You will pay a negotiated price for the ongoing business, including fixtures, furniture, and equipment, plus costs for existing inventory. In certain situations, you may be required to remodel the CPK Restaurant within a designated time frame after the purchase. If you purchase an existing CPK Restaurant from our affiliate, you are taking the restaurant in "as-is" condition and are responsible for resolving any maintenance and repair issues that may exist.

**TABLE 3
YOUR ESTIMATED INITIAL INVESTMENT
FOR A CPK RESTAURANT AT A NON-TRADITIONAL FACILITY
UNDER A FRANCHISE AGREEMENT**

Note	Nature of Expenditure	Amount Low Estimate	Amount High Estimate	Payment Method	When Due	Payment To
1	Initial Franchise Fee	\$50,000	\$50,000	Lump sum	When Sign Franchise Agreement	Us
2	Construction and Leasehold Improvements	\$1,000,000	\$2,500,000	As incurred	Before opening	Suppliers
3	Architects and Design	\$120,000	\$150,000	As incurred	Before opening	Suppliers
4	Signs	\$30,000	\$50,000	As incurred	Before opening	Suppliers
5	Furniture and Fixtures	\$50,000	\$100,000	As incurred	Before opening	Suppliers
6	POS System, Back Office Technology and Software	\$25,000	\$100,000	As incurred	Before opening	Suppliers
7	Equipment and Security Systems	\$400,000	\$500,000	As incurred	Before opening	Suppliers
8	Lease Deposit	\$15,000	\$25,000	As incurred	Before opening	Landlord
9	Lease Rent (3 months)	\$35,000	\$75,000	As incurred	After opening	Landlord
10	Utility Deposits	\$10,000	\$30,000	As incurred	Before opening	Utility Companies
11	Licenses and Permits	\$5,000	\$20,000	As incurred	Before opening	Suppliers
12	Liquor License	\$10,000	\$200,000	As incurred	Before opening	City/County
13	Professional Fees	\$5,000	\$10,000	As incurred	Before opening	Suppliers
14	Initial Food Inventory	\$12,000	\$20,000	As incurred	Before opening	Suppliers
15	Initial Supplies and Non-Food Inventory	\$3,000	\$5,000	As incurred	Before opening	Suppliers
16	Insurance	\$10,000	\$15,000	Annual	Before opening	Suppliers
17	Training Expenses	\$25,000	\$50,000	As incurred	Before opening	Airlines, Hotels, Restaurants, Employees, and Us
18	Grand Opening Marketing	\$10,000	\$10,000	As incurred	Before opening	Suppliers
19	Additional Funds – 3 Months (Working Capital)	\$100,000	\$200,000	As incurred	After opening	Various
	Total	\$1,915,000	\$4,110,000			

NOTES TO TABLES 3

- (1) Initial Franchise Fee. The manner in which the Initial Franchise Fee is paid is explained in detail in Item 5.
- (2) Construction and Leasehold Improvements. Non-traditional CPK Restaurants vary widely in size depending on where they will be located -- typically airport locations range from approximately 2,100 square feet to 3,200 square feet and kiosk locations range from 860 square feet to 1,000 square feet. The estimates in Table 3 reflect these variations, as well as the condition of the premises at the time of construction. A premises that has already been used for a food service location will generally be less expensive to convert to a CPK Restaurant than a location being built as a food service location for the first time. Non-traditional Facility landlords may have specific construction requirements that need to be met that may change the cost estimate. In some instances, landlords provide monetary allowances for materials or work, or rent credits during the time of construction, however such allowances or credits are not reflected in the expense range represented here. Your costs may be less or more than this estimate, depending upon where you are planning to open your CPK Restaurant and the condition of the premises when you receive it. We recommend that you interview several contractors and check their references before engaging a contractor. We anticipate that you will lease rather than buy your CPK Restaurant. We therefore have not included any costs for land, building construction or related costs in the table; however we estimate the cost per foot of purchasing space for a CPK Restaurant to be approximately \$350 per square foot depending on the size and location of the restaurant.
- (3) Architects and Design. In most localities, you are responsible for engaging the services of a professional, licensed architect to produce blueprint drawings for your CPK Restaurant. Non-traditional Facility landlords also often require advance review and approval of plans prior to construction. Prior to submitting the drawings to the landlord or local 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 higher fees. Your exact costs will depend on the architect you select and/or if an engineer is necessary. You are responsible for ensuring that the plans meet all state and local requirements including the ADA. Most, though not all, Architect/ Design fees include the costs of obtaining building permits from the applicable government jurisdiction.
- (4) Signs. This is an estimate of the cost to produce signage for a CPK Restaurant. The low estimate covers the fabrication of standard signage, while the high estimate takes into consideration a larger sign fabrication, as well as the configuration of the building, zoning laws and requirements, and restrictions imposed by your landlord. All signage must be in compliance with our standards and your local building and other codes.
- (5) Furniture and Fixtures. These figures represent the purchase of the furniture and fixtures needed for the operation of a CPK Restaurant, including seating, décor, and other furnishings, fixtures, and merchandising. The range of cost recognizes instances where restaurant configurations differ, and different pieces, sizes or models may be recommended by our staff. Many kiosk locations will not have any dedicated seating, which may reduce these costs.
- (6) Equipment and Security System. This estimate covers the purchase of the equipment that is necessary to produce all menu items and other equipment, including a pizza oven, cookline, refrigeration, pizza station, pasta station, pantry station, beverage station, and smallwares, as well as the purchase and installation of security system cameras plus monitoring service for the alarms for the first three months.
- (7) Lease Deposit. This range of expense assumes a prepayment of two months rent and deposits for a commercial lease. 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.

- (8) Lease Rent (3 months). This range of expenses includes the first three months of rent after opening for a CPK Restaurant at a kiosk with 860 square feet and for a CPK Restaurant at an airport location with 3,200 square feet. Since real estate values vary dramatically from location to location, your expense for rent may fall outside the low-high ranges provided. We estimate that leasing commercial restaurant space will range from \$50 to \$75 per square foot.
- (9) Utility Deposits. This estimate is for deposits for regular utilities, such as gas, water, and electricity. 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.
- (10) Point of Sale (POS) System, Back Office Technology, and Software. This estimate covers the purchase of point of sale system hardware and software, back office hardware (including a computer, monitor, and printer), as well as the business management, accounting, and financial reporting software that we specify. The estimates include the first month of subscription fees for the required POS and other software. See Item 11 for additional information.
- (11) Licenses and Permits. This estimate is for the cost of obtaining and maintaining all required permits and licenses necessary to operate the CPK Restaurant, excluding a liquor license. You will need to check with your advisors as license and permit requirements (and fees) will vary by locality.
- (12) Liquor License. The cost to obtain a liquor license (a permit to operate a bar and serve alcoholic beverages) for a CPK Restaurant varies widely from jurisdiction to jurisdiction, and some regions require multiple liquor licenses (at both the city and state levels, for example). The process to obtain a liquor license can also be extensive. We recommend that you begin researching your jurisdiction's cost and requirements early in your process.
- (13) Professional Fees. These fees are representative of the costs for engagement of professionals for the start-up of a restaurant business. We also strongly recommend that you seek the assistance of attorneys and accountants to review this franchise opportunity, this disclosure document, and subsequently, the Franchise Agreement and the Development Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of developing your CPK Restaurant. It is best to ask your professional advisors for a fee schedule prior to engaging them to perform any services on your behalf.
- (14) Initial Food Inventory. This estimate covers the pre-opening stocking inventory of food, beverages, ingredients, and disposables. In most situations, this will be sufficient to cover sales up to 7 days. The higher estimate is for an order that is for up to 21 days.
- (15) Initial Supplies and Non-Food Inventory. This estimate covers a stocking order of inventory and supplies including cleaning products, uniforms, and packaging necessary for the opening of a CPK Restaurant.
- (16) Insurance. This estimate includes the cost of insurance deposits and premiums during the pre-opening phase. An insurance deposit may be required by the issuing company in order to obtain the minimum required insurance as listed in Item 8 of this disclosure document. 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 business will be located, your 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.
- (17) Training Expenses. The estimate assumes that you will pay for the travel, meals, auto, and lodging, for at least three individuals including your Operating Principal, general manager and assistant

managers that we designate for approximately 10 to 14 weeks of training at our headquarters and a Company-Operated Restaurant. We do not charge a tuition fee for our training program; however, you must for the travel and living expenses incurred by our representatives who conduct opening training at your CPK Restaurant. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, per diem expenses actually incurred, and the number of persons who will attend training, as well as your chosen style of travel and accommodations.

- (18) Grand Opening Marketing Program. This estimate covers the costs of the Grand Opening Marketing Program. See Item 11 for more information.
- (19) Additional Funds – 3 Months (Working Capital). This is an estimate of the additional working capital you may need to operate your CPK Restaurant during the first three months of operation and is net of any revenue you receive during this period. This estimate is based upon our affiliates' experience in opening and owning CPK Restaurants. The estimate includes items such as pre-opening wages that you pay your staff, but does not include an owner's salary. The estimate also includes items, such as initial payroll taxes, Royalty Fees, Brand Fund contributions, professional and accounting fees, additional advertising, insurance, health insurance and workers' compensation, repairs and maintenance, bank charges (including interest), miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, depreciation and amortization, deposits and prepaid expenses (if applicable) and other unforeseen miscellaneous items. This estimate covers inventory of food, beverages, ingredients, disposables, and supplies for the first three months after your CPK Restaurant opens. 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, the cost of labor in your area, the amount you pay your staff, the number of employees you hire, your experience and business acumen, competition, and the sales level you reach during this initial period. .

Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your CPK Restaurant is located. We do not provide any direct or indirect financing for the Initial Franchise Fee or other fees and costs paid to us or to third parties. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of the financial institutions from which you request a loan. We do not determine the terms and conditions of any financing and we do not provide any guarantees for any financing provided to you by third parties.

**TABLE NO. 4
YOUR ESTIMATED INITIAL INVESTMENT
DEVELOPMENT AGREEMENT
(ONE TO FIVE CPK RESTAURANTS)**

Type of Expenditure	Amount Low Estimate¹	Amount High Estimate¹	Method of Payment¹	When Due	To whom payment is to be made
Development Fee ²	\$50,000	\$250,000	Lump sum	Upon signing Development Agreement	Us

Type of Expenditure	Amount Low Estimate ¹	Amount High Estimate ¹	Method of Payment ¹	When Due	To whom payment is to be made
Business Plan Preparation/ Miscellaneous Expenses ³	\$3,000	\$5,000	As incurred	As incurred	Third parties
Total	\$53,000	\$255,000			

- (1) Amount and Method of Payment. Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the Development Area. We do not provide any direct or indirect financing for the Development Fee or other fees and costs paid to us or to third parties.
- (2) Development Fee. You will sign a Development Agreement to reserve a Development Area in which you will develop multiple CPK Restaurants under a Development Schedule. These amounts estimate that you will develop one to five CPK Restaurants in the Development Area. Your estimated initial investment under the Development Agreement will vary depending on the number of CPK Restaurants you develop within the Development Area.
- (3) Business Plan Preparation/Miscellaneous Expenses. We recommend that you prepare a business plan prior to purchasing this franchise opportunity. Except for the Development Fee, there is no additional initial investment for training, real property, equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, decorating costs, inventory, security deposits, utility deposit, business licenses, other prepaid expenses or other costs required to begin operating under the Development Agreement.

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

System Standards

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

Approved Brands and Suppliers

You will offer for sale in the CPK Restaurant all products and services designated by us. You may not offer or sell any unapproved products or services at the CPK Restaurant without our prior written consent. In the operation of the CPK Restaurant, you may use only foodstuffs, menu item ingredients, packaging and paper items, restaurant supplies, equipment, software, appliances, signs, furniture, smallwares and other items that have already been vetted and approved by us and that are listed in the Operations Manual. We may require you to use only certain brands ("**Approved Brands**") that are identified in the Operations Manual and to prohibit you from using other brands. We may from time to time modify the list of Approved Brands and you may not reorder any brand that is no longer approved.

We may require that all current and future products and services that you purchase for operation of or sale in the CPK Restaurant: (1) meet specifications that we establish from time to time; and/or (2) be purchased only from suppliers that we have expressly approved ("**Approved Suppliers**") (which may be us or an affiliate or a buying cooperative that we organize); and/or (3) establish food commissaries and distribution facilities (directly, through our affiliates, and/or our designees), and designate these as

Approved Suppliers. To the extent that we establish specifications, requires approval of suppliers, or names Approved Suppliers for particular items, we will provide the requirements in the Operations Manual. We may from time to time modify the list of Approved Suppliers and you shall not place any orders with a supplier that is no longer approved. We and our affiliates do not currently serve as Approved Suppliers of any goods or services purchased by our franchisees, although we reserve the right to do so in the future.

If you wish, or for some reason need, to purchase an item or retain the service from a supplier that is not on our Approved Brands and Approved Supplier list, you may submit a written request for approval of the proposed product or supplier. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier's facilities and to require delivery of product samples either to us or to an independent laboratory designated by us for testing. Upon completion of our analysis, which will take approximately 30 to 60 days to complete, we will notify you in writing of approval or disapproval of the proposed product or supplier, and, if approved we, will add them to the Approved Brands and Approved Suppliers list. You must pay a charge not to exceed our reasonable costs incurred in evaluating the supplier, regardless of whether or not we approve the supplier. We have the right to re-inspect the facilities and products of any approved supplier and to revoke approval upon the supplier's failure to meet any of our then-current criteria.

None of our officers or directors owns an interest in any suppliers of products or services to our franchisees. We and our affiliates do not receive any rebates or payments from suppliers on account of franchisee purchases or leases of required and approved items from those suppliers.

There currently are no purchasing or distribution cooperatives for the System. We and our affiliates negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees and our affiliates for the items and services that you may obtain only from approved suppliers. In doing so, we and our affiliates seek to promote the overall interests of the CPK Restaurant system. We do not provide 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.

Catering and Other Off-Premises Programs

You may be required to participate in our Catering and/or Delivery Program to provide the catering and/or delivery services designated by us from your CPK Restaurant to customers located within your Protected Territory. You must obtain all licenses and permits necessary for such participation and must comply with our procedures and menu requirements, purchase all equipment, vehicles, supplies, products and ingredients through our approved and designated suppliers and otherwise follow the Operations Manual with respect to the catering and/or delivery services.

Lease

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

Furnishings, Fixtures and Equipment

We have identified a specific recommended brand and model for many of the furnishings, fixtures and equipment items required to equip a CPK Restaurant. You must purchase these items only from approved suppliers. We may negotiate with vendors for the price, warranties, guarantees, delivery costs, maintenance contracts, etc. We do not represent that we will be able to obtain for you the lowest costs or best terms available. The type and number of pieces of furnishings, fixtures and equipment you require will be based on the size of your CPK Restaurant.

Point-of-Sale System and Other Computer System Requirements

You must purchase, install, and use the point of sale (POS) systems, back office computer, and other computer equipment, communications devices, audio/visual equipment and software systems that we specify as they evolve over time. Our Company-Operated Restaurants currently use the NCR Aloha POS System. Our franchisees may also use the NCR Aloha POS System or another POS System that we approve for use in CPK Restaurants. You must purchase this equipment new from the applicable POS System vendor.

Customer Rewards, Gift Certificates and Gift Card Programs

Flagship and Standard CPK Restaurants must participate in all marketing and promotional programs we designate including all customer loyalty and rewards programs, gift certificate and gift card programs and customer feedback programs. Participation includes both issuing program benefits or credits and accepting them for payment by customers, and may require you to purchase additional equipment. We will coordinate the crediting and debiting of funds among CPK Restaurants based on customer purchases and redemption of stored value. CPK Restaurants operating at Non-Traditional Facilities are typically exempt from participation in these programs.

Insurance

Before commencing construction, improvements, or otherwise taking over operations of your CPK Restaurant, you must obtain insurance policies required by law and meeting our current requirements, at your expense. This insurance must protect you and us against all loss and liability arising out of or in connection with the condition, operation, use or occupancy of your CPK Restaurant or premises. We and our parents, subsidiaries and affiliates that we designate shall be named as additional insureds in all General Liability, Automobile, Products Liability, Liquor Liability, and Cyber Liability policies. All insurance policies must be written by a carrier with an industry rating of A or better established by A.M. Best Company or other comparable rating. No insurance policy shall contain a provision that in any way limits or reduces coverage for you in the event of a claim by us or our affiliates. Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities to third parties and all other items for which you are required to indemnify us under the Franchise Agreement. The insurance must be primary and non-contributory. All liability policies shall provide that we receive 30 days prior written notice of termination, expiration, reduction or cancellation of any such policy. You must provide a waiver of subrogation endorsement with respect to General Liability, Workers Compensation, and Automobile Liability policies in favor of us and our subsidiaries and affiliates. You must annually provide a certificate to us evidencing such coverage as well as an endorsement to the insurance policies referenced showing us as an additional insured.

Currently we require the following insurance:

COVERAGE	MINIMUM LIMITS
Workers' Compensation	Statutory
Employers' Liability	\$2,000,000 per occurrence
Commercial General Liability (including liquor liability and terrorism coverage)	\$2,000,000 per occurrence \$10,000,000 annual aggregate
Products Liability	Per occurrence included in Commercial General Liability, with separate annual aggregate of \$5,000,000
All-Risk Property (fire)	Restaurant premises replacement cost with 12 months' business interruption
Automobile Liability Insurance for owned, hired and non-owned vehicles	\$2,000,000 per accident (includes deliveries by your employees)
Fire Damage/Legal Liability	\$1,000,000

COVERAGE	MINIMUM LIMITS
Cyber Liability	\$1,000,000 for one Restaurant and \$3,000,000 for three or more Restaurants

You must provide confirmation in writing that the Commercial General Liability policy provides terrorism coverage. These coverages and minimum limits may be adjusted by us from time to time, based upon our business judgment. If you fail to procure or maintain at least the required insurance, we have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to you. You must reimburse us for all out-of-pocket costs incurred by us in obtaining such insurance on your behalf.

* * *

We estimate that approximately 60% to 80% of your total purchases and leases in establishing a CPK Restaurant and approximately 50% to 60% of your total purchases and leases in operating a CPK Restaurant will be subject to at least one of the restrictions described in this item.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (FA) Development Agreement (DA) Non-Traditional Facility Addendum (NT)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 2.2 – 2.5 DA: 3.2 NT: 1	5, 7, 8, 11 and 12
b. Pre-opening purchases/ leases	FA: 2.5 – 2.8, 12 DA: 3.3 – 3.5	5, 7, 8 and 12
c. Site development and other pre-opening requirements	FA: 2 DA: 3	5, 6, 7, 8, 11 and 12
d. Initial and ongoing training	FA: 5 DA: 6.4	6, 7 and 11
e. Opening	FA: 2.9, 2.10 DA: Not applicable	11
f. Fees	FA: 2.3, 2.4, 2.11, 4, 8, 9.3, 9.4, 14.2.5, 16.4.4, 16.7, 16.8, 17.9 DA: 2, 3.3, 3.4, 7.2.5, 8.9, 9.9 NT: 4	5, 6 and 7
g. Compliance with standards and policies/Operating Manual	FA: 6, 7, 8 DA: 4.1	11 and 14
h. Trademarks and proprietary information	FA: 15 DA: Not applicable	13 and 14
i. Restrictions on products/ services offered	FA: 7.5, 7.7 DA: Not applicable	8 and 16
j. Warranty and guest service requirements	FA: 7.13 DA: Not applicable	Not Applicable
k. Territorial development and sales quotas	FA: 1.3 DA: 1.1, 1.3, 1.4, 3.1	1 and 12
l. Ongoing product/service purchases	FA: 7.5 DA: Not applicable	6, 7 and 8

Obligation	Section in Franchise Agreement (FA) Development Agreement (DA) Non-Traditional Facility Addendum (NT)	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	FA: 3.3.6, 7.9 – 7.11 DA: Not applicable NT: 6	11
n. Insurance	FA: 12 DA: Not applicable	7 and 8
o. Advertising	FA: 8 DA: Not applicable NT: 5	6 and 11
p. Indemnification	FA: 10.2, 11.2 DA: 4.1, 5.2 NT: 9	Not Applicable
q. Owner's participation/management/staffing	FA: 5, 7.4, 13.4, Exhibit B DA: 6	11 and 15
r. Records and reports	FA: 9 DA: Not applicable	6
s. Inspections and audits	FA: 7.12, 7.13, 9.4 DA: Not applicable	6 and 11
t. Transfer	FA: 14 DA: 7	17
u. Renewal	FA: 3.2 – 3.4 DA: Not applicable	17
v. Post-termination obligations	FA: 16.4 DA: 8.6	17
w. Non-competition covenants	FA: 10.3 DA: 4.2	17
x. Dispute resolution	FA: 17 DA: 9	17
y. Other – Personal Guarantee	FA: 13.3, Exhibit C DA: 6.3, Exhibit C	15

ITEM 10 FINANCING

We do not offer direct or indirect financing to franchisees. We will not guarantee your promissory note, lease, or other obligation.

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

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

Our Obligations Prior to Opening:

Before your CPK Restaurant opens, we will:

1. Provide a Site Package ("**Package**") with our site selection criteria. (Franchise Agreement, Section 2.2)
2. Review sites you propose for your CPK Restaurant, as described in more detail below. (Franchise Agreement, Sections 2.3 and 2.4)

3. Review the lease for your CPK Restaurant. (Franchise Agreement, Section 2.5)
4. Provide our standard building plans and equipment lists. (Franchise Agreement, Section 2.7)
5. Review your final site plan and building plans for your CPK Restaurant and a proposed equipment list and schedules showing all equipment and fixtures to be installed, and notify you of our approval or rejection. (Franchise Agreement, Section 2.7)
6. Provide our management training program for your Operating Principal, each manager and assistant manager for the CPK Restaurant, and each regional or district managers that oversee multiple CPK Restaurants for you that have responsibility over the CPK Restaurant. See below under "Training." (Franchise Agreement, Section 5.1)
7. Provide, as we deem advisable, an NSO Team at your CPK Restaurant to assist in training personnel and assist in the opening of the CPK Restaurant. (Franchise Agreement, Section 5.2) We will not provide an NSO Team if you purchase a Company-Operated Restaurant.
8. Provide the Operations Manual on loan for the term of the Franchise Agreement. (Franchise Agreement, Section 6) The table of contents for the Operations Manual appears in Exhibit C of this disclosure document. As of the issuance date of this disclosure document, the Operations Manual contains 87 pages.
9. Review and approve in writing your proposed marketing plan and materials for use in connection with the "Grand Opening Marketing Plan" for your CPK Restaurant, as described below under "Advertising." (Franchise Agreement, Section 8.1)

Continuing Obligations

After your CPK Restaurant opens, we will:

1. Consult with you concerning the operation of your CPK Restaurant, to the extent practical and appropriate. (Franchise Agreement, Section 7.3)
2. At your request, review any proposed supplier to determine whether the supplier and its products or services meet our standards. (Franchise Agreement, Section 7.5)
3. Develop advertising and sales promotion programs designed to promote and enhance the collective success of the CPK Chain including an annual National Marketing Plan. (Franchise Agreement, Section 8.1)
4. Administer the California Pizza Kitchen brand fund ("**Brand Fund**") for the enhancement and protection of the CPK Chain and the Marks, and for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials. (Franchise Agreement, Section 8.4)

Site Selection and Construction

The procedure for constructing and opening a CPK restaurant is outlined in Section 2 of the Franchise Agreement. You must secure a site and construct your CPK Restaurant at your own expense.

We will provide you with the Package that will set forth our site selection criteria. You will complete and submit the Package to us and may request a reasonable amount of consultation with respect to the site selection process in doing so. Periodically, we may change our site selection criteria, which may include population density and composition, leasing costs, parking, visibility, character of the neighborhood, competition from other pizza restaurants in the area, proximity to other businesses (including businesses

operated or franchised by us or our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance, other physical characteristics, and a site plan of the Restaurant Location. (Franchise Agreement, Section 2.2)

You must obtain our approval of a site for the operation of your CPK Restaurant within 60 days after you and we sign the Franchise Agreement (“**Site Approval Deadline**”) and before committing to secure the site or build on it. Each Package you submit for approval of a prospective Restaurant site must be on forms we provide or specify and must include whatever information we deem relevant or pertinent to our evaluation of the proposed site, including, but not limited to, demographic studies and information, aerial and ground photographs, traffic and pedestrian counts, preliminary plot plans showing site dimensions, building type and placement on site, proposed ingress and egress and layout, research and information about the site and location, and a letter of intent signed by the owner of the site setting forth the proposed terms of sale or lease. If you request our assistance in preparing a market study for the Package, and we agree to provide assistance, then we will provide personnel to assist in the preparation of the market study for the proposed site and you must pay \$5,000 for that assistance. (Franchise Agreement, Section 2.3)

Once we receive your Package, we will have 30 days to review it and notify you whether we will approve or reject the proposed site, or whether we need additional information to make our decision. We may act in our sole discretion in approving or rejecting a site application. At our option, we may conduct an on-site evaluation of the proposed site(s). We do not charge any fees to conduct one market visit for your first two new CPK Restaurants; however, if we require, or if you request, any additional market visits, you must pay a site review fee to us in the amount of \$1,000 and reimburse us for our travel expenses associated with such visits. The Package will not be deemed approved unless issued by us in writing. (Franchise Agreement, Section 2.4)

Within 60 days after we issue our site approval (the “**Site Acquisition Period**”), you must provide us with a copy of the proposed deed or lease for the restaurant site, and you cannot execute a lease, a purchase agreement, or a construction contract for the restaurant until receiving our approval. The site that we accept will be designated as the “**Restaurant Location**” in Exhibit A to the Franchise Agreement. (Franchise Agreement, Section 2.5)

If you develop a CPK Restaurant under a Development Agreement, you must obtain our acceptance of a site by the date identified in the Development Schedule contained in the Development Agreement. If you sign a Development Agreement, we will review your Package for each CPK Restaurant under the site selection criteria that we have in place when we receive your application.

We will provide you with our standard building plans and equipment lists. Within 90 days of the date of our site approval, you must submit the following to us for approval: two copies of a final site plan, showing site dimensions, topographical evaluations, building type and placement on site, and proposed ingress and egress; two sets of building plans including any modifications required to comply with local governmental and ADA requirements and a proposed equipment list; and schedules showing all equipment and fixtures to be installed (collectively, “**Restaurant Plans**”). You will be required to make changes to the Restaurant Plans as we inform you in writing that we require in our sole discretion. After our approval, it will be your sole responsibility to submit the Restaurant Plans to the appropriate governmental entities for their approval and permitting, in order to comply with the local law regarding the securing of any architect stamps, permits, licenses, or other necessary governmental approvals. If any such governmental entities require modifications to the Restaurant Plans, you must submit these modifications to us for our review and approval prior to commencement of construction. You cannot begin construction until we have approved the Restaurant Plans and all governmental permits, licenses and approvals have been obtained. In constructing the CPK Restaurant, you must strictly adhere to the final Restaurant Plans as approved by us. (Franchise Agreement, Section 2.7)

You will be responsible for all costs, liability and expense for developing, constructing and equipping the CPK Restaurant. All construction, including landscaping, exterior design, building structure, floor plan, décor, furnishings, equipment, fixtures and signage, must be completed in accordance with specifications we issued, and construction must be completed in accordance with the Restaurant Plans we

approved. You will be responsible for all costs incurred with the construction of the CPK Restaurant, including preparation of architectural and design plans. You must provide us with a written report in a form specified by us which details all construction and development costs and expenses for the CPK Restaurant within thirty days after the opening of the CPK Restaurant. (Franchise Agreement, Section 2.8)

It typically takes 90-120 days to select and lease the premises for a CPK restaurant from the signing of the Franchise Agreement and an additional 240 days to develop and construct the restaurant. The actual time will vary depending on the availability of financing and the time you need to obtain the necessary permits and licenses for the construction and operation of the CPK Restaurant. Neither of these factors is within our control. You must open the CPK Restaurant within one year following our approval of the site or we will have the right to terminate the Franchise Agreement.

POS System and Computer System Requirements

You must acquire and install in your CPK Restaurant, at your own expense, the point of sale (POS) system, back-office computer and other computer equipment, communications devices, audio/visual equipment, and software systems that we specify in writing from time to time. We have currently approved the NCR Aloha POS System. Our specifications may evolve over time and, in some cases, required items may only be available through us and/or designated suppliers. There are no contractual limitations on our ability to independently access the information and data contained in your systems. We and our affiliates have the right to retain the information and to use it internally without restriction.

You also must purchase a computer for management use that uses a designated operating system and is capable of running the required software and a printer. The computer must have a high-speed interface that permits you to connect to the Internet and to transmit and receive email and access Internet websites. You must obtain the back-office software that we specify. The type and number of computers and other hardware, software, and telecommunications equipment may vary depending on the size of your CPK Restaurant.

The estimated POS System and other computer system costs range from \$25,000 to \$100,000 for each CPK Restaurant for POS hardware, POS software, back-of-house computers, and other required accounting, management, and financial reporting software. We recommend, but do not require, that you purchase a maintenance agreement for both hardware and software in order to reduce downtime and costs associated with repairs. We estimate that you will spend \$850 to \$950 per month for software licenses and maintenance contracts for your computer and POS systems. You must pay all amounts charged by any supplier or licensor of the systems and programs you use, including charges for use, maintenance, support and/or update of these systems or programs. You must promptly update and upgrade your computer hardware and software systems as we require, at your expense. There is no contractual limitation on the cost or frequency of this obligation. Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, or upgrades to your POS System or computer system. You will need to discuss these obligations with any supplier that sells you components of your POS system and computer system. (Franchise Agreement, Section 7.17)

Training

CPK Manager Training

Onboarding management is critical to us, so we will provide a management training program for instilling the attitudes, skills and knowledge needed for the operation of a CPK Restaurant (“**CPK Manager Training**”). Your Operating Principal, general manager and each assistant manager for the CPK Restaurant, and each district manager, if any, or equivalent, having responsibility over the CPK Restaurant must complete CPK Manager Training to our satisfaction. We will certify any CPK Restaurant manager who successfully completes CPK Manager Training as a “**Trainer.**” We will authorize you to open your CPK Restaurant only after the Operating Principal, general manager, and the number of managers that we designate as appropriate for the size and scope of the CPK Restaurant have been certified as Trainers. We

may require your Trainers to sign a training participation agreement or a non-disclosure, non-competition agreement in a form acceptable to us. (Franchise Agreement, Section 5.1)

CPK Manager Training can include up to ten weeks of training, split between virtual classroom time and in-restaurant training, either at our Restaurant Support Center (the “RSC”) in Costa Mesa, California, at a Company-Operated Restaurant of our choice, or at your CPK Restaurant. We will decide the exact length of the management training program on a case-by-case basis, based on experience.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Week 1: Safety & Sanitation; BOH Round Robin	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 2: Management Routines & BOH Station Training (Foundational Items)	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 3: Management Routines & BOH Station Training (Station Skills & Bail Out)	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 4: Management Skill Building & FOH Management Training (Guest Excellence/Leader from the Front)	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 5: BOH Management Training (Food Validation & Leader in the Window)	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 6: Management Skill Building & FOH Station Training	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 7: Management Skill Building & FOH Station Training	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 8: FOH Management (Leader from the Front)	10 - 20	30 - 40	Virtual, at a CPK Restaurant, or the RSC
Week 9-10: Ownership & Validation	20 - 40	60 - 80	Virtual, at a CPK Restaurant, or the RSC
Totals	100 – 200	300 – 400	

In additional competing CPK Manager Training, your Operating Principal will need to complete training modules which last two to five days each. We will decide which and how many of these modules

your Operating Principal will need to complete based on your Operating Principal's prior experience. These modules consist of the following:

OPERATING PRINCIPAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Restaurant Excellent Review Oversight	8	8	At a CPK Restaurant or the RSC
Labor Management, KMS, Host Management	8	8	At a CPK Restaurant or the RSC
P&L Oversight Culinary/Supply Module 5 Star & Proficiency Training Platforms	0	8	RSC
Marketing Platforms New Site Selection Criteria Construction & Maintenance	0	8	RSC
Totals	16	32	*Some hours may overlap or run concurrently.

No person may be put in charge of your CPK Restaurant or any department thereof without having first successfully completed CPK Manager Training including any regional or district managers that oversee multiple CPK Restaurants for you. No other person may be put in a position in your CPK Restaurant without having first successfully completed the prescribed CPK Manager Training certification program for that specific position. (Franchise Agreement, Section 5.3)

Your Operating Principal, and all Restaurant managers and assistant managers shall, from time to time as required by us, repeat CPK Manager Training or take refresher courses and successfully complete them to our satisfaction. (Franchise Agreement, Section 5.4)

We will schedule CPK Manager Training as needed for new franchisees and you must complete the program at least 60 days before opening your CPK Restaurant. The program is offered only in English.

Marvin Alvarado, our International Director of Operations, who has more than 13 years of experience in training CPK restaurant managers, will assist in administering CPK Manager Training to franchisees in their region.

The instructional materials used in CPK Manager Training may include handouts, videos, the Operations Manual, quizzes, and checklists, as well as online learning materials.

Restaurant Opening Training

For your first new CPK Restaurant, we will send a new store opening team of our employees (“**NSO Team**”) to your CPK Restaurant to assist in training personnel and otherwise assist in the opening of the CPK Restaurant. The number of members of the NSO Team and the length of the time they will be at the CPK Restaurant shall be determined by us in our sole discretion. You must pay us for all costs and expenses we incur for the travel, lodging, and meal expenses of the NSO Team. You must have a full staff in place and available for training at least ten days before the CPK Restaurant opens. (Franchise Agreement, Section 5.2)

Self-Training

Upon your request, we may permit you to provide your own training, or else to attend and pay for training provided by a third party, in lieu of some or all CPK Manager Training. You must conduct such training programs for your employees as we may require, including those training programs required for your employees to become certified for the position(s) for which each employee was hired. Your managers who have completed CPK Manager Training are responsible for fully training the CPK Restaurant's employees, including any replacement managers. You will be responsible for all costs incurred in training your employees and may also be required to purchase training materials and uniforms. (Franchise Agreement, Section 5.5)

Training Costs

All the training that we require shall be made available to you tuition-free; however, all costs and expenses for travel, meals, lodging, training materials and other expenses of attendance incurred by your and our employees shall be your responsibility and expense. Notwithstanding the foregoing, in the event that you request additional training, we will use reasonable efforts to provide it and may charge you for tuition.

We may advise and consult with you periodically in connection with the operation of your CPK Restaurant. If at any time, we determine that it is necessary or desirable to send personnel of our choosing to your CPK Restaurant to train or assist you, then you will be responsible for all expenses and salaries or per diem charges for such personnel (which will include all travel expenses, accommodations, and means). (Franchise Agreement, Section 4.4)

You must notify us in writing within 30 days following the opening of the CPK Restaurant if you believe we have failed to adequately provide any pre-opening services to you in regard to site selection, construction, selection and purchase of items needed to commence operations, training, or any other matter affecting the establishment of your CPK Restaurant. Absent the timely provision of such notice to us, you will have been deemed to have conclusively acknowledged that all pre-opening and opening services required to be performed by us were sufficient and satisfactory in your judgment. (Franchise Agreement, Section 5.7)

Advertising

Grand Opening Marketing Program

You must advertise and promote the CPK Restaurant for a 90-day period beginning 30 days prior to opening through 60 days following the opening of the CPK Restaurant (“**Grand Opening Marketing Period**”). You will develop a marketing plan for Grand Opening Marketing Period (“**Grand Opening Marketing Plan**”) and marketing materials for the CPK Restaurant (“**Grand Opening Marketing Materials**”). We must review and approve in writing the Grand Opening Marketing Plan and the Grand Opening Marketing Materials for the CPK Restaurant, including total expenditures. You must spend at least \$10,000 during the Grand Opening Marketing Period to advertise and promote the CPK Restaurant. (Franchise Agreement, Section 8.2) If you purchase a Company-Operated Restaurant, you will not be required to conduct grand opening marketing. CPK Restaurants that operate in Non-Traditional Facilities typically do conduct grand opening marketing.

Marketing Contributions and Expenditures

You will have a marketing obligation in an amount up to 5% of the Gross Sales of the CPK Restaurant during each Period (the “**Periodic Marketing Obligation**”). Currently, your Periodic Marketing Obligation is 2% of the Gross Sales of the CPK Restaurant; 1% of which must be contributed, at the same time and in the same manner as the Royalty, to the Brand Fund and 1% of which must be spent on local marketing. Following written notice to you, we may increase and reallocate the Periodic Marketing

Obligation among the Brand Fund, local marketing, and a Cooperative as described below. CPK Restaurants that operate in Non-Traditional Facilities typically are not required to conduct any marketing.

Brand Fund

We may from time to time establish the Brand Fund for the enhancement and protection of the CPK Chain and the Marks, and for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that we deem appropriate ("**Brand Fund**"). The Brand Fund may serve as the payment vehicle for carrying out our National Marketing Plan or designated portions of the same. We will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we deem will enhance and protect the CPK Chain and Marks and will improve and increase public recognition and perception of the CPK Chain and Marks. CPK Restaurants operated by us or our affiliates will contribute to the Brand Fund on the same basis as comparable franchisees. CPK Restaurants that operate in Non-Traditional Facilities typically do not contribute to the Brand Fund.

We (or our designee) will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used in those programs and their 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. Monies in the Brand Fund will be accounted for separately from our other funds. Expenditures from the Brand Fund will be made solely for the payment of expenses incurred in connection with the promotion of the CPK Chain and the Marks, including but not limited to: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) the cost of formulating, developing and implementing media advertising campaigns, including Internet advertising and Internet search engine campaigns, and including the development and use of social media and social networking sites; (4) the cost of formulating, developing and implementing promotional and public relations programs; (5) the design, and update and redesign of the System Website, our websites, web pages, mobile applications, digital marketing, and social media and social networking sites, profiles and accounts; (6) at our option, reimbursement of all or part of any franchisee's cost of conducting advertising and promotion campaigns authorized by us; (7) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (8) sponsorship of sporting, charitable, or similar events; (9) public relations and community involvement activities and programs; and (10) the reasonable cost of administering the Brand Fund, including accounting expenses, the cost of salaries and fringe benefits paid to our dedicated employees who are engaged in administration of the Brand Fund, and overhead allocated to advertising and promotional activities. The Brand Fund will not be used to solicit new franchise sales. Any amounts contributed to the Brand Fund and not spent in the same calendar year will be carried over to subsequent years. All interest, if any, earned by the Brand Fund will be used for the payment of the foregoing expenses before application of any principal to those expenses.

Methods, media employed, contents of advertising and promotional activities, and terms and conditions of advertising campaigns and promotional programs shall be within our discretion. We do not have any obligation to spend Brand Fund contributions or conduct any advertising in the geographic area around your CPK Restaurant. Some or all of our decisions, and expenditures from the Brand Fund, might not result in any benefit to the sales or goodwill of your CPK Restaurant, or might benefit some CPK Restaurants more so than others. At your request to our Chief Financial Officer, we will provide a financial statement of the Brand Fund, showing beginning and ending balances, receipts and expenditures, which will not be audited. (Franchise Agreement, Section 8.4)

We do not have an advertising council composed of franchisees to advise us on advertising policies, but we may seek the advice of CPK franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund.

We did not collect or expend any monies for the Brand Fund in our last fiscal year.

Local Marketing

You must expend for local marketing and promotion of the CPK Restaurant on a periodic basis that amount required by us that is not spent for the Brand Fund or a Cooperative. Currently, you must spend at least 1% of the Gross Sales of the CPK Restaurant each Period on local marketing and promotion, which amount we may modify as noted above. Local marketing expenditures include the following pre-approved expenditures: (1) amounts spent by you for advertising media, such as digital, print, radio, television and outdoor, banners, posters, direct mail, grassroots premiums, event invites, and, if not provided by us at our cost, the cost of producing approved materials necessary to participate in these media; (2) coupons and special (or promotional) offers pre-approved by us; (3) product costs associated with redemption of coupons, loyalty programs, free or reduced meals, and promotional offers; and (4) local marketing and public relations agency fees. Local marketing expenditures do not include amounts spent for items, in our reasonable judgment, deemed inappropriate for meeting the minimum local marketing requirement, including permanent on-premises signage, personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), and employee incentive programs.

All advertising copy and other materials used by you shall be in strict accordance and conformity with the standards, formats and specimens contained in the Operations Manual. In the event you wish to depart from the materials contained in the Operations Manual, you must submit, in each instance, the proposed advertising copy and materials to us for approval in advance of publication and shall use only such advertising copy and materials as have been approved in writing by us. You may not use the Marks in connection with any statement or material which might be considered by the public, or by potential or actual consumers or customers of the CPK Chain, to be in bad taste, obscene, defamatory, controversial or inconsistent with the marketing and sale of food by the CPK Chain or which would tend to bring public disfavor or scorn upon the CPK Chain.

Cooperatives

We may from time to time establish national, regional or local advertising cooperatives (which may be formed as a corporation or other entity, in our sole discretion) ("**Cooperatives**"). The formation documents and by-laws, as amended, and all other charter documents of these Cooperatives will in each case be subject to our prior express written approval. At our direction, you will be required to join and contribute to the Cooperation pertinent to your CPK Restaurant. The decision to commence, conduct or discontinue advertising through such Cooperatives will be made in our sole discretion. If we conduct or authorize the formation of Cooperatives, each Cooperative will have only that control over any of the advertising as we expressly delegate to it. Any amounts contributed by you to such a Cooperative and not spent by the Cooperative in the same calendar year will remain with the Cooperative to be spent on advertising we approve in the next calendar year, unless we in our sole discretion and with prior express written consent approve of another use. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval. We and our designated agents will have the right to examine and copy, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. We will also have the right, at any time, to have an independent audit made of the books of any Cooperative. (Franchise Agreement, Section 8.6)

Social Media Sites and System Website

You may not establish or maintain, or have established or maintained on your behalf, any website, web page, social networking and/or social media website, profile, account or username, or other Internet site or content, relating to or making reference to us, your CPK Restaurant, or the CPK Chain (each, a "**Social Media Site**"), except as we may approve, in our sole discretion. You must comply with all directives from us with respect to any Social Media Site approved by us, including those related to materials posted on a Social Media Site, links to and from a Social Media Site, the use of the Marks on a Social Media Site, and security for a Social Media Site. We will retain sole ownership of any Social Media Site, including the domain name and any content related thereto. (Franchise Agreement, Section 8.7)

We or one or more of our designees may maintain one or more websites to advertise, market and promote CPK Restaurants, the products and services they offer and sell, and/or the CPK Restaurant franchise opportunity (each a "**System Website**"). We may permit you to have a webpage that links to the System Website and refers specifically to the CPK Restaurant. If we allow you to have such a link, the form and content of that webpage will be as prescribed by us. To the extent we accept any information or materials from you to be included on such page ("**Local Restaurant Content**"), you must warrant that all such information is accurate, and that you have obtained any consents required to display such information. We will own all intellectual property and all other rights in the System Website, including any Local Restaurant Content, and all information they contain (including the domain name or URL for all webpages, the log of "hits" by visitors, and any personal or business data that visitors supply), and you must execute such documents and do such other acts as we may reasonably require to secure such ownership. We have final approval rights over all information on the System Website (including Local Restaurant Content, and whether to include any individual restaurant links on the System Website). (Franchise Agreement, Section 8.8)

ITEM 12 TERRITORY

Franchise Agreement

Under the Franchise Agreement, you will receive a license to operate one CPK Restaurant at the Restaurant Location that we approve. We will also identify a geographic area around your CPK Restaurant in which we will not operate a CPK Restaurant or grant the right to any other party to operate a CPK Restaurant ("**Protected Territory**"). The size of the Protected Territory will vary depending on, among other things, the location in which you wish to operate your CPK Restaurant. Typically, the Protected Territory will be set as a radius around the Restaurant Location. The perimeters of the Protected Territory may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks, or other similar boundary descriptions. Factors that we will use in order to determine the Protected Territory include demographics, population density and number of households in the area, the growth profile of the populations within the area, the competitive environment in that market, and other factors that we will take into account. If you develop CPK Restaurants under a Development Agreement, we will determine the Protected Territory for each CPK Restaurant according to the policies that are in place when you sign each Franchise Agreement.

We and our affiliates reserve all rights that are not expressly granted to you under the Franchise Agreement. Among other things, we and our affiliates have the sole right to do any or all of the following (notwithstanding proximity to your Protected Territory or your CPK Restaurant or their actual or threatened impact on sales at your CPK Restaurant): (1) operate or license others to operate at any location, during or after the term of the Franchise Agreement, any type of restaurant other than CPK Restaurants; (2) operate or license others to operate, during the term of the Franchise Agreement, CPK Restaurants at any location other than in the Protected Territory; (3) operate or license others to operate, after the Franchise Agreement terminates or expires, CPK Restaurants at any location, including within the Protected Territory or at the Restaurant Location; (4) merchandise and distribute goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, and grocery stores, supermarkets, club stores, ghost kitchens, and similar retail outlets; (5) operate or license others to operate CPK Restaurants at any Non-Traditional Facility inside or outside the Protected Territory; (6) develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (7) purchase, be purchased by, merge or combine with, businesses that directly compete with CPK Restaurants.

Continuation of your Protected Territory does not depend on the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances that would permit us to modify your Protected Territory during the initial term of the Franchise Agreement.

Non-Traditional Facilities. You will not receive a Protected Territory if you operate your CPK Restaurant from a Non-Traditional Facility. You will operate your CPK Restaurant at the location specified

in Exhibit 1 to the Non-Traditional Facility Addendum to the Franchise Agreement, and the premises will occupy the physical area indicated on the floor plan attached to the Non-Traditional Facility Addendum. We reserve all rights to use and license the Proprietary Marks and the System other than those expressly granted under the Franchise Agreement and Non-Traditional Facility Addendum, including the right to operate or license others to operate CPK Restaurants at locations that directly or indirectly compete with your CPK Restaurant.

Relocation. You may request our approval to relocate your CPK Restaurant within five miles of your current Restaurant Location. You may not relocate the CPK Restaurant without our prior written approval. We will base our review of your request on a variety of factors, including population density, the proximity of other CPK Restaurants and other relevant demographic factors. If we approve a relocation of the CPK Restaurant, you must pay a relocation fee in the amount of \$10,000.

Alternative Channels of Distribution. You receive the right to sell food and beverage items at retail to the public for carry-out and/or consumption at the Restaurant Location. The Franchise Agreement does not authorize you to sell products through other channels of distribution, such as the Internet, catalog sales, or telemarketing, or other direct marketing efforts. We may permit you to advertise your CPK Restaurant through the Internet, social media, 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.

Development Agreement

During the term of the Development Agreement, we and our affiliates will not operate, or license others to operate, any new CPK Restaurants in your Development Area, so long as you are in compliance with the terms of the Development Agreement and any other agreements with us and our affiliates and you are current on all obligations due to us and our affiliates. However, we may operate, and license others to operate, CPK Restaurants in the Development Area that are open and operating or under development when you sign the Development Agreement. We reserve the same rights in your Development Area as we do in your Protected Territory as described above.

Upon the occurrence of any of the events that give rise to our right to terminate the Development Agreement, we may, elect to temporarily suspend your rights to develop additional CPK Restaurants in any part of the Development Area or temporarily or permanently reduce the size of the Development Area, in which event the restrictions on us and our affiliates in the Development Area will not apply in the territory which is no longer part of the Development Area and we and our affiliates may engage, and authorize third parties to engage, in any business activities we or they deem appropriate, whether under the Marks or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) CPK Restaurants the physical premises of which are located in that territory; and/or extend the time of the Development Schedule for any period of time that we determine.

No Exclusivity

Because of our reserved rights in your Protected Territory and your Development Area, you will not receive an exclusive territory under the Franchise Agreement or 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. We will have no obligation to compensate you in connection with any such activities.

Rights of First Refusal




We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises under either the Franchise Agreement or the Development Agreement.

* * * * *

We and our affiliates do not currently have any plans to operate, or offer franchises for, a business under a different trademark that will sell goods or services similar to those that are offered at CPK Restaurants.

**ITEM 13
TRADEMARKS**

We grant you a non-exclusive license to use the Marks during the term of the Franchise Agreement. We may also authorize you to use other current or future Marks to operate your CPK Restaurant. By Marks, we mean trademarks, service marks, trade names, trade dress (including product package designs), slogans, emblems, logos, external and internal building designs and architectural features, and combinations of the foregoing. Our affiliate, CPK Management, is the owner of the Marks. CPK Management has registered the following principal marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	Registration Date	Registration Number
CALIFORNIA PIZZA KITCHEN	March 12, 1991	1637904
CPK	October 13, 1992 December 10, 2019	1724501 5932000
CPKIDS	September 17, 1996	2001510 2001511
	May 20, 2014 August 18, 2020	4532893 6127571
	May 20, 2014	4532890
CPK REWARDS	March 5, 2019	5693474
	August 18, 2020	6127571

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

CPK Management has granted us the exclusive right to use and permit our franchisees to use the Marks under an Intellectual Property License Agreement. CPK Management has the right to terminate the Intellectual Property License Agreement if we commit a breach of that agreement. In that event, CPK

Management will have the right to 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.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the principal mark, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. We are not aware of any infringing uses that could materially affect your use of the Marks. There are no agreements that limit our rights to use or license the use of the Marks and we are not aware of any superior rights that could affect your use of the Marks.

You must promptly notify us of any unauthorized use or reproduction of the Marks, any challenge to the validity of the Marks, the ownership by us and our affiliates of the Marks, our right to use and to license others to use the Marks, or your right to use the Marks. We and our affiliates have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We and our affiliates also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

We will indemnify you from and against every claim arising out of your authorized use of the Marks in accordance with the Franchise Agreement. Our responsibility under this indemnity shall be limited to the reimbursement of out-of-pocket amounts paid to other parties and shall not extend to your lost business, sales, profits or opportunities and is conditioned upon you notifying us immediately upon receiving notice or knowledge of a claim for which indemnity is sought and tendering the defense of same to us. In the event that we takes up the tendered claim: (1) we or our affiliate shall control the defense, settlement, trial and appeal thereof in its sole discretion; (2) you will not be reimbursed for any costs of defense; (3) you must cooperate with and support us or our affiliate in our or such affiliate's handling of the claim; and (4) you must shall stop or modify your use of the Marks as and when requested by us. This indemnity shall be void in the event of your reckless or willful conduct contributing to the claim. Regardless of whether or not we takes up a claim, your may not settle any claim tendered to us without our prior written consent.

You must follow our rules when you use the Marks. You may not use any of the Marks as part of your business entity name and you may not use the Marks on any human resources materials including policies, forms, pay checks, and manuals. You must comply with our instructions in filing and maintaining any requisite trade name or fictitious name registrations and execute any documents we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. You may not use the Marks for the sale of an unauthorized product or in any other manner not authorized by the Franchise Agreement.

We can modify the Marks and/or substitute different marks for use in identifying CPK Restaurants and the System. You must promptly implement any modification or substitution at your own cost and expense. We will have no obligation or liability to you as a result of the modification or substitution.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any right in or to any patents or registered copyrights that are material to the franchise. We do, however, claim copyright protection for certain proprietary materials, which include, but are not limited to, the Operations Manual, training materials, advertisements, promotional materials, labels, menus, posters, coupons, gift certificates, signs, websites, store designs, and prototype plans and specifications. You can use the proprietary materials only for the purpose of developing and operating your CPK Restaurant. Although it is not a requirement under the Franchise Agreement to do so, we encourage our franchisees to notify us of any unauthorized use of the proprietary materials or of any challenge to the validity of, or the right to use, any of the proprietary materials. We have the right to control any administrative proceeding or litigation that involves the proprietary materials. This right includes the right to settle any of

those disputes. We may, but are not required to, try to stop other people from using the proprietary materials.

We claim proprietary rights in certain menu items associated with CPK Restaurants including our proprietary recipes. We protect the recipes and manufacturing processes for these items as trade secrets.

There are no currently effective determinations of the United States Copyright Office or any court involving our proprietary materials, nor any pending infringement, proceedings or material litigation involving the proprietary materials. We are not aware of any infringing uses that could materially affect your use of the proprietary materials. There are no agreements that limit our rights to use or license the use of the proprietary materials and we are not aware of any superior rights that could affect your use of the proprietary materials.

The Operations Manual and System Standards

We will loan you one copy of, or electronic access to, the Operations Manual, which contains information and knowledge that is unique, necessary and material to the System. It is the Operations Manual which embodies the System and sets forth the required standards for CPK Restaurants, including restaurant equipment, point-of-sale terminals, computers, software, recipes, menu, services offered, image, appearance, ingredients, sources, and standards and methods of operation. You must operate your CPK Restaurant in strict conformity with the Operations Manual; maintain the Operations Manual at your CPK Restaurant; not reproduce the Operations Manual or any part of it; treat the Operations Manual as confidential and proprietary; and disclose the contents of the Operations Manual only to your employees who have signed a confidentiality agreement and who have a demonstrated need to know the information contained in the Operations Manual.

In order to adapt the CPK Chain to consumer needs, to respond to competitors' actions, to protect and enhance the reputation of the CPK Chain, to expand and enhance the appeal of the food served in CPK Restaurants, or to improve any aspect of the operations of CPK Restaurants, we may modify the System standards and reissue, revise, amend, add to and delete from the Operations Manual. Upon written notice to you, such reissuances, revisions, amendments, additions and deletions shall also be deemed incorporated in the Operations Manual.

We may post some or all of the Operations Manual on a restricted website to which you will have access. In that event, you must monitor and access the website for any updates to the Operations Manual. Prior to accessing our restricted website, you and your employees must agree to abide by our terms of use, which we may revise from time to time. Any passwords or other digital identifications necessary to access the Operations Manual constitute confidential information owned by us.

Improvements

All products, menu items, services, trade names, trade and service marks or other commercial symbols, concepts, methods, techniques, and/or new information relevant to your operation of a CPK Restaurant (together, "**Improvements**"), whether or not constituting protectable intellectual property, that you or your employees create, or that are created on your behalf, must be promptly disclosed to us. You must fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to the use of such Improvements. Any such Improvement approved by us may be used by us and our affiliates and all other our other franchisees without any obligation to you for royalties or similar fees. In the Franchise Agreement, you will assign to us, without charge, any rights, including the right to grant sublicenses to any such Improvements, together with the goodwill associated with the same. We may make application for and own copyrights, trade names, trademarks and service marks related to any such Improvement. We also may consider such Improvements as our property and trade secrets.

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

You must at all times employ an individual to serve as your Operating Principal who will have full control over the day-to-day activities, including operations, of your CPK Restaurant and those other franchised CPK Restaurants operated by you in the same geographic area, including control over the standards of operation and financial performance. The Operating Principal shall serve as a liaison between us and your owners and shall maintain an open line of communication in both directions for that purpose. We must approve (using our then-current prerequisites for Operating Principals) any Operating Principal you employ. Our current minimum approval prerequisites include evidence of significant prior restaurant operating experience, successful completion of CPK Manager Training, and a primary residence within a reasonable driving distance of your CPK Restaurants. Refer to Section 13.4 of the Franchise Agreement for details about some of the required obligations of your Operating Principal. If the Operating Principal subsequently leaves your employment, you must secure a substitute Operating Principal approved by us within 30 days who must complete CPK Manager Training within 90 days after assuming the position. We do not require the Operating Principal to have an equity ownership interest in your company.

We may require that the Operating Principal sign an agreement with you not to compete with CPK Restaurants for a period after their employment with you. We may also require that you have the Operating Principal sign an agreement not to reveal confidential information they obtain in the course of their employment with you. These agreements must be in a form we approve and specifically identify us as a third-party beneficiary with the independent right to enforce the agreement.

Each of your owners and their spouses are bound by the confidentiality and non-competition restrictions described in Item 17 and they must sign a personal guarantee assuming and agreeing to discharge all of your obligations to us unless we waive or modify this requirement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your CPK Restaurant premises may not be used for any activity other than the operation of a CPK Restaurant. The Restaurant must remain open and in normal operation for the minimum hours and days we specify in the Operations Manual or otherwise in writing. You must operate the CPK Restaurant in strict conformity with the specifications contained in the Operations Manual or otherwise in writing.

You must only sell Products that meet our current standards of quality, as have been expressly approved for sale in writing by us, and as have been prepared in accordance with our methods for product preparation. You must sell or offer for sale, all menu items, Systemwide promotions, products, and services required by us in the Operations Manual or otherwise in writing as being part of the System. You may not deviate from our requirements. We have the right to change the types of authorized Products, and there are no limits on our right to make changes. You must comply with all reasonable requirements if we modify the System, such as, for example, offering and selling new or different Products that we specify, conforming to the standard hours of operation or seeking approval for alternative hours of operation.

New menu items and services may require different storage, preparation, cooking or service facilities than had previously existed in a CPK Restaurant and we may require you to modify aspects of your CPK Restaurant or add new fixtures or equipment to accommodate new menu items or services or changes to existing menu items or services at your sole expense.

We have placed restrictions (such as those set forth in the Operations Manual or otherwise in writing) on the dispensing of alcoholic beverages, such as the size of the bar, types of beverages served and hours of operation. You must comply with any current or future restrictions we may impose, and that may be imposed by local and state laws. You also must ensure that all bartenders, managers, and your Operating Principal complete, in advance of their employment, a recognized approved course on alcohol awareness training intervention procedures, such as TIPS® (Training for Intervention Procedures),

ServSafe, or any course designated by us in the Operations Manual and/or required by applicable state and local laws, and retain their certification in an active status throughout their period of employment by Franchisee.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement (FA), Development Agreement (DA), or Non-Traditional Facility Addendum (NT)	Summary
a.Length of the franchise term	FA: 3.1 DA: 8.1 NT: 3	FA: 10 years following the effective date of the Franchise Agreement. For a Non-Traditional Facility, the Agreement terminates automatically upon termination or expiration of your contract to provide foodservice at the Non-Traditional Facility or 60 days after you provide written notice to us if your client at Non-Traditional Facility has instructed you in writing to cease operating the CPK Restaurant. DA: The term expires on the earlier of the opening date or the opening deadline for the last CPK Restaurant you commit to develop in the Development Schedule.
b.Renewal or extension of the term	FA: 3.2 DA: Not Applicable NT: Not Applicable	FA: Provided we are still offering franchises in your area and if you are in substantial compliance with the Franchise Agreement, you will have the option to remain a franchisee at the Restaurant Location for two 5-year renewal terms.
c.Requirements for you to renew or extend	FA: 3.3 and 3.4 DA: Not Applicable NT: Not Applicable	FA: Provide 18 months' written notice of intent to renew; have fewer than two defaults in any 12 month period during the term of the Franchise Agreement; have no more than five OSHA or governmental violations; meet all requirements for renewal; demonstrate right to remain in possession of the Restaurant Location and be current under the lease and retain all licenses and permits; complete additional training programs; and agree to renovate the CPK Restaurant; sign renewal franchise agreement, sign general release (subject to state law) and pay \$5,000 renewal franchise fee. The renewal franchise agreement may contain terms that are materially different from your expiring Franchise Agreement, such as different fee requirements, but will not include an Initial Franchise Fee.

Provision	Section in Franchise Agreement (FA), Development Agreement (DA), or Non-Traditional Facility Addendum (NT)	Summary
d. Termination by you	FA: Not Applicable DA: Not Applicable NT: 3	Subject to state law, you may not terminate the Franchise Agreement or the Development Agreement. For Non-Traditional Facilities, the Franchise Agreement will automatically terminate if your contract to provide foodservice at the Facility terminates or expires without renewal. In addition, you may terminate the Franchise Agreement following 60 days' written notice to us if your client at the Facility instructs you in writing to cease operating the Restaurant (provided you have exercised reasonable efforts to arrange a meeting between your client and us, if we so elect, to discuss the continued operation of the Restaurant).
e. Termination by us without cause	Not Applicable	We may not terminate the Franchise Agreement or the Development Agreement without cause.
f. Termination by us with cause	FA: 16 DA: 8.2 – 8.3, 8.7 NT: Not Applicable	We may terminate the Franchise Agreement and the Development Agreement only if you or your owners commit any one of several violations. In addition to our right to terminate the Development Agreement, we may (1) temporarily suspend your rights to develop additional CPK restaurants in any part of the Development Area; (2) reduce the size of the Development Area; or (3) extend the Development Schedule.
g. "Cause" defined - defaults which can be cured	FA: 16.2 DA: 8.2 – 8.3 NT: Not Applicable	You have 30 days to cure defaults, except for those described in h. below.
h. "Cause" defined - noncurable defaults	FA: 16.1 DA: 8.2 and 8.3 NT: Not Applicable	FA: Non-curable defaults: failure to timely identify a site and open the CPK Restaurant; of possession of the CPK Restaurant; material misrepresentation in application materials; commission of felony misuse of the Marks, action that impairs the goodwill of the Marks; knowingly or recklessly serve adulterated, misbranded or unsafe food or operation of the CPK Restaurant in a manner that will result in imminent danger to public health or safety; failure of Operating Principal to complete CPK Manager Training or failure to have employees trained; violation of the Patriot Act; failure to cure default of which materially impairs goodwill associated with the Marks in 24 hours; commission of same breach of the Franchise Agreement within a one year period; insolvency, bankruptcy; unapproved transfers; default of any other agreements between you and us, including any Development Agreement, or our affiliates; and others.

Provision	Section in Franchise Agreement (FA), Development Agreement (DA), or Non-Traditional Facility Addendum (NT)	Summary
		DA: Non-curable defaults: failure to meet your development obligations; disclosures of trade secrets; operating a Competing Business; unauthorized transfer; material misrepresentation; filing false reports; conviction of felony; termination of any franchise agreement between you or your affiliates and us or our affiliates; and others.
i. Your obligations on termination/ non-renewal	FA: 16.4 DA: 8.6 NT: Not Applicable	FA: Obligations include cease use of the Marks; remove signage displaying the Marks; close the CPK Restaurant and cease all use of the System; return the Operations Manual; pay all amounts owed; cease use of phone numbers, email addresses, domain names, web sites, etc. that are associated with the CPK Restaurant; and de-identifying the Restaurant Location; pay early termination damages (if applicable). DA: You will have no further right to develop CPK Restaurants.
j. Assignment of contract by us	FA: 14.9 DA: 7.9 NT: Not Applicable	There are no restrictions on our right to assign the Franchise Agreement or the Development Agreement.
k. "Transfer" by you – definition	FA: 14.8 DA: 7.8 NT: Not Applicable	Restrictions apply to transfer of all substantially all of your assets; transfer of 10% of your equity ownership interests, assignment of the Franchise Agreement or Development Agreement; merger with another entity; operation of the CPK Restaurant under the control of an executor or personal representative after 120 days following the death of your majority owner or the agreement to any heir or successor of any of your owners.
l. Our approval of transfer by you	FA: 14.1 DA: 7.1 NT: Not Applicable	We have the right to approve all transfers.
m. Conditions for our approval of transfer	FA: 14.2 DA: 7.2 NT: Not Applicable	FA: you are in good standing; physical premises of your CPK Restaurant is in compliance with the Operations Manual; proposed transferee qualified, completes CPK Manager Training, and signs our then-current form of Franchise Agreement and other required agreements; transfer fee paid; general release signed (see <u>Exhibit H</u>); other agreements transferred to transferee. DA: Transferee qualified; accrued fees paid; no default exists; sales price reasonable; transferee signs new agreement; you sign release and pay transfer fee.

Provision	Section in Franchise Agreement (FA), Development Agreement (DA), or Non-Traditional Facility Addendum (NT)	Summary
n. Our right of first refusal to acquire your business	FA: 14.3 DA: 7.3 NT: Not Applicable	We have the right to match any offer.
o. Our option to purchase your business	FA: 16.6 DA: Not Applicable NT: Not Applicable	Upon expiration or termination of the Franchise Agreement, we can take assignment of your lease and purchase your CPK Restaurant assets.
p. Your death or disability	FA: 14.8.4 DA: 7.8.4 NT: Not Applicable	FA & DA: operation of your CPK Restaurant by an executor or personal representative more than 120 days following your majority owner's death or legal incapacity or the transfer of the Franchise or the Franchise Agreement or any interest in either to any heir, legatee or successor of any owner of yours is considered a transfer which will require our prior written consent and is subject to our right of first refusal.
q. Non-competition covenants during the term of the franchise	FA: 10.3 DA: 4.2 NT: Not Applicable	Subject to state law, no diverting customers to and no involvement in any entity which is granting franchises or licenses to others to operate a restaurant featuring pizza, pasta, salads or other California-inspired cuisine (except pursuant to franchise agreements with CPK) or any restaurant featuring pizza, pasta, salads or other California-inspired cuisine.
r. Non-competition covenants after the franchise is terminated or expires	FA: 10.3 DA: 5.2 NT: Not Applicable	Subject to state law, no activity in q. above for two years following termination or expiration except pursuant to a franchise agreement with us or at a site that is at least 10 miles from any CPK restaurant, including your CPK Restaurant, including your CPK Restaurant, and that was operating or being developed at the time of termination or expiration of the agreement.
s. Modification of the agreement	FA: 18.5 DA: 10.5 NT: Not Applicable	No modification generally without signed agreement, but we may modify the System and the Operations Manual.
t. Integration/ merger clause	FA: 18.5 DA: 10.5 NT: Not Applicable	Only the terms of the Franchise Agreement and Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, Franchise Agreement and Development Agreement may not be enforceable. Nothing in the agreements or in any related agreement is intended to disclaim the representations made in this disclosure document.

Provision	Section in Franchise Agreement (FA), Development Agreement (DA), or Non-Traditional Facility Addendum (NT)	Summary
u. Dispute resolution by arbitration or mediation	FA: 17.5 DA: 9.5 NT: Not Applicable	Either party will submit any claim, controversy, or dispute arising out of the agreement to non-binding mediation and, thereafter, to arbitration. The mediation and arbitration will take place in the city where our principal offices are located at the time the demand for mediation or arbitration is filed, which is currently Costa Mesa, California.
v. Choice of forum	FA: 17.7 DA: 9.7 NT: Not Applicable	Subject to state law and subject to the mediation and arbitration requirement, any actions for injunctive relief must be filed in the jurisdiction where our principal offices are located at the time suit is filed, which is currently Costa Mesa, California while simultaneously submitting the matter to mediation and then arbitration.
w. Choice of law	FA: 17.6 DA: 9.6 NT: Not Applicable	Subject to state law, the laws of California.

**ITEM 18
PUBLIC FIGURES**

We do not use any public figures to promote our franchises.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of Company-Operated or franchised restaurants. 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 CPK Restaurant, however, we may provide you with the actual records of that CPK Restaurant. 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 Kendall Jones, our General Counsel, at 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626, 310.342.5000, or the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022***

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2020	16	13	-3
	2021	13	15	+2
	2022	15	15	0
Company-Operated Outlets	2020	182	154	-28
	2021	154	153	-1
	2022	153	146	-7
Total Outlets	2020	198	167	-31
	2021	167	168	1
	2022	168	161	-7

* As of our fiscal year end.

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2020 to 2022***

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

* As of our fiscal year end. States not listed had no activity to report.

**Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
CA	2020	5	0	0	0	0	1	4
	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
HI	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MO	2020	2	0	0	0	0	2	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NC	2020	1	1	0	0	0	2	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
NV	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
PA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
TX	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
UT	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Guam	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020	16	2	0	0	0	5	13
	2021	13	2	0	0	0	0	15
	2022	15	2	2	0	0	0	15

* As of fiscal year end. States not listed had no activity to report.

**Table No. 4
Status of Company-Operated Outlets
For Years 2020 to 2022***

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
AL	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
AZ	2020	5	0	0	1	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	1	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CA	2020	67	0	0	4	0	63
	2021	63	0	0	0	0	63
	2022	63	1	0	2	0	62
CO	2020	5	0	0	2	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
CT	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
DE	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
FL	2020	14	0	0	1	0	13
	2021	13	0	0	0	0	13
	2022	13	0	0	0	0	13
GA	2020	6	0	0	2	0	4
	2021	4	0	0	0	0	4
	1011	4	0	0	0	0	4
HI	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7
IL	2020	8	0	0	2	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
KY	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
LA	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
MA	2020	5	0	0	0	0	5
	2021	5	0	0	1	0	4
	2022	4	0	0	1	0	3
MD	2020	4	0	0	0	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
MI	2020	6	0	0	2	0	4
	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
MO	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
NC	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
NJ	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
NM	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
NV	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
NY	2020	4	0	0	1	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
OH	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
OR	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
PA	2020	4	0	0	2	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
TN	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
TX	2020	11	0	0	5	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	1	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
UT	2020	3	0	0	1	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	2	0	0
VA	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
WA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
WI	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	182	0	0	28	0	154
	2021	154	0	0	1	0	153
	2022	153	1	0	8	0	146

* As of our fiscal year end. States not listed had no activity to report.

Table No. 5
Projected Openings as of January 1, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Affiliate-Owned Outlets in the next Fiscal Year
All states	0	0	0
Total	0	0	0

Our fiscal year ends on the Sunday closest to December 31 each year. Our fiscal year 2020, 2021 and 2022 ended on January 3, 2021, January 2, 2022, and January 1, 2023.

Exhibit G lists our 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.

We do not have any franchisees during the last three fiscal years who have signed confidentiality clauses.

There are no trademark-specific franchisee organization associated with the franchise system offered in this Franchise Disclosure Document and no independent franchisee organization has asked to be included in this Franchise Disclosure Document.

**ITEM 21
FINANCIAL STATEMENTS**

Exhibit D contains our audited financial statements from inception through January 2, 2022 and for the year ended January 1, 2023 and our unaudited financials statements for the period ended March 5, 2023. Since we have not been in operation for three years, we do not have three years of audited financial statements to include in this disclosure document. Our fiscal year ends on the Sunday closest to December 31 each year.

**ITEM 22
CONTRACTS**

Attached as Exhibits to this disclosure document are the following contracts:

- A. Area Development Agreement
- B. Franchise Agreement
- F. State Specific Addenda
- H. General Release
- I. Training Participation and Nondisclosure Agreement
- K. Asset Purchase Agreement
- L. Letter of Intent
- M. Resale Addendum to Franchise Agreement
- N. Non-Traditional Facility Addendum to Franchise Agreement

You also must sign our Franchisee Certification Form, which his attached as Exhibit J.

**ITEM 23
RECEIPTS**

Two copies of a receipt form appear at the end of this disclosure document. Please fill out and sign both receipts, return one copy to us and keep the other for your records.

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 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. **Item 6, Additional Disclosure**. The following statement is added to Item 6:

The maximum interest rate permitted in California is 10% per annum.

4. **Item 12, Additional Disclosure**. The following statement is added to Item 12:

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

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 agreements contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The franchise agreements provide for the application of the laws of Delaware. This provision may not be enforceable under California law.

The franchise agreements contain a choice of forum provision. This provision may not be enforceable under California law.

The franchise agreements contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release when you execute the franchise agreement and 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).

You must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

6. Item 22, Additional Disclosure. The following statement is 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.

ADDITIONAL FDD DISCLOSURES REQUIRED BY THE STATE OF HAWAII

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the California Pizza Kitchen Franchise Disclosure Document for use in the State of Hawaii is amended to include the following:

THESE FRANCHISES WILL BE OR HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

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

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

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

The following statement is added at the end of the second risk factor on the State Cover Page:

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

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

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

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 Disclosure.** The following statement is 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 DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Any provision requiring you to sign a general release of claims against us as a condition of renewal or transfer, does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

2. Item 22, Additional Disclosure. The following statement is 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.

**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 MINNESOTA

1. Initial Fees. The following statements are added to Item 5:

Based upon the review of our audited financial statements (attached as Exhibit D) by the State of Minnesota Department of Commerce (the "DOC"), the DOC has required that we defer the payment of: (1) the development fee until the first CPK Restaurant required to be developed under the Development Agreement opens for business; and (2) the pre-opening fees for each CPK Restaurant until the relevant CPK Restaurant opens for business. Upon the opening of the first CPK Restaurant that you develop under the Development Agreement, you must pay to us the development fee. Upon the opening of each additional CPK Restaurant, you must pay to us the pre-opening fees for that CPK Restaurant.

2. Notice of Termination. The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases) that a franchisee be

given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

3. **Choice of Forum and Law; Waiver of Right to Jury Trial or Termination Penalties.** The following statements are added to Item 17:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

4. **General Release.** The following statement is added to Item 17:

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. **Additional Disclosure.** The following statement is 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.

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 E 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 above, 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:

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 7: 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.

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 DISCLOSURE REQUIRED BY THE STATE OF RHODE ISLAND

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF VIRGINIA

1. **Risk Factors.** The following statement is added as a risk factor on the Risk Sheet:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$3,372,000 to \$4,475,000. This amount exceeds the franchisor’s stockholders equity as of January 2, 2022, which is \$246,062.

2. **Item 22, Additional Disclosure.** The following statement is 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.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF WASHINGTON

1. The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until we have fulfilled our initial pre-opening obligations under the Franchise Agreement and the Restaurant is open for business. Upon the opening of the Restaurant, you will pay the Initial Franchise Fee to us. We will defer the payment of the Development Fee attributed to each Restaurant that you agree to develop until that Restaurant opens for business. Upon the opening of each Restaurant developed pursuant to a Development Agreement, you will pay to us the Development Fee.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. The following disclosure is added to Item 17, section I of the Disclosure Document.

The franchisor will not unreasonably withhold its approval of a transfer request.

10. The following statement is added to Item 22 of the Disclosure Document:

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.

EXHIBIT A
DEVELOPMENT AGREEMENT



california
PIZZA KITCHEN

CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT

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EXHIBITS

- Exhibit A: Development Information
- Exhibit B: Current Structure, Ownership and Management of Developer
- Exhibit C: Guarantee, Indemnification and Acknowledgment

CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made effective as of the date identified on the signature page of this Agreement (the “**Effective Date**”) by and between CPK Franchise, Inc., a Delaware corporation (“**CPK**”) and _____, a _____ formed in _____ (“**Developer**”)

RECITALS

A. CPK and its affiliates have developed a distinctive restaurant concept for the marketing, preparation, service and sale of oven-fired “California style” pizzas, as well as pastas, salads, specialty alcoholic and non-alcoholic beverages, and related products (“**CPK Restaurants**”). CPK Restaurants share a common image, appearance, food style, menu items and methods of operation (“**CPK Chain**”).

D. CPK has developed, owns and has adopted for its own use and the use of its Developers in the CPK Chain a unique system of restaurant operation (“**System**”), consisting of a variety of distinctive sign and facility designs, equipment specifications, equipment layouts, recipes, methods of food presentation and service, business techniques, copyrighted manuals and other materials, trade secrets, know-how and technology. Pursuant to an Intellectual Property License Agreement (“**IP License Agreement**”) with its affiliate, California Pizza Kitchen Inc., CPK has the right to license the System to its franchisees.

E. Pursuant to a License Agreement with its affiliate, CPK Management Company (“**License Agreement**”), CPK has the right to license various trademarks, service marks, trade names, trade dress (including product package designs), slogans, emblems, logos, external and internal building designs and architectural features, and combinations of the foregoing (“**Marks**”), which are used by it and its franchisees in offering, selling and distributing its products and services in the CPK Chain.

F. The CPK Chain enjoys widespread public acceptance due in part to: (1) uniform high standards for the preparation, presentation and service of CPK’s food and beverage items; (2) uniform menu, image, appearance, and methods of operation in all CPK Restaurants; and (3) uniform use of the System and the Marks.

F. Developer, aware of the above, now desires to establish and operate a specified number of CPK Restaurants within a specified geographic region upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, CPK and Developer agree as follows:

1 GRANT OF RIGHTS

1.1 Development Rights. CPK hereby grants to Developer, subject to the terms and conditions set forth in this Agreement, a non-transferable right to develop CPK Restaurants at specific locations to be designated in separate California Pizza Kitchen Franchise Agreements (each a “**Franchise Agreement**”) pursuant to the schedule set forth in Exhibit A (the “**Development Schedule**”). Each Restaurant developed pursuant to this Agreement shall be located within the area designated on Exhibit A (the “**Development Area**”). This Agreement is not a Franchise Agreement. It does not give Developer the right to operate CPK Restaurants or use the System. This Agreement only gives Developer the opportunity to enter into Franchise Agreements for the operation of CPK Restaurants at locations approved by CPK in the Development Area. Each Restaurant developed pursuant to this Agreement shall be established and operated in strict accordance with a separate Franchise Agreement. Developer has no right to use the Marks in connection with any business other than a Restaurant operating under a license contained in a Franchise Agreement. CPK and its affiliates retain all rights not granted by this Agreement.

1.2 Good Character. The Development Rights are granted partly in reliance upon Developer's representations concerning its good character and reputation, financial condition and ability to operate restaurants properly and in accordance with this Agreement.

1.3 Limited Exclusivity. During the term of this Agreement, CPK and its affiliates will not operate, or license others to operate, any new CPK Restaurants in the Development Area, provided that Developer is in compliance with the terms of this Agreement and any other agreements with CPK and its affiliates and Developer is current on all obligations due to CPK and its affiliates. This Section 1.3 does not prohibit CPK and its affiliates, from: (1) operating, and licensing others to operate, CPK Restaurants in the Development Area that are open and operating or under development as of the Effective Date; (2) during the term of this Agreement, operating, and licensing others to operate, CPK Restaurants at any location outside the Development Area; (3) after this Agreement terminates or expires, operating, and licensing others to operate, CPK 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 1.3, Developer has no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of CPK Restaurants under the Marks, on any sales or distribution of products under the Marks, or on CPK (and its affiliates') business activities.

1.4 Reservation of Rights. Nothing in this Agreement prohibits CPK or its affiliates from, among other things:

1.4.1 operating or licensing others to operate at any location, during or after the term of this Agreement, any type of restaurant other than a CPK Restaurant;

1.4.2 selling anywhere (within or outside the Development Area) the same or similar products that are authorized for sale at CPK 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 CPK may deem appropriate;

1.4.3 developing and owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks;

1.4.4 purchasing, being purchased by, merging or combining with, businesses that directly compete with CPK Restaurants;

1.4.5 merchandising and distributing goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, grocery stores, supermarkets, club stores, and similar retail outlets; and

1.4.6 operating or licensing others to operate CPK Restaurants at any Non-Traditional Facility inside or outside the Development Area. 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; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; seasonal facilities; non-foodservice businesses of any sort within which a CPK Restaurant or a branded facility is established and operated including convenience stores; theaters; and sporting event arenas and centers.

1.4.7 CPK reserves all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement.

1.5 Forms of Agreement. Developer acknowledges that, over time, CPK has entered, and will continue 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 CPK and its affiliates and other Developers may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

1.6 Best Efforts. Developer agrees that it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, that it will continuously exert its best efforts to promote and enhance the business of the Restaurant and that it will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other CPK Restaurants.

1.7 Delegation. CPK has the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to its designees, whether affiliates or agents of CPK or independent contractors with whom CPK has contracted to provide the service.

2 FEES

2.1 Development Fees. Upon execution of this Agreement, Developer shall pay to CPK a development fee for each Restaurant that Developer agrees to develop under this Agreement in the amount of Fifty Thousand Dollars (\$50,000) per Restaurant (the "**Development Fees**"). The total amount of the Development Fees paid by Developer is set forth in the attached Exhibit A. The Development Fees are fully earned by CPK when this agreement is signed and are non-refundable, even if Developer fails to develop any Restaurants.

2.2 Initial Franchise Fee Credit. The Development Fee paid for each Restaurant shall be credited against Developer's Initial Franchise Fee, which is payable pursuant to each Franchise Agreement executed pursuant to the terms hereof.

3 DEVELOPMENT SCHEDULE

3.1 Development Schedule.

3.1.1 To maintain Developer's rights under this Agreement, Developer must: (1) obtain CPK's approval of a site and sign a Franchise Agreement for each of the agreed-upon number of Restaurants by the dates specified in the Development Schedule, and (2) have open and operating within the Development Area the agreed-upon number of Restaurants by the dates specified in the Development Schedule. Developer will operate each Restaurant under a separate Franchise Agreement with CPK. The Franchise Agreement that Developer will sign for each Restaurant will be CPK's then current form of Franchise Agreement. To retain Developer's rights under this Agreement, Developer must operate each Restaurant that Developer opens pursuant to this Agreement continuously throughout this Agreement's term in full compliance with the applicable Franchise Agreement.

3.1.2 Before executing any binding letter of intent, lease, purchase agreement or other document by which Developer would commit to occupy or acquire a location for any Restaurant that Developer will develop under this Agreement, Developer must obtain CPK's acceptance of the site for the Restaurant in accordance with the site selection procedures set forth in Section 3.2, execute and deliver to CPK copies of its then-current standard form of Franchise Agreement with respect to such Restaurant, pay the initial franchise fee to CPK in accordance with the terms of such Franchise Agreement and CPK must countersign such Franchise Agreement.

3.2 Site Selection.

3.2.1 Site Selection Criteria. CPK shall provide Developer with a Site Package ("**Package**") that will set forth CPK's site selection criteria. Developer will complete and submit the Package to CPK and may request a reasonable amount of consultation with respect to the site selection process in

doing so. Periodically, CPK may change its site selection criteria, which may include population density and composition, leasing costs, parking, visibility, character of the neighborhood, competition from other pizza restaurants in the area, proximity to other businesses (including businesses operated or franchised by CPK or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance, other physical characteristics and a site plan of the Restaurant Location.

3.3 Submission of Site Approval Request. It shall be Developer's obligation to obtain CPK's approval of a site for the operation of the Restaurant within sixty (60) days following the Effective Date of each applicable Franchise Agreement ("**Site Approval Deadline**"). Developer shall obtain CPK's approval for each Restaurant site before committing to secure the site or build on it. Each Package submitted by Developer for approval of a prospective Restaurant site shall be on forms CPK provides or specifies and shall include whatever information CPK deems relevant or pertinent to CPK's evaluation of the proposed site, including, but not limited to, demographic studies and information, aerial and ground photographs, traffic and pedestrian counts, preliminary plot plans showing site dimensions, building type and placement on site, proposed ingress and egress and layout, research and information about the site and location, and a letter of intent signed by the owner of the site setting forth the proposed terms of sale or lease. If Developer requests CPK's assistance in preparing the market study for the Package, and CPK agrees to provide such assistance, then CPK will provide personnel to assist in the preparation of the market study for the proposed site and Developer shall pay CPK a fee in the amount of Five Thousand Dollars (\$5,000) for such assistance. Developer agrees and acknowledges that the active participation of Developer will be required in this process. Developer further agrees that CPK's assistance in preparing the market study pursuant to this Section 3.3 does not guarantee that the site will be approved by CPK or the profitability or success of a Restaurant if CPK approves the site and Franchisee develops a Restaurant at the approved site.

3.4 Site Review and Approval. Upon receipt of the Package, CPK shall have thirty (30) days to review it and notify Developer whether it will approve or reject the proposed site, or whether CPK needs additional information to make its decision. CPK may act in its sole discretion in approving or rejecting a site application. At CPK's option, CPK may conduct an on-site evaluation of the proposed site(s). CPK does not charge any fees to conduct one (1) market visit if the Restaurant is one of the first two (2) CPK Restaurants developed by Developer or its affiliates; however, if CPK requires, or if Developer requests, any additional market visits, Developer must pay a site review fee to CPK in the amount of One Thousand Dollars (\$1,000) and reimburse CPK for its travel expenses associated with such visits. The Package shall not be deemed approved unless issued by CPK in writing.

3.5 Developer's Responsibility. Developer assumes all cost, liability, expense, risk, and responsibility for locating, obtaining financing for and developing the site for the Restaurant, and for constructing and equipping the Restaurant at the site.

3.6 Developer Acknowledgment. DEVELOPER ACKNOWLEDGES THAT ALTHOUGH CPK MAY HAVE BEEN INVOLVED IN THE SITE SELECTION PROCESS, REVIEW OF THE PACKAGE, THE LEASE AND RESTAURANT PLANS, AND IN OTHER ASPECTS OF THE CONSTRUCTION OR DEVELOPMENT OF THE RESTAURANT, CPK MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE RESTAURANT LOCATION, THE LEASE, THE RESTAURANT PLANS, OR THE SUCCESS OR PROFITABILITY OF THE RESTAURANT TO BE OPERATED BY DEVELOPER.

4 COVENANTS

4.1 Confidential Information. Developer acknowledges all the information it has now or obtains in the future concerning the System, including the contents of the Operations Manual, the trade secrets, know-how and technology communicated to Developer by CPK, and any CPK recipes, formulas, new product plans or introduction schedules or future advertising or promotion plans or schedules of CPK which Developer learns in the course of performance of this Agreement (collectively, "**Confidential Information**") is confidential. Developer shall not disclose or use (except to the extent that disclosure is required by law or use is expressly permitted by this Agreement) any Confidential Information at any time during the Term

or following its expiration or termination. Developer shall be responsible for the actions and activities of all of its agents, employees and designees working with any of the Confidential Information, and shall indemnify and hold harmless CPK from all damages and expenses (including attorneys' fees) which CPK may sustain as a result of any unauthorized use or disclosure by Developer or any agent, employee or designee of Developer or which can be traced to the disclosure of such Confidential Information by Developer or any agent, employee or designee of Developer.

4.2 Developer's Covenant Not to Compete.

4.2.1 Developer acknowledges CPK must be protected against the potential for unfair competition by Developer's use of CPK's training, assistance and trade secrets in direct competition with CPK. Developer therefore agrees that it shall not, during the term of this Agreement, directly or indirectly, individually or in conjunction with any person or entity: (1) divert or attempt to divert any business or customer, or potential business or customer, of any CPK Restaurant franchised or operated by CPK or its affiliates to any competitor, by direct or indirect inducement or otherwise; or (2) have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, carry on or be engaged in, financially or otherwise, or advise in the establishment of: (a) any entity which is granting franchises or licenses to others to operate a restaurant featuring pizza, pasta, salads or other California-inspired cuisine, except pursuant to franchise agreements with CPK, or (b) any restaurant featuring pizza, pasta, salads or other California-inspired cuisine.

4.2.2 Further, for two (2) years after the termination or expiration of this Agreement, Developer shall not, directly or indirectly, individually or in conjunction with any other person or entity, engage in any of the activities identified in Section 4.2.1 except (1) pursuant to franchise agreements with CPK, or (2) only at a site that is at least ten (10) miles from any CPK Restaurant, including the Restaurant(s), that were operating or being developed at the time of termination or expiration of this Agreement. In the event of the violation of this provision by Developer following termination or expiration of this Agreement, the period of time Developer shall be required to abide by this obligation shall be extended to a period ending two (2) years after Developer is no longer in default of this obligation.

4.2.3 The activities of Developer's owners and their immediate family members, Developer's officers, directors, shareholders, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section 4, shall be deemed to be activities of Developer. Upon request by CPK, the Developer shall obtain the signature of any such persons on a non-disclosure, non-competition agreement in a form acceptable to CPK.

4.2.4 Developer acknowledges that the restrictions contained in this Section 4.2 are reasonable and necessary to protect the interests of CPK and other Developers of CPK, and that because of the limited nature of the geographic scope of the restrictions following termination or expiration of this Agreement, and the limitation of the restrictions both during the term of this Agreement and thereafter to those that would be directly competitive with the CPK Chain, they do not unduly restrict Developer's ability to engage in gainful employment. Developer further acknowledges that its violation of these provisions will result in irreparable harm to CPK. Therefore, if Developer violates these restrictions, then in addition to damages incurred by CPK for which Developer shall be liable, CPK shall be entitled to injunctive relief to prevent continuation of such breach. If any court requires a bond in connection with the instruments of such injunctive relief, Developer acknowledges that in light of the limited nature of the restrictions, its damages will be limited, and the bond shall not exceed Ten Thousand Dollars (\$10,000).

4.2.5 CPK shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 4.2 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 10.5 (Entire Agreement).

4.2.6 Notwithstanding any other provision of this Agreement, this Section 4.2 shall be governed by, construed in accordance with, and enforced under the laws of the State of California; provided, however, that if this Section is deemed unenforceable under California law, then it shall be governed by, construed in accordance with, and enforced under the laws of the State in which the Development Area is located.

5 RELATIONSHIP OF PARTIES AND INDEMNIFICATION

5.1 Independent Contractor. As a Developer of CPK, Developer is an independent contractor and is not authorized to make any contract, agreement, warranty or representation on behalf of CPK, or to create any obligation, express or implied, on behalf of CPK. While this Agreement is in effect, Developer must hold itself out to the public as an independent contractor developing the Restaurants pursuant to an area development agreement from CPK. Developer is not, and shall not represent or hold itself out as, an agent, legal representative, joint venturer, partner, employee or servant of CPK for any purpose whatsoever and, where permitted by law to do so, shall file a business certificate to such effect with the proper authorities. CPK shall not be deemed to be in a special relationship with Developer, or to be the trustee or fiduciary of Developer, or be held to any elevated standard of conduct.

5.2 Indemnity. Developer shall hold harmless, indemnify and defend CPK and its officers, directors, employees, agents, affiliates, parent, subsidiaries, successors and assigns from and against every claim, counterclaim, suit, debt, demand, cost, liability, expense, setoff, lien, attachment, judgment, action and cause of action (“**Claim**”) arising out of or in connection with Developer’s conduct of business under this Agreement, the development and operation or condition of any part of the Restaurants or the premises of any of the Restaurants, the conduct of business there (whether or not done in compliance with this Agreement) including without limitation, any Claims regarding food/safety, foodborne illness, food handling and food equipment contamination, Developer’s ownership or possession of real or personal property, any intentional, willful, reckless or negligent act or omission by Developer or any of its agents, contractors, servants or employees, and Developer’s breach of any obligation of Developer under this Agreement. CPK shall have the right, at its option and at Developer’s expense, to control the investigation, defense, settlement, trial and appeal of the Claim and to designate counsel to handle the Claim. In no event shall any settlement be entered into without CPK’s prior written consent. This indemnity shall be void to the extent the reckless or willful conduct of CPK gave rise to the Claim.

6 ORGANIZATION OF DEVELOPER

6.1 Representations and Governing Documents. If Developer is a corporation, a limited liability company or a partnership, 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 each Restaurant is located; (3) execution of this Agreement and the development and operation of each Restaurant is permitted by Developer’s governing documents and would not violate any of Developer’s existing agreements; (4) there are no litigation matters as of the Effective Date that would impact this Agreement; and (5) unless waived in writing by CPK, 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 CPK Restaurants. Developer shall provide a copy of its formation and governing documents to CPK, which shall contain an acknowledgement that the transfer of any ownership interests in Developer are subject to the terms and conditions of this Agreement. When any of Developer’s governing documents are modified or changed, Developer promptly shall provide copies to CPK.

6.2 Ownership Interests. If Developer is a corporation, a limited liability company or another legal entity, all interests in Developer are owned as set forth in the attached Exhibit B. Developer shall comply with Section 7 prior to any change in ownership interests and shall execute addenda to the attached Exhibit B as changes occur in order to ensure the information contained in the attached Exhibit B is true, accurate and complete at all times.

6.3 Guarantee. Each of Developer's owners and each of their spouses shall jointly and severally guarantee Developer's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Developer's Obligations ("**Guarantee**"). CPK reserves the right to require any guarantor to provide personal financial statements to CPK from time to time. Developer acknowledges that, unless otherwise agreed to in writing by CPK, it is CPK's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any owner of Developer is not an individual, CPK shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Developer. (By way of example, if an owner of Developer is a corporation, CPK has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

6.4 Operating Principal. Developer must designate and retain an individual to serve as the Operating Principal. The Operating Principal as of the Effective Date is identified in the attached Exhibit B. Unless waived in writing by CPK, the Operating Principal shall meet all of the following qualifications:

6.4.1 The Operating Principal, at all times, shall have full control over the day-to-day activities, including operations, of the CPK Restaurants operated by Developer, including control over the standards of operation and financial performance. The Operating Principal shall have the appropriate knowledge and experience to fulfill this requirement.

6.4.2 The Operating Principal shall devote full-time and reasonable efforts to supervising the operation of the Restaurants (that are franchised by CPK or its affiliates) and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

6.4.3 The Operating Principal shall serve as a liaison between Franchisee's owners and CPK and shall maintain an open line of communication in both directions for that purpose.

6.4.4 The Operating Principal shall maintain a primary residence within a reasonable driving distance of the Development Area.

6.4.5 The Operating Principal shall successfully complete CPK's management training program ("**CPK Manager Training**") and any additional training required by CPK.

6.4.6 CPK shall have approved the Operating Principal, and not have later withdrawn that approval.

6.4.7 If the Operating Principal no longer qualifies as such, Developer shall designate another qualified person to act as Operating Principal within thirty (30) days after the date the prior Operating Principal ceases to be qualified. Developer's designee to become the Operating Principal must successfully complete CPK Manager Training. Following CPK's approval of a new Operating Principal, that person shall execute the attached form of Guarantee unless waived by CPK in its sole discretion.

7 TRANSFER

7.1 CPK's Separate Rights of Consent and First Refusal. Developer's rights and interest in the Development Area and this Agreement shall not be sold, assigned, transferred or encumbered in whole or in part without the prior written consent of CPK. CPK may grant or refuse its consent in its sole discretion, without liability to Developer or any other person. CPK's determination not to exercise the right of first refusal provided hereinafter to CPK shall not vitiate its exercise of its right to withhold consent to the proposed transfer.

7.2 Conditions of Consent. CPK may require fulfillment of conditions precedent to the granting of consent to any Transfer (as such term is defined in Section 7.8 below), including but not limited to the following:

7.2.1 there shall be no existing default in the performance of Developer's obligations under this Agreement or any other obligations to CPK or any of its affiliates;

7.2.2 the physical premises of each Restaurant shall be in complete compliance with the then current standards of the Operations Manual;

7.2.3 the proposed transferee shall be qualified according to CPK's then current standards for new Developers, including capitalization and maximum leverage requirements, and shall have successfully completed CPK Manager Training;

7.2.4 the proposed transferee shall have executed: (1) CPK's then current standard Development Agreement; (2) all ancillary agreements then required by CPK; and (3) all holders of an equity interest in the proposed transferee shall have executed CPK's then-current form of Guarantee;

7.2.5 Developer shall have paid to CPK a transfer fee in the amount of Five Thousand Dollars (\$5,000);

7.2.6 Developer and its owners shall have executed a general release in a form acceptable to CPK of any and all claims against CPK and its officers, directors, employees, affiliates, shareholders, representatives and agents;

7.2.7 any obligations of the transferee to the Developer shall be subrogated to the transferee's obligations to CPK under the Developer Agreement it enters into with CPK; and

7.2.8 that Developer transfer this Agreement together with all other agreements it has entered into with CPK and all rights thereunder to the transferee.

7.3 Right of First Refusal. If, at any time during the Term, Developer receives a bona fide offer to purchase or lease the interest proposed to be transferred, or to acquire a direct or indirect interest in the Development Rights or in this Agreement, or otherwise effect a "Transfer" as defined in Section 7.8, which offer Developer is willing to accept, Developer shall communicate in writing to CPK the full terms of the offer and the name of the offeror, including all documents which embody the proposed Transfer, and such information pertaining to the offeree as may be required by CPK. CPK may elect to purchase or lease the interest, on the terms set forth in the offer, by notifying Developer as set forth in Section 7.5 below. If CPK elects to exercise this right of first refusal, it will use its best efforts to complete the transaction within thirty (30) days following its notice of its election to exercise this right of first refusal. If CPK declines to exercise this right of first refusal, and otherwise provides its consent to the proposed Transfer, the Transfer must be completed within sixty (60) days of the date CPK declines to exercise its right of first refusal or an additional notice must be given to CPK and CPK shall have a new right of first refusal on the same terms. If CPK notifies Developer that it will exercise its right of first refusal, Developer, or the proposed transferor, as the case may be, must assign to CPK all of its right, title and interest pursuant to the proposed terms of the Transfer, and CPK shall pay the agreed-upon consideration therefor according to the instruments and documents submitted to CPK pursuant to this Section 7.3; provided, however, that CPK shall have the right to substitute equivalent cash for any noncash consideration included in the offer. CPK shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the Transfer (e.g., employment agreements in favor of individuals, and brokers' or finders' fees to be paid by the proposed transferee to Developer or to any principal of Developer).

7.4 No Liens. No interest in this Agreement or the Development Rights shall be the subject of a lien, security interest or pledge either in favor of Developer as part of a Transfer, or otherwise.

7.5 Time for Exercise. When the instruments and documents which embody a proposed Transfer have been executed by Developer and proposed transferee, they shall be submitted to CPK, along with all information concerning the transferee that may be requested by CPK. Within sixty (60) days of

receipt of the complete set of such instruments and documents, CPK will inform Developer (1) whether it will exercise its right of first refusal, and (2) if not, whether it will consent to the Transfer.

7.6 Personal Confidence. CPK, in entering into this Agreement, has evaluated and decided to repose its confidence in the person of Developer (and, if Developer is a corporation or other legal entity, in the persons of its owners and executives). No person shall succeed to any right or interest in this Agreement or in the Development Rights by virtue of operation of law or proceeding in bankruptcy except with the prior express, written consent of CPK. It is the right of CPK to be satisfied that those individuals who control the development of the Restaurants and its strategic and tactical decision makers are responsible and adequately trained and qualified and in all other ways suitable to the undertaking.

7.7 Interest of CPK. The effectiveness of CPK's refusal to consent to a proposed Transfer shall not be vitiated, or deemed to be made unreasonably or in bad faith, on account of (1) any interest or willingness on the part of CPK to acquire or cancel the Development Rights or an interest in this Agreement, or (2) CPK's desire to prevent the public offering or ownership of equity interest in Developer. CPK intends to rely upon the personal leadership and financial commitment of Developer (or, if Developer is not an individual, of Developer's owners and executives) to the business of developing the Restaurants, and may require Developer (and, if Developer is not an individual, its present owners) to retain absolute control over the decisions relating thereto.

7.8 Transfers Defined. The following shall be deemed to be a "**Transfer**" of an interest in this Agreement, which will require the prior written consent of CPK and are subject to CPK's right of first refusal (without either of which, transfers constitute a breach of this Agreement):

7.8.1 the sale or transfer of all or substantially all the assets of Developer, or of Developer's unincorporated division which operates the Restaurant, or the sale or transfer of ten percent (10%) or more of the shares of stock or other equity ownership in Developer in a single transaction or in a series of related transactions;

7.8.2 the assignment of this Agreement or of any interest in this Agreement or of the Developer or any interest in the Developer to any person, firm or entity, or the granting of any lien, security interest or other encumbrance upon the Agreement or Developer;

7.8.3 the consolidation or merger of Developer or any parent or controlling person of it into any other person or entity; or

7.8.4 the operation of any of the Restaurants under the control of the executor or personal representative after a period of one hundred twenty (120) days following the death or legal incapacity of Developer's majority owner or the transfer of the Developer or this Agreement or any interest in either to any heir, legatee or successor of any owner of Developer.

7.9 CPK's Assignment. CPK may assign its interest in the Development Rights and this Agreement without the consent of Developer. This Agreement and CPK's rights, interests and obligations hereunder shall inure to the benefit of any such assignee which assumes the obligations of CPK hereunder.

8 EXPIRATION AND TERMINATION

8.1 Term. The term of this Agreement begins on the Effective Date and expires on the earlier of the date that Developer opens the final Restaurant to be developed under this Agreement or the opening deadline for that Restaurant as set forth in the Development Schedule.

8.2 Termination by CPK Without Right to Cure. CPK may terminate this Agreement effective immediately upon written notice to Developer in the event of any of the following:

8.2.1 Developer fails to satisfy its development obligations under the Development Schedule;

8.2.2 Developer for any reason loses possession of, or abandons, any of the Restaurants;

8.2.3 Developer has made a material misrepresentation or omission in connection with its application, the grant of the rights under this Agreement or the execution of this Agreement;

8.2.4 Developer, the Operating Principal, or any director, partner, officer, or owner of Developer: (1) is convicted of any felony, or any other crime or offense that CPK believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or CPK's interest therein, or enters a plea of nolo contendere or similar plea (to any such felony or other crime); (2) materially misuses or makes unauthorized use of the Marks, (3) commits any act or takes any action that impairs the goodwill of the Marks, (4) uses any proprietary System know-how at any business other than a CPK Restaurant; or (5) fails to cure any breach or default under this Agreement that materially impairs or can be expected to impair the goodwill associated with the Marks.

8.2.5 Developer knowingly or recklessly serves in any of the Restaurants food which has been adulterated or misbranded, or which is unsafe or which has been packaged, prepared, cooked or maintained in violation of any governmental statute or regulation intended to protect the public health or safety or if CPK otherwise makes a reasonable determination that continued operation of any of the Restaurants by Developer will result in imminent danger to public health or safety;

8.2.6 Developer's Operating Principal fails to satisfactorily complete CPK Manager Training or Developer fails or refuses to have its employees attend the CPK training programs;

8.2.7 Developer, or its owners, employees or independent contractors do business with third parties in violation of The Patriot Act;

8.2.8 Developer fails to cure any default under this Agreement which materially impairs the goodwill associated with the Marks or the System or the CPK Chain after Developer has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;

8.2.9 Developer, within one (1) year of notice of any breach of this Agreement for which CPK grants Developer the right to cure, commits a subsequent breach of the same provision of this Agreement;

8.2.10 Developer makes a general assignment for the benefit of creditors, files a voluntary petition for reorganization under the provisions of the federal bankruptcy laws, has an involuntary petition filed against it or becomes or is declared insolvent;

8.2.11 Developer fails to transfer the Agreement to a qualified transferee within one hundred twenty (120) days following the death or legal incapacity of any Developer's majority owner;

8.2.12 CPK terminates any Franchise Agreement between CPK and Developer for a Restaurant, regardless of where it is located, in compliance with its terms; or

8.2.13 Developer shall commit a breach of any other agreement between itself and CPK, or any affiliate of CPK, which is either incurable or is not cured within the time allowed therefor; or

8.2.14 Developer shall breach this Agreement otherwise than as described in Sections 8.2.1 to 8.2.13 above, but in such a way that no cure is reasonably possible.

8.3 Termination by CPK Following Notice and Right to Cure. In the event of any breach by Developer of any term, covenant or promise in this Agreement, except for those set forth in Section 6.2 above, CPK may terminate this Agreement if Developer has not, within thirty (30) days after receiving notice of the breach, fully cured the breach and provided CPK with evidence of such cure acceptable to CPK in its sole discretion. Insofar as a breach by Developer has injured the business or reputation of CPK, Developer shall not be deemed to have cured unless (1) the breach itself has been cured within the time provided herein or such additional time as CPK, in its sole discretion may provide, and further (2) within the period allowed for cure, Developer initiates such reconstructive programs and measures, reasonably satisfactory to CPK, as will undo such injury, and once initiated, the program of cure is pursued with all practicable energy and without interruption until the injury is undone.

8.4 Compliance With Applicable Law. Notwithstanding any other provision of this Agreement, to the extent the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancelation, nonrenewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and CPK shall comply with applicable law in connection with each of these matters.

8.5 CPK's Pre-Termination Options. Prior to the termination of this Agreement, if Developer fails to pay any amounts owed to CPK or its affiliates or fails to comply with any term of this Agreement, then in addition to any right CPK may have to terminate this Agreement or to bring a claim for damages, CPK shall have the option, without prior notice:

8.5.1 to remove the listing of the Restaurants from any advertising published or approved by CPK;

8.5.2 to remove any or all Local Restaurant Content for any of the Restaurants from the System Website;

8.5.3 to prohibit Developer from attending any meetings, seminars or conferences held or sponsored by CPK; and/or

8.5.4 to suspend any or all services provided to Developer under this Agreement or otherwise.

8.5.5 CPK's actions as outlined in this Section 8.5 may continue until Developer has brought its accounts current, cured any default, and complied with CPK's requirements, and CPK has acknowledged the same in writing. The taking of the actions permitted in this Section 8.5 shall not suspend or release Developer from any obligations that would otherwise be owed to CPK or its affiliates under the terms of this agreement or otherwise. Further, Developer acknowledges that the taking of any or all such actions on the part of CPK will not deprive Developer of the most essential benefits of this agreement, and shall not constitute a constructive termination of this agreement.

8.6 Effect of Expiration or Termination. Upon expiration or termination of this Agreement (regardless of the reason for termination):

8.6.1 Any and all rights granted to Developer under this Agreement will immediately terminate; however, Developer will not be relieved of any of its obligations, debts or liabilities under this Agreement, including, without limitation, any debts, obligations or liabilities which have accrued before such termination.

8.6.2 Developer will have no further rights to develop and open Restaurants in the Development Area, except that Developer may develop and open any Restaurants for which Developer has executed Franchise Agreements prior to the date of expiration or termination of this Agreement and continue to operate Restaurants that are open and operating as of the date this Agreement expires or terminates.

8.6.3 CPK and its affiliates will have the right to operate, and authorize others to operate, CPK Restaurants the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that CPK (and they) desire within the Development Area without any restrictions whatsoever, subject only Developer's rights under existing Franchise Agreements.

8.6.4 CPK will retain the Development Fees payable pursuant to Section 2.1 of this Agreement.

8.7 Other Remedies Upon Default.

8.7.1 In addition to and without limiting CPK's other rights and remedies under this Agreement, upon the occurrence of any of the events that give rise to CPK's right to terminate this Agreement, CPK may, at its sole option and upon delivery of written notice to CPK, elect to take any or all of the following actions without terminating this Agreement:

8.7.1.1 temporarily suspend Developer's rights to develop additional Restaurants in any part of the Development Area;

8.7.1.2 temporarily or permanently reduce the size of the Development Area, in which event the restrictions on CPK and its affiliates under Section 1.3 will not apply in the territory which is no longer part of the Development Area and CPK and its affiliates may engage, and authorize third parties to engage, in any business activities CPK or they deem appropriate, whether under the Marks or other trademarks, within that territory, including establishing and operating (and granting rights to others to establish and operate) CPK Restaurants the physical premises of which are located in that territory; and/or

8.7.1.3 extend the time of the Development Schedule for any period of time that CPK determines.

8.7.2 CPK's exercise of its rights under this Section 8.7 will not be a defense for Developer to CPK's enforcement of any other provision of this Agreement or waive or release Developer from any of Developer's other obligations under this Agreement. CPK's exercise of these rights will not constitute an actual or constructive termination of this Agreement, nor will it be CPK's sole or exclusive remedy for Developer's default. If CPK exercises any of its rights under this Section 8.7, CPK may thereafter terminate this Agreement without providing Developer any additional corrective or cure period, unless the default giving rise to CPK's right to terminate this Agreement has been cured to CPK's reasonable satisfaction.

8.8 No Waiver. Termination of this Agreement by CPK shall not constitute an election of remedies by CPK. The exercise of the rights granted under this Section 8 are in addition to, and not in lieu of, any and all other rights and remedies available to CPK at law, in equity or otherwise, including without limitation, the right to an injunction as set forth in Section 9.1, all of which are cumulative.

8.9 CPK's Costs and Expenses. Developer agrees to pay CPK all damages, costs, and expenses (including reasonable attorneys' fees) CPK incurs in obtaining injunctive, declaratory, or other relief to enforce this Section 8.

9 ENFORCEMENT

9.1 Mediation. Except as provided with respect to injunctive relief as provided for in this Agreement, in the event of any dispute arising from or in connection with this Agreement or the breach thereof or the relationship of the parties, the parties shall use their best efforts to settle the dispute by consulting and negotiating with each other in good faith to attempt to reach a solution satisfactory to both parties. If these methods fail, CPK and Developer agree to submit any claim, controversy, or dispute arising out of this Agreement or the relationship of the parties to non-binding mediation conducted by the American

Arbitration Association and in accordance with its then-current rules for commercial 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 CPK's principal offices are located at the time the demand for mediation is filed. If a dispute cannot be resolved through mediation, the parties agree to submit the dispute to arbitration, subject to the terms and conditions of Section 9.2.

9.2 Arbitration. Subject to **Error! Reference source not found.**, CPK and Developer agree that all controversies, disputes, or claims between the parties and their respective affiliates, owners, shareholders, officers, directors, agents, and/or employees arising out of or related to: (1) this Agreement; (2) the relationship between the parties; (3) the scope and validity of this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligations under this Section 9.2, which the parties acknowledge is to be determined by an arbitrator and not a court); or (4) any aspect of the System or any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by a single arbitrator. The mediation will take place in the city where CPK's principal offices are located at the time the demand for mediation is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

9.2.1 The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and reasonable attorneys' fees and costs, provided that the arbitrator will not have the right to amend or modify the terms of this Agreement, declare any Marks generic or otherwise invalid, or, except as expressly provided in Section 9.12.1, award any punitive or exemplary damages against either party (CPK and Developer hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 9.12.1, any right to or claim for any punitive or exemplary damages against the other). The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction.

9.2.2 CPK and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law. CPK and Developer further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party.

9.2.3 CPK and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between CPK and Developer and their respective affiliates, owners, shareholders, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding involving CPK and Developer and another party. Notwithstanding the foregoing or anything to the contrary in this Agreement, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 9.2, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 9 (excluding this Section 9.2).

9.2.4 The provisions of this Section 9.2 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

9.3 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this

Agreement, and all claims arising from the relationship between CPK and Developer will be governed by the laws of the state of California, without regard to its conflict of laws rules, except that any California law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its Developer will not apply unless its jurisdictional requirements are met independently without reference to this section. If, however, any provision of this Agreement would not be enforceable under the laws of California and if the Development Area is located outside of California, and such provision would be enforceable under the laws of the state in which the Development Area is located, then such provision shall be interpreted and construed under the laws of that state.

9.4 Consent To Jurisdiction. Subject to Section 9.2 above and the provisions below, Developer and its owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between CPK and Developer must be commenced in the state or federal court of general jurisdiction in the district where CPK's principal offices are located at the time the action is commenced and Developer (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection Developer (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, Developer and its owners agree that CPK may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Developer is domiciled or the Development Area is located.

9.5 Injunctive Relief. Notwithstanding anything to the contrary contained in this Section 9, CPK and Developer each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that CPK and Developer must contemporaneously submit the disputes for non-binding mediation under Section 9.1 and then for arbitration under Section 9.2 on the merits as provided herein if such disputes cannot be resolved through mediation. Developer acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction contemporaneously with submitting the disputes to mediation and then to arbitration shall include, but not be limited to, the following: (1) any dispute involving actual or threatened disclosure or misuse of the contents of the Operations Manual or any other confidential information or trade secrets of CPK; (2) any dispute involving the ownership, validity, use of, or right to use or license the Marks; (3) any action by CPK to enforce the covenants set forth in Section 4 of this Agreement; and (4) any action by CPK to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Restaurants.

9.6 Cumulative Rights and Remedies. All rights and remedies of the parties shall be cumulative and not alternative to, in addition to and not exclusive of, any other rights or remedies provided for herein or which may be provided or permitted by law or equity in case of any breach, failure or default or threatened breach, failure or default of any term, covenant or condition of this Agreement. The rights and remedies afforded either party hereby shall be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement shall not discharge or release either party from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

9.7 Waivers. No waiver by either party hereto of any breach or default, or of any of a series of breaches or defaults, or of any term, covenant, or condition herein or of any similar provision of any other agreement shall be deemed a waiver of any subsequent or other breach or default. No policy or practice of CPK maintained with respect to any of the subjects of this Agreement shall constitute an amendment of this Agreement, or a new agreement, or form the basis for an implied contract or an estoppel. No failure of Developer to comply with this Agreement may be excused on account of the alleged failures of other Developers, or of CPK, to so comply in other CPK Restaurants, or on account of CPK's waiver of compliance for the purpose of testing different menu items, services, image, appearance, methods of operation, ingredients or supplies.

9.8 Waiver of Collateral Estoppel. Developer and CPK agree that they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Developer

and CPK. Developer and CPK therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Developer and CPK. Developer and CPK therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

9.9 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in an arbitration or judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, arbitration or court costs, other arbitration or litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding.

9.10 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 to by law or this Agreement to exercise or enforce.

9.11 Limitations Of Claims. Except for claims arising from Franchise's non-payment or underpayment of amounts Developer owes to CPK, any and all claims arising out of or relating to this Agreement or the relationship of the parties will be barred unless a legal proceeding (in the required or permitted forum) is commenced within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

9.12 **WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.**

9.12.1 **EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 5.2, CPK AND DEVELOPER (AND DEVELOPER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN CPK AND DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT, IF ANY.**

9.12.2 **SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, CPK AND DEVELOPER (AND DEVELOPER'S OWNERS) IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.**

9.12.3 **SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, CPK AND DEVELOPER (AND DEVELOPER'S OWNERS) 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.**

10 MISCELLANEOUS

10.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, 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 notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

10.2 Gender. All terms used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The table of contents and the headings inserted in this Agreement are for reference purposes only and shall not affect the construction of this Agreement or limit the generality of any of its provisions.

10.3 Binding Effect. This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

10.4 Contract Construction. If any provision of this Agreement is capable of two (2) constructions, one of which would render the provision unlawful or otherwise voidable or unenforceable, and the other which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. If any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication shall not affect any other provision of this Agreement. All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. The language of all provisions of this Agreement shall be construed simply according to its fair meaning and not strictly against either CPK or Developer.

10.5 Entire Agreement. CPK and Developer 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 documents referred to herein, and the attachments hereto, 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, in the attachments to this Agreement and in CPK's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations CPK made in CPK's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by both Developer and an authorized officer of CPK. Wherever written approval of CPK is required, it shall be understood to require a complete written statement of the matter being approved bearing the signature of an authorized officer of CPK.

10.6 Counterparts. This Agreement may be signed in counterparts, signature pages may be exchanged by electronic transmission (including electronic signature platforms and 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.

10.7 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.

10.8 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.

10.9 Lesser Included Obligations. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from

(1) striking any portion of a provision that a court or agency may hold to be unreasonable and unenforceable; or (2) reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

10.10 Best Interests of the CPK Chain. Whenever CPK exercises 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 provided in this Agreement, CPK can make its decision or exercise its discretion on the basis of its judgment of what is in its best interests. “Best interests” includes what CPK believes to be the best interests of the CPK Chain at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken; (2) CPK’s decision or the action taken promotes its own financial interest; or (3) CPK’s decision or the action may apply differently to different Developers and/or to any CPK Restaurants that CPK or its affiliates operate. In the absence of an applicable statute, CPK will have no liability to Developer for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, CPK and Developer agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

10.11 Succession; Third Party Beneficiary. In the event the IP License Agreement pursuant to which CPK has the right to license Developer is terminated for any reason or expires, then CPK Management Company, Inc. shall forthwith succeed to all of the rights and assume all of the obligations of CPK under this Agreement automatically and without any action required by the parties. CPK Management Company, Inc. is a third party beneficiary of this Agreement.

10.12 Patriot Act Representations. Developer represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers and managers), nor any of its affiliates, or any funding source for the Restaurants, are identified on the list at the United States Treasury’s Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State’s Debarred Lists, or on the U.S. Department of Treasury’s Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the “Lists”); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Developer agrees to notify CPK in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

10.13 Survivability. All obligations of CPK and Developer which expressly or by their nature survive the expiration, termination or assignment of this Agreement, including the non-competition, confidentiality and indemnification provisions herein, shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement until they are satisfied in full or by their nature expire.

10.14 Acknowledgments. Developer acknowledges and represents to CPK to induce CPK to enter this Agreement, as follows:

10.14.1 Even though this Agreement contains provisions requiring Developer to develop CPK Restaurants in compliance with the System: (1) CPK and its 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 CPK or its 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 Operations Manual, except with respect to any liability arising from CPK’s gross negligence or willful misconduct.

10.14.2 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, the terms of any other agreement with any other third party to which Developer or any owner is a party.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement as of the Effective Date noted below.

CPK:
CPK FRANCHISE, INC.,
a Delaware corporation

DEVELOPER:
_____,
a _____

Date: _____
By: _____
Title: _____
Effective Date: _____

Date: _____
By: _____
Title: _____
Date: _____

Notice Address:
575 Anton Blvd, Suite 100
Costa Mesa, CA 92626

Notice Address:

EXHIBIT A TO CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT

DEVELOPMENT INFORMATION

1. **Developer:** _____
2. **Development Area:** _____

3. **Development Schedule:** Developer agrees to sign Franchise Agreements for and to open _____ (__) new Restaurants within the Development Area according to the following Schedule:

SITE ACCEPTED BY CPK AND FRANCHISE AGREEMENTS TO BE EXECUTED BY (DATE)	RESTAURANT OPENING DEADLINE	CUMULATIVE MINIMUM NUMBER OF NEW RESTAURANTS TO BE OPEN AND OPERATING NO LATER THAN THE RESTAURANT OPENING DEADLINE (IN PREVIOUS COLUMN)
		1
		2
		3

4. **Total Development Fees. \$** _____

DEVELOPER: _____

By: _____

Print name: _____

Title: _____

Date: _____

EXHIBIT B TO CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT

**CURRENT STRUCTURE, OWNERSHIP AND
MANAGEMENT OF DEVELOPER**

(a) If Developer is a corporation or partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Developer:

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(b) If Developer is a corporation or limited liability company, there is set forth below, the name, address and title of each officer and director or manager of Developer:

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(c) The address where Developer's records are maintained is:

(d) Developer's Operating Principal is: _____

Name and Title of Person
Completing Exhibit

Date: _____

Signature

EXHIBIT C TO CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT

GUARANTEE AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the CPK Restaurant Area Development Agreement dated as of _____ (“**Agreement**”) by CPK Franchise, Inc. (“**Franchisor**”), entered into with _____ (“**Developer**”), the undersigned (“**Guarantors**”), each of whom is Developer’s officer, director, or owner, or the spouse thereof, hereby personally and unconditionally agree as follows:

1. Guarantee To Be Bound By Certain Obligations. Guarantors hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the covenants and restrictions contained in Section 4 (Covenants) of the Agreement.

2. Guarantee and Assumption of Developer’s Obligations. Guarantors hereby: (1) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Developer and any assignee of Developer’s interest under the Agreement shall: (a) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) punctually pay all other monies owed to Franchisor and/or its affiliates; (2) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 4 (Covenants) and 5.2 (Indemnification); and (3) agree to be personally liable for the breach of each and every provision in the Agreement.

3. General Terms and Conditions. The following general terms and conditions shall apply to this Guarantee:

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right s/he may have to require that an action be brought against Developer or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Developer to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be a member of the Control Group, a 10% Owner, an officer or director of Developer or own any interest in Developer or the Restaurant, that person (and his spouse, if the spouse is also a guarantor) agrees that the obligations under this

Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 4.2 (Developer's Covenant Not To Compete) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor.

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

If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("**Default**") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

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

Section 9 (Enforcement) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, each of the undersigned have affixed his or her signatures, under seal.

GUARANTORS:

Date: _____

Print Name: _____
Home Address: _____

Date: _____

Print Name: _____
Home Address: _____

Date: _____

Print Name: _____
Home Address: _____

EXHIBIT B
FRANCHISE AGREEMENT



california
PIZZA KITCHEN

CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

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EXHIBITS

Exhibit A:	Franchise Information
Exhibit B:	Current Structure, Ownership and Management of Franchisee
Exhibit C:	Guarantee, Indemnification and Acknowledgment
Exhibit D:	Lease Rider Form

CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

THIS AGREEMENT is made effective as of the date identified on the signature page of this Agreement (the “**Effective Date**”) by and between CPK Franchise, Inc., a Delaware corporation (“**CPK**”) and _____, a _____ formed in _____ (“**Franchisee**”)

RECITALS

A. CPK and its affiliates have developed a distinctive restaurant concept for the marketing, preparation, service, and sale of oven-fired “California style” pizzas, as well as pastas, salads, specialty alcoholic and non-alcoholic beverages, and related products (“**CPK Restaurants**”). CPK Restaurants share a common image, appearance, food style, menu items and methods of operation (“**CPK Chain**”).

B. CPK and its affiliates have developed, own, and have adopted for their own use and the use of CPK’s franchisees in the CPK Chain a unique system of restaurant operation (“**System**”), consisting of a variety of distinctive sign and facility designs, equipment specifications, equipment layouts, recipes, methods of food presentation and service, business techniques, copyrighted manuals, and other materials, trade secrets, know-how and technology.

C. Pursuant to an Intellectual Property License Agreement (“**IP License Agreement**”) with its affiliate, CPK Management Company, CPK has the right to license to its franchisees the System and various trademarks, service marks, trade names, trade dress (including product package designs), slogans, emblems, logos, external and internal building designs and architectural features, and combinations of the foregoing (“**Marks**”), which are used by it and its franchisees in offering, selling and distributing its products and services in the CPK Chain.

D. The CPK Chain enjoys widespread public acceptance due in part to: (1) uniform high standards for the preparation, presentation and service of CPK’s food and beverage items; (2) uniform menu, image, appearance, and methods of operation in all CPK Restaurants; and (3) uniform use of the System and the Marks.

E. Franchisee, aware of the above, now desires to establish and operate a CPK Restaurant upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, CPK and Franchisee agree as follows:

1 GRANT OF RIGHTS

1.1 Non-Exclusive Grant. CPK hereby grants to Franchisee a non-transferable, non-exclusive franchise (“**Franchise**”) to use the Marks and the System solely for the operation of a franchised CPK Restaurant (“**Restaurant**”) pursuant to all the terms and conditions of this Agreement at the location identified in the attached Exhibit A (the “**Restaurant Location**”). If the location of the Restaurant has not been determined at the time Franchisee and CPK sign this Agreement, then it shall be determined as provided in Section 2 below.

1.2 Good Character. The Franchise is granted partly in reliance upon Franchisee’s representations concerning its good character and reputation, financial condition, and ability to operate restaurants properly and in accordance with this Agreement.

1.3 Protected Territory. During the term of this Agreement, CPK will not operate, or grant the right to any other party to operate, a CPK Restaurant in the area designated in Exhibit A as Franchisee’s “**Protected Territory**,” except as otherwise provided in Sections 1.3.1 through 1.3.7. CPK and its affiliates reserve all rights that are not expressly granted to Franchisee under this Agreement. Therefore, among other things, CPK and its affiliates have the sole right to do any or all of the following (notwithstanding

proximity to Franchisee's Protected Territory or Restaurant or their actual or threatened impact on sales at Franchisee's Restaurant):

1.3.1 Operate or license others to operate at any location, during or after the term of this Agreement, any type of restaurant other than CPK Restaurants;

1.3.2 Operate or license others to operate, during the term of this Agreement, CPK Restaurants at any location other than in the Protected Territory;

1.3.3 Operate or license others to operate, after this Agreement terminates or expires, at any location, including within the Protected Territory or at the Restaurant Location;

1.3.4 Merchandise and distribute goods and services identified by the Marks at any location through any other method or channel of distribution, including through e-commerce, grocery stores, supermarkets, club stores, ghost kitchens, and similar retail outlets;

1.3.5 Operate or license others to operate CPK Restaurants at any Non-Traditional Facility inside or outside the Protected Territory. 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; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; seasonal facilities; non-foodservice businesses of any sort within which a CPK Restaurant or a branded facility is established and operated including convenience stores; theaters; and sporting event arenas and centers.

1.3.6 Develop and own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and

1.3.7 Purchase, be purchased by, merge or combine with, businesses that directly compete with CPK Restaurants.

1.4 Forms of Agreement. Franchisee acknowledges that, over time, CPK has entered, and will continue 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 CPK and its affiliates and other franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

1.5 Best Efforts. Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, that it will continuously exert its best efforts to promote and enhance the business of the Restaurant and that it will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other CPK Restaurants.

1.6 Delegation. CPK has the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to its designees, whether affiliates or agents of CPK or independent contractors with whom CPK has contracted to provide the service.

1.7 No Day-to-Day Control by CPK. CPK and Franchisee recognize and agree that CPK does not exercise any day-to-day control of the Restaurant, including control of the security at the Restaurant, the hiring, firing, and scheduling of employees, or other forms of day-to-day control.

2 DEVELOPMENT OF THE RESTAURANT

2.1 Franchisee's Responsibility. Franchisee assumes all cost, liability, expense, risk, and responsibility for locating, obtaining financing for, and developing the site for the Restaurant, and for constructing and equipping the Restaurant at the site.

2.2 Site Selection Criteria. CPK shall provide Franchisee with a Site Package (“**Package**”) that will set forth CPK’s site selection criteria. Franchisee will complete and submit the Package to CPK and may request a reasonable amount of consultation with respect to the site selection process in doing so. Periodically, CPK may change its site selection criteria, which may include population density and composition, leasing costs, parking, visibility, character of the neighborhood, competition from other pizza restaurants in the area, proximity to other businesses (including businesses operated or franchised by CPK or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance, other physical characteristics, and a site plan of the Restaurant Location.

2.3 Submission of Site Approval Request. It shall be Franchisee’s obligation to obtain CPK’s approval of a site for the operation of the Restaurant within sixty (60) days following the Effective Date (“**Site Approval Deadline**”). Franchisee shall obtain CPK’s approval for the Restaurant site before committing to secure the site or build on it. Each Package submitted by Franchisee for approval of a prospective Restaurant site shall be on forms CPK provides or specifies and shall include whatever information CPK deems relevant or pertinent to CPK’s evaluation of the proposed site, including, but not limited to, demographic studies and information, aerial and ground photographs, traffic and pedestrian counts, preliminary plot plans showing site dimensions, building type and placement on site, proposed ingress and egress and layout, research and information about the site and location, and a letter of intent signed by the owner of the site setting forth the proposed terms of sale or lease. If Franchisee requests CPK’s assistance in preparing the market study for the Package, and CPK agrees to provide such assistance, then CPK will provide personnel to assist in the preparation of the market study for the proposed site and Franchisee shall pay CPK a fee in the amount of Five Thousand Dollars (\$5,000) for such assistance. Franchisee agrees and acknowledges that the active participation of Franchisee will be required in this process. Franchisee further agrees that CPK’s assistance in preparing the market study pursuant to this Section 2.3 does not guarantee that the site will be approved by CPK or the profitability or success of the Restaurant if CPK approves the site and Franchisee develops the Restaurant at the approved site.

2.4 Site Review and Approval. Upon receipt of the Package, CPK shall have thirty (30) days to review it and notify Franchisee whether it will approve or reject the proposed site, or whether CPK needs additional information to make its decision. CPK may act in its sole discretion in approving or rejecting a site application. At CPK’s option, CPK may conduct an on-site evaluation of the proposed site(s). CPK does not charge any fees to conduct one (1) market visit if the Restaurant is one of the first two (2) CPK Restaurants developed by Franchisee or its affiliates; however, if CPK requires, or if Franchisee requests, any additional market visits, Franchisee must pay a site review fee to CPK in the amount of One Thousand Dollars (\$1,000) and reimburse CPK for its travel expenses associated with such visits. The Package shall not be deemed approved unless issued by CPK in writing.

2.5 Site Acquisition.

2.5.1 Within sixty (60) days after CPK issues its site approval (the “**Site Acquisition Period**”), Franchisee must provide CPK with a copy of the proposed deed or lease for the Restaurant site. Franchisee shall not execute a lease, a purchase agreement, or a construction contract for the Restaurant until receiving CPK’s approval thereof. After Franchisee secures an ownership or leasehold interest in the Restaurant site, CPK will insert its address into Exhibit A, and it will be the Restaurant Location. Franchisee hereby authorizes CPK to deliver to Franchisee a replacement for Exhibit A identifying the Restaurant Location and upon delivery thereof to Franchisee, the replacement Exhibit A shall be binding upon CPK and Franchisee as each party had signed that Exhibit A.

2.5.2 Any lease for the Restaurant Location must contain such additional terms and conditions as CPK may require which provide for the protection of CPK’s rights and interests, including but not limited to a conditional lease assignment in the lease rider form attached as Exhibit D to this Agreement. The lease shall not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Franchisee acknowledges that CPK’s review of the lease is not a guarantee or warranty, express or implied, of the success or profitability of a CPK Restaurant operated at approved site. CPK’s review will indicate only whether CPK believes that the terms of the lease

meet its then-acceptable criteria. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease and shall, immediately upon the receipt of any notice of violation from the lessor deliver a copy of such notice to CPK together with a statement of the steps proposed to be taken by Franchisee in response to such notice.

2.6 Permitting/Licensing. After acquiring a possessory interest in the Restaurant Location, Franchisee shall promptly begin the permitting, licensing and approval process to ensure that construction of the Restaurant commences within thirty (30) days after the date the Restaurant lease is fully executed or the purchase of the Restaurant Location is consummated. If permitting and licensing is anticipated to take longer than thirty (30) days, Franchisee shall advise CPK in writing of the date on which Franchisee anticipate obtaining such permits and licenses and the reasons for the extended time period.

2.7 Restaurant Plans, Commencement of Construction. CPK shall provide Franchisee with CPK's then-current standard building plans and equipment lists. Within ninety (90) days of the date of CPK's site approval, Franchisee shall submit the following to CPK for approval: two (2) copies of a final site plan, showing site dimensions, topographical evaluations, building type and placement on site, and proposed ingress and egress; two (2) sets of building plans including any modifications required to comply with local governmental and Americans with Disabilities Act ("ADA") requirements and a proposed equipment list; and schedules showing all equipment and fixtures to be installed (collectively, "**Restaurant Plans**"). Franchisee shall make such changes to the Restaurant Plans as CPK informs Franchisee in writing that it requires in its sole discretion. After CPK's approval, it shall be Franchisee's sole responsibility to submit the Restaurant Plans to the appropriate governmental entities for their approval and permitting, in order to comply with the local law regarding the securing of any architect stamps, permits, licenses, or other necessary governmental approvals. If any such governmental entities require modifications to the Restaurant Plans, Franchisee shall submit such modifications to CPK for its review and approval prior to commencement of construction. Franchisee shall not begin construction until CPK has approved the Restaurant Plans and all governmental permits, licenses and approvals have been obtained. In constructing the Restaurant, Franchisee shall strictly adhere to the final Restaurant Plans as approved by CPK.

2.8 Constructing and Equipping the Restaurant. Franchisee shall be responsible for all costs, liability and expense for developing, constructing and equipping the Restaurant. All construction, including landscaping, exterior design, building structure, floor plan, décor, furnishings, equipment, fixtures and signage, shall be completed in accordance with specifications issued by CPK. Further, construction shall be completed in accordance with the Restaurant Plans approved by CPK. Franchisee shall be responsible for all costs incurred with the construction of the Restaurant, including preparation of architectural and design plans. Franchisee must provide a written report to CPK in a form specified by CPK detailing all construction and development costs and expenses for the Restaurant within thirty (30) days after the opening of the Restaurant. Franchisee acknowledges and agrees that CPK may share these costs and expenses with other existing and prospective franchisees and developers of CPK Restaurants to distribute information related to the costs of developing CPK Restaurants. During the Term, the landscaping, floor plan, interior and exterior design, décor, furnishings and equipment of the Restaurant shall not be altered or modified, without the prior written approval of CPK.

2.9 Opening Deadline. Franchisee shall begin operation of the Restaurant within one (1) year following CPK's approval of the site ("**Opening Deadline**"). If CPK approves a site but Franchisee either does not obtain possession of the site, or loses possession, prior to the opening of the Restaurant, then until CPK approves another site and Franchisee executes a lease or purchase agreement for that site, Franchisee will pay all out-of-pocket costs incurred by CPK in connection with: (1) assisting Franchisee in the process of selecting and securing substitute sites; (2) reviewing and approving or rejecting substitute sites; (3) reviewing and approving or rejecting Restaurant Plans; and (4) reviewing and approving or rejecting leases and contracts.

2.10 Opening the Restaurant. Franchisee may not open the Restaurant for at least ten (10) days after the date construction is completed and all equipment and signage has been installed so that Franchisee's employees may be trained in the management and operation of the Restaurant. Franchisee

shall not open the Restaurant for business without CPK's express written authorization, which will not be granted unless all of the following conditions have been satisfied:

2.10.1 Franchisee is not in material default under this Agreement or any other agreements with CPK or its affiliates; Franchisee is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Restaurant); and Franchisee is not in default beyond the applicable cure period with any vendor or supplier to the Restaurant);

2.10.2 CPK has determined that the Restaurant has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement including the Restaurant Plans;

2.10.3 Franchisee has obtained, provided copies to CPK, and shall maintain all required building, utility, sign, health, sanitation, business and other permits and licenses applicable to the Restaurant;

2.10.4 Franchisee has obtained and shall maintain a liquor license to allow Franchisee to operate a bar and to serve alcoholic beverages at the Restaurant;

2.10.5 Franchisee has purchased or leased and installed all specified and required fixtures, equipment, furnishings and interior and exterior signs for the Restaurant;

2.10.6 Franchisee has purchased the required computer and point of sale systems and they are operational;

2.10.7 Franchisee has purchased an opening inventory of supplies for the Restaurant of only authorized and approved products and other materials and supplies;

2.10.8 Franchisee's Operating Principal (as defined in Section 13.4) and all managers have completed CPK's management training program and Franchisee has hired and trained a staff in accordance with the requirements of Section 5;

2.10.9 Franchisee has paid the Initial Franchise Fee (as defined in Section 4.1) and any other amounts then due to us;

2.10.10 Franchisee has signed this Agreement and all other agreements required by CPK;

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

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

2.11 Relocation. Franchisee may not operate the Restaurant at any site other than the Restaurant Location and may not relocate the Restaurant without CPK's prior written consent, which may be withheld by CPK in its sole discretion. If CPK approves a relocation of the Restaurant, Franchisee must pay a relocation fee in the amount of Five Thousand Dollars (\$5,000). CPK's acceptance of a location as the Restaurant site shall not be deemed to be a guarantee or assurance by CPK that the Restaurant will be profitable or successful.

2.12 Franchisee Acknowledgment. FRANCHISEE ACKNOWLEDGES THAT ALTHOUGH CPK MAY HAVE BEEN INVOLVED IN THE SITE SELECTION PROCESS, REVIEW OF THE PACKAGE, THE LEASE AND RESTAURANT PLANS, AND IN OTHER ASPECTS OF THE CONSTRUCTION OR DEVELOPMENT OF THE RESTAURANT, CPK MAKES NO WARRANTY, REPRESENTATION OR

GUARANTY OF ANY KIND WITH RESPECT TO THE RESTAURANT LOCATION, THE LEASE, THE RESTAURANT PLANS, OR THE SUCCESS OR PROFITABILITY OF THE RESTAURANT TO BE OPERATED BY FRANCHISEE.

3 TERM

3.1 Initial Term. Unless terminated sooner as provided in this Agreement, the initial term of this Agreement (the "**Term**") expires on the ten (10) year anniversary of the Effective Date.

3.2 Renewal Option. When this Agreement expires, Franchisee will have an option to remain a franchisee at the Restaurant Location for two (2) renewal terms of five (5) years each (each a "**Renewal Term**") if CPK is still offering franchises in the area where the Restaurant is located and if Franchisee is in substantial compliance with the terms of this Agreement. Franchisee must give CPK written notice of whether or not it intends to exercise its renewal option and the length of the proposed Renewal Term not less than eighteen (18) months before the expiration of the Term. The qualifications and conditions for the first Renewal Term are described below. The qualifications and conditions for the second Renewal Term will be described in the form of renewal franchise agreement signed upon the expiration of this Agreement. The Renewal Term shall commence at the expiration of the Term.

3.3 Renewal Conditions. In order to be eligible for a Renewal Term, Franchisee must fulfill each and every one of the following conditions precedent to the satisfaction of CPK:

3.3.1 At the time of Franchisee's notice to CPK and at the time of the commencement of the Renewal Term, Franchisee shall have fully performed all of its obligations under this Agreement and under all other agreements, if any, which may then be in effect between CPK or its affiliates and Franchisee, including but not limited to Franchisee's obligations to pay any and all sums due to or as directed by CPK pursuant to this Agreement and any other such agreement;

3.3.2 At the time of Franchisee's notice to CPK and at the time of the commencement of the Renewal Term, Franchisee shall not have received two (2) or more notices of default from CPK of this Agreement during any twelve (12) month period during the Term, whether or not such defaults were cured;

3.3.3 Franchisee shall have no more than five (5) citations from the Occupational Health and Safety Administration or other government officials for violations, whether or not such defaults were cured.

3.3.4 Franchisee shall satisfy CPK's requirements for renewal including meeting all operational, legal, financial, marketing, and facility requirements.

3.3.5 Franchisee must present satisfactory evidence to CPK that: (1) Franchisee has the right to remain in possession of the Restaurant Location, or other premises acceptable to CPK, for the Renewal Term and all monetary obligations owed to Franchisee's landlord, if any, must be current; and (2) all licenses and permits to operate the Restaurant are current.

3.3.6 Prior to commencement of the Renewal Term, Franchisee and Franchisee's managers and assistant managers shall, at Franchisee's expense (including but not limited to the expense of transportation and lodging) attend and successfully complete to CPK's reasonable satisfaction any retraining program CPK may require; and

3.3.7 Franchisee shall make the capital expenditures required to renovate and modernize the Restaurant to conform to the then-current image standards for interior and exterior designs, décor, color schemes, furnishings and equipment and presentation of the Marks consistent with the image of the CPK Chain for new CPK Restaurants at the time Franchisee provides the renewal notice, including

such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so.

3.4 Execution of Renewal Franchise Agreement. If Franchisee is eligible and elects to remain a franchisee for the first Renewal Term, Franchisee and its owners must: (1) sign CPK's then-current form of renewal franchise agreement (modified as necessary to reflect the fact that it is a renewal franchise agreement), which will supersede this Agreement in all respects and which may provide for higher fees, fees not included in this Agreement, and other terms and conditions materially different from the terms of this Agreement; (2) sign a general release, in a form CPK prescribes, of any and all claims against CPK, its affiliates, and their respective past and present officers, directors, shareholders, representatives, agents and employees, in their corporate and individual capacities; and (3) pay CPK a renewal franchise fee in the amount of Five Thousand Dollars (\$5,000) ("**Renewal Fee**"). Franchisee's failure to sign the renewal franchise agreement and general release and return these documents to CPK with the Renewal Fee prior to the expiration of the Term will be deemed an election by Franchisee not to exercise its right to remain a franchisee for the Renewal Term and will result in the expiration of this Agreement and the franchise granted by this Agreement at the end of the Term.

4 FEES

4.1 Initial Franchise Fee. Upon execution of this Agreement, Franchisee shall pay to CPK a nonrefundable initial franchise fee in the amount of Fifty Thousand Dollars (\$50,000).

4.2 Royalty.

4.2.1 Franchisee shall pay to CPK a nonrefundable royalty ("**Royalty**") equal to five percent (5%) of the Gross Sales of the Restaurant. If, due to federal, state or local laws, CPK is prohibited from receiving a percentage royalty based on alcoholic beverage revenues, Franchisee must pay CPK a Royalty on all Gross Sales except alcoholic beverage revenues in the same dollar amount as would have been paid if Franchisee paid the specified Royalty percentage on all Gross Sales.

4.2.2 The term "**Gross Sales**" as used in this Agreement shall mean the total amount of revenue received by Franchisee from all business activities taking place at the Restaurant, in the form of cash or credit, plus the fair market value of goods delivered and services rendered to Franchisee, or its designee, in consideration for food, beverages (including all alcoholic and non-alcoholic beverages), services, goods, and other things of value of every kind sold at, in, upon, or from the Restaurant. There shall be excluded from "Gross Sales" bona fide refunds, credits given or allowed by Franchisee to customers, meals consumed by employees during their work hours, gratuities paid to employees, and sales taxes. Gross Sales includes all lost sales which form the basis for recoveries under business interruption coverages. If Franchisee participates in a fundraising event at the Restaurant where a portion of the Restaurant's sales are contributed to a fundraising organization, Gross Sales shall include the total amount of sales generated from the event without deduction for the amount of the proceeds that Franchisee contributes to the fundraising organization.

4.3 Advertising Expenditures. Franchisee also shall spend and/or contribute for advertising. The exact amount of the advertising fees to be spent and/or contributed by Franchisee, and the allocation of the advertising fees, as of the Effective Date, is set forth in Section 8.

4.4 On-Site Assistance Fee. If CPK determines at any time during the Term that it is necessary or desirable to send personnel of CPK's choosing to Franchisee's Restaurant to train or assist Franchisee, Franchisee agrees to pay all expenses and salaries of CPK's personnel including travel expenses, accommodations and meals.

4.5 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on account of any Royalty or other fees payable under this Agreement, Franchisee

shall pay to CPK an additional payment equal to the amount of such tax (but this provision shall not apply to any federal or state income taxes imposed upon CPK).

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

4.7 Sales Reports and Payment Method.

4.7.1 No later than the fifth (5th) day of each 28-day reporting period ("**Period**"), Franchisee must submit a complete and accurate report of Gross Sales for the preceding Period, and such other data as CPK may reasonably require.

4.7.2 Franchisee must designate an account at a commercial bank of its choice (the "**Account**") for the payment of all amounts due to CPK under this Agreement. Franchisee shall furnish CPK and the bank with authorizations as necessary to permit CPK to make withdrawals from the Account by electronic funds transfer. On the tenth (10th) day of each Period (or at another accounting period specified by CPK or requested by Franchisee and approved by CPK from time to time) ("**Due Date**"), CPK will transfer from the Account an amount equal to the amounts due from Franchisee for the preceding month as reported to CPK in Franchisee's remittance report or determined by CPK based on the records contained in the point of sale terminals of Franchisee's Restaurant, as well as any other fees due to CPK.

4.7.3 CPK reserves the right to modify, at its option, the timing and method by which Franchisee shall pay the fees and other amounts owed under this Agreement, which shall be effective upon receipt of written notice from CPK. All payments shall be for the full amounts due. Franchisee shall not withhold or off-set any portion of any payment due to CPK's alleged non-performance under this Agreement or any other agreement by and between Franchisee and CPK or their respective affiliates. Any payment which is not paid when due shall incur the then customary administrative charge set forth in the Operations Manual and shall bear interest from and after the due date at the rate of one and one-half percent (1.5%) per month or the highest rate permitted by law, whichever is less.

4.7.4 CPK may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than electronic funds transfer (e.g., by check or wire transfer) whenever CPK deems appropriate, and Franchisee must comply with such payment instructions. CPK has the right to apply payments from Franchisee in any way CPK chooses, to any amounts Franchisee owes to CPK.

4.8 Collection Costs and Expenses. Franchisee must pay to CPK 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 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 CPK in enforcing the terms of this Agreement, including in collecting any monies owed by Franchisee to CPK.

5 TRAINING

5.1 Satisfactory Completion of Training. CPK shall offer a management training program which it deems appropriate for instilling the attitudes, skills and knowledge needed for the operation of the Restaurant ("**CPK Manager Training**"). CPK Manager Training shall be offered at such times and locations as CPK deems appropriate. Before Franchisee opens the Restaurant for business, Franchisee's Operating Principal, general manager and each assistant manager for the Restaurant, and each district manager, if any, or equivalent having responsibility over the Restaurant, shall attend and successfully complete CPK Manager Training to CPK's satisfaction. CPK will certify any Restaurant manager who successfully completes CPK Manager Training as a "**Trainer**." CPK will authorize the Restaurant to open only after the Operating Principal, general manager, and the number of assistant managers that CPK designates as

appropriate for the size and scope of the Restaurant have been certified as Trainers. CPK will have the right to require that Franchisee's Trainers execute and deliver to CPK a training participation agreement or a non-disclosure, non-competition agreement in a form acceptable to CPK.

5.2 Restaurant Opening Training. Franchisee must have a full staff in place and available for training at least ten (10) days before the Restaurant opens. If the Restaurant is the first CPK Restaurant opened by Franchisee and its affiliates, CPK shall send, as reasonably required by CPK, a "new store opening team" of CPK's employees ("**NSO Team**") to the Restaurant to assist in training personnel and otherwise assist in the opening of the Restaurant. The number of members of the NSO Team and the length of the time they will be at the Restaurant shall be determined by CPK in its sole discretion. Franchisee shall pay CPK for all costs and expenses CPK incurs for the travel, lodging, and meal expenses of the NSO Team.

5.3 No Untrained Managers or Staff. Franchisee shall not put any person in charge of the Restaurant or any department thereof without having first successfully completed CPK Manager Training including any regional or district managers that oversee multiple CPK Restaurants for Franchisee. No other person shall be put in a position in the Restaurant without having first successfully completed the prescribed CPK Manager Training certification program for that specific position.

5.4 Refreshers. The Operating Principal and all Restaurant managers and assistant managers shall, from time to time as required by CPK, repeat CPK Manager Training or take refresher courses and successfully complete them to the satisfaction of CPK.

5.5 Self-Training. Upon request by Franchisee, CPK in its sole discretion may permit Franchisee to provide its own training, or else to attend and pay for training provided by a third party, in lieu of some or all CPK Manager Training. Franchisee must conduct such training programs for its employees as CPK 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 managers who have completed CPK Manager Training are responsible for fully training the Restaurant's employees, including any replacement managers. Franchisee will be responsible for all costs incurred in training its employees and may also be required to purchase training materials and uniforms.

5.6 Training Methods; Costs. Except for the classroom and on-the-job training portions of CPK Manager Training, CPK has the right to provide training programs in person, by video, via the Internet, or by other means, as CPK determines in its sole discretion. All training that CPK conducts in person will be held at a location designated by CPK. All the training that CPK requires of Franchisee shall be made available to Franchisee tuition-free; however, all costs and expenses for travel, meals, lodging, training materials and other expenses of attendance incurred by Franchisee's and CPK's employees shall be Franchisee's responsibility and expense. Notwithstanding the foregoing, in the event that Franchisee requests additional training beyond that which is hereby required, CPK will use reasonable efforts to provide it and may charge Franchisee for tuition.

5.7 Notice of Inadequate Assistance. If Franchisee believes CPK has failed to adequately provide any pre-opening services to Franchisee in regard to site selection, construction, selection and purchase of items needed to commence operations, training, or any other matter affecting the establishment of the Restaurant, Franchisee shall so notify CPK in writing within thirty (30) days following the opening of the Restaurant. Absent the timely provision of such notice to CPK, Franchisee shall have been deemed to have conclusively acknowledged that all pre-opening and opening services required to be performed by CPK were sufficient and satisfactory in Franchisee's judgment.

6 OPERATIONS MANUAL

6.1 Loan of the Operations Manual. CPK will loan to Franchisee during the term of this Agreement one copy of, or provide electronic access to, CPK's confidential and proprietary operations manual ("**Operations Manual**"), which contains information and knowledge that is unique, necessary and material to the System. It is the Operations Manual which embodies the System and sets forth the required

standards for the Restaurant, including (but not limited to) restaurant equipment, point-of-sale terminals, computers, software, recipes, menu, services offered, image, appearance, ingredients, sources, and standards and methods of operation. Franchisee agrees at all times to operate the Restaurant in strict conformity with the Operations Manual; to maintain the Operations Manual at the Restaurant; to not reproduce the Operations Manual or any part of it; to treat the Operations Manual as confidential and proprietary; and to disclose the contents of the Operations Manual only to Franchisee's employees who have signed a confidentiality agreement and who have a demonstrated need to know the information contained in the Operations Manual. Franchisee acknowledges that the Operations Manual is designed to protect CPK's standards, the System, and the Marks, and not to control the day-to-day operation of the Restaurant.

6.2 Modifications to the Operations Manual. CPK, from time to time in its sole discretion, in order to adapt the CPK Chain to consumer needs, to respond to competitors' actions, to protect and enhance the reputation of the CPK Chain, to expand and enhance the appeal of the food served in CPK Restaurants, or to improve any aspect of the operations of CPK Restaurants, may modify the System standards and reissue, revise, amend, add to and delete from the Operations Manual. Upon written notice to Franchisee, such reissuances, revisions, amendments, additions and deletions shall also be deemed incorporated in the Operations Manual. The copy of the Operations Manual maintained in CPK's headquarters office shall be at all times the official version and govern all other copies. To the extent the Operations Manual is issued to Franchisee in print format, it shall at all times remain on the premises of the Restaurant once the Restaurant has opened for business. No copies of the Operations Manual shall be made by Franchisee or its agents without CPK's prior written consent. All copies of the Operations Manual shall remain the property of CPK and shall be returned upon expiration or termination of this Agreement or upon demand by CPK.

6.3 Electronic Access. At CPK's option, CPK may post some or all of the Operations Manual on a restricted website to which Franchisee will have access. In that event, Franchisee agrees to monitor and access the website for any updates to the Operations Manual. Prior to accessing CPK's restricted website Franchisee and any of its employees must agree to abide by CPK's terms of use, which CPK may revise from time to time. Any passwords or other digital identifications necessary to access the Operations Manual constitute confidential information owned by CPK.

7 RESTAURANT OPERATION

7.1 Uniformity. Franchisee acknowledges the importance to the System, and to other franchisees operating under the Marks, the need for Franchisee to strictly comply with CPK's standards for menu, beverages, services, image, appearance and methods of operation of the Restaurant, and agrees to strictly comply with all such standards.

7.2 Standards of Operation. Franchisee shall:

7.2.1 operate the Restaurant in a clean, safe and orderly manner, providing courteous, first-class service to the public, adhering to the highest standards of honesty, integrity, fair dealing and ethical conduct;

7.2.2 use its best efforts, skill and diligence to ensure that Franchisee and its employees establish and maintain high quality service to customers;

7.2.3 advertise, market, promote and merchandise the business of the Restaurant by the use of the Marks and make every reasonable effort to increase the sales and business of the Restaurant;

7.2.4 prevent the operation of the Restaurant in such a way as to impair the value of the Marks or the CPK Chain;

7.2.5 prevent the use of the Restaurant for any purpose, business activity, use or function which is not expressly authorized by CPK;

7.2.6 follow and abide by the requirements of the Operations Manual (as defined below) and at all times keep, operate and maintain the Restaurant in strict compliance with the Operations Manual; and

7.2.7 notify CPK within two (2) business days of receiving any citation or notice of violation of any law in connection with the operation of the Restaurant, and provide CPK a copy of such citation or notice, and thereafter promptly notify CPK of all action taken in connection with such citation or notice.

7.3 CPK's Assistance. CPK will, to the extent it deems it practical and appropriate, consult with Franchisee concerning the operation of the Restaurant. CPK will use commercially reasonable efforts to respond to requests for assistance and advice from Franchisee regarding Franchisee's performance of this Agreement and the operation of the Restaurant.

7.4 Employees of the Restaurant. Franchisee agrees to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including specified positions and minimum staffing levels that CPK may establish from time to time in the Operations Manual. Franchisee agrees to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code and cleanliness and sanitation standards as CPK may prescribe in the Operations Manual, or as may be required under applicable law. Franchisee shall be solely responsible for recruiting and hiring all employees for the Restaurant and for determining their compensation and other terms and conditions of employment. Franchisee shall also be responsible for training, disciplining and terminating all employees of the Restaurant, and CPK shall have no right to direct Franchisee's employees, or determine the terms or conditions of their employment. All such persons shall be the employees of Franchisee and not the employees or agents of CPK.

7.5 Approved Brands and Approved Suppliers.

7.5.1 Franchisee must offer for sale in the Restaurant all products and services designated by CPK. Franchisee may not offer or sell any unapproved products or services at the Restaurant without CPK's prior written consent. In the operation of the Restaurant, Franchisee shall use only foodstuffs, menu item ingredients, packaging and paper items, restaurant supplies, equipment, software, appliances, signs, furniture, smallwares and other items that have already been vetted and approved by CPK and that are listed in the Operations Manual. CPK has the right to require Franchisee to use only certain brands ("**Approved Brands**") that are identified in the Operations Manual and to prohibit Franchisee from using other brands. CPK may from time to time modify the list of Approved Brands and Franchisee shall not reorder any brand that is no longer approved.

7.5.2 CPK has the right to require that all current and future products and services that Franchisee purchases for operation of or sale in the Restaurant: (1) meet specifications that CPK establishes from time to time; and/or (2) be purchased only from suppliers that CPK has expressly approved ("**Approved Suppliers**") (which may be CPK or an affiliate or a buying cooperative that CPK organizes); and/or (3) establish food commissaries and distribution facilities (directly, through CPK's affiliates, and/or CPK's designees), and designate these as Approved Suppliers. CPK has the right to re-inspect the facilities and products of any Approved Supplier and to revoke approval of the supplier upon the supplier's failure to meet any of CPK's then-current criteria. To the extent that CPK establishes specifications, requires approval of suppliers, or names Approved Suppliers for particular items, CPK will provide the requirements in the Operations Manual. CPK may from time to time modify the list of Approved Suppliers and Franchisee shall not place any orders with a supplier that is no longer approved.

7.5.3 The parties understand that these provisions may have the effect of prohibiting Franchisee from using, providing, serving and selling certain brands, products, and services that are of good quality and available from reputable and reliable suppliers in favor of other brands, products, services

or suppliers which CPK deems preferable. The intent of the parties is to enable CPK to apply its discretion, and the benefit of its facilities for testing and quality assurance and its experience and knowledge of the food service industry, to see to the procurement by all CPK Restaurants of products and services and the use of distribution sources which comport with the quality, uniformity and consistency which Franchisee is promising to maintain with respect to the Restaurant.

7.5.4 If Franchisee wishes, or for some reason needs, to purchase an item or retain a service from a supplier that CPK does not have on CPK's Approved Brands and Approved Suppliers list, Franchisee may submit a written request for approval of the proposed product or supplier. CPK will provide its standards and specifications to Franchisee or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to CPK. CPK has the right to inspect the proposed supplier's facilities and to require delivery of product samples either to CPK or to an independent laboratory designated by CPK for testing. Upon completion of CPK's analysis, CPK will notify Franchisee in writing of approval or disapproval of the proposed product or supplier, and, if approved CPK, will add them to the Approved Brands and Approved Suppliers list. Franchisee agrees to pay a charge not to exceed CPK's reasonable costs incurred in evaluating the product and/or supplier, regardless of whether or not CPK approves the product or supplier.

7.5.5 New menu items and services may require different storage, preparation, cooking or service facilities than had previously existed in the Restaurant. CPK may, from time to time require Franchisee to modify aspects of the Restaurant or add new fixtures or equipment to accommodate new menu items or services or changes to existing menu items or services. Franchisee shall do so promptly at Franchisee's sole expense.

7.5.6 Nothing in this Agreement shall restrain CPK, in its sole discretion, from designating certain menu items or services as "approved" on a seasonal, local or regional basis. CPK may also withhold such designation for any menu item or service which, in CPK's judgment, the Restaurant is not properly equipped to offer, provide, prepare or serve.

7.6 Catering and Other Off-Premises Programs. CPK reserves the right, upon reasonable notice, to require that Franchisee participate in the California Pizza Kitchen Catering and/or Delivery Program to provide the catering and/or delivery services designated by CPK from the Restaurant to customers located within the Protected Territory. Franchisee must obtain all licenses and permits necessary for such participation and must comply with CPK's procedures and menu requirements, purchase all equipment, vehicles, supplies, products and ingredients through CPK's approved and designated suppliers and otherwise follow the Operations Manual with respect to the catering and/or delivery services.

7.7 Pricing Activities. CPK may set reasonable restrictions on the maximum and minimum prices Franchisee may charge for the products and services (subject to applicable law) offered and sold at the Restaurant under this Agreement. With respect to the sale of all such products and services, Franchisee will have sole discretion as to the prices to be charged to customers; provided, however, that CPK will have the right to set maximum or minimum prices on such items (subject to applicable law), to promote inter-brand competition. If CPK imposes a maximum price on a particular item, then (subject to applicable law) Franchisee may charge any price for that item, up to and including the maximum price CPK has set. If CPK imposes a minimum price on a particular item, then Franchisee may charge any price for that item (subject to applicable law), down to and including the minimum price that CPK has set.

7.8 Condition of Premises. Franchisee must constantly maintain the Restaurant premises and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with CPK's requirements, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. At Franchisee's own expense, Franchisee must make such additions, alterations, repairs, and replacements as may be required for that purpose (but no others without CPK's prior written consent). Upon CPK's request, Franchisee must provide CPK with copies of any inspection report conducted by a third party. Franchisee may not make any material alterations to the

Restaurant premises that affect operations or the image of the CPK Chain without CPK's prior written approval.

7.9 Renovation of Restaurant. Franchisee must from time to time make structural changes, renovations, and modifications to existing equipment and improvements to modernize and conform the Restaurant to the then-current image of the CPK Chain for new CPK Restaurants at CPK's request (but not more often than every seven (7) years during the Term). Within sixty (60) days after receipt of CPK's written notice regarding the required remodel, Franchisee must prepare and complete drawings and plans for the required remodel. These drawings and plans must be submitted to, and their use approved by, CPK prior to the commencement of work. Franchisee must complete the required remodel within 6 months after receipt of CPK's written notice.

7.10 Improvements. All products, menu items, services, trade names, trade and service marks or other commercial symbols, concepts, methods, techniques, and/or new information relevant to Franchisee's operation of the Restaurant (together, "Improvements"), 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 CPK. Franchisee shall fully disclose the Improvements to CPK, without disclosure of the Improvements to others, and shall obtain CPK's written approval prior to the use of such Improvements. Any such Improvement approved by CPK may be used by CPK and its affiliates and all other franchisees of CPK without any obligation to Franchisee for royalties or similar fees. Franchisee hereby assigns to CPK, without charge, any rights, including the right to grant sublicenses to any such Improvement, together with the goodwill associated with the same. CPK, at its discretion, may make application for and own copyrights, trade names, trademarks and service marks related to any such Improvement. CPK also may consider such Improvements as the property and trade secret of CPK. In exchange for this provision, CPK shall authorize Franchisee to use any Improvement authorized generally for use by other franchisees.

7.11 Access for Inspections. Franchisee must permit CPK and its agents to enter the Restaurant at any time during normal business hours to conduct inspections and to interview employees and customers. Franchisee must cooperate with such inspections by rendering such assistance as CPK's representatives may reasonably request. Upon notice from CPK or its agents, Franchisee must immediately take such steps as may be necessary to correct any deficiencies noted during any such inspection.

7.12 Quality Assurance Program. Franchisee must comply fully with CPK's quality assurance program. The program may include, among other things, evaluation tools, inspections of the Restaurant, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, product and ingredient testing, and observation of food preparation areas and processes. Franchisee must pay any out-of-pocket costs that CPK incurs to third parties to carry out quality assurance program activities at the Restaurant. At CPK's election, CPK may require Franchisee to pay any such third parties directly.

7.13 Compliance with Laws. Franchisee shall at its own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all governmental units and appropriate departments, commissions, boards, and offices thereof relating to the Restaurant. Franchisee must meet and maintain the highest health and safety standards and ratings applicable to the operation of the Restaurant, and furnish to CPK, 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 CPK 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, alcohol or narcotics laws, or fire department laws and regulations.

7.14 Franchisee's Sale of Alcoholic Beverages. Franchisee shall obtain and maintain without interruption all licenses required to dispense alcoholic beverages, and shall serve all alcoholic beverages in strict compliance with all laws and regulations. Franchisee shall ensure that all bartenders, managers, and the Operating Principal complete, in advance of their employment, a recognized approved course on

alcohol awareness training intervention procedures, such as TIPS® (Training for Intervention Procedures), ServSafe, or any course designated by CPK in the Operations Manual, and retain their certification in an active status throughout their period of employment by Franchisee.

7.15 Payment of Obligations. Franchisee shall pay promptly when due all obligations incurred directly or indirectly in connection with the Restaurant and its operation; including, without limitation, all taxes and assessments on or against the Restaurant land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all accounts and indebtedness of every kind and character incurred by or on behalf of Franchisee in the conduct of the Restaurant business.

7.16 Technology

7.16.1 Franchisee must acquire and install in the Restaurant, at its own expense, the point of sale (POS) system, back office computer, and other computer equipment, digital menu boards, off-premise equipment, communications devices, audio/visual equipment and software systems that CPK specifies in writing from time to time. Franchisee must: (1) maintain an electronic connection between its systems and CPK's systems and provide CPK with all user IDs and passwords necessary for CPK to independently access files and other information stored on Franchisee's systems; (2) use the systems in accordance with all policies and operational procedures CPK issues from time to time; (3) transmit data to CPK at the times CPK specifies; (4) maintain its systems in good working order at all times; (5) promptly install upgrades, additions, changes, modifications, substitutions and/or replacements of hardware, software, data connectivity, electrical power, and other computer-related facilities as CPK directs; (6) ensure that its employees are adequately trained in the use of such systems and CPK's related policies and procedures; and (7) implement at all times appropriate physical and electronic security as is necessary to secure its computer system and to comply any standards and policies that CPK may issue (without obligation to do so) in this regard. Franchisee must bear all costs of installation, operation, maintenance and upgrade of its systems. CPK reserves the right to require Franchisee to engage CPK or a hardware maintenance and/or help desk support provider approved by CPK to maintain Franchisee's computer and point of sale systems.

7.16.2 CPK has the right, but not the obligation, to develop or have developed, or to designate, software programs that Franchisee must use in connection with its computer and POS systems. Franchisee must install all such software, including any updates, supplements, modifications, or enhancements that CPK requires. CPK and its suppliers may charge a reasonable software license fee for any software that Franchisee is required to use. 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 CPK will have the right to establish, in writing, reasonable new standards for the implementation of technology in the CPK Chain; and Franchisee agrees to comply with those reasonable new standards that CPK establishes as if CPK periodically revised this Section 7.16 for that purpose.

7.17 Ownership of Information. All information concerning the operation of the Restaurant and customers of the Restaurant shall be considered the exclusive property of CPK and any revenues derived from such information shall be the property of CPK. However, Franchisee may at any time during the Term, use in the operation of the Restaurant (but for no other purpose), to the extent lawful and at its sole risk and responsibility, any information it has or acquires concerning the Restaurant, including customer information. In connection with any use of data in the Restaurant, Franchisee agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("**Privacy Laws**"). Franchisee also agrees to comply with CPK's standards and policies pertaining to Privacy Laws.

7.18 Variances. CPK has the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or any applicable agreement for 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. CPK has the right, in its sole discretion, to deny any such request CPK believes would not be in the best interests of CPK and the CPK Chain.

8 ADVERTISING AND MARKETING

8.1 Marketing Programs.

8.1.1 CPK shall develop advertising and sales promotion programs designed to promote and enhance the collective success of the CPK Chain. It is expressly understood, acknowledged and agreed that in all phases of such advertising and promotion, including, without limitation, type, quantity, timing, placement and choice of media, market areas and advertising agencies, the decisions of CPK made in the exercise of its business judgment shall be final and binding. Franchisee shall have the right to participate actively in all such advertising and sales promotion programs established by CPK for the CPK Chain (except for limited test programs), but only in full and complete accordance with such terms and conditions as may be established by CPK for each such program. Franchisee shall be obligated to participate in all marketing and promotional programs designated by CPK as mandatory, including but not limited to all customer loyalty and rewards programs, gift certificate and gift card programs, and customer feedback programs. Franchisee acknowledges that such participation may involve additional costs required to be paid by Franchisee. Franchisee shall at all times throughout the Term use its best efforts to advance the reputation of CPK and the CPK Chain and to develop their awareness among consumers in order to increase the goodwill of the Marks.

8.1.2 Each calendar year during the Term, CPK shall develop, and Franchisee shall adhere to, a then-current plan for the marketing, promotion, advertising and merchandising of the CPK Chain ("**National Marketing Plan**"). All decisions by CPK with respect to the National Marketing Plan, including (but not limited to) message, strategy, choice of advertising agency, choice of media, quality, timing, reach, frequency, placement, area or regional differences, shall be made by CPK and, in CPK's sole discretion, delegated to Franchisee or a Cooperative (as described below).

8.2 Grand Opening Marketing. Franchisee must spend at least Ten Thousand Dollars (\$10,000) to advertise and promote the Restaurant for a ninety (90) day period beginning thirty (30) days prior to opening through sixty (60) days following the opening of the Restaurant ("**Grand Opening Marketing Period**"). Franchisee must develop a marketing plan for Grand Opening Marketing Period ("**Grand Opening Marketing Plan**") and marketing materials for the Restaurant ("**Grand Opening Marketing Materials**"). CPK must review and approve in writing the Grand Opening Marketing Plan and the Grand Opening Marketing Materials for the Restaurant, including total expenditures. At CPK's request, Franchisee must submit appropriate documentation to verify full compliance with its expenditure obligation under the Grand Opening Marketing Plan.

8.3 Marketing Contributions/Expenditures by Franchisee. During the term of this Agreement, Franchisee shall have a marketing obligation in an amount up to five percent (5%) of the Gross Sales of the Restaurant for each Period as set forth in this Section 8 (the "**Periodic Marketing Obligation**"). As of the Effective Date, Franchisee's Periodic Marketing Obligation is two percent (2%) of the Gross Sales of the Restaurant; one percent (1%) of which must be contributed, at the same time and in the same manner as the Royalty, to the Brand Fund in accordance with Section 8.4 and one percent (1%) of which must be spent on local marketing in accordance with Section 8.5. Following written notice to Franchisee, CPK may increase and reallocate the Periodic Marketing Obligation among the Brand Fund, local marketing, and a Cooperative (as defined in Section 8.6 below).

8.4 Brand Fund.

8.4.1 CPK may from time to time establish the California Pizza Kitchen brand fund for the enhancement and protection of the CPK Chain and the Marks, and for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that CPK, in its sole discretion deems appropriate ("**Brand Fund**"). The Brand Fund may serve as the payment vehicle for carrying out the National Marketing Plan or designated portions of the same. As of the Effective Date, Franchisee shall contribute one percent (1%) of the Gross Sales of the Restaurant to the Brand Fund, which amount CPK may modify pursuant to Section 8.3 above. CPK will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that CPK deems will enhance and protect

the CPK Chain and Marks and will improve and increase public recognition and perception of the CPK Chain and Marks. CPK Restaurants operated by CPK and its affiliates shall contribute to the Brand Fund on the same basis as comparable franchisees.

8.4.2 CPK (or its designee) shall direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used in those programs 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. Monies in the Brand Fund shall be accounted for separately from CPK's other funds. Expenditures from the Brand Fund shall be made solely for the payment of expenses incurred in connection with the promotion of the CPK Chain and the Marks, including but not limited to: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) the cost of formulating, developing and implementing media advertising campaigns, including Internet advertising and Internet search engine campaigns, and including the development and use of social media and social networking sites; (4) the cost of formulating, developing and implementing promotional and public relations programs; (5) the design, and update and redesign of the System Website, as defined in Section 8.6, CPK's websites, web pages, mobile applications, digital marketing, and social media and social networking sites, profiles and accounts; (6) at the option of CPK, reimbursement of all or part of any franchisee's cost of conducting advertising and promotion campaigns authorized by CPK; (7) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (8) sponsorship of sporting, charitable, or similar events; (9) public relations and community involvement activities and programs; and (10) the reasonable cost of administrating the Brand Fund, including accounting expenses, the cost of salaries and fringe benefits paid to CPK's dedicated employees who are engaged in administration of the Brand Fund, and overhead allocated to advertising and promotional activities. Any amounts contributed to the Brand Fund and not spent in the same calendar year shall be carried over to subsequent years. All interest, if any, earned by the Brand Fund shall be used for the payment of the foregoing expenses before application of any principal to those expenses.

8.4.3 Methods, media employed, contents of advertising and promotional activities, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of CPK. CPK shall not be, and Franchisee shall not allege or claim that CPK is, in any trustee or other fiduciary role with respect to such funds, and CPK shall have no liability to Franchisee for CPK's exercise of its business judgment as to how best to spend such funds. Franchisee hereby acknowledges and accepts that some or all of these decisions, and expenditures from the Brand Fund, might not result in any benefit to the sales or goodwill of the Restaurant, or might benefit some CPK Restaurants more so than others. At the request of Franchisee, CPK shall make available to Franchisee an annual financial statement of the Brand Fund, showing beginning and ending balances, receipts and expenditures.

8.4.4 CPK reserves the right, in its sole discretion, to: (1) suspend contributions to and operations of the Brand Fund for one or more periods that it determines to be appropriate; (2) terminate the Brand Fund upon thirty (30) days' written notice to Franchisee and establish, if CPK so elects, one or more new advertising funds; and (3) defer or waive, in whole or in part, upon the written request of any franchised or company-operated restaurants, any contributions to the Brand Fund if, in CPK's sole judgment, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral. On termination of the Brand Fund, all monies in the Brand Fund shall be spent for advertising and/or promotional purposes. CPK has the right to reinstate the Brand Fund upon the same terms and conditions set forth in this Agreement upon thirty (30) days' prior written notice to Franchisee.

8.5 Local Marketing.

8.5.1 Franchisee is required to expend for local marketing and promotion of the Restaurant each Period that amount required by Franchisor that is not spent for the Brand Fund or a Cooperative. As of the Effective Date, Franchisee must spend at least one percent (1%) of the Gross Sales

of the Restaurant each Period on local marketing and promotion, which amount CPK may modify pursuant to Section 8.3 above. Local marketing expenditures include the following pre-approved expenditures: (1) amounts spent by Franchisee for advertising media, such as digital, print, radio, television and outdoor, banners, posters, direct mail, grassroots premiums, event invites, and, if not provided by CPK at its cost, the cost of producing approved materials necessary to participate in these media; (2) coupons and special (or promotional) offers pre-approved by CPK; (3) product costs associated with redemption of coupons, loyalty programs, free or reduced meals, and promotional offers; and (4) local marketing and public relations agency fees. Local marketing expenditures do not include amounts spent for items, in CPK's reasonable judgment, deemed inappropriate for meeting the minimum local marketing requirement, including permanent on-premises signage, personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), and employee incentive programs.

8.5.2 All advertising copy and other materials used by Franchisee shall be in strict accordance and conformity with the standards, formats and specimens contained in the Operations Manual. In the event Franchisee wishes to depart from the materials contained in the Operations Manual, Franchisee shall submit, in each instance, the proposed advertising copy and materials to CPK for approval in advance of publication, and shall use only such advertising copy and materials as have been approved in writing by CPK. Franchisee shall not use the Marks in connection with any statement or material which might be considered by the public, or by potential or actual consumers or customers of the CPK Chain, to be in bad taste, obscene, defamatory, controversial or inconsistent with the marketing and sale of food by the CPK Chain or which would tend to bring public disfavor or scorn upon the CPK Chain.

8.6 Cooperatives. CPK may from time to time establish national, regional or local advertising cooperatives (which may be formed as a corporation or other entity, in CPK's sole discretion) ("**Cooperatives**"). The formation documents and by-laws, as amended, and all other charter documents of these Cooperatives shall in each case be subject to the prior express written approval of CPK. At the direction of CPK, Franchisee will be required to join and contribute to the Cooperative pertinent to the Restaurant. The voting power for CPK Restaurants operated by CPK and its affiliates will be the same as the voting power of franchised CPK Restaurants in each Cooperative. The decision to commence, conduct or discontinue advertising through such Cooperatives shall be made in the sole discretion of CPK. If CPK conducts or authorizes the formation of Cooperatives, each Cooperative shall have only that control over any of the advertising as CPK shall expressly delegate to it. Any amounts contributed by Franchisee to such a Cooperative and not spent by the Cooperative in the same calendar year shall remain with the Cooperative to be spent on CPK-approved advertising in the next calendar year, unless CPK in its sole discretion and with its prior express written consent approves of another use. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without CPK's prior approval. CPK and its designated agents will have the right to examine and copy, at CPK's expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. CPK will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

8.7 Social Media Sites. Franchisee may not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any website, web page, social networking and/or social media website, profile, account or username, or other Internet site or content, relating to or making reference to CPK, the Restaurant, or the CPK Chain (each, a "**Social Media Site**"), except as CPK may approve, in its sole discretion. Franchisee will comply with all directives from CPK with respect to any Social Media Site approved by CPK, including those related to materials posted on a Social Media Site, links to and from a Social Media Site, the use of the Marks on a Social Media Site, and security for a Social Media Site. In addition, any Social Media Site approved by CPK must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements that CPK may specify from time to time. Franchisee must also maintain any Social Media Site approved by CPK in compliance with all applicable laws, rules and regulations, including without limitation those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. CPK reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete or modify any Social Media Site, or information, content or posts thereon. CPK will retain sole ownership of any Social Media Site, including the domain name and any content related thereto, which

includes all or a portion of any of the Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, account profile, or page.

8.8 System Website. CPK or one or more of its designees may maintain one or more websites to advertise, market and promote CPK Restaurants, the products and services they offer and sell, and/or the CPK Restaurant franchise opportunity (each a “**System Website**”). In CPK’s sole discretion, CPK may permit Franchisee to have a webpage that links to the System Website and refers specifically to the Restaurant. If CPK allows Franchisee to have such a link, the form and content of that webpage shall be as prescribed by CPK. To the extent CPK accepts any information or materials from Franchisee to be included on such page (“**Local Restaurant Content**”), Franchisee warrants that all such information shall be accurate, and that any consents required to display such information shall have been obtained by Franchisee prior to submission of the information to CPK. In all cases, CPK will own all intellectual property and all other rights in the System Website, including any Local Restaurant Content, and all information they contain (including the domain name or URL for all webpages, the log of “hits” by visitors, and any personal or business data that visitors supply), and Franchisee shall execute such documents and do such other acts as CPK may reasonably require to secure such ownership. Franchisee acknowledges that CPK has final approval rights over all information on the System Website (including Local Restaurant Content, and whether to include any individual restaurant links on the System Website). Nothing in this Section 8.6 limits CPK’s right to maintain websites other than the System Website or to offer and sell merchandise bearing the Marks from the System Website, another website, or otherwise over the Internet without payment or obligation of any kind to Franchisee.

8.9 Public Affairs. Franchisee shall immediately report to CPK the occurrence of any incident (including, but not limited to, reports of food-borne illness, accidents, or controversies related to the Restaurant) which has or is likely to become the subject of publicity in the news media or otherwise. Franchisee acknowledges that CPK alone is authorized to speak or issue statements, public or private, on behalf of the CPK Chain, and Franchisee shall always consult and coordinate with CPK in advance of communicating with or responding to the media with respect to such matters.

9 REPORTING AND RECORD KEEPING

9.1 Purpose. The parties acknowledge CPK’s need for consistent, accurate and timely information concerning Franchisee’s business at the Restaurant so that it may evaluate the performance of Franchisee and the Restaurant.

9.2 System of Records. Franchisee shall maintain its books and records in the manner required by CPK, but in all cases, using such bookkeeping and record keeping procedures as shall fairly reflect the Gross Sales, costs of labor, food, packaging and beverage costs, semi-variables, fixed costs and advertising, and the financial results of the Restaurant.

9.3 Reports. Franchisee shall complete and submit to CPK on a regular continuous basis (including but not limited to financial statements reviewed by an independent certified public accountant) such reports as are required by CPK from time to time. Each such report shall be in the form and frequency, present the information, and be prepared and/or reviewed or certified by persons, required by CPK. If Franchisee fails to provide to CPK required sales or financial information, or fails to provide the information in the manner requested by CPK, CPK shall have the right to inspect, on its own or through its designated representatives, all Franchisee’s books, records and tax returns, in order to prepare such statements, and Franchisee shall pay to CPK a reasonable fee, including the compensation and travel expenses of persons involved in preparing the statements.

9.4 Audits. CPK representatives shall have the right at all times during normal business hours to confer with Restaurant managers and customers, and to inspect and/or audit Franchisee’s books, records and tax returns, or such portions thereof as pertain to the operation of the Restaurant. All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Restaurant premises or such other place as may be agreed to from time to time in writing by the parties. In addition, Franchisee shall submit copies of Franchisee’s balance sheet and profit and loss

statement to CPK within ten (10) days of fiscal year-end and within ten (10) days of the midway point between fiscal year-end. If any such inspection of Franchisee's books, records and tax returns, or portions thereof, reveals that the Gross Sales reported in any report or statement are less than the actual Gross Sales ascertained by such inspection, then Franchisee shall immediately pay CPK the additional amount of Royalty and other fees owing by reason of the understatement of Gross Sales previously reported, together with interest as provided for in Section 4.8.3. In the event that any report or statement understates Gross Sales by more than one percent (1%) of the actual Gross Sales ascertained by CPK's inspection, Franchisee shall, in addition to making the payment provided for in the immediately preceding sentence, pay and reimburse CPK for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments shall be without prejudice to any other rights or remedies CPK may have under this Agreement or otherwise.

9.5 Public Filings. If Franchisee is or becomes a publicly-held entity in accordance with other provisions of this Agreement, Franchisee shall send to CPK copies of all reports (including responses to comment letters) or schedules that Franchisee may file with the U.S. Securities and Exchange Commission (certified by Franchisee's chief executive officer to be true, correct, complete and accurate) and copies of any press releases it may issue, within three (3) days of the filing of those reports or schedules or the issuance of those releases. If Franchisee requests information from CPK to compile its reports, Franchisee must reimburse CPK for CPK's costs and expenses in preparing such reports.

10 COVENANTS

10.1 Best Efforts. During the term of this Agreement, Franchisee and the Operating Principal shall devote their best efforts to the development, management and operation of the Restaurant.

10.2 Confidential Information. Franchisee acknowledges all the information it has now or obtains in the future concerning the System, including the contents of the Operations Manual, the trade secrets, know-how and technology communicated to Franchisee by CPK, and any CPK recipes, formulas, new product plans or introduction schedules or future advertising or promotion plans or schedules of CPK which Franchisee learns in the course of performance of this Agreement (collectively, "**Confidential Information**") is confidential. Franchisee shall not disclose or use (except to the extent that disclosure is required by law or use is expressly permitted by this Agreement) any Confidential Information at any time during the Term or following its expiration or termination. Franchisee shall be responsible for the actions and activities of all of its agents, employees and designees working with any of the Confidential Information, and shall indemnify and hold harmless CPK from all damages and expenses (including attorneys' fees) which CPK may sustain as a result of any unauthorized use or disclosure by Franchisee or any agent, employee or designee of Franchisee or which can be traced to the disclosure of such Confidential Information by Franchisee or any agent, employee or designee of Franchisee.

10.3 Franchisee's Covenant Not to Compete.

10.3.1 Franchisee acknowledges CPK must be protected against the potential for unfair competition by Franchisee's use of CPK's training, assistance, and trade secrets in direct competition with CPK. Franchisee therefore agrees that it shall not, during the Term, directly or indirectly, individually or in conjunction with any person or entity: (1) divert or attempt to divert any business or customer, or potential business or customer, of any CPK Restaurant franchised or operated by CPK or its affiliates to any competitor, by direct or indirect inducement or otherwise; or (2) have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, carry on or be engaged in, financially or otherwise, or advise in the establishment of: (a) any entity which is granting franchises or licenses to others to operate a restaurant featuring pizza, pasta, salads or other California-inspired cuisine, except pursuant to franchise agreements with CPK, or (b) any restaurant featuring pizza, pasta, salads or other California-inspired cuisine.

10.3.2 Further, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not, directly or indirectly, individually or in conjunction with any other person or entity,

engage in any of the activities identified in Section 10.3.1 except (1) pursuant to franchise agreements with CPK, or (2) only at a site that is at least ten (10) miles from any CPK Restaurant, including the Restaurant, that was operating or being developed at the time of termination or expiration of this Agreement. In the event of the violation of this provision by Franchisee following termination or expiration of this Agreement, the period of time Franchisee shall be required to abide by this obligation shall be extended to a period ending two (2) years after Franchisee is no longer in default of this obligation.

10.3.3 The activities of Franchisee's owners and their immediate family members, Franchisee's officers, directors, shareholders, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section 10, shall be deemed to be activities of Franchisee. Upon request by CPK, the Franchisee shall obtain the signature of any such persons on a non-disclosure, non-competition agreement in a form acceptable to CPK.

10.3.4 Franchisee acknowledges that the restrictions contained in this Section 10.3 are reasonable and necessary to protect the interests of CPK and other franchisees of CPK, and that because of the limited nature of the geographic scope of the restrictions following termination or expiration of this Agreement, and the limitation of the restrictions both during the Term and thereafter to those that would be directly competitive with the CPK Chain, they do not unduly restrict Franchisee's ability to engage in gainful employment. Franchisee further acknowledges that its violation of these provisions will result in irreparable harm to CPK. Therefore, if Franchisee violates these restrictions, then in addition to damages incurred by CPK for which Franchisee shall be liable, CPK shall be entitled to injunctive relief to prevent continuation of such breach. If any court requires a bond in connection with the instruments of such injunctive relief, Franchisee acknowledges that in light of the limited nature of the restrictions, its damages will be limited, and the bond shall not exceed Ten Thousand Dollars (\$10,000).

10.3.5 CPK shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 10.3 effective immediately upon Franchisee's receipt of written notice, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 18.5.

10.3.6 Notwithstanding any other provision of this Agreement, this Section 10.3 shall be governed by, construed in accordance with, and enforced under the laws of the State of California; provided, however, that if this Section is deemed unenforceable under California law, then it shall be governed by, construed in accordance with, and enforced under the laws of the State in which the Restaurant is located.

11 RELATIONSHIP OF PARTIES AND INDEMNIFICATION

11.1 Independent Contractor. As a franchisee of CPK, Franchisee is an independent contractor and is not authorized to make any contract, agreement, warranty, or representation on behalf of CPK, or to create any obligation, express or implied, on behalf of CPK. Franchisee shall be conspicuously identified at the premises of the Restaurant and in all dealings with customers and suppliers as a franchisee and shall post a notice that all of its employees are employees of Franchisee and not CPK. The content and location of such notice shall be approved by CPK. Franchisee is not, and shall not represent or hold itself out as, an agent, legal representative, joint venturer, partner, employee, or servant of CPK for any purpose whatsoever and, where permitted by law to do so, shall file a business certificate to such effect with the proper authorities. CPK shall not be deemed to be in a special relationship with Franchisee, or to be the trustee or fiduciary of Franchisee, or be held to any elevated standard of conduct.

11.2 Indemnity. Franchisee shall hold harmless, indemnify and defend CPK and its officers, directors, employees, agents, affiliates, parent, subsidiaries, successors and assigns from and against every claim, counterclaim, suit, debt, demand, cost, liability, expense, setoff, lien, attachment, judgment, action, and cause of action ("**Claim**") arising out of or in connection with the operation or condition of any part of the Restaurant or its premises, the conduct of business there (whether or not done in compliance with this Agreement) including without limitation, any Claims regarding food/safety, foodborne illness, food

handling and food equipment contamination, Franchisee's ownership or possession of real or personal property, any intentional, willful, reckless or negligent act or omission by Franchisee or any of its agents, contractors, servants or employees, and Franchisee's breach of any obligation of Franchisee under this Agreement. CPK shall have the right, at its option and at Franchisee's expense, to control the investigation, defense, settlement, trial and appeal of the Claim and to designate counsel to handle the Claim. In no event shall any settlement be entered into without CPK's prior written consent. This indemnity shall be void to the extent the reckless or willful conduct of CPK gave rise to the Claim.

12 INSURANCE

12.1 Coverages. Franchisee shall, before the commencement of construction of the Restaurant, procure and maintain in full force and effect during the entire Term, at its sole cost and expense, all insurance required by law. In any event, Franchisee shall secure an insurance policy or policies protecting CPK against all loss and liability arising out of or in connection with the condition, operation, use or occupancy of the Restaurant or premises. CPK and such of its parents, subsidiaries and affiliates as it shall designate shall be named as additional insureds in all Commercial General Liability, Automobile, Products Liability, Liquor Liability, and Cyber Liability policies. No insurance policy shall contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by CPK or its affiliates. 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 CPK under this Agreement. This insurance is primary and non-contributory. All liability policies shall provide that CPK receive thirty (30) days prior written notice of termination, expiration, reduction or cancellation of any such policy. Franchisee shall provide a waiver of subrogation endorsement with respect to General Liability, Workers Compensation, and Automobile Liability policies in favor of CPK and its subsidiaries and affiliates. Franchisee shall annually provide to CPK a certificate evidencing such coverage as well as an endorsement to the insurance policies referenced showing CPK as an additional insured.

12.2 No Limitation. The insurance afforded by the policies respecting public liability shall not be limited in any way by reason of any insurance which may be maintained by CPK.

12.3 Minimum Coverage and Limits.

12.3.1 The insurance required hereby shall be written by an insurer or insurers satisfactory to CPK and with a financial strength rating of A or better established by A.M. Best Company or other comparable rating, and shall include coverages of at least the following types and amounts:

COVERAGE	MINIMUM LIMITS
Workers' Compensation	Statutory
Employers' Liability	\$2,000,000 per occurrence
Commercial General Liability (including liquor liability and terrorism coverage)	\$2,000,000 per occurrence \$10,000,000 annual aggregate
Products Liability	Per occurrence included in Commercial General Liability, with separate annual aggregate of \$5,000,000
All-Risk Property (fire)	Restaurant premises replacement cost with 12 months' business interruption
Automobile Liability Insurance for owned, hired and non-owned vehicles	\$2,000,000 per accident (includes deliveries by your employees)
Fire Damage/Legal Liability	\$1,000,000
Cyber Liability	\$1,000,000 for one Restaurant and \$3,000,000 for three or more Restaurants

12.3.2 Franchisee must provide confirmation in writing that the Commercial General Liability policy provides terrorism coverage. These coverages and minimum limits may be adjusted by CPK from time to time, based upon CPK's business judgment. Adjustments to these coverages and limits may

not occur more frequently than once per calendar year. Any such adjustments shall take effect at the commencement of the following calendar year. For the avoidance of doubt, CPK may require other types of insurance in such amounts as it may specify from time to time. Franchisee shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. 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 by CPK pursuant to the Operations Manual or otherwise in writing, CPK shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Franchisee. All out-of-pocket costs incurred by CPK in obtaining such insurance on behalf of Franchisee shall be reimbursed to CPK by Franchisee immediately upon Franchisee's receipt of an invoice therefore.

13 ORGANIZATION OF FRANCHISEE

13.1 Representations and Governing Documents. If Franchisee is a corporation, a limited liability company or a partnership, 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 or states in which the Restaurant is located; (3) execution of this Agreement and the development and operation of the Restaurant is permitted by its governing documents and would not violate any of Franchisee's existing agreements; (4) there are no litigation matters as of the Effective Date that would impact this Agreement; and (5) unless waived in writing by CPK, 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 CPK Restaurants. Franchisee shall provide a copy of its formation and governing documents to CPK, which shall contain an acknowledgement that the transfer of any ownerships interests in Franchisee are subject to the terms and conditions of this Agreement. When any of Franchisee's governing documents are modified or changed, Franchisee promptly shall provide copies to CPK.

13.2 Ownership Interests. If Franchisee is a corporation, a limited liability company or another legal entity, all interests in Franchisee are owned as set forth in the attached Exhibit B. Franchisee shall comply with Section 14 prior to any change in ownership interests and shall execute addenda to the attached Exhibit B as changes occur in order to ensure the information contained in the attached Exhibit B is true, accurate and complete at all times.

13.3 Guarantee. Each of Franchisee's owners and each of their spouses shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Franchisee's Obligations ("**Guarantee**"). CPK reserves the right to require any guarantor to provide personal financial statements to CPK from time to time. Franchisee acknowledges that, unless otherwise agreed to in writing by CPK, it is CPK's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any owner of Franchisee is not an individual, CPK shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Franchisee. (By way of example, if an owner of Franchisee is a corporation, CPK has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

13.4 Operating Principal. Franchisee shall designate and retain an individual to serve as the Operating Principal. The Operating Principal as of the Effective Date is identified in the attached Exhibit B. Unless waived in writing by CPK, the Operating Principal shall meet all of the following qualifications:

13.4.1 The Operating Principal, at all times, shall have full control over the day-to-day activities, including operations, of the Restaurant and those other franchised CPK Restaurants operated by Franchisee in the same geographic area as the Restaurant, including control over the standards of operation and financial performance. The Operating Principal shall have the appropriate knowledge and experience to fulfill this requirement.

13.4.2 The Operating Principal shall devote full-time and reasonable efforts to supervising the operation of the Restaurant and those other restaurants (that are franchised by CPK or its affiliates) operated by Franchisee in the same geographic area as the Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

13.4.3 The Operating Principal shall serve as a liaison between Franchisee's owners and CPK and shall maintain an open line of communication in both directions for that purpose.

13.4.4 The Operating Principal shall maintain a primary residence within a reasonable driving distance of the Restaurant and those other franchised CPK Restaurants operated by Franchisee in the same geographic area as the Restaurant.

13.4.5 The Operating Principal shall successfully complete CPK Manager Training and any additional training required by CPK.

13.4.6 CPK shall have approved the Operating Principal, and not have later withdrawn that approval.

13.4.7 If the Operating Principal no longer qualifies as such, Franchisee shall designate another qualified person to act as Operating Principal within thirty (30) days after the date the prior Operating Principal ceases to be qualified. Franchisee's designee to become the Operating Principal must successfully complete CPK Manager Training within ninety (90) days after assuming the position.

14 TRANSFER

14.1 CPK's Separate Rights of Consent and First Refusal. Franchisee's rights and interest in the Franchise and this Agreement shall not be sold, assigned, transferred or encumbered in whole or in part without the prior written consent of CPK. CPK may grant or refuse its consent in its sole discretion, without liability to Franchisee or any other person. CPK's determination not to exercise the right of first refusal provided hereinafter to CPK shall not vitiate its exercise of its right to withhold consent to the proposed transfer.

14.2 Conditions of Consent. CPK may require fulfillment of conditions precedent to the granting of consent to any Transfer (as such term is defined in Section 14.8 below), including but not limited to the following:

14.2.1 there shall be no existing default in the performance of Franchisee's obligations under this Agreement or any other obligations to CPK or any of its affiliates;

14.2.2 the physical premises of the Restaurant shall be in complete compliance with the then current standards of the Operations Manual;

14.2.3 the proposed transferee shall be qualified according to CPK's then current standards for new franchisees, including capitalization and maximum leverage requirements, and all of its proposed management staff shall have successfully completed CPK Manager Training;

14.2.4 the proposed transferee shall have executed (1) CPK's then current standard franchise agreement for a term of years equal to the remaining Term, (2) all ancillary agreements then required by CPK, and all holders of an equity interest in the proposed transferee shall have executed CPK's then-current form of Guarantee;

14.2.5 Franchisee shall have paid to CPK a transfer fee in the amount of Five Thousand Dollars (\$5,000);

14.2.6 Franchisee and its owners shall have executed a general release in a form acceptable to CPK of any and all claims against CPK and its officers, directors, employees, affiliates, shareholders, representatives and agents;

14.2.7 any obligations of the transferee to the Franchisee shall be subrogated to the transferee's obligations to CPK under the Franchise Agreement it enters into with CPK; and

14.2.8 that Franchisee transfer this Agreement together with all other agreements it has entered into with CPK and all rights thereunder to the transferee.

14.3 Right of First Refusal. If, at any time during the Term, Franchisee receives a bona fide offer to purchase or lease the Restaurant, or to acquire a direct or indirect interest in the Franchise or in this Agreement, or otherwise effect a "Transfer" as defined in Section 14.8, which offer Franchisee is willing to accept, Franchisee shall communicate in writing to CPK the full terms of the offer and the name of the offeror, including all documents which embody the proposed Transfer, and such information pertaining to the offeree as may be required by CPK. CPK may elect to purchase or lease the Restaurant, or acquire the interest, on the terms set forth in the offer, by notifying Franchisee as set forth in Section 14.5 below. If CPK elects to exercise this right of first refusal, it will use its best efforts to complete the transaction within sixty (60) days following its notice of its election to exercise this right of first refusal. If CPK declines to exercise this right of first refusal, and otherwise provides its consent to the proposed Transfer, the Transfer must be completed within sixty (60) days of the date CPK declines to exercise its right of first refusal or an additional notice must be given to CPK and CPK shall have a new right of first refusal on the same terms. If CPK notifies Franchisee that it will exercise its right of first refusal, Franchisee, or the proposed transferor, as the case may be, must assign to CPK all of its right, title and interest pursuant to the proposed terms of the Transfer, and CPK shall pay the agreed-upon consideration therefor according to the instruments and documents submitted to CPK pursuant to this Section 14.3; provided, however, that CPK shall have the right to substitute equivalent cash for any noncash consideration included in the offer. CPK shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the Transfer (e.g., employment agreements in favor of individuals, and brokers' or finders' fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee).

14.4 No Liens. No interest in this Agreement or the Franchise shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a Transfer, or otherwise.

14.5 Time for Exercise. When the instruments and documents which embody a proposed Transfer have been executed by Franchisee and proposed transferee, they shall be submitted to CPK, along with all information concerning the transferee that may be requested by CPK. Within sixty (60) days of receipt of the complete set of such instruments and documents, CPK will inform Franchisee (1) whether it will exercise its right of first refusal, and (2) if not, whether it will consent to the Transfer.

14.6 Personal Confidence. CPK, in entering into this Agreement, has evaluated and decided to repose its confidence in the person of Franchisee (and, if Franchisee is a corporation or other legal entity, in the persons of its owners and executives). No person shall succeed to any right or interest in this Agreement or in the Franchise by virtue of operation of law or proceeding in bankruptcy except with the prior express, written consent of CPK. It is the right of CPK to be satisfied that those individuals who control the day-to-day operations of the Restaurant and its strategic and tactical decision makers are responsible and adequately trained and qualified and in all other ways suitable to the undertaking.

14.7 Interest of CPK. The effectiveness of CPK's refusal to consent to a proposed Transfer shall not be vitiated, or deemed to be made unreasonably or in bad faith, on account of (1) any interest or willingness on the part of CPK to acquire or cancel the Franchise or the Restaurant, or (2) CPK's desire to prevent the public offering or ownership of equity interest in Franchisee. CPK intends to rely upon the personal leadership and financial commitment of Franchisee (or, if Franchisee is not an individual, of Franchisee's owners and executives) to the business of the Restaurant, and may require Franchisee (and, if Franchisee is not an individual, its present owners) to retain absolute control over the decisions relating thereto.

14.8 Transfers Defined. The following shall be deemed to be a “**Transfer**” of an interest in the Franchise and in this Agreement, which will require the prior written consent of CPK and are subject to CPK’s right of first refusal (without either of which, transfers constitute a breach of this Agreement):

14.8.1 the sale or transfer of all or substantially all the assets of Franchisee, or of Franchisee’s unincorporated division which operates the Restaurant, or the sale or transfer of ten percent (10%) or more of the shares of stock or other equity ownership in Franchisee in a single transaction or in a series of related transactions;

14.8.2 the assignment of this Agreement or of any interest in this Agreement or of the Franchise or any interest in the Franchise to any person, firm or entity, or the granting of any lien, security interest or other encumbrance upon the Agreement or Franchise;

14.8.3 the consolidation or merger of Franchisee or any parent or controlling person of it into any other person or entity; or

14.8.4 the operation of the Restaurant under the control of the executor or personal representative after a period of one hundred twenty (120) days following the death or legal incapacity of Franchisee’s majority owner or the transfer of the Franchise or this Agreement or any interest in either to any heir, legatee or successor of any owner of Franchisee.

14.9 CPK’s Assignment. CPK may assign its interest in the Franchise and this Agreement without the consent of Franchisee. This Agreement and CPK’s rights, interests and obligations hereunder shall inure to the benefit of any such assignee which assumes the obligations of CPK hereunder.

15 TRADEMARKS

15.1 Validity. Franchisee acknowledges that the Marks are valid and that CPK and its affiliates have the sole and exclusive right to use and franchise them and the System and all goodwill associated therewith. Franchisee shall not acquire any right, title or interest of any kind in the System or the Marks or the goodwill associated with them except as has been expressly provided in this Agreement.

15.2 No Contest. Franchisee acknowledges the sole and exclusive right of CPK and its affiliates (except for rights granted under existing and future franchise or license agreements) to use the Marks in connection with the products and services to which they are or may be applied by CPK and its affiliates, and represents, warrants and agrees that neither during the Term, nor after the expiration or other termination of this Agreement, shall Franchisee directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by CPK or its affiliates or take any action whatsoever in derogation of the rights claimed by CPK or its affiliates therein.

15.3 Proper Use. Franchisee’s right to use the Marks is limited to the uses authorized under this Agreement and any unauthorized use will constitute an infringement of CPK’s rights. Franchisee agrees to:

15.3.1 Not link the Marks with or incorporate them into any other name or mark;

15.3.2 Use the Marks only in the manner expressly approved by CPK, as set forth in the Operations Manual;

15.3.3 Without limiting the foregoing, not use any of the Marks in the name of any entity Franchisee may form to hold this Agreement or operate the Restaurant;

15.3.4 Ensure that all advertising and promotional materials, packaging, signs, decorations, websites, and other items that CPK may specify bear the Marks in the form, color, size, and location CPK prescribes;

15.3.5 Identify itself as the owner of the Restaurant in conjunction with any use of the Marks, including on invoices, order forms, receipts, check stock, business stationary, websites, email auto-signatures, and other electronic media, as well as at such conspicuous locations on the premises as CPK may designate in writing;

15.3.6 Not use the Marks to incur any obligation or indebtedness on behalf of CPK or its affiliates;

15.3.7 Not use the Marks on any human resources materials including policies, forms, pay checks, and manuals;

15.3.8 Comply with CPK's instructions in filing and maintaining any requisite trade name or fictitious name registrations, and execute any documents CPK deems necessary to obtain protection for the Marks or to maintain their continued validity and enforceability;

15.3.9 Not directly or indirectly contest the validity of, or take any other action which tends to jeopardize CPK or its affiliates' rights to the ownership of or right to use and to license to use the Marks; and

15.3.10 Ensure that the Marks bear the "®", "™", or "SM", respectively, as CPK may prescribe from time to time.

15.4 Additions and Changes. From time to time, CPK may elect to discontinue the use of certain trade names, trademarks, service marks and logos, and to commence the use of new trade names, trademarks, service marks, and logos. If CPK does so, such amended or new trade names, trademarks, service marks and logos shall be considered subsumed within the definition of Marks in this Agreement. Franchisee shall pay all expenses incurred with discontinuing the use of existing Marks in the Restaurant and commencing the use of new Marks therein. Nothing contained in this Agreement shall be deemed to require CPK to offer new or revised Marks to Franchisee without new or additional consideration therefor, or in any event if CPK does not deem it appropriate to do so in its sole discretion.

15.5 Indemnity. Franchisee must promptly notify CPK of any unauthorized use or reproduction of the Marks, any challenge to the validity of the Marks, the ownership by CPK and its affiliates of the Marks, CPK's right to use and to license others to use the Marks, or Franchisee's right to use the Marks. Franchisee acknowledges that CPK and its affiliates have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. CPK and its affiliates have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. CPK shall hold harmless and indemnify Franchisee from and against every claim arising out of Franchisee's authorized use of the Marks in accordance with this Agreement. CPK's responsibility under this indemnity shall be limited to the reimbursement of out-of-pocket amounts paid to other parties and shall not extend to lost business, sales, profits or opportunities of Franchisee. CPK's responsibility under this indemnity shall be conditioned upon Franchisee notifying CPK immediately upon receiving notice or knowledge of a Claim for which indemnity is sought, and tendering the defense of same to CPK. In the event that CPK takes up the tendered claim: (1) CPK or its affiliate shall control the defense, settlement, trial and appeal thereof in its sole discretion; (2) Franchisee shall not be reimbursed for any costs of defense; (3) Franchisee shall cooperate with and support CPK or its affiliate in CPK's or such affiliate's handling of the claim; and (4) Franchisee shall stop or modify its use of the Marks as and when requested by CPK. This indemnity shall be void in the event of reckless or willful conduct of Franchisee contributing to the claim. Regardless of whether or not CPK takes up a claim as provided in this Section 15.5, Franchisee may not settle any claim tendered to CPK without CPK's prior written consent.

16 EXPIRATION AND TERMINATION

16.1 Termination by CPK Without Right to Cure. CPK may terminate this Agreement effective immediately upon written notice to Franchisee in the event of any of the following:

16.1.1 Franchisee fails to meet the Site Approval Deadline, the Site Acquisition Deadline or the Opening Deadline,

16.1.2 Franchisee for any reason loses possession of, or abandons, the Restaurant;

16.1.3 Franchisee has made a material misrepresentation or omission in connection with its application, the grant of the Franchise or the execution of this Agreement;

16.1.4 Franchisee, the Operating Principal, or any director, partner, officer, or owner of Franchisee: (1) is convicted of any felony, or any other crime or offense that CPK believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or CPK's interest therein, or enters a plea of nolo contendere or similar plea (to any such felony or other crime); (2) materially misuses or makes unauthorized use of the Marks, (3) commits any act or takes any action that impairs the goodwill of the Marks, (4) uses any proprietary System know-how at any business other than a CPK Restaurant; or (5) fails to cure any breach or default under this Agreement that materially impairs or can be expected to impair the goodwill associated with the Marks.

16.1.5 Franchisee knowingly or recklessly serves in the Restaurant food which has been adulterated or misbranded, or which is unsafe or which has been packaged, prepared, cooked or maintained in violation of any governmental statute or regulation intended to protect the public health or safety or if CPK otherwise makes a reasonable determination that continued operation of the Restaurant by Franchisee will result in imminent danger to public health or safety;

16.1.6 Franchisee's Operating Principal fails to satisfactorily complete CPK Manager Training or Franchisee fails or refuses to have its employees attend the training programs described in Section 5;

16.1.7 Franchisee, or its owners, employees or independent contractors do business with third parties in violation of The Patriot Act;

16.1.8 Franchisee fails to cure any default under this Agreement which materially impairs the goodwill associated with the Marks or the System or the CPK Chain after Franchisee has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;

16.1.9 Franchisee, within one (1) year of notice of any breach of this Agreement for which CPK grants Franchisee the right to cure, commits a subsequent breach of the same provision of this Agreement;

16.1.10 Franchisee makes a general assignment for the benefit of creditors, files a voluntary petition for reorganization under the provisions of the federal bankruptcy laws, has an involuntary petition filed against it or becomes or is declared insolvent;

16.1.11 Franchisee engages in a transfer that CPK has not approved or Franchisee fails to transfer this Agreement to a qualified transferee within one hundred twenty (120) days following the death or legal incapacity of Franchisee's majority owner;

16.1.12 Franchisee shall breach this Agreement otherwise than as described in Sections 16.1.1 to 16.1.11 above, but in such a way that no cure is reasonably possible; or

16.1.13 Franchisee shall commit a breach of any other agreement between itself and CPK, or any affiliate of CPK, which is either incurable or is not cured within the time allowed therefor.

16.2 Termination by CPK Following Notice and Right to Cure. In the event of any breach by Franchisee of any term, covenant or promise in this Agreement, except for those set forth in Section 16.1 above, CPK may terminate this Agreement if Franchisee has not, within thirty (30) days after receiving

notice of the breach, fully cured the breach and provided CPK with evidence of such cure acceptable to CPK in its sole discretion. Insofar as a breach by Franchisee has injured the business or reputation of CPK, Franchisee shall not be deemed to have cured unless (1) the breach itself has been cured within the time provided herein or such additional time as CPK, in its sole discretion may provide, and further (2) within the period allowed for cure, Franchisee initiates such reconstructive programs and measures, reasonably satisfactory to CPK, as will undo such injury, and once initiated, the program of cure is pursued with all practicable energy and without interruption until the injury is undone.

16.3 Compliance With Applicable Law. Notwithstanding any other provision of this Agreement, to the extent the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancelation, nonrenewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and CPK shall comply with applicable law in connection with each of these matters.

16.4 Cessation of Business. Franchisee shall, immediately upon the expiration or termination of this Agreement, do the following:

16.4.1 cease all use of the Marks and remove all signage containing any of the Marks;

16.4.2 close the Restaurant and cease all use of the System;

16.4.3 return to CPK all complete and partial physical copies of the Operations Manual in Franchisee's possession and delete all digital or electronic forms of the Operations Manual in Franchisee's possession;

16.4.4 promptly pay all sums owing to CPK and its affiliates. In the event of termination for Franchisee's default, the sums will include all damages, costs, and expenses incurred by CPK as a result of the default, including reasonable attorney's fees. Franchisee must permit CPK's access to, and examination of, Franchisee's books and records as provided in Section 9.3 to determine any amounts due;

16.4.5 stop all use of all telephone numbers, e-mail addresses, domain names, home pages, web sites and the like that are associated with the Restaurant and, if CPK should so request, cooperate with CPK in causing all applicable telephone companies and other service providers to reassign such numbers, addresses and domain names to CPK or its nominee including, without limitation, signing telephone and domain name transfer forms upon the execution of this Agreement or upon demand by CPK for use by CPK upon expiration or termination of this Agreement; and

16.4.6 alter the premises of the Restaurant and the Restaurant Location to remove or conceal those features which tend to contribute to its identification as a CPK Restaurant and be responsible for all associated costs. If Franchisee shall fail to make or cause to be made any such removal, CPK shall have the right to make such removal at the sole expense of Franchisee, which expense Franchisee shall pay CPK upon demand.

16.5 CPK's Pre-Termination Options.

Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to CPK or its affiliates or fails to comply with any term of this Agreement, then in addition to any right CPK may have to terminate this Agreement or to bring a claim for damages, CPK shall have the option, without prior notice:

16.5.1 to remove the listing of the Restaurant from any advertising published or approved by CPK;

16.5.2 to remove any or all Local Restaurant Content from the System Website;

16.5.3 to prohibit Franchisee from attending any meetings, seminars or conferences held or sponsored by CPK; and/or

16.5.4 to suspend any or all services provided to Franchisee under this Agreement or otherwise.

16.5.5 CPK's actions as outlined in this Section 16.5 may continue until Franchisee has brought its accounts current, cured any default, and complied with CPK's requirements, and CPK has acknowledged the same in writing. The taking of the actions permitted in this Section 16.5 shall not suspend or release Franchisee from any obligations that would otherwise be owed to CPK or its affiliates under the terms of this agreement or otherwise. Further, Franchisee acknowledges that the taking of any or all such actions on the part of CPK will not deprive Franchisee of the most essential benefits of this agreement, and shall not constitute a constructive termination of this agreement.

16.6 CPK's Rights to Acquire the Premises and the Restaurant Assets. Upon expiration or termination of this Agreement, at CPK's option, Franchisee must:

16.6.1 Assign its interest in the lease for the Restaurant premises to CPK (or provide CPK with a commercially reasonable lease in the event Franchisee owns the premises). If CPK elects not to exercise its option to acquire the lease for the Restaurant premises, Franchisee must make such modifications or alterations to the Restaurant premises as may be necessary to comply with Section 16.4.6

16.6.2 Sell to CPK such of the furnishings, equipment, signs, and fixtures of the Restaurant as CPK may designate, at fair market value, and such of the inventory and supplies of the Restaurant as CPK may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraiser will be appointed by CPK at its expense, and the appraiser's determination will be binding on both parties. If CPK exercises its option to purchase any items, it will have the right to set off all amounts due from Franchisee against any payment for such items.

16.6.3 CPK may exercise either or both of its options under Section 16.6: (1) anytime during the six (6) month period before the expiration of the Term, in the case of expiration of this Agreement; and (2) at any time between the date of delivery of written notice of termination and ninety (90) days after the effective date of termination, in the case of termination of this Agreement. If CPK deems such action desirable in order to preserve the value of such options, it may issue to Franchisee, and Franchisee must comply with, written instructions to refrain from, delay, or reverse any of the actions required of Franchisee under Section 16.4.6.

16.7 Early Termination Damages. If Franchisee defaults on its obligations and CPK 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 CPK 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 shall pay to CPK an amount equal to the average periodic Royalties and Brand Fund contributions that Franchisee owed during the one (1) year period prior to termination (or, if the Restaurant was open for less than one (1) year, the average periodic Royalties and Brand Fund contributions owed by Franchisee for the number of Periods that the Restaurant was in operation) multiplied by the lesser of forty eight (48) Periods or the number of Period (including any partial Period) 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 Franchisee's owners. The parties acknowledge and agree that: (1) the early termination damages are a reasonable estimation of the damages that would be incurred by CPK 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 CPK only for any and all damages related to or arising out of the premature termination of this Agreement by CPK, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of CPK'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 CPK's option. CPK is

not required to impose early termination damages and may, in addition or in lieu thereof, pursue other remedies available to CPK 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 CPK, if such can be ascertained. All such remedies shall be cumulative and nonexclusive.

16.8 CPK's Costs and Expenses. Franchisee agrees to pay CPK all damages, costs, and expenses (including reasonable attorneys' fees) CPK incurs in obtaining injunctive, declaratory, or other relief to enforce this Section 16.

17 ENFORCEMENT

17.1 Mediation. Except as provided with respect to injunctive relief as provided for in this Agreement, in the event of any dispute arising from or in connection with this Agreement or the breach thereof or the relationship of the parties, the parties shall use their best efforts to settle the dispute by consulting and negotiating with each other in good faith to attempt to reach a solution satisfactory to both parties. If these methods fail, CPK and Franchisee agree to submit any claim, controversy, or dispute arising out of this Agreement or the relationship of the parties to non-binding mediation conducted by the American Arbitration Association and in accordance with its then-current rules for commercial 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 CPK's principal offices are located at the time the demand for mediation is filed. If a dispute cannot be resolved through mediation, the parties agree to submit the dispute to arbitration, subject to the terms and conditions of Section 17.2.

17.2 Arbitration. Subject to **Error! Reference source not found.**, CPK and Franchisee agree that all controversies, disputes, or claims between the parties and their respective affiliates, owners, shareholders, officers, directors, agents, and/or employees arising out of or related to: (1) this Agreement; (2) the relationship between the parties; (3) the scope and validity of this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligations under this Section 17.2, which the parties acknowledge is to be determined by an arbitrator and not a court); or (4) any aspect of the System or any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by a single arbitrator. The mediation will take place in the city where CPK's principal offices are located at the time the demand for mediation is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

17.2.1 The arbitrator will have the right to award or include in the award any relief which the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and reasonable attorneys' fees and costs, provided that the arbitrator will not have the right to amend or modify the terms of this Agreement, declare any Marks generic or otherwise invalid, or, except as expressly provided in Section 17.12.1, award any punitive or exemplary damages against either party (CPK and Franchisee hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 17.12.1, any right to or claim for any punitive or exemplary damages against the other). The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction.

17.2.2 CPK and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law. CPK and Franchisee further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party.

17.2.3 CPK and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between CPK and Franchisee and their respective affiliates, owners, shareholders, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding involving CPK and Franchisee and another party. Notwithstanding the foregoing or anything to the contrary in this Agreement, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 17.2, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 17 (excluding this Section 17.2).

17.2.4 The provisions of this Section 17.2 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

17.3 Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, and all claims arising from the relationship between CPK and Franchisee will be governed by the laws of the state of California, without regard to its conflict of laws rules, except that any California law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section. If, however, any provision of this Agreement would not be enforceable under the laws of California and if the Restaurant is located outside of California, and such provision would be enforceable under the laws of the state in which the Restaurant is located, then such provision shall be interpreted and construed under the laws of that state.

17.4 Consent To Jurisdiction. Subject to Section 17.2 above and the provisions below, Franchisee and its owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between CPK and Franchisee must be commenced in the state or federal court of general jurisdiction in the district where CPK's principal offices are located at the time the action is commenced and Franchisee (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection Franchisee (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, Franchisee and its owners agree that CPK may enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Franchisee is domiciled or the Restaurant is located.

17.5 Injunctive Relief. Notwithstanding anything to the contrary contained in this Section 17, CPK and Franchisee each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that CPK and Franchisee must contemporaneously submit the disputes for non-binding mediation under Section 17.1 and then for arbitration under Section 17.2 on the merits as provided herein if such disputes cannot be resolved through mediation. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction contemporaneously with submitting the disputes to mediation and then to arbitration shall include, but not be limited to, the following: (1) any dispute involving actual or threatened disclosure or misuse of the contents of the Operations Manual or any other confidential information or trade secrets of CPK; (2) any dispute involving the ownership, validity, use of, or right to use or license the Marks; (3) any action by CPK to enforce the covenants set forth in Section 10 of this Agreement; and (4) any action by CPK to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Restaurant.

17.6 Cumulative Rights and Remedies. All rights and remedies of the parties shall be cumulative and not alternative to, in addition to and not exclusive of, any other rights or remedies provided for herein or which may be provided or permitted by law or equity in case of any breach, failure or default or threatened breach, failure or default of any term, covenant or condition of this Agreement. The rights and remedies afforded either party hereby shall be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election

to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement shall not discharge or release either party from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

17.7 Waivers. No waiver by either party hereto of any breach or default, or of any of a series of breaches or defaults, or of any term, covenant, or condition herein or of any similar provision of any other agreement shall be deemed a waiver of any subsequent or other breach or default. No policy or practice of CPK maintained with respect to any of the subjects of this Agreement shall constitute an amendment of this Agreement, or a new agreement, or form the basis for an implied contract or an estoppel. No failure of Franchisee to comply with this Agreement may be excused on account of the alleged failures of other franchisees, or of CPK, to so comply in other CPK Restaurants, or on account of CPK's waiver of compliance for the purpose of testing different menu items, services, image, appearance, methods of operation, ingredients or supplies.

17.8 Waiver of Collateral Estoppel. Franchisee and CPK agree that they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisee and CPK. Franchisee and CPK therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisee and CPK. Franchisee and CPK therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

17.9 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in an arbitration or judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, arbitration or court costs, other arbitration or litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding.

17.10 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 to by law or this Agreement to exercise or enforce.

17.11 Limitations Of Claims. Except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes to CPK, any and all claims arising out of or relating to this Agreement or the relationship of the parties will be barred unless a legal proceeding (in the required or permitted forum) is commenced within eighteen (18) months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

17.12 **WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.**

17.12.1 EXCEPT FOR PUNITIVE, EXEMPLARY AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 11.2, CPK AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN CPK AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT, IF ANY.

17.12.2 SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, CPK AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE, TO THE FULLEST EXTENT

PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

17.12.3 SUBJECT TO THE PARTIES' ARBITRATION OBLIGATIONS, CPK AND FRANCHISEE (AND FRANCHISEE'S OWNERS) 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.

18 MISCELLANEOUS

18.1 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, 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 notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

18.2 Gender. All terms used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The table of contents and the headings inserted in this Agreement are for reference purposes only and shall not affect the construction of this Agreement or limit the generality of any of its provisions.

18.3 Binding Effect. This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

18.4 Contract Construction. If any provision of this Agreement is capable of two (2) constructions, one of which would render the provision unlawful or otherwise voidable or unenforceable, and the other which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. If any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication shall not affect any other provision of this Agreement. All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. The language of all provisions of this Agreement shall be construed simply according to its fair meaning and not strictly against either CPK or Franchisee.

18.5 Entire Agreement. CPK and Franchisee 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 Operations Manual, the documents referred to herein, and the attachments hereto, 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, in the attachments to this Agreement and in CPK's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations CPK made in CPK's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by both Franchisee and an authorized officer of CPK. Wherever written approval of CPK is required, it shall be understood to require a complete written statement of the matter being approved bearing the signature of an authorized officer of CPK.

18.6 Counterparts. This Agreement may be signed in counterparts, signature pages may be exchanged by electronic transmission (including electronic signature platforms and 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.

18.7 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.

18.8 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.

18.9 Lesser Included Obligations. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from (1) striking any portion of a provision that a court or agency may hold to be unreasonable and unenforceable; or (2) reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

18.10 Best Interests of the CPK Chain. Whenever CPK exercises 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 provided in this Agreement, CPK can make its decision or exercise its discretion on the basis of its judgment of what is in its best interests. "Best interests" includes what CPK believes to be the best interests of the CPK Chain at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken; (2) CPK's decision or the action taken promotes its own financial interest; or (3) CPK's decision or the action may apply differently to different franchisees and/or to any CPK Restaurants that CPK or its affiliates operate. In the absence of an applicable statute, CPK will have no liability to Franchisee for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, CPK and Franchisee agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

18.11 Succession; Third Party Beneficiary. In the event the IP License Agreement pursuant to which CPK has the right to license Franchisee is terminated for any reason or expires, then CPK Management Company shall forthwith succeed to all of the rights and assume all of the obligations of CPK under this Agreement automatically and without any action required by the parties. CPK Management Company is a third party beneficiary of this Agreement.

18.12 Patriot Act Representations. Franchisee represents and warrants that to its actual and constructive knowledge: (1) neither it (including its directors, officers and managers), nor any of its affiliates, or any funding source for the Restaurant, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (2) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (3) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (4) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "**Lists**"); (5) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (6) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify CPK in writing

immediately upon the occurrence of any act or event that would render any of these representations incorrect.

18.13 Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of any natural disaster, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, 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 ("**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. Franchisee's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

18.14 Survivability. All obligations of CPK and Franchisee which expressly or by their nature survive the expiration, termination or assignment of this Agreement, including the non-competition, confidentiality and indemnification provisions herein, shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement until they are satisfied in full or by their nature expire.

18.15 Acknowledgments. Franchisee acknowledges and represents to CPK to induce CPK to enter this Agreement, as follows:

18.15.1 Even though this Agreement contains provisions requiring Franchisee to operate the Restaurant in compliance with the system: (1) CPK and its 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 CPK or its 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 Operations Manual, except with respect to any liability arising from CPK's gross negligence or willful misconduct.

18.15.2 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, the terms of any other Agreement with any other third party to which franchisee or any owner is a party.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement as of the Effective Date noted below.

CPK:
CPK FRANCHISE, INC.,
a Delaware limited liability company

FRANCHISEE:

a _____

Date: _____
By: _____
Title: _____
Effective Date: _____

Date: _____
By: _____
Title: _____
Date: _____

Notice Address:
575 Anton Blvd, Suite 100
Costa Mesa, CA 92626

Notice Address:

EXHIBIT A TO CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

FRANCHISE INFORMATION

1. Restaurant Location (Section 1.1): _____

2. Protected Territory (Section 1.3). Franchisee's Protected Territory shall be a _____ () mile radius around the Restaurant Premises. The Protected Territory may also be depicted on a map and, if so, that map will be attached to this Exhibit A. Franchisee's rights in the Protected Territory are subject to the limitations described in Section 1 of the Franchise Agreement. Any boundaries contained in the description of the Protected Territory 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.

INITIAL

CPK: _____

FRANCHISEE: _____

EXHIBIT B TO CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

**CURRENT STRUCTURE, OWNERSHIP AND
MANAGEMENT OF FRANCHISEE**

(a) If Franchisee is a corporation, limited liability company, partnership or other entity, there is set forth below the name, address, title and percentage ownership of each shareholder, partner or member of Franchisee:

NAME	ADDRESS	TITLE	PERCENTAGE OWNERSHIP
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(b) If Franchisee is a corporation or limited liability company, there is set forth below, the name, address and title of each officer and director or manager of Franchisee:

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(c) The address where Franchisee's records are maintained is:

(d) Franchisee's Operating Principal is: _____

Name and Title of Person
Completing Exhibit

Date: _____

Signature

EXHIBIT C TO CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the California Pizza Kitchen Restaurant Franchise Agreement dated as of _____ (“**Agreement**”) by CPK Franchise, Inc. (“**Franchisor**”), entered into with _____ (“**Franchisee**”), the undersigned (“**Guarantors**”), each of whom is Franchisee’s officer, director, or owner, or the spouse thereof, hereby personally and unconditionally agree as follows:

1. Guarantee To Be Bound By Certain Obligations. Guarantors hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the covenants and restrictions contained in Section 10 (Covenants) of the Agreement.

2. Guarantee and Assumption of Franchisee’s Obligations. Guarantors hereby: (1) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Franchisee and any assignee of Franchisee’s interest under the Agreement shall: (a) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) punctually pay all other monies owed to Franchisor and/or its affiliates; (2) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 10 (Covenants) and 11.2 (Indemnification); and (3) agree to be personally liable for the breach of each and every provision in the Agreement.

3. General Terms and Conditions. The following general terms and conditions shall apply to this Guarantee:

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right s/he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be a member of the Control Group, a 10% Owner, an officer or director of Franchisee or own any interest in Franchisee or the Restaurant, that person (and his spouse, if the spouse is also a guarantor) agrees that the obligations under

this Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 10.3 (Franchisee's Covenant Not To Compete) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor.

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

If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("**Default**") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

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

Section 17 (Enforcement) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, each of the undersigned have affixed his or her signatures, under seal.

GUARANTORS:

Date: _____

Print Name: _____
Home Address: _____

Date: _____

Print Name: _____
Home Address: _____

Date: _____

Print Name: _____
Home Address: _____

EXHIBIT D TO CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

FORM OF LEASE RIDER

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 California Pizza Kitchen Franchise Agreement (“Franchise Agreement”) with CPK Franchise, Inc. (“Franchisor”) for the development and operation of a CPK 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 acquire the Premises 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 CPK Restaurant at the Premises provided that the following criteria are met: (a) Franchisor has an established franchising program for CPK 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 CPK 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 agree that if Landlord is an affiliate or an owner of 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 CPK Restaurant is located.
9. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.
10. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626 (Attn: General Counsel) or such other address as Franchisor shall specify by written notice to Landlord.
11. Under the Franchise Agreement, any lease for the location of a CPK Restaurant is subject to Franchisor's approval with regards to the terms and conditions that affect Franchisor, and Franchisor expressly disclaims any other connotations either expressed or implied as to the other terms and conditions set forth in the Lease that are negotiated between Landlord and Franchisee. Accordingly, the Lease is contingent upon such approval, and Franchisor shall provide written notice to Landlord and Franchisee to evidence such approval, as applicable.

WITNESS the execution hereof under seal.

LANDLORD: _____

FRANCHISEE: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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

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

Notary Public
My Commission expires: _____

Notary Public
My Commission expires: _____

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EXHIBIT D
FINANCIAL STATEMENTS



california
PIZZA KITCHEN

CPK Franchise, Inc.

**Report of Independent Auditors and Financial
Statements**

As of January 1, 2023 and January 2, 2022

CPK Franchise, Inc.
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Report of Independent Auditors

The Board of Directors and Stockholder
CPK Franchise, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CPK Franchise, Inc., which comprise the balance sheets as of January 1, 2023 and January 2, 2022, and the related statements of operations, stockholder's equity, and cash flows for the year ended January 1, 2023, and for the period from September 1, 2021 (inception) through January 2, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CPK Franchise, Inc. as of January 1, 2023 and January 2, 2022, and the results of its operations and its cash flows for the year and period then ended, respectively, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Emphasis of Matter – Affiliates

As discussed in Note 1 to the financial statements, CPK Franchise, Inc. has an agreement with CPK Holdings Inc. (the "Parent") related to administrative, management, support activities, and various other items. The accompanying financial statements may not be indicative of conditions that would have existed if CPK Franchise, Inc. had been operated as an unaffiliated entity without the support of its Parent. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 CPK Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS 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 U.S. GAAS, 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 CPK Franchise, 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 CPK Franchise, 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Los Angeles, California
April 3, 2023

**CPK Franchise, Inc.
Balance Sheets**



	<u>January 1, 2023</u>	<u>January 2, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 300,491	\$ 295,575
Franchise receivables	93,168	-
Current portion of contract assets	<u>50,901</u>	<u>-</u>
Total current assets	444,560	295,575
Contract assets, non-current	<u>212,089</u>	<u>-</u>
Total assets	<u>\$ 656,649</u>	<u>\$ 295,575</u>
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	\$ 12	\$ 1,466
Other accrued liabilities	1,100	-
Due to related parties, current portion	<u>82,795</u>	<u>-</u>
Total current liabilities	83,907	1,466
Due to related parties, non-current	<u>109,395</u>	<u>48,047</u>
Total liabilities	<u>193,302</u>	<u>49,513</u>
Stockholder's equity		
Common stock: \$0.01 par value, 1,000 shares authorized, and issued as of January 1, 2023 and January 2, 2022	10	10
Additional paid-in capital	599,990	299,990
Accumulated deficit	<u>(136,653)</u>	<u>(53,938)</u>
Total stockholder's equity	<u>463,347</u>	<u>246,062</u>
Total liabilities and stockholder's equity	<u>\$ 656,649</u>	<u>\$ 295,575</u>

CPK Franchise, Inc.
Statements of Operations



	<u>Year Ended January 1, 2023</u>	<u>Period from September 1, 2021 (inception) to January 2, 2022</u>
Revenues		
Royalty fee revenues	\$ 74,201	\$ -
Operating Expenses		
Franchise expenses	69,990	53,938
General and administrative expenses	86,926	-
Total operating expenses	<u>156,916</u>	<u>53,938</u>
Net loss	<u>\$ (82,715)</u>	<u>\$ (53,938)</u>

CPK Franchise, Inc.
Statements of Stockholder's Equity



	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at September 1, 2021 (inception)	-	\$ -	\$ -	\$ -	\$ -
Contribution from Parent	1,000	10	299,990	-	300,000
Net loss	-	-	-	(53,938)	(53,938)
Balance at January 2, 2022	1,000	\$ 10	\$ 299,990	\$ (53,938)	\$ 246,062
Contribution from Parent	-	-	300,000	-	300,000
Net loss	-	-	-	(82,715)	(82,715)
Balance at January 1, 2023	-	\$ 10	\$ 599,990	\$ (136,653)	\$ 463,347

CPK Franchise, Inc.
Statements of Cash Flows



	Year Ended January 1, 2023	Period from September 1, 2021 (inception) to January 2, 2022
Cash flows from operating activities		
Net loss	\$ (82,715)	\$ (53,938)
Adjustments to reconcile net loss to net cash used in operating activities		
Changes in operating assets and liabilities		
Contract assets	(262,990)	-
Franchise receivables	(93,168)	-
Accounts payable	(1,454)	1,466
Due to related parties	144,143	48,047
Other accrued liabilities	1,100	-
Net cash used in operating activities	<u>(295,084)</u>	<u>(4,425)</u>
Cash flows from financing activities		
Contribution from Parent	300,000	300,000
Net cash provided by financing activities	<u>300,000</u>	<u>300,000</u>
Net increase in cash and cash equivalents	<u>4,916</u>	<u>295,575</u>
Cash and cash equivalents		
Beginning of the period	295,575	-
End of the period	<u>\$ 300,491</u>	<u>\$ 295,575</u>



1. Organization and Description of Business

CPK Franchise, Inc. (the “Company”), was incorporated in the state of Delaware as a C Corporation, on September 1, 2021, for the purpose of managing the franchise operations of California Pizza Kitchen (“CPK”), a full-service casual dining restaurant business. The Company is a wholly owned subsidiary of CPK Holdings Inc. (the “Parent”), a Delaware Corporation. The Parent is also the sole stockholder of California Pizza Kitchen Inc. (“CPK Inc.”). The Parent is wholly owned by CPK Parent Inc. (the “Ultimate Parent”).

As of January 1, 2023, the Parent and CPK Inc. together owned and operated 146 CPK restaurants in the United States and licensed 15 non-traditional CPK locations in the United States (in airports, stadiums, etc.), including 28 locations internationally. As of January 2, 2022, the Parent and CPK Inc. together owned and operated 153 CPK restaurants in the United States and licensed 17 non-traditional CPK locations in the United States, including 27 locations internationally. These licensing agreements are typically for 10 years and charge a royalty fee of 1%-5% of gross sales. In 2023, the Parent intends to assign licensor rights of 43 existing license agreements to the Company.

The Company franchises the CPK system through a perpetual, non-exclusive, license agreement with its affiliate, CPK Management Co. This license agreement grants the Company a perpetual, non-exclusive right to use the CPK intellectual property (the “CPK IP”) and to license the CPK IP to franchisees under franchise agreements. During the year ended January 1, 2023, the Company recorded approximately \$74,000 of license fee expense which is including within general and administrative expenses on the Statement of Operations.

The Company does not operate and has never operated any CPK restaurants, and the Company’s future operations are dependent upon the continued success of the CPK concept. The franchise agreements are typically for 10 years and will require the franchisee to pay an initial franchise fee of \$50,000 for each location to be opened. Once the franchisee begins operations, the Company will charge a royalty fee of up to 5% of gross sales. As of January 1, 2023, the Company sold rights to open one franchise location, and as of January 2, 2022, the Company had not sold the rights to open any franchise locations.

The Company has relied on resources from the Parent to support initial operations and the Parent has committed to continue to provide financial support to the Company sufficient for the Company during the start-up phase of the franchising operations.

2. Summary of Accounting Policies

Basis of presentation

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of January 1, 2023 and January 2, 2022.



Fiscal year end

The Company's fiscal year end consists of 52 or 53 weeks and ends on the Sunday closest to December 31 for financial reporting purposes. Fiscal years 2022 and 2021 each consisted of 52 weeks and ended on January 1, 2023 and January 2, 2022, respectively.

Use of estimates

The presentation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reporting in the financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of commitments and contingences. Actual results may differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of 90 days or less to be cash equivalents. As of January 1, 2023 and January 2, 2022, the Company carried no cash equivalents.

Franchise receivables

Franchise receivables primarily consist of royalty fee revenues and franchise billables. Franchise billables are invoices paid by the Company on behalf of franchise partners to expedite shipment of products and for reimbursement of travel and wages for training staff.

Concentration of credit risk

As of January 1, 2023 and January 2, 2022, the Company's cash and cash equivalents were maintained with one financial institution in the United States, and its current deposits are in excess of federally insured limits. On March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. If the financial institution with whom the Company does business were to be placed into receivership, the Company may be unable to access the cash it has on deposit with such institutions. If the Company is unable to access its cash and cash equivalents as needed, its financial position and ability to operate its business could be adversely affected.

Contract assets

The Company recognizes an asset for the incremental costs of fulfilling a contract with a franchisee, and recognizes the expense over the course of the period when the Company expects to recover those costs, which is generally over the life of the franchise agreement. The Company has determined that costs for developing and refurbishing franchise locations after a contract is executed meets these requirements. Capitalized fulfillment costs are amortized to franchise expenses within general and administrative on the statements of operations over the period of benefit. The Company applies a practical expedient to expense costs as incurred for costs to fulfill a contract with a franchisee when the amortization period would have been one year or less.

Fair value measurements

The Company's financial instruments, none of which are held for trading purposes, include only cash. Management estimates that the fair value of all financial instruments at January 1, 2023 and January 2, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.



Revenue recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue Recognition (Topic 606)*, *Revenue from Contracts with Customers* (ASU 2014-09), which the Company adopted on September 1, 2021 (inception), with no effect to the financial statements. Topic 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of Topic 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services.

Under the new guidance, the Company recognizes the franchise and renewal fee over the term of the franchise and renewal periods, respectively, rather than at the time the store is opened, or a successive contract commences. Revenue related to the Company's franchise royalties and marketing fees, which are based on a percentage of franchise sales, are recognized at a point in time when incurred.

The following revenue recognition policies are in place as revenue is generated once franchises are opened:

The transaction price in a standard franchise arrangement consists of (a) franchise fees; (b) royalty fees; (c) brand fund fees; (d) on-site assistance fees; and (e) taxes. Since the Company considers the franchise license to be a single performance obligation, no allocation of the transaction price under a standard agreement is performed for revenue recognition purposes. However, if additional separate and distinct goods or services are included with a franchise arrangement and are deemed to be additional performance obligations, the total transaction price of the contract is allocated to each performance obligation based on the stand-alone selling price of each performance obligation.

Franchise revenues are recognized by the Company from the following different sources:

Franchise fee revenues – The franchise arrangement between the Company and each franchise owner of a CPK restaurant is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the CPK brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company are highly interrelated with the franchise license and are considered to represent a single performance obligation, which is the transfer of the franchise license and intellectual property. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the CPK IP over the term of the franchise arrangement.

Royalty fee revenues – Royalty fee revenues represents royalties earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for use of the CPK name, processes, and procedures. The royalty rate in the franchise agreement is up to 5% of the gross sales of each location operated by each franchisee.



Brand fund revenues – Brand fund revenues represents fees earned from each of the franchisees in accordance with the franchise disclosure document and the franchise agreement for the use of the CPK name for promotional materials. The brand fund fee rate in the franchise agreement is up to 1% of the gross sales of each location operated by each franchisee. Brand fund fee revenues from franchised restaurants is recognized as brand fund revenues, while expenditures will be included in advertising expenses. Expenditures of the Brand fund will primarily be amounts paid to third parties but may also include personnel expenses and allocated costs to promote the CPK brand.

Franchise expenses

The Company's franchise expenses primarily consist of accounting, legal, professional, marketing, and license costs.

General and administrative expenses

General and administrative expenses consist primarily of license fees and contract asset amortization.

Income taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification (ASC) 740, *Income Taxes*, which prescribes an asset and liability approach, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enacted date. The Company evaluates the need to establish a valuation allowance for deferred tax assets based upon the amount of existing temporary differences, the period in which they are expected to be recovered and expected levels of taxable income. A valuation allowance to reduce deferred tax assets is established when it is "more-likely-than-not" that some or all of the deferred tax assets will not be realized. Where applicable, associated interest and penalties are also recorded. The Company has not accrued any such uncertain tax positions as of January 1, 2023 and January 2, 2022. No taxes payable or deferred tax assets or liabilities are reflected in these financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the results of operations or stockholder's equity.

Subsequent events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

CPK Franchise, Inc.
Notes to the Financial Statements



The Company has evaluated subsequent events through April 3, 2023, which is the date this financial statement was available to be issued, and concluded that there were no additional events or transactions that need to be disclosed.

3. Contract Assets

The following table reflects the change in contract assets:

Balance at January 2, 2022	\$	-
Increase, excluding amounts recognize as expenses during the period		275,716
Expenses recognized		<u>(12,725)</u>
Balance at January 1, 2023	\$	<u>262,991</u>

The following table illustrates estimated expenses expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of January 1, 2023:

Contract assets to be recognized		
2023	\$	50,901
2024		50,901
2025		50,901
2026		50,901
2027		50,901
Thereafter		<u>8,483</u>
Total	\$	<u>262,991</u>

4. Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions, or if they are subject to common control or common significant influence. The significant related-party transactions consist of payments made by the Parent on behalf of the Company for legal, accounting, and professional fees in the normal course of business.

5. Stockholder's Equity

The Company is authorized to issue one class of stock to be designated as common stock. As of January 1, 2023 and January 2, 2022, the total number of shares authorized, issued, and outstanding is 1,000 with a par value of \$0.01. The Parent is the holder of all shares of common stock. Dividends or other distributions are determined by the Directors. Upon liquidation, the Parent is entitled to receive an amount per share as defined in the Articles of Incorporation (Liquidation Amount). The Parent contributed \$300,000 during each of the year and period ended January 1, 2023 and January 2, 2022, respectively.

UNAUDITED FINANCIAL STATEMENTS

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



california
PIZZA KITCHEN

CPK Franchise, Inc.
Financial Statements (unaudited)
As of March 5, 2023



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CPK Franchise, Inc.
Statements of Balance Sheets



	<u>March 5, 2023</u>	<u>January 1, 2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 251,822	\$ 300,491
Franchise receivables	375,093	93,168
Current portion of contract assets	54,576	50,901
Total current assets	<u>681,491</u>	<u>444,560</u>
Contract assets, non-current	<u>207,848</u>	<u>212,089</u>
Total assets	<u>\$ 889,339</u>	<u>\$ 656,649</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 21,372	\$ 12
Other accrued liabilities	3,100	1,100
Due to related parties, current portion	201,807	82,795
Total current liabilities	<u>226,279</u>	<u>83,907</u>
Due to related parties, non-current	<u>121,414</u>	<u>109,395</u>
Total liabilities	<u>347,693</u>	<u>193,302</u>
Stockholder's Equity		
Common stock: \$0.01 par value, 1,000 shares authorized, and issued as of March 5, 2023 and January 1, 2023	10	10
Additional paid-in capital	599,990	599,990
Accumulated deficit	<u>(58,354)</u>	<u>(136,653)</u>
Total stockholder's equity	<u>541,646</u>	<u>463,347</u>
Total liabilities and stockholder's equity	<u>\$ 889,339</u>	<u>\$ 656,649</u>

CPK Franchise, Inc.
Statements of Operations



	<u>As of March 5, 2023</u>	<u>As of March 6, 2022</u>	<u>Period from January 2, 2023 to March 6, 2023</u>	<u>Period from January 3, 2022 to March 6, 2022</u>
Revenues				
Royalty fee revenues	\$ 261,814	\$ -	\$ 561,634	\$ -
Operating Expenses				
Franchise expenses	74,678	28,761	173,432	41,327
General and administrative expenses	135,251	-	289,453	-
Total operating expenses	209,929	28,761	462,885	41,327
Loss before income tax provision	\$ 51,885	\$ (28,761)	\$ 98,749	\$ (41,327)
Income tax (benefit) expense	(10,363)	-	(20,450)	-
Net loss	\$ 41,522	\$ (28,761)	\$ 78,299	\$ (41,327)

CPK Franchise, Inc.
Statements of Stockholders' Equity



	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balances at January 3, 2022	1,000	\$ 10	\$ 299,990	\$ (53,938)	\$ 246,062
Contribution from Parent	-	-	300,000	-	300,000
Net loss	-	-	-	(82,715)	(82,715)
Balances at January 1, 2023	1,000	\$ 10	\$ 599,990	\$ (136,653)	\$ 463,347

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balances at January 1, 2023	1,000	\$ 10	\$ 599,990	\$ (136,653)	\$ 463,347
Net loss	-	-	-	78,299	78,299
Balances at March 5, 2023	1,000	\$ 10	\$ 599,990	\$ (58,354)	\$ 541,646

CPK Franchise, Inc.
Statements of Cash Flows



	<u>As of March 5, 2023</u>	<u>As of March 6, 2022</u>	<u>Period from January 2, 2023 to March 5, 2023</u>	<u>Period from January 3, 2022 to March 6, 2022</u>
Cash flows from operating activities				
Net loss	\$ 41,522	\$ (28,761)	\$ 78,299	\$ (41,327)
Adjustments to reconcile net loss to net cash used in operating activities				
Changes in operating assets and liabilities				
Contract assets	(3,675)	-	567	-
Franchise receivables	(32,958)	-	(281,926)	-
Accounts payable	(28,529)	(900)	21,360	(1,466)
Due to related parties	(127,818)	5,336	131,031	7,761
Other accrued liabilities	(1,174)	2,425	2,000	5,358
N Net cash used in operating activities	<u>(152,632)</u>	<u>(21,900)</u>	<u>(48,669)</u>	<u>(29,674)</u>
Cash flow from financing activities				
Contribution from Parent	-	-	-	-
Net cash provided by financing activities	-	-	-	-
Net decrease in cash and cash equivalents	<u>(152,632)</u>	<u>(21,900)</u>	<u>(48,669)</u>	<u>(29,674)</u>
Cash and cash equivalents				
Beginning of the period	404,454	287,801	300,491	295,575
End of the period	<u>\$ 251,822</u>	<u>\$ 265,901</u>	<u>\$ 251,822</u>	<u>\$ 265,901</u>

EXHIBIT E

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</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 – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</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 F
STATE SPECIFIC ADDENDA TO AGREEMENTS

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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; **(C)** part or all of any Development Area is located in the State of Illinois; and/or **(D)** a Restaurant will be located or operated in the State of Illinois.
2. The following sentence is added at the end of Section 9.6:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.
3. The following sentence is added to the end of Section 9.7:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.
4. The following paragraph is added at the end of Section 9:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.
5. The following sentence is added to the end of Section 9:

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.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
7. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
8. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the California Pizza Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [*insert type of organization and delete these brackets*] formed in _____ [*insert state and delete these brackets*] (“**you**”, “**your**” or “**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 of Illinois; and/or **(C)** a Restaurant will be located or operated in the State of Illinois.
2. The following sentence is added at the end of Section 17.6:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.
3. The following sentence is added to the end of Section 17.7:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.
4. The following paragraph is added at the end of Section 17:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.
5. The following sentence is added to the end of Section 17:

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.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
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.
9. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic

transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 Maryland; **(B)** Developer is a resident of the State of Maryland; **(C)** part or all of any Development Area is located in the State of Maryland; and/or **(D)** a Restaurant will be located or operated in the State of Maryland.
2. The following sentence is added to the end of Section 7.2.6 (Transfer):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. The following sentence is added to the end of Section 9.7 (Venue):

Notwithstanding the foregoing, Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Development Agreement.
5. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [*insert type of organization and delete these brackets*] formed in _____ [*insert state and delete these brackets*] (“**you**”, “**your**” or “**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 Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** a Restaurant will be located or operated in the State of Maryland.
2. The following sentence is added to the end of Sections 3.4 (Renewal) and 14.2.6 (Transfer):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. The following sentence is added to the end of Section 17.7 (Choice of Forum):

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. The following is added as Section 18.15 (Representations):

Representations. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
8. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR MINNESOTA DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**CPK**”) and _____, a _____ [*insert type of organization and delete these brackets*] formed in _____ [*insert state and delete these brackets*] (“**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 Minnesota; **(B)** Developer is a resident of the State of Minnesota; **(C)** part or all of any Development Area is located in the State of Minnesota; and/or **(D)** a Restaurant will be located or operated in the State of Minnesota.

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

Notwithstanding the foregoing, in the State of Minnesota, CPK will defer the payment of the Development Fees until the first Restaurant that Developer develops under this Agreement opens for business. Upon the opening of the first Restaurant, Developer shall pay CPK the Development Fees.

3. The following is added to the end of Sections 4.2.4 and 9.1:

Developer cannot consent to CPK obtaining injunctive relief. CPK may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

4. The following sentence is added to the end of Section 7.2.6:

Minnesota Rules 2860.4400(D) prohibits CPK from requiring Developer to assent to a general release.

5. The following sentences are added to the end of Section 9:

With respect to franchises governed by Minnesota law, CPK will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases) that Developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit CPK from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Developer to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of Developer’s rights as provided for in Minnesota Statute 80C or (2) Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
7. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc., a Delaware corporation (“CPK”)** and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**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 Minnesota; **(B)** Franchisee is a resident of the State of Minnesota; and/or **(C)** a Restaurant will be located or operated in the State of Minnesota.

2. The following sentences are added to the end of Sections 2.4, 4, and 5.2:

Notwithstanding the foregoing, in the State of Minnesota, CPK will defer the payment of the Initial Franchise Fee, the Site Review Fee, and the Restaurant Opening Training Fee until the Restaurant opens for business. Upon the opening of the Restaurant, Franchisee shall pay CPK the Initial Franchise Fee, Site Review Fee, and Restaurant Opening Training Fee.

3. The following sentence is added to the end of Sections 3.4 and 14.2.6:

Minnesota Rules 2860.4400(D) prohibits CPK from requiring Franchisee to assent to a general release.

4. The following sentence is added to the end of Sections 3 and 16:

With respect to franchises governed by Minnesota law, CPK will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases) that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

5. The following sentence is added to the end of Section 17.12:

Franchisee cannot consent to CPK obtaining injunctive relief. CPK may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

6. The following sentences are added to the end of Sections 17.6 and 17.7:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit CPK from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of Franchisee’s rights as provided for in Minnesota Statute 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. The following sentence is added to the end of Section 17.11:

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
10. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
11. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name)_____

(Print Name)_____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of New York; **(B)** you are 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 the end of Sections 4.2.4 and 9.1:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
4. The following sentence is added to Section 7.9:

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement.
5. The following sentence is added to the end of Section 7.2.6:

Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
6. The following sentence is added to the end of Section 9:

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

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of New York; **(B)** you are a resident of the State of New York; and/or **(C)** the 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 3.4 and 14.2.6:

Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 14.9:

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement.
5. The following sentence is added to the end of Sections 10.3.4, 16.8, 17.1, and 17.12:

Our 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 17.6:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
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.
10. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic

transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**CPK**”) and _____, a _____ [*insert type of organization and delete these brackets*] formed in _____ [*insert state and delete these brackets*] (“**you**”, “**your**” or “**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 you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** part or all of the Development Area is located in the State of North Dakota.
2. Section 2.1 of the Development Agreement, under the heading “Development Fees,” shall be amended by adding the following to the end of the Section:

Based upon CPK’s financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Developer shall be deferred until the first Restaurant Developer develops under the Development Agreement opens for business. Upon the opening of Developer’s first Restaurant, Developer will pay the Development Fees to CPK.

3. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
 - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
 - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee’s business.
 - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
 - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
 - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
 - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
 - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
- 4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
- 5. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.
- 6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name)_____

(Print Name)_____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**CPK**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of North Dakota; **(B)** you are a resident of the State of North Dakota; and/or **(C)** the Restaurant will be located in the State of North Dakota.

2. Section 4.1 of the Franchise Agreement, under the heading “Initial Franchise Fee,” shall be amended by adding the following to the end of the Section:

Based upon CPK’s financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until CPK completes its pre-opening obligations under the Franchise Agreement.

3. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee’s business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

- J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
- 4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
- 6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
- 7. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name)_____

(Print Name)_____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of North Dakota; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** part or all of the Development Area is located in the State of Rhode Island.
2. The following language is added to Sections 9.6 and 9.7:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
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.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

DEVELOPER:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Developer is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of Rhode Island; **(B)** you are a resident of the State of Rhode Island; and/or **(C)** the Restaurant will be located in the State of Rhode Island.
2. The following language is added to Sections 17.6 and 17.7:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
6. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK FRANCHISE, INC.

FRANCHISEE:

If a corporation, partnership, or limited liability company, print name of business entity on the line below:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

EFFECTIVE DATE: _____

If Franchisee is one or more individuals:

(Print Name) _____

(Print Name) _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN AREA DEVELOPMENT AGREEMENT
DISCLOSURE VERIFICATION, AND RELATED AGREEMENTS
REQUIRED FOR WASHINGTON DEVELOPERS**

This Addendum to the California Pizza Kitchen Area Development Agreement dated _____ (“**Development Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of Washington; **(B)** you are a resident of the State of Washington; and/or **(C)** part or all of the Development Area is located in the State of Washington.
2. The following is added to the end of Section 2.1 of the Development Agreement:

Notwithstanding the foregoing, we will defer the payment of the Development Fee attributed to each Restaurant that you agree to develop until that Restaurant opens for business. Upon the opening of each Restaurant, you will pay to us the Development Fee.
3. The state of Washington has a statute, the Washington Franchise Investment Protection Act (the “Act”), Section 19.100.180 of which may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.
4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
5. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
6. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
7. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
8. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

9. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
10. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
11. Securities offering fees shall be limited to our reasonable costs and expenses in reviewing your security offering documents.
12. The words "one hundred twenty (120) days" in Sections 7.8.4 and 8.2.11 of the Development Agreement are replaced with the words "one hundred eighty (180) days".
13. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.
14. Except as expressly modified by this Addendum, the Development Agreement remains unmodified in full force and effect.
15. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK:
 CPK FRANCHISE, INC.,
 a Delaware limited liability company

DEVELOPER:

 a _____

Date: _____
 By: _____
 Title: _____
 Effective Date: _____

Date: _____
 By: _____
 Title: _____
 Date: _____

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
DISCLOSURE VERIFICATION, AND RELATED AGREEMENTS
REQUIRED FOR WASHINGTON FRANCHISEES**

This Addendum to the California Pizza Kitchen Franchise Agreement dated _____ (“**Franchise Agreement**”) is entered into by and between **CPK Franchise, Inc.**, a Delaware corporation (“**we**”, “**us**”, “**our**” or “**Franchisor**”) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (“**you**”, “**your**” or “**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 you was made in the State of Washington; **(B)** you are a resident of the State of Washington; and/or **(C)** the Restaurant will be located in the State of Washington.
2. The following is added to the end of Section 4.1 of the Franchise Agreement:

Notwithstanding the foregoing, we will defer the payment of the Initial Franchise Fee until the Restaurant opens for business. Upon the opening of the Restaurant, you shall pay the Initial Franchise Fee to us.
3. The state of Washington has a statute, the Washington Franchise Investment Protection Act (the “Act”), Section 19.100.180 of which may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.
4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
5. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
6. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
7. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
8. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

9. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
10. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
11. Securities offering fees shall be limited to our reasonable costs and expenses in reviewing your security offering documents.
12. The second sentence of Section 4.2.1 of the Franchise Agreement is deleted and replaced with the following sentence: "If a state or local law in which the Restaurant is located prohibits or restricts in any way Franchisee's ability to pay and CPK's ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then CPK and Franchisee will renegotiate the Royalty Fees and other provisions to provide the same basic economic effect to both CPK and Franchisee as otherwise provided in this Agreement, with a corresponding change to the definition of Gross Sales."
13. The second sentence of Section 16.7 of the Franchise Agreement is deleted and replaced with the following sentence: "Accordingly, within thirty (30) days following such termination, Franchisee shall pay to CPK an amount equal to the average periodic Royalties and Brand Fund contributions that Franchisee owed during the one (1) year period prior to termination (or, if the Restaurant was open for less than one (1) year, the average periodic Royalties and Brand Fund contributions owed by Franchisee for the number of Periods that the Restaurant was in operation) multiplied by the lesser of thirty-six (36) Periods or the number of Period (including any partial Period) remaining in the Term of this Agreement."
14. The words "one hundred twenty (120) days" in Sections 14.8.4 and 16.1.11 of the Franchise Agreement are replaced with the words "one hundred eighty (180) days".
15. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
16. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
17. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified in full force and effect.
18. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by electronic

transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the Effective Date identified below.

CPK:
CPK FRANCHISE, INC.,
a Delaware limited liability company

FRANCHISEE:

a _____

Date: _____
By: _____
Title: _____
Effective Date: _____

Date: _____
By: _____
Title: _____
Date: _____

EXHIBIT G
LIST OF FRANCHISEES

FRANCHISED RESTAURANT LIST AS OF JANUARY 1, 2023

FRANCHISEE AND CONTACT PERSON	STREET ADDRESS	CITY	ST	ZIP	PHONE
Anaheim Ducks Hockey Club, LLC	2695 E Katella Avenue	Anaheim	CA	92806	(714) 704-2582
Areas Skyview LAX JV, LLC	1 World Way	Los Angeles	CA	90045	(310) 646-3472
Levy Restaurants	1000 Vin Scully Avenue	Los Angeles	CA	90012	(323) 224-1553
Host International, Inc.	23835 North Harbor Drive	San Diego	CA	92101	(619) 231-5100
Host International, Inc.	18601 Airport Way	Santa Ana	CA	92707	(949) 252-6125
International Dining Concepts, LLC	178 W Soledad Avenue	Hagåtña	GU	96910	(671) 477-4888
International Dining Concepts, LLC	1225 Pale San Vitores Road	Tamuning	GU	96913	(671) 647-4888
Host International, Inc.	300 Rodgers Boulevard	Honolulu	HI	96819	(808) 836-2566
Host International, Inc.	1 Kahului Airport Road # 9	Kahului	HI	96732	(808) 877-5858
Host International, Inc.	56 Rome Circle Boulevard Bar	Kansas City	MO	64153	(816) 561-2420
Host International, Inc.	10701 Natural Bridge Road	St. Louis	MO	63145	(314) 426-6317
Host International, Inc.	5757 Wayne Newton Boulevard	Las Vegas	NV	89119	(702) 261-7317
The Mirage Hotel-Casino, LLC	3400 Las Vegas Boulevard	Las Vegas	NV	89109	(702) 791-7111
MEI- GSR Holdings, LLC	2500 E 2nd Street	Reno	NV	89595	(775) 789-2587
Areas G2G PHL JV, LLC	8000 Essington Avenue	Philadelphia	PA	19153	(215) 344-8294
Host International, Inc.	2400 Aviation Drive	DFW Airport	TX	75261	(972) 426-5208
Host International, Inc.	776 N Terminal Drive	Salt Lake City	UT	84122	(801) 575-2627

LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS OR DEVELOPMENT AGREEMENTS AND RESTAURANTS ARE NOT YET OPEN
(as of January 1, 2023)

NONE

LIST OF FRANCHISEES THAT CLOSED OR TRANSFERRED A RESTAURANT OR LEFT THE SYSTEM

(during our last fiscal year and within ten weeks of the date of this disclosure document)

NONE

EXHIBIT H
GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of (1) transfer of the California Pizza Kitchen Development Agreement dated _____ (“Development Agreement”) between Franchisee and CPK Franchise, Inc. (“Franchisor”); or (2) transfer or renewal of the California Pizza Kitchen Franchise Agreement dated _____ (“Franchise Agreement”) between Franchisee and Franchisor.

1 **Release by Franchisee and Guarantors.** In order to induce Franchisor to execute this Agreement, Franchisee and Guarantors (if an entity, each on behalf of itself and its parent, subsidiaries, affiliates and their respective past and present owners, officers, directors, shareholders, partners, agents and employees, in their corporate and individual capacities; and if an individual, each on behalf of themselves and their heirs, representatives, successors and assigns), and all other persons or entities acting on their behalf or claiming under any of them (collectively, “Franchisee Releasors”) freely and without any influence, forever release and covenant not to sue Franchisor and its parent companies, subsidiaries, predecessors and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, “Franchisor Releasees”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), that any of the Franchisee Releasors now own or hold or may at any time have owned or held, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances and Claims arising out of, or related to, the Development Agreement, the Franchise Agreement, and all other agreements between any Franchisee Releasor and any Franchisor Releasee, the development or proposed development of any CPK Restaurant, the sale of a franchise to any Franchisee Releasor, the operation of any business using the System by any Franchisee Releasors and/or performance by any Franchisor Releasee of any obligations under any agreement with any Franchisee Releasor. Franchisee and Guarantors (on behalf of the Franchisee Releasors) agree that fair consideration has been given for this release and each fully understands that this is a negotiated, complete and final release of all of Franchisee Releasors’ Claims. FRANCHISEE AND GUARANTORS EACH, ON BEHALF OF ITSELF AND THE FRANCHISEE RELEASORS, WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS AGREEMENT BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

[For any unit located in California, where the Franchisee or Guarantor(s) is a California entity, resident or has a principal place of business in California, delete the capitalized language above and add the following:

FRANCHISEE AND GUARANTORS, EACH, ON BEHALF OF ITSELF AND THE FRANCHISEE RELEASORS EXPRESSLY AGREE THAT, WITH RESPECT TO THIS RELEASE, ANY AND ALL RIGHTS GRANTED UNDER SECTION 1542 OF THE CALIFORNIA CIVIL CODE ARE EXPRESSLY WAIVED, TO THE EXTENT APPLICABLE. THAT SECTION READS AS FOLLOWS: “**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**”]

2 **Risk of Changed Facts.** Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3 **No Prior Assignment.** Franchisee and Guarantors represent and warrant that the Franchisee Releasors are the sole owners of all Claims and rights released hereunder and that Franchisee Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4 **Covenant Not to Sue.** Franchisee and Guarantors (on behalf of the Franchisee Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5 **Complete Defense.** Franchisee and Guarantors: **(A)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(B)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6 **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisor and each Franchisee Releasor.

7 **Miscellaneous.**

A. Franchisee and Guarantors acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

B. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

C. This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Delaware. All disputes and claims arising out of or relating to this Release or any provision thereof, or to any specification, standard or operating procedure of CPK or to the breach thereof (including, without limitation, any claim that this Agreement, any provision thereof, any specification, standard or operating procedure or any other obligation of Franchisee or CPK is illegal, unenforceable or voidable under any law, ordinance or ruling) shall be exclusively venued in the state or federal courts of Kent County, Delaware, and each of the parties submit to the exclusive jurisdiction of such courts.

D. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

E. This Release may be signed in counterparts, signature pages may be exchanged by electronic transmission (including electronic signature platforms and 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.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

ATTEST:

FRANCHISEE:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title _____

Title _____

Date: _____

WITNESS:

GUARANTORS:

[Signature]

[Signature]

[Print Name]

Date: _____

[Signature]

[Signature]

[Print Name]

Date: _____

EXHIBIT I

TRAINING PARTICIPATION AND NONDISCLOSURE AGREEMENT

TRAINING PARTICIPATION AND NONDISCLOSURE AGREEMENT

THIS TRAINING PARTICIPATION AND NONDISCLOSURE AGREEMENT (this “**Agreement**”) is made as of the date set forth on the last page of this Agreement by _____ (“**Participant**”) and CPK Franchise Inc. (“**CPK**”).

1. Purpose

Participant, who is an employee and/or owner of a CPK Restaurant franchise (the “**Franchisee**”), will attend and participate in training offered by CPK concerning the methods, techniques, and systems associated with operating a CPK Restaurant (the “**Training Program**”). This Agreement addresses the confidential nature of the information that will be divulged to Participant in the Training Program.

Participant agrees that in exchange for being permitted to attend and participate in the Training Program, s/he will abide by the terms of this Agreement.

2. Confidential Information

A. Participant understands that during the Training Program and the course of her/his association with the Franchisee, Participant may be provided with or otherwise have access to non-public information that CPK considers to be of a confidential, proprietary, or trade secret nature. Among other things, this confidential, proprietary, and/or trade secret information may include details regarding CPK’s business plan and related systems and processes, as well as other financial, business, and technical information, marketing, engineering and other plans, financial statements and projections, customer and supplier information, research, designs, plans, compilations, methods, techniques, processes, procedures, and know-how of CPK, whether in tangible or intangible form, and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically, or in writing (together, all of the above are deemed to be “**Confidential Information**”).

B. Participant agrees to treat all of the Confidential Information in a private and confidential manner. Participant agrees to maintain the privacy of the Confidential Information in a manner that is no less protective of that information than other private information concerning Participant, the Franchisee’s business, and other similar sensitive information.

C. Participant agrees not to sell, transfer, publish, disclose, or otherwise use or make available any portion of the Confidential Information to third parties (except to employees of the Franchisee who clearly have a need-to-know the Confidential Information solely for the purpose of operating the Franchisee’s CPK Restaurant).

D. Participant understands and agrees that CPK owns all of the Confidential Information. Participant also understands and agrees that the Confidential Information may only be used for the specific purposes expressly authorized by this Agreement.

E. Participant understands and agrees that CPK is not granting to Participant any license to use CPK’s intellectual property (for example, patents, trademarks, copyrights, domain names, and trade dress).

F. Upon the termination or expiration of this Agreement, or at CPK’s request, Participant agrees to promptly destroy all of its copies of Confidential Information in its possession, or at CPK’s request, to return the Confidential Information to CPK (in accordance with CPK’s instructions).

3. General Terms.

A. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

B. This Agreement is the entire agreement between the parties concerning the subject matter and supersedes any prior agreements concerning the subject matter hereof. No amendment or modification of this Agreement shall be valid or binding on the parties unless made in a mutually executed writing.

C. The term of this Agreement shall be for: (i) the entire length of time that Participant is associated with Franchisee; and (ii) for an additional period of three (3) years after that association ends.

D. If any part of this Agreement is not valid or unenforceable, that shall not affect the validity or enforceability of the rest of this Agreement. Instead, the invalid or unenforceable provision shall be deemed to be amended to the minimum extent necessary to render it enforceable under applicable law while retaining to the maximum extent possible the intent and economic benefit of the original provision consistent with applicable law.

E. No delay or omission by CPK in exercising any right under this Agreement will operate as a waiver of that or any other right.

F. This Agreement is governed by and will be construed exclusively in accordance with the laws of the State of California (without regard to California conflicts of law principles).

G. The parties agree that all disputes arising under this Agreement must be commenced in the state or federal court of general jurisdiction in the district where CPK's principal offices are located at the time the action is commenced and Participant irrevocably submits to the jurisdiction of those courts and waives any objection Participant might have to either the jurisdiction of or venue in those courts.

H. Participant acknowledges and agrees that its breach of this Agreement may cause irreparable injury to CPK, and that CPK may seek and obtain injunctive and other equitable relief against such breach.

I. Participant and Franchisee understand and agrees that Participant is not (and shall not be deemed to be) employed by CPK, and both Participant and Franchisee agree that they will not claim otherwise.

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

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date noted below.

FRANCHISOR:

CPK FRANCHISE INC.,
a Delaware corporation

By: _____
Print Name: _____
Title: _____
Effective Date: _____

PARTICIPANT:

By: _____
Resident of: _____

EXHIBIT J
FRANCHISEE CERTIFICATION FORM

FRANCHISEE CERTIFICATION FORM

You are preparing to enter into a California Pizza Kitchen Franchise Agreement with CPK Franchise, Inc. ("CPK"). Please review each of the following questions and statements carefully and provide honest and 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 California Pizza Kitchen restaurants 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, Maryland Franchise Registration and Disclosure Law, the Washington Franchise Investment Protection Act, or any other state franchise registration and disclosure law.

FRANCHISE APPLICANT: _____
By: _____
Print Name: _____
Date: _____

EXHIBIT K
ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“Agreement”) is made effective as of _____ (the “**Effective Date**”), by and between [CALIFORNIA PIZZA KITCHEN, INC., a Delaware limited liability company] [update Seller information] (“**Seller**”), on the one hand, and [BUYER ENTITY] a [Insert Buyer Entity state and type] (“**Buyer**”) and [INSERT GUARANTOR(S)] [Insert Guarantor(s), a resident of state] ([jointly] [collectively, “**Guarantors**”) (Seller, Buyer and Guarantors are referred to in this Agreement individually as a “**Party**” and collectively as the “**Parties**”).

RECITALS:

Seller owns and operates a California Pizza Kitchen restaurant (“**Restaurant**”) located at _____ (“**Restaurant Location**”). [Update identified terms to plural for multiple Restaurants: Seller owns and operates the California Pizza Kitchen restaurants identified on Exhibit A (“**Restaurants**”) located at the addresses identified on **Exhibit A** (the “**Restaurant Locations**”).]

Seller’s right to occupy the Restaurant Location for the operation of the Restaurant is set forth in a lease agreement dated [_____] (“**Lease**”) by and between Seller and [Insert Name of Landlord] (“**Landlord**”) and at Closing (defined below), the Lease will be assumed by Buyer. [Update for multiple Restaurants or for different leasing situations.]

Upon the terms and subject to the conditions contained in this Agreement, Seller desires to sell, convey, transfer and assign to Buyer, and Buyer desires to purchase and acquire from Seller, substantially all of Seller’s assets used in the operation of the Restaurant and Seller desires to assign to Buyer, and Buyer desires to assume from Seller, the Lease.

Seller and Buyer desire for Buyer to enter into a California Pizza Kitchen Restaurant Franchise Agreement and related agreements (“**Franchise Documents**”) pursuant to which Buyer will be licensed by Seller’s affiliate, CPK Franchise, Inc. (“**Franchisor**”), to operate the Restaurant.

Guarantors will realize substantial benefits from the transactions contemplated by this Agreement and, as an inducement for Seller to enter into this Agreement, have agreed to guarantee the payment and performance of Buyer’s obligations under this Agreement.

NOW, THEREFORE, in consideration of the recitals, the mutual covenants, agreements, representations and warranties contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I PURCHASE AND SALE

1.1 Recitals. The recitals above are incorporated herein by reference.

1.2 Purchase and Sale of Assets. Upon the terms and subject to the conditions set forth in this Agreement, and in reliance upon the parties’ respective representations and warranties, Seller agrees that, on a date mutually agreed upon by the Parties, but which in no event may be later than the close of business on [_____] (“**Closing Date**”), Seller will sell, transfer, assign and set over to Buyer, free and clear of all claims, liens, charges, security interests, equities, and encumbrances of any nature whatsoever, and Buyer will purchase from Seller, all right and title to and interest in the Purchased Assets (as hereinafter defined) for the price and in accordance with the provisions specified in this Agreement (the “**Closing**”).

1.3 Purchased Assets. The “**Purchased Assets**” shall include the following:

(a) **Fixed Assets.** All machinery, equipment, furniture, furnishings, fixtures, tools, decorations, signs and other items of tangible personal property owned by Seller and in the Restaurant on the Closing Date as described and identified in **Exhibit 1.3(a)** (collectively, "**Fixed Assets**").

(b) **Inventory.** All inventories of food, beverage and paper products owned by Seller and used in the operation of the Restaurant including without limitation, all alcohol beverage inventories (other than alcohol beverage inventories in jurisdictions where applicable law does not permit Buyer to take title to such inventories until it obtains the requisite liquor license approvals from the pertinent governmental body; Seller shall transfer, assign convey and deliver to Buyer such alcohol beverage inventories in each instance upon issuance of the requisite liquor license approval or other authorization from the relevant governmental body, whichever occurs first) (collectively, "**Inventory**"). After the close of business on the day preceding the Closing Date, Seller and Buyer shall conduct a physical count of the aggregate Inventory at the Restaurant.

(c) **Supplies.** All smallwares not listed as Fixed Assets, operational supplies, uniforms, disposable items, heating fuel, cleaning materials, office materials, and other consumable and/or expendable materials and supplies owned by Seller and in the Restaurant on the Closing Date (collectively, "**Supplies**").

(d) **Contract Rights.** All of Seller's right, title and interest in, to and under the contracts and agreements relating to the operation of the Restaurant or the Restaurant Location, including the Lease, as identified in **Exhibit 1.3(d)** and listed on Exhibit A to the Assignment and Assumption Agreement attached as **Exhibit 10.2** (collectively, "**Assumed Contracts**");

(e) **Licenses and Permits.** All transferable licenses, permits, orders, approvals and certificates from all permitting, licensing, and certifying agencies including all licenses required to sell alcoholic beverages (to the extent transferrable) as identified in **Exhibit 1.3(e)**, and the rights to all data and records held by such permitting, licensing and certifying agencies (collectively, "**Licenses and Permits**").

(f) **Change Fund.** All cash in the point of sale systems of the Restaurant at the close of business on the day immediately preceding the Closing Date ("**Change Fund**"); however, the purchase price for the Change Fund is to be paid for by Buyer in cash on the Closing Date and shall be in addition to the Purchase Price.

(g) **Telephone Numbers and Listings.** To the extent transferable, all telephone numbers and directory listings for the Restaurant.

(h) **Goodwill.** All goodwill of Seller associated with the Restaurant but excluding any goodwill associated with intellectual property rights of Seller and its affiliates, such as but not limited to trademarks, service marks or trade names.

(i) **Business Records.** One (1) set of Seller's records and files to the extent they relate to the Purchased Assets (the "**Business Records**"); provided, however that the Business Records shall not include any books, records or files the sale, assignment, transfer or disclosure of which are prohibited by applicable law or agreement.

1.4 Excluded Assets. The Purchased Assets shall include only the assets expressly listed in Section 1.3 above and shall not include any other assets of any kind, including, but not limited to, the following assets of Seller and such assets shall remain the property of Seller after Closing (the "**Excluded Assets**");

(a) **Cash and Accounts.** Seller's cash on hand or in banks, cash equivalents, marketable securities, certificates of deposit, checks, drafts or other negotiable instruments, and bank accounts arising from the operation of the Restaurant other than Change Fund.

(b) Accounts Receivable. Seller's accounts or notes receivable, including, without limitation, credit card receivables, arising from the operation of the Restaurant prior to the Closing Date.

(c) Insurance Policies. Seller's insurance policies and rights thereunder and all insurance benefits, including rights and proceeds arising from or relating to the Purchased Assets prior to the Closing Date.

(d) Permits and Licenses. All non-transferable permits and licenses related to Seller or the Restaurant.

(e) Contract Rights. Seller's rights under this Agreement and the other agreements, certificates and instruments to be executed by Seller in connection with or pursuant to this Agreement.

(f) Corporate Documents. Seller's organizational documents, taxpayer and other identification numbers, seals, minute books, unit transfer books, blank unit certificates and other documents relating to the organization, maintenance, and existence of Seller.

(g) Seller's Executory Commitments. All executory commitments for the purchase of materials, services or supplies or other real or personal property not related to or physically present at the Restaurant.

(h) Other Assets. Any asset of Seller not relating to the Restaurant and all other real or personal property not related to or physically present at the Restaurant.

(i) Intellectual Property. All trademarks, service marks, trade names, logos, patents, patent applications, copyrights, trade secrets, know-how, designs, ideas, processes, procedures, discoveries, inventions, computer programs and other business, proprietary or confidential information owned by Seller and its affiliates.

(j) Integrated Business Acknowledgment. Purchaser acknowledges that Seller and its affiliates operate multiple California Pizza Kitchen restaurants as part of an integrated business, and that following the Closing, the Restaurant will no longer participate in or receive the benefits of that integrated business and the assets used in the operation of that integrated business, such as administrative personnel and technology systems located at Seller's headquarters.

1.5 Utilities. Prior to the Closing Date, Buyer shall contact all utility companies serving the Restaurant to request that all utilities be transferred to Buyer's account as of the Closing Date. Buyer shall assume the obligation for all utility costs for the Restaurant on and after the Closing Date. Seller shall be entitled to all utility deposits currently held by any utility company for the Restaurant unless Buyer pays Seller the amount of such deposit(s) at Closing.

1.6 Risk of Loss. The risk of loss or destruction or damage to any or all of the Purchased Assets from any cause whatsoever at all times prior to the Closing shall be borne by Seller. Subsequent to the Closing, the risk of loss or destruction or damage to any or all of the Purchased Assets from any cause whatsoever shall be borne by Buyer.

1.7 Condition of Assets. Seller agrees, and represents and warrants to Buyer, that as of the Closing Date, all Purchased Assets sold to Buyer pursuant to this Agreement must be free and clear of all claims, liens, charges, security interests, equities, and encumbrances of any nature whatsoever. All Purchased Assets are to be in good working order on the Closing Date.

1.8 Assumption of Liabilities. As of the Closing Date, Buyer hereby assumes and agrees to pay or perform, in accordance with their terms, all liabilities and obligations of Seller relating to the Restaurant (except for those which arise out of or relate to the Excluded Assets), including, without limitation, all liabilities and obligations under or arising out of the Assumed Contracts and the Lease

(collectively, “**Assumed Liabilities**”). All liabilities arising from Seller’s operation of the Restaurant prior to the Closing and all liabilities which arise out of or relate to the Excluded Assets shall continue to be liabilities of Seller (collectively, “**Excluded Liabilities**”).

ARTICLE II PURCHASE PRICE

2.1 Purchase Price.

(a) Subject to the adjustments made in accordance with Section 2.3 below, the purchase price for the Purchased Assets (other than the Inventory and the Change Fund) (“**Purchase Price**”) shall be equal to the sum of: (i) [REDACTED] and 00/100 U.S. Dollars (U.S. \$ [REDACTED].00), which amount (subject to adjustments made in accordance with Section 2.3 below) shall be payable by Buyer to Seller at Closing by cashier’s, certified, or treasurer’s check, or by wire transfer of immediately available funds; and (ii) the value of the Inventory and the Change Fund on the Closing Date, calculated and payable in accordance with Sections 2.1(b) and 2.1(c).

(b) Following the close of business on the day before the Closing Date, representatives of Seller and Buyer shall jointly conduct a count of the Inventory at the Restaurant and prepare a valuation of the Inventory. Inventory shall be priced at Seller’s invoice price and Buyer shall pay Seller at Closing the value of the Inventory in immediately available funds by wire transfer or such other means as specified by Seller.

(c) The amount Buyer shall pay Seller for the Change Fund shall be the amount of cash in the point of sale systems at the Restaurant at the close of business on the day preceding the Closing Date, confirmed by representatives of both Buyer and Seller. The amount of the Change Fund shall be paid by Buyer to Seller at the Closing in immediately available funds by wire transfer or such other means as specified by Seller.

2.2 Initial Franchise Fee for the Restaurant. The Purchase Price does not include the Initial Franchise Fee due under the California Pizza Kitchen Franchise Agreement with Franchisor, which fee shall be paid by Buyer in accordance with the terms of the Franchise Agreement.

2.3 Prorations and Adjustments. The Purchase Price shall be subject to proration as set forth in this Section 2.3. Except as elsewhere set forth in this Agreement, all items of income and expense arising from the operation of the Restaurant on or before the opening of business on the Closing Date shall be for the account of Seller and thereafter shall be for the account of Buyer. Proration of the items described below between Seller and Buyer shall be effective as of 12:01 a.m., local time, on the Closing Date and shall occur as follows with respect to those rights, liabilities and obligations of Seller transferred to and assumed by Buyer under this Agreement:

(a) Liability for state and local personal property taxes and water and sewer use charges assessed on the Purchased Assets payable with respect to the year [20__] shall be prorated as between Seller and Buyer on the basis of the number of days of the tax year elapsed prior to the Closing Date (regardless of lien date and/or regardless of when such taxes or charges are assessed or attached, or deemed to have been assessed or attached).

(b) Prepaid items, credits and accruals such as rent and common area maintenance charges, prepaid inventory rebates, inventory purchases in transit as of the Closing Date, utilities, other service charges, rental and other payments or advances under any Assumed Contracts shall be prorated between Seller and Buyer on the basis of the period of time to which such liabilities, prepaid items and accruals apply.

(c) Buyer shall reimburse Seller for all transferable security, utility and other deposits made with respect to the operation of the Restaurant and the Purchased Assets and shall succeed to all of Seller's rights to recovery or refund of such deposits.

(d) Normal trade accounts payable by the Restaurant are not Assumed Liabilities and will not be prorated (other than with respect to inventory ordered but not received, which will be prorated under Section 2.3(b) above).

(e) To the extent practicable, all prorations shall be made prior to the Closing Date with any additional prorations and true-ups to be made within ninety (90) days thereafter.

2.4 Taxes. Buyer shall pay all federal, state and local sales taxes applicable to the transactions contemplated by this Agreement. The Purchase Price does not include any applicable federal, state and local taxes, including, but not limited to, tariffs, duties, impact fees, occupational taxes or other charges which may be payable upon the sale or use of the Purchased Assets. All such tariffs, duties, fees, taxes and other charges and the payment thereof to the appropriate taxing authority are the sole responsibility of Buyer.

2.5 Allocation of Purchase Price. In accordance with Section 1060 of the Internal Revenue Code of 1986, as amended, the Purchase Price shall be allocated in the manner set forth in **Exhibit 2.5** to this Agreement. Seller and Buyer each covenant and warrant to each other that: (a) in no tax return filed by it or any of its respective successors or assigns shall the allocation of the Purchase Price be treated or reported inconsistently with or differently from the allocation of the Purchase Price set forth in **Exhibit 2.5**, unless such change in allocation is the result of a determination by a taxing authority for that year or a preceding year; and (b) in no tax audit, tax examination, tax or compliance review or tax litigation, will it or any of its respective successors or assigns claim or assert that the allocation of the Purchase Price is or should be inconsistent with or different from that set forth in **Exhibit 2.5**, unless as a result of a determination made by a taxing authority in a preceding year. The parties agree to file all appropriate Internal Revenue Service forms with their respective federal income tax returns for their respective tax year in which the Closing occurs.

ARTICLE III LEASE

It is expressly understood and agreed that, as a mutual pre-condition to the execution of this Agreement, Seller, must, with the consent of the Landlord, assign the Lease to Buyer who will assume the obligations of Seller under the Lease. Buyer shall timely provide all financial and other documentation to Landlord that Landlord reasonably requests as a condition precedent to approving the assignment.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer (each of which shall be deemed material and independently relied upon by Buyer) as follows:

4.1 Organization and Standing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of ~~Delaware~~ with full power and authority to own its properties and assets and to conduct its business as now conducted or proposed to be conducted.

4.2 Corporate Authority. Seller has the full power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement in accordance with the terms of this Agreement.

4.3 Corporate Authorization; Binding Agreement. Seller has taken or will take all necessary corporate actions to authorize and approve the execution, delivery and performance of this Agreement and

the transactions contemplated by this Agreement. Subject to Articles VII and IX, this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms.

4.4 Inconsistent Obligations. The execution, delivery and performance of this Agreement will not **(a)** result in a violation of Seller's articles of incorporation, bylaws or any applicable law or **(b)** result in a default under any material written indenture, note, mortgage, security agreement, loan agreement, guaranty, pledge or other instrument, contract, agreement or commitment to which Seller is a party or by which Seller or its assets is subject or bound.

4.5 Title to Purchased Assets. Seller will convey to Buyer at Closing, good and marketable title to the Purchased Assets, free and clear of any lien, claim or encumbrance. Seller shall warrant ownership of the Fixed Assets, Inventory and Supplies to the extent set forth in the Bill of Sale (as defined in Section 10.1. and included as **Exhibit 10.1**).

4.6 No Other Warranties. The Purchased Assets are being purchased by Buyer on an "As Is, Where Is" basis, except for the representations and warranties expressly set forth in this Article IV. **SELLER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WITH RESPECT TO THE PURCHASED ASSETS, AND SELLER HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY OF THE PURCHASED ASSETS OR PARTS OR COMPONENTS THEREOF FOR A PARTICULAR PURPOSE.** Buyer and Guarantors acknowledge that they have examined the Purchased Assets to their satisfaction in light of the foregoing disclaimer of warranties.

4.7 Inventory. To the knowledge of Seller, the Inventory **(a)** consists solely of materials and goods useable or saleable in the ordinary course of business, and **(b)** is not defective, slow moving, obsolete or damaged. None of the Inventory is subject to any consignment, bailment, warehousing or similar agreement.

4.8 Assumed Contracts. Except to the extent assigned to Buyer as described in this Agreement, there are no contracts, agreements or continuing obligations of any nature whatsoever relating to the Restaurant or the Purchased Assets that will survive the consummation of the transactions contemplated in this Agreement. Seller will provide to Buyer copies of the Assumed Contracts maintained by Seller. To the knowledge of Seller, **(a)** all of the Assumed Contracts are valid, binding, subsisting and enforceable obligations of Seller, **(b)** there has not occurred any material default under any of the Assumed Contracts on the part of Seller or any of the other parties to those contracts, and **(c)** no event has occurred which, with the giving of notice or the lapse of time or both, would constitute a material default under any of the Assumed Contracts on the part of Seller or any of the other parties to those contracts.

4.9 Tax Liabilities. To the knowledge of Seller, Seller has properly and accurately filed all required federal, state and local tax returns or reports relating to the Restaurant and paid all taxes due, including personal property, payroll, and sales taxes.

4.10 Litigation and Governmental Claims. There is no pending suit, action or litigation, or administrative, arbitration or other proceeding or governmental investigation or inquiry, to which Seller or an affiliate of Seller is a party, or to which Seller has received notice that the Purchased Assets are subject, which would, if decided against Seller or its affiliate, have a material adverse effect on the ability of Seller or any of its affiliates to consummate the transactions contemplated herein or perform their respective obligations in connection with this Agreement. To Seller's knowledge, there are no such proceedings threatened which would, if decided against Seller or its affiliates, have any such material adverse effect.

4.11 Compliance with Laws. [Review and update.] To the knowledge of Seller, Seller has, in all material respects, complied with, and is not in default in any respect with, all applicable laws, regulations, orders and ordinances of any governmental authority applicable to the operation of the Restaurant and no claims have been filed against Seller alleging a material violation of any such laws or regulations, and Seller has not received notice of any such violations. Seller and its affiliates are in compliance in all material

respects with all laws, statutes, governmental regulations and all judicial or administrative tribunal orders, judgments, writs, injunctions, decrees or similar commands applicable to Seller and its affiliates, and their respective businesses and assets, the non-compliance with which would have a material adverse effect on the ability of Seller or any of its affiliates to consummate the transactions contemplated herein or perform their respective obligations in connection with this Agreement.

4.12 Labor Matters. [Review and update.] There are no labor disputes of a material nature pending between Seller and any of its employees engaged in the operation of the Restaurant (“**Employees**”), and there are no known organizational efforts presently being made involving any of such Employees. To Seller’s knowledge, in connection with the operation of the Restaurant, Seller has complied in all material respects with all laws relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment of social security and other taxes, and is not liable for any material arrearages of wages or any taxes or penalties for failure to comply with any of the foregoing.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER AND GUARANTORS

Buyer and Guarantors represent and warrant to Seller (each of which shall be deemed material and independently relied upon by Seller) as follows:

5.1 Organization and Standing of Buyer. Buyer is a [] duly organized, validly existing and in good standing under the laws of the State of [] with full power and authority to own its properties and assets and to conduct its business as now conducted or proposed to be conducted.

5.2 Authority. Buyer has the full power and authority to enter into and perform this Agreement and to consummate the transactions contemplated by this Agreement in accordance with the terms of this Agreement. Guarantors have the legal capacity to execute, deliver and perform their obligations under this Agreement and the Guaranty.

5.3 Corporate Authorization; Binding Agreement. Buyer has taken all necessary corporate actions to authorize and approve the execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement. Subject to Articles VII and VIII, this Agreement constitutes a legal, valid and binding obligation of Buyer and Guarantors, enforceable against Buyer and Guarantors in accordance with its terms.

5.4 Inconsistent Obligations. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein will not **(a)** result in a violation of Buyer’s [articles of incorporation, bylaws or similar governing documents] [certificate of formation, operating agreement or similar governing documents] or any applicable law, or **(b)** result in a breach of, conflict with or default under any material written indenture, note, mortgage, security agreement, loan agreement, guaranty, pledge or other instrument, contract, agreement or commitment to which Buyer or Guarantors are a party or by which any of Buyer’s or Guarantors’ assets or properties are subject or bound.

5.5 Litigation and Governmental Claims. There is no pending suit, action or litigation, or administrative, arbitration or other proceeding or governmental investigation or inquiry, to which Guarantors, Buyer or an affiliate of Buyer is a party which would, if decided against Guarantors, Buyer or an affiliate of Buyer, have a material adverse effect on the ability of Guarantors, Buyer or an affiliate of Buyer to consummate the transactions contemplated herein or perform their respective obligations in connection with this Agreement. To Guarantors’ and Buyer’s knowledge, there are no such proceedings threatened which would, if decided against Guarantors, Buyer or an affiliate of Buyer, have any such material adverse effect.

5.6 Compliance with Laws. Guarantors, Buyer and Buyer's affiliates are in compliance in all material respects with all laws, statutes, governmental regulations and all judicial or administrative tribunal orders, judgments, writs, injunctions, decrees or similar commands applicable to Guarantors, Buyer and Buyer's affiliates, and their respective businesses and assets, the non-compliance with which would have a material adverse effect on the ability of Guarantors, Buyer or an affiliate of Buyer to consummate the transactions contemplated herein or perform their respective obligations in connection with this Agreement.

5.7 Payment of Purchase Price. Buyer will pay when due, or will cause to be paid, the Purchase Price.

5.8 Customer Discounts. Buyer understands that there are credits, gift cards, coupons and vouchers that persons may have received from Seller in ordinary course of business prior to the Closing Date, and certain other promotions that Seller issued prior to the Closing Date to promote the Restaurant in the ordinary course of business. Buyer will honor such credits, coupons, vouchers and promotions in the ordinary course of business.

5.9 Franchise Disclosure Document. Buyer acknowledges having received a copy of Franchisor's Franchise Disclosure Document at least fourteen (14) days prior to the Effective Date of this Agreement.

ARTICLE VI ADDITIONAL COVENANTS OF SELLER AND BUYER

Each Party covenants with the other Parties as follows:

6.1 Closing. The Closing will take place at a location mutually agreed to by the Parties on the Closing Date or such other time as Seller and Buyer may agree in writing. The obligations of the Parties to close or effect the transactions contemplated by this Agreement will be subject to satisfaction, unless duly waived, of the applicable conditions set forth in this Agreement, and if any said condition is not satisfied or waived, the Closing Date shall be extended until satisfaction or waiver of such condition.

6.2 Operation of the Restaurant Pending the Closing. Except as otherwise expressly contemplated by this Agreement or with the prior written consent of Buyer from the Effective Date until the Closing Date, Seller shall **(a)** operate the Restaurant in the ordinary course of business (including with respect to the payment of accounts payable of Seller related to the Restaurant), **(b)** use commercially reasonable efforts to preserve intact the Restaurant, to keep available the services of its current employees and agents and to maintain its relations and goodwill with its suppliers, customers, distributors and any others with whom or with which it has business relations, **(c)** use commercially reasonable efforts to maintain appropriate levels of Inventory and Supplies so that at Closing there will exist an appropriate level and mix of Inventory and Supplies to allow the Restaurant to be open and run normally, and **(d)** not voluntarily take any action inconsistent with this Agreement or with the consummation of the Closing. Without limiting the generality of the foregoing, except as otherwise expressly contemplated by this Agreement or with the prior written consent of Seller, from the Effective Date until the Closing Date, Seller shall:

(a) not sell, assign, transfer, convey, pledge, mortgage, lease, license or otherwise dispose of or encumber any of the Purchased Assets, or any interests therein, other than in the ordinary course of business and consistent with past practice;

(b) not make any material change in its methods of management, marketing, accounting or operating (or practices relating to payments);

(c) report periodically to Buyer, as Buyer may reasonably request, concerning the status of the Restaurant and its operations and finances;

(d) not voluntarily take any action which is inconsistent with its obligations under this Agreement;

(e) use commercially reasonable efforts to maintain the Purchased Assets that are currently used in operations in good operating condition and repair, subject to ordinary wear and tear;

(f) continue all existing policies of insurance (or comparable insurance) of or for the benefit of Seller in full force and effect and at least at such levels as are in effect on the Effective Date, up to and including the Closing Date;

(g) maintain the Business Records in the usual, regular and ordinary manner and consistent with past practice; and

(h) not (i) voluntarily take or agree or commit to take any action that would make any representation and warranty of Seller hereunder inaccurate in any material respect at, or as of any time prior to, the Closing Date; and (ii) voluntarily omit or agree to omit to take any action necessary to prevent any such representation or warranty from being inaccurate in any material respect at any such time.

6.3 Due Diligence Review

(a) **Due Diligence Period.** From the Effective Date to [], 20 [] (“**Due Diligence Period**”), Seller will afford to the officers, attorneys, accountants and other representatives of Buyer reasonable access during normal business hours to the following books and records of Seller relating to the Restaurant and the Purchased Assets: information and records with respect to any contracts, leases, permits, non-privileged litigation files, environmental reports, title reports, and surveys in each case to the extent related to the Restaurant and the Purchased Assets; and Seller will afford to the officers, attorneys, accountants and other representatives of Buyer reasonable access to the Restaurant and related facilities, at all reasonable times during normal business hours, for the purpose of conducting inspections of the Restaurant and related facilities and all equipment located therein and assessing the day-to-day operations of the Restaurant; provided, however, that such access is discreet and controlled by Seller and does not unreasonably interfere with the Seller’s operation of the Restaurant.

(b) **Fixed Asset Inspection.** During the Due Diligence Period, Buyer shall have the right to inspect the Fixed Assets (“**Inspection**”) during nonbusiness hours to determine if the Fixed Assets are in satisfactory working condition. Seller and Buyer shall carry out the Inspection together. Prior to the end of the Due Diligence Period, Buyer shall notify Seller in writing if any of the Fixed Assets are not in satisfactory working order (“**Fixed Assets Objections**”). Otherwise, Buyer shall be deemed to have no Fixed Assets Objections. If Seller cannot or elects not to carry out the Fixed Assets Objections, Buyer will have the option of either accepting the condition of the Fixed Assets as they exist or terminating this Agreement on or before the Closing Date.

(c) **Conclusion of Due Diligence.** Notwithstanding anything to the contrary contained herein, Buyer shall have the right to terminate this Agreement before the end of the Due Diligence Period if Buyer is not satisfied for any reason with its due diligence investigation of the Restaurant and/or the Purchased Assets. Buyer shall exercise such right by delivering written notice thereof to Seller on or before the last day of the Due Diligence Period. If Buyer fails to provide Seller with written notice of its election to terminate this Agreement before the end of the Due Diligence Period, then Buyer shall be deemed to be satisfied with the above items and its due diligence, and, subject to the fulfillment and satisfaction any Fixed Assets Objections and of Seller’s obligations herein, Buyer shall close and settle this transaction pursuant to the terms of this Agreement.

(d) **Indemnification Regarding Due Diligence.** Buyer and Guarantors hereby agree to jointly and severally indemnify Seller and hold it harmless from any cost or damage resulting from Buyer’s inspection activities pursuant to this Section 6.3.

6.4 Employees. Buyer is not required to hire any Employee. In the event Buyer does so hire any Employee, each such individual will be treated as terminated by Seller as of the Closing Date, and Buyer shall be responsible for all wages, benefits and other matters at all times on and following the Closing Date. Seller covenants that it will indemnify and hold Buyer harmless from all claims of its Employees for wages, benefits, or any other matter pertaining to their employment or any other relationship with Seller accruing prior to the Closing Date, and Seller agrees to defend all such claims, if any, at its own expense.

6.5 Transfer and Other Expenses. Buyer shall pay for the cost of the transfer fees, taxes and expenses, if any, on the transfer of the Purchased Assets by Seller to Buyer. All costs associated with Inspections and similar due diligence and other items shall be paid by Buyer.

6.6 Brokers. Buyer and Guarantors shall jointly and severally indemnify Seller and hold Seller harmless from and against all claims or demands for commissions or other compensation by any broker, finder, advisor or similar agent claiming to have been employed by or on behalf of Buyer or Guarantors. Seller shall indemnify Buyer and Guarantors and hold Buyer and Guarantors harmless from and against all claims or demands for commissions or other compensation by any broker, finder, advisor or similar agent claiming to have been employed by or on behalf of Seller.

6.7 Miscellaneous Agreements. Subject to the terms and conditions provided in this Agreement, each Party shall use its commercially reasonable best efforts to take or cause to be taken, all action and to do or cause to be done, all things necessary, appropriate or desirable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

6.8 Seller's Insurance. Between the Effective Date and the Closing Date, Seller shall continue in force its existing insurance policies with respect to the Restaurant and the Purchased Assets. If the Restaurant Location, the Restaurant or any Purchased Asset is damaged during this time period and any insurance proceeds relating to such damage are to be paid to Seller, Seller and Buyer agree that Seller may retain those insurance proceeds provided that Seller repairs the damage to the Restaurant Location, the Restaurant or the Purchased Assets. In the alternative, at Buyer's option, Buyer may elect to: **(a)** finalize the sales transaction contemplated by this Agreement and either **(i)** have Seller pay the relevant insurance proceeds to Buyer, or **(ii)** reduce the Purchase Price by the amount of the insurance proceeds paid to Seller; or **(b)** terminate this Agreement.

6.9 Buyer's Insurance. Prior to the Closing Date, Buyer must procure, and maintain in full force and effect during the term of the Franchise Documents, at Buyer's expense, the insurance policies identified in the Franchise Documents for the Restaurant. Buyer must provide to Franchisor at the Closing a certificate(s) evidencing such insurance (the "**Insurance Certificates**") which must name Franchisor and as an additional insured.

6.10 Confidentiality. Buyer and Guarantors shall keep the terms of this Agreement confidential; provided, however, that they may disclose the terms of this Agreement if required to do so by applicable laws or regulations or by judicial or administrative order. If required to make a disclosure as a result of a judicial or administrative order, Buyer and Guarantors shall use reasonable efforts to notify Seller of such required disclosure so that the other party may attempt to prevent such disclosure or otherwise protect its interests.

ARTICLE VII CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER AND BUYER

The respective obligations of each Party to effect the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver at or prior to the Closing Date of the following conditions:

7.1 Consents. Buyer and Seller shall have received all consents and approvals required to effectuate the transactions contemplated hereby.

7.2 Litigation. Neither Seller nor Buyer shall be subject to any order, decree or injunction of a court or agency of competent jurisdiction that enjoins or prohibits the consummation of the transactions contemplated by this Agreement.

7.3 Landlord Consent. Seller and Buyer must, on or before the Closing Date, obtain the consent of the Landlord to the assignment of the Lease to Buyer and enter in to a lease assignment agreement.

7.4 Franchise Approval. Franchisor must have granted the franchise rights to Buyer to operate the Restaurant, and Buyer, as franchisee, must have satisfied all terms, conditions and requirements pertaining to the granting of the franchise.

ARTICLE VIII CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to effect the transactions contemplated by this Agreement shall be subject to fulfillment or waiver at or prior to the Closing Date of the following conditions:

8.1 Representations and Warranties. The representations and warranties of Seller set forth in Article IV of this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date (as though made on and as of the Closing Date).

8.2 Performance of Obligations. Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date.

8.3 Officer's Certificate. Seller shall have furnished to Buyer a certificate in the form attached as **Exhibit 8.3** dated as of the Closing Date, to the effect that the conditions set forth in Sections 8.1 and 8.2 have been satisfied.

8.4 Governmental and Third Party Consents. Buyer must have obtained prior to Closing all governmental and third party consents necessary to operate the Restaurant.

8.5 Documents. Buyer shall have received the documents specified in Article X of this Agreement.

ARTICLE IX CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to effect the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver at or prior to the Closing Date of the following conditions:

9.1 Representations and Warranties. The representations and warranties of Buyer set forth in Article V of this Agreement shall be true and correct in all material respects as of the Effective Date and as of the Closing Date (as though made on and as of the Closing Date).

9.2 Performance of Obligations. Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement on or prior to the Closing Date.

9.3 Officer's Certificate. Buyer shall have furnished to Seller a certificate in the form attached as **Exhibit 9.3** dated as of the Closing Date, to the effect that the conditions set forth in Sections 9.1 and 9.2 have been satisfied.

9.4 Insurance Certificates. Buyer must demonstrate to Seller that Buyer has obtained and will deliver the Insurance Certificates referred to in Section 6.9 of this Agreement.

9.5 Documents. Seller shall have received the documents specified in Article X of this Agreement.

ARTICLE X DOCUMENTS TO BE DELIVERED AT CLOSING

At Closing, each Party shall deliver the following documents duly executed by each Party as appropriate:

10.1 Bill of Sale and Assignment. A bill of sale and assignment conveying ownership of the Fixed Assets, Inventory, and Supplies in substantially the form attached to this Agreement as **Exhibit 10.1** (“**Bill of Sale**”).

10.2 Assignment and Assumption Agreement. An assignment and assumption agreement assigning the Assumed Contracts to Buyer in substantially the form attached to this Agreement as **Exhibit 10.2**.

10.3 Franchise Documents. The Franchise Documents in substantially the form attached to this Agreement as **Exhibit 10.3**.

10.4 Lease Assumption Agreement. The Lease Assumption Agreement in substantially the form attached to this Agreement as **Exhibit 10.4**.

10.5 Telephone and On-Line Numbers and Listings Assignment and Power of Attorney. The Assignment and Power of Attorney in substantially the form attached to this Agreement as **Exhibit 10.5**.

10.6 Guaranty. Guarantors shall execute a Guaranty of Buyer's obligations under this Agreement in the form of **Exhibit 10.6** attached hereto (“**Guaranty**”),

10.7 Officer's Certificates. The certificates referred to in Section 8.3 and Section 9.3 of this Agreement, which shall include any exceptions to the representations and warranties of the Party which have arisen or of which the Party has learned since the Effective Date.

10.8 Estoppel Certificates, Lien Waivers. Appropriate personal property lien waivers or releases for the Purchased Assets.

10.9 Other Instruments of Transfer. Such other instruments of assignment or transfer as shall be reasonably requested by Buyer to confirm and vest in Buyer ownership of all of the Purchased Assets and other documents and instruments as required by the terms and conditions of this Agreement.

10.10 Consents to Assignments. Copies of all consents of third parties that are necessary to effect the transfer from Seller to Buyer of any of the Purchased Assets and to consummate the transactions contemplated by this Agreement.

10.11 Other Documents. Such other documents as shall be reasonably requested by Buyer and its counsel or required to be delivered pursuant to this Agreement.

ARTICLE XI TERMINATION

11.1 Events of Termination. This Agreement may be terminated, without liability on the part of the terminating Party to the other Parties, at any time before the Closing Date:

- (a) By mutual consent of Buyer and Seller;

(b) By Buyer if any of the conditions precedent found in Articles VII and VIII of this Agreement shall have become incapable of fulfillment through no fault of Buyer and have not been waived by Buyer;

(c) By Seller if any of the conditions precedent found in Articles VII and IX of this Agreement shall have become incapable of fulfillment through no fault of Seller and have not been waived in writing by Seller;

(d) By Buyer if there is a breach of or failure by Seller to perform in any material respect any of the representations, warranties, commitments, covenants or conditions under this Agreement, which breach or failure is not cured after written notice thereof is given to Seller and prior to the Closing Date;

(e) By Seller if there is a breach of or failure by Buyer to perform in any material respect any of the representations, warranties, commitments, covenants or conditions under this Agreement, which breach or failure is not cured after written notice thereof is given to the Buyer and prior to the Closing Date; or

(f) By either Party at any time on or after [], 20__ if Closing has not then been consummated and completed.

(g) In the event of termination and abandonment by any Party as above provided in clauses (b), (c), (d), (e) or (f) of this Section, written notice shall forthwith be given to the other Party, which notice shall clearly specify the reason of such Party for terminating this Agreement.

11.2 Survival After Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned pursuant to Section 11.1, then this Agreement shall become null and void and of no effect, except for the provisions of Articles XI, XIII, and XIV of this Agreement, which shall survive the termination of this Agreement.

ARTICLE XII ADDITIONAL POST-CLOSING COVENANTS

12.1 Joint Post-Closing Covenant of Buyer and Seller. Buyer and Seller jointly covenant and agree that, from and after the Closing Date, Buyer and Seller will each use commercially reasonable efforts to cooperate with each other in connection with any action, suit, proceeding, investigation or audit of the other relating to any audit of Buyer and/or any audit of Seller with respect to the sales, transfer and similar taxes imposed by the laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement. In furtherance hereof, Buyer and Seller further covenant and agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and expenses incurred in connection with this Section 12.1 shall be borne by the Party who is subject to such action.

12.2 Certain Consents. If a consent of a third party, which is required in order to assign any Purchased Asset (or claim, right or benefit arising thereunder or resulting therefrom, is not obtained prior to the Closing Date, or if an attempted assignment would be ineffective or would adversely affect the ability of Seller to convey its interest to Buyer, Seller will cooperate with Buyer and use commercially reasonable efforts in any lawful arrangement to provide that Buyer shall receive the interests of Seller in the benefits of such Purchased Asset. If any consent or waiver is not obtained before the Closing Date and the Closing is nevertheless consummated, Seller agrees to continue to use commercially reasonable efforts to obtain all such consents as have not been obtained prior to such date.

ARTICLE XIII INDEMNIFICATION

13.1 Survival After Closing. The representations and warranties of the Parties contained in this Agreement shall survive Closing and continue in full force and effect for a period of one (1) year following the Closing Date. All covenants and agreements contained in this Agreement shall survive Closing in accordance with their terms.

13.2 Indemnification

(a) Seller hereby agrees to indemnify and hold harmless the Buyer Parties (as defined below) against all demands, actions, causes of action, suits, liabilities, reasonable litigation costs, and expenses (including but not limited to reasonable attorneys' fees), in connection with any claim made against any of the Buyer Parties that relates to: (i) Seller's ownership and/or use of any or all of the Purchased Assets before the Closing Date and/or Seller's occupancy of the Restaurant Location and operation of the Restaurant before the Closing Date, and which arise from events occurring prior to the Closing Date (including any tax liability arising from sales or operation of the Restaurant prior to the Closing Date); and (ii) any material misrepresentation, breach or nonperformance of any representation, warranty or covenant by Seller made or contained in this Agreement or in any exhibit executed and delivered to Buyer under or pursuant to this Agreement or the transactions contemplated by this Agreement. The term "**Buyer Parties**" is agreed to mean Buyer, Guarantors, and Buyer's affiliates, as well as their respective past, present, and future officers, directors, owners, agents, and employees.

(b) Buyer and Guarantors hereby agree to jointly and severally indemnify and hold harmless the Seller Parties (as defined below) against all demands, actions, causes of action, suits, liabilities, reasonable litigation costs, and expenses, including without limitation, reasonable attorneys' fees, in connection with any claim made against any of the Seller Parties which relates to: (i) the Purchased Assets or the occupancy and operation of the Restaurant and which arise from events occurring on or after the Closing Date (including, but not limited to, any tax liability arising from sales or operation of the Restaurant on or after the Closing Date); and (ii) any material misrepresentation, breach or nonperformance of any representation, warranty or covenant by Seller made or contained in this Agreement or in any exhibit executed and delivered to Buyer under or pursuant to this Agreement or the transactions contemplated by this Agreement. The term "**Seller Parties**" is agreed to mean Seller and Seller's affiliates, as well as their respective past, present, and future officers, directors, owners, agents, and employees.

13.3 Minimum Dollar Limit on Indemnification. Neither Seller nor Buyer shall be liable for a claim for indemnification under Section 13.2 unless and until the aggregate damages incurred by the other Party exceeds the sum of Ten Thousand Dollars (\$10,000) ("**Threshold Amount**"), in which event the indemnitor shall indemnify the indemnitee in accordance with this Article 13 for all damages arising hereunder in excess of the Threshold Amount.

13.4 Exclusive Remedy. The remedies provided for in this Article 13 are exclusive and shall be in lieu of all other remedies for any breach of any representation, warranty, covenant, obligation or other provision of this Agreement; provided, however, that the foregoing clause of this sentence shall not be deemed a waiver by any Party of any right to specific performance or injunctive relief.

ARTICLE XIV MISCELLANEOUS

14.1 Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective officers, directors, successors and permitted assigns.

14.2 List of Exhibits. As mentioned in this Agreement, there are attached to this Agreement or delivered with this Agreement, the following exhibits, which are incorporated in this Agreement by this reference:

- 1.3(a) Fixed Assets
- 1.3(d) Assumed Contracts
- 1.3(e) Licenses and Permits
- 2.5 Allocation of Purchase Price
- 10.1 Bill of Sale
- 10.2 Assignment and Assumption Agreement
- 10.3 Franchise Documents
- 10.4 Lease Assumption Agreement

14.3 Non-Disparagement. At no time, either before or after the consummation of the transaction contemplated in this Agreement shall either Party hereto make any disparaging statements, whether verbally or in writing, about the other Party.

14.4 Headings. The headings in this Agreement have been inserted solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

14.5 Governing Law. This Agreement shall be construed in accordance with the laws of the State of California without regard to any applicable conflicts of law.

14.6 Forum and Limitations. Any legal action or proceeding brought or instituted with respect to any dispute or disagreement arising under this Agreement or the Guaranty or with respect to any breach of the terms of this Agreement or the Guaranty must be brought or instituted within a period of one (1) year from the occurrence of the conduct or event that is the basis of the legal action or proceeding. The parties agree that, to the extent any disputes cannot be resolved directly between them, the parties shall file any suit only in the federal or state court having jurisdiction in the county in which Seller has its principal place of business at the time the suit is filed. Each party consents to personal jurisdiction of these courts and venue in those courts. **THE PARTIES WAIVE ANY RIGHT TO A JURY TRIAL.**

14.7 Expenses. Except as otherwise provided in this Agreement, each of the Parties shall pay its respective costs and expenses incurred or to be incurred by it in connection with the negotiations respecting this Agreement and the transactions contemplated by this Agreement, including without limitation, preparation of documents, legal and accounting fees, and obtaining any necessary approvals and the consummation of the other transactions contemplated by this Agreement.

14.8 Assignment. No Party may assign or transfer any or all of its rights and obligations hereunder without the written consent of the other Party. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the permitted assigns of the Parties to this Agreement.

14.9 Entire Agreement. This Agreement (including the Exhibits) and any other agreements executed in furtherance of this Agreement comprise the entire agreement among the Parties with respect to the transactions contemplated by this Agreement and supersede all other prior agreements, whether written or oral, between the Parties related to the subject matter of this Agreement. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

14.10 Notices. No notice, demand, request or other communication relating to this Agreement shall be binding on any Party to this Agreement unless the notice is in writing, refers specifically to this Agreement and is addressed to each party at the addresses identified below. Notices shall be effective

upon receipt (or first refusal of delivery) and may be: **(a)** delivered personally; **(b)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(c)** mailed via overnight air courier:

if to Seller, to:

California Pizza Kitchen, Inc.
575 Anton Blvd., Suite 100
Costa Mesa, CA 92626
Attn: General Counsel

if to Buyer or Guarantors, to:

[Buyer Entity]

Attn: _____

14.11 Attorneys' Fees. If a Party to this Agreement brings an action against the other Party to this Agreement, by reason of the breach of any condition, covenant, representation or warranty in this Agreement, or otherwise arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the other reasonable attorneys' fees to be fixed by the court which shall render a judgment, plus costs of suit, as well as all such fees and costs incurred in any appeal or in any collection effort.

14.12 Waiver. Neither any failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver thereof, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No waiver of any claim or right arising out of this Agreement will be effective unless in a writing signed by the waiving Party.

14.13 No Third Party Rights. Nothing expressed or referred to in this Agreement will be construed to give any person or entity any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to the terms hereof.

14.14 Construction. Each Party acknowledges and agrees that it has read and understands each and every provision of this Agreement and the exhibits to this Agreement and has considered all relevant business and tax aspects related to these documents. The Parties to this Agreement further acknowledge and agree that each Party has had the opportunity to consult with and obtain legal advice and counseling from an attorney in relation to each and every provision of this Agreement and the exhibits to this Agreement, and each Party acknowledges and agrees for itself that it has either availed itself of that opportunity or has knowingly and willfully declined such representation. Therefore, the language used in this Agreement shall be deemed to be the language chosen by the Parties to this Agreement to express their mutual intent, and no rule of strict construction shall be applied against any Party.

14.15 Severability. The invalidity or unenforceability of any provision of this Agreement, whether in whole or in part, shall not in any way affect the validity and/or enforceability of any other provision of this Agreement. Any invalid or unenforceable provisions shall be deemed severable to the extent of any such invalidity or unenforceability.

14.16 Further Assurances. From and after the Effective Date, Seller and Buyer shall, upon the reasonable request of any other Party, execute, deliver and perform, as applicable, all such further acts, assurances, assignments and other instruments and papers to confirm or evidence the assignment by Seller and the assumption by Buyer of the Assumed Contracts or any other obligations, contracts or liabilities.

14.17 Time of the Essence. Time is of the essence of this Agreement.

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

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date(s) set forth below under their respective names, but made it effective as of the Effective Date set forth above.

SELLER:

CALIFORNIA PIZZA KITCHEN, INC.

Date

By: _____
Name:
Title:

BUYER:

[INSERT BUYER ENTITY]

Date

By: _____
Name:
Title:

GUARANTOR:

[INSERT GUARANTOR]

Date

GUARANTOR:

[INSERT GUARANTOR]

Date

EXHIBIT 1.3(a)

FIXED ASSETS

[Insert List of Fixed Assets]

EXHIBIT 1.3(d)

ASSUMED CONTRACTS

1. [Insert List of Assumed Contracts]

EXHIBIT 1.3(e)

LICENSES AND PERMITS

[Insert List of Licenses and Permits]

EXHIBIT 2.5

ALLOCATION OF PURCHASE PRICE

[To Be Added]

Goodwill	\$ _____
Licenses	\$ _____
Fixed Assets	\$ _____

Initial
Seller_

Buyer_

EXHIBIT 8.3

OFFICER'S CERTIFICATE OF SELLER FORM

Pursuant to Section 8.3 of the Asset Purchase Agreement ("Purchase Agreement") dated [_____, 20__] by and between **CALIFORNIA PIZZA KITCHEN, INC.**, a Delaware limited liability company ("Seller") and **[BUYER ENTITY]** a [Insert Buyer Entity state and type] ("Buyer"), Seller hereby certifies to Buyer as follows:

1. Except for changes contemplated or permitted by the Purchase Agreement, the representations and warranties of Seller contained in the Purchase Agreement are true and correct in every material respect on and as of the Closing Date set forth below, as if made on and as of such date.

2. Seller has performed in all material respects all obligations and agreements and complied in all material respects with all covenants in the Agreement to be performed and complied with by it on or before the date hereof.

Capitalized terms used in this Officer's Certificate which are not otherwise defined in this certificate have the same meaning as set forth in the Purchase Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the Closing Date set forth below.

SELLER:

CALIFORNIA PIZZA KITCHEN, INC.

Closing Date

By: _____
Name:
Title:

EXHIBIT 9.3

OFFICER'S CERTIFICATE OF BUYER FORM

Pursuant to Section 9.3 of the Asset Purchase Agreement ("Purchase Agreement") dated [____], 20__] between **CALIFORNIA PIZZA KITCHEN, INC.**, a Delaware limited liability company ("Seller") and [**BUYER ENTITY**] a [Insert Buyer Entity state and type] ("Buyer"), Buyer hereby certifies to Buyer as follows:

1. Except for changes contemplated or permitted by the Purchase Agreement, the representations and warranties of Buyer contained in the Purchase Agreement are true and correct in every material respect on and as of the Closing Date set forth below, as if made on and as of such date.

2. Buyer has performed in all material respects all obligations and agreements and complied in all material respects with all covenants in the Agreement to be performed and complied with by it on or before the date hereof.

Capitalized terms used in this Officer's Certificate which are not otherwise defined in this certificate have the same meaning as set forth in the Purchase Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the Closing Date set forth below.

BUYER:

[BUYER ENTITY]

Closing Date

By: _____
Name:
Title:

EXHIBIT 10.1

GENERAL BILL OF SALE AND ASSIGNMENT

THIS GENERAL BILL OF SALE AND ASSIGNMENT ("Bill of Sale") is made and entered into as of _____ (the "Effective Date"), by and between **CALIFORNIA PIZZA KITCHEN, INC.** a Delaware limited liability company ("Seller"), in favor of, **[BUYER ENTITY]** a [Insert Buyer Entity state and type] ("Buyer").

RECITAL

Seller and Buyer are parties to an Asset Purchase Agreement dated as of [] ("Purchase Agreement"), pursuant to which Buyer has agreed to purchase and Seller has agreed to sell all of Seller's right, title and interest in and to certain assets of Seller, upon the terms and conditions set forth in the Purchase Agreement (capitalized terms used and not defined in this Agreement have the respective meanings ascribed to them in the Purchase Agreement).

AGREEMENT

IN CONSIDERATION of the promises, the covenants and the agreements contained in this Bill of Sale and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties to this Bill of Sale agree as follows:

1. Subject to the terms and conditions set forth in the Purchase Agreement, as of the Closing Date, Seller does hereby sell and convey all of Seller's right, title and interest in the following assets ("Purchased Assets") to Buyer, its successors and assigns, forever:

(a) Fixed Assets. All machinery, equipment, furniture, furnishings, fixtures, tools, decorations, signs and other items of tangible personal property owned by Seller and in the Restaurant on the Closing Date (as hereinafter defined) and listed and described in Exhibit A attached to this Bill of Sale;

(b) Inventory. All inventories of food, beverage and paper products owned by Seller and in the Restaurant on the Closing Date and listed and described in Exhibit B attached to this Bill of Sale; and

(c) Supplies. All smallwares not listed as Fixed Assets, operational supplies, uniforms, disposable items, heating fuel, cleaning materials, office materials, and other items of consumable and/or expendable materials and supplies owned by Seller and in the Restaurant on the Closing Date;

2. This Bill of Sale is subject to the terms and conditions of the Purchase Agreement and, in the event of a conflict between this Bill of Sale and the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed by its duly authorized representative on the date set forth below but made it effective as of the Effective Date set forth above.

SELLER:

CALIFORNIA PIZZA KITCHEN, INC.

Date

By: _____

Name: _____

Title: _____

EXHIBIT A to Bill of Sale and Assignment

Fixed Assets

[Insert List of Fixed Assets]

Initial

Seller_____

Buyer_____

EXHIBIT B to Bill of Sale and Assignment

[Insert List of Inventory]

Initial

Seller_____

Buyer_____

EXHIBIT 10.2

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (“Assumption Agreement”) is made and entered into as of _____ (the “Effective Date” by and between **CALIFORNIA PIZZA KITCHEN, INC.**, a Delaware limited liability company (“Seller”), and **[BUYER ENTITY]**, a [Insert Buyer Entity state and type] (“Buyer”).

RECITAL

Seller and Buyer are parties to an Asset Purchase Agreement dated as of [_____] 20____, (“Purchase Agreement”), pursuant to which Seller has agreed to assign and Buyer has agreed to assume certain contract rights, liabilities and obligations of Seller, upon the terms and conditions set forth in the Purchase Agreement (capitalized terms used and not defined in this Assumption Agreement have the respective meanings ascribed to them in the Purchase Agreement).

AGREEMENT

IN CONSIDERATION of the promises, the covenants and the agreements contained in this Assumption Agreement and in the Purchase Agreement, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties to this Assumption Agreement agree as follows:

1. Subject to the terms and conditions set forth in the Purchase Agreement, as of the Closing Date, Seller hereby assigns to Buyer all of Seller’s right, title and interest in and to the contracts, leases and commitments listed in Exhibit A to this Assumption Agreement (“Assumed Contracts”).
2. Subject to the terms and conditions set forth in the Purchase Agreement, as of the Closing Date, Buyer hereby accepts the foregoing assignment of the Assumed Contracts and assumes and agrees to pay, discharge and perform all liabilities and obligations arising under the Assumed Contracts on or after the Closing Date, but only to the extent such liabilities and obligations are required to be performed and satisfied on or after the Closing Date.
3. Buyer will indemnify and hold Seller harmless from and against all claims, causes of action, losses, damages, awards, settlements, penalties, judgments, costs and expenses (including but not limited to reasonable attorneys’ fees) with respect to, or resulting from, or arising out of any Assumed Contract as a result of facts or acts occurring on or after the Closing Date.
4. Seller will indemnify and hold Buyer harmless from and against all claims, causes of action, losses, damages, awards, settlements, penalties, judgments, costs and expenses (including but not limited to reasonable attorneys’ fees) with respect to, or resulting from, or arising out of any Assumed Contract as a result of facts occurring before the Closing Date.
5. From and after the Closing Date, each party shall, upon the request of the other party, execute, deliver and perform, as applicable, all such further acts, assurances, assignments and other instruments and papers as may be reasonably requested by such other party to confirm or evidence the assignment by Seller and the assumption by Buyer of the Assumed Contracts.
6. Subject to the aforementioned terms and conditions, this Assumption Agreement shall be binding upon the parties to this Assumption Agreement, their successors and assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Assumption Agreement on the date(s) set forth below under their respective names, but made it effective as of the Effective Date set forth above.

SELLER:

CALIFORNIA PIZZA KITCHEN, INC.

Date

By: _____
Name: _____
Title: _____

BUYER:

[BUYER ENTITY]

Date

By: _____
Name: _____
Title: _____

EXHIBIT A TO ASSUMPTION AGREEMENT

ASSUMED CONTRACTS

1. [Insert List of Assumed Contracts]

Initial
Seller _____
Buyer _____

EXHIBIT 10.3

FRANCHISE DOCUMENTS

[To be added]

EXHIBIT 10.4

LEASE ASSUMPTION AGREEMENT FORM

[To Be Added]

EXHIBIT 10.5

**ASSIGNMENT AND POWER OF ATTORNEY
TELEPHONE AND ON-LINE NUMBERS AND LISTINGS**

This Assignment and Power of Attorney ("**Assignment**") is made by and between **CALIFORNIA PIZZA KITCHEN, INC.** ("**Seller**") and [**BUYER ENTITY**] ("**Buyer**") and shall be effective as of the Effective Date on the signature page of this Assignment.

1. *Assignment.*

- (a) FOR VALUE RECEIVED, and pursuant to Seller's obligations under the Asset Purchase Agreement between the parties dated [_____, 20__](the "**Asset Purchase Agreement**"), Seller hereby assigns to Buyer all of Seller's right, title and interest in and to those certain telephone numbers and regular, classified or other telephone and on-line directory listings (collectively, the "**Numbers and Listings**") used from time to time in connection with Seller's operations of the California Pizza Kitchen restaurant located at [_____] (the "**Restaurant**").
- (b) As of the Effective Date, Seller will have no further right, title or interest in the Numbers and Listings but will remain liable to the telephone company and/or the listing agencies with which Seller has placed directory listings (all such entities are collectively referred to herein as the "**Company**") for all past due fees owing to the Company on or before the effective date of this Assignment.
- (c) Seller acknowledges and agrees that as between Buyer and Seller, Buyer will have the sole right to and interest in the Numbers and Listings as of the Effective Date.
- (d) This Assignment will inure to the benefit of Buyer and will be binding upon Seller and its successors and assigns.

2. *Power of Attorney.*

- (a) Seller appoints Buyer as Seller's true and lawful attorney in fact to direct the Company to assign same to Buyer (or to the party Buyer designates) and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Seller will immediately notify the Company to assign the Numbers and Listings to Buyer (or Buyer's designee). If Seller fails to promptly direct the Company to assign the Telephone Numbers and Listings to Buyer (or Buyer's designee), Buyer may direct the Company to effectuate the assignment contemplated hereunder to Buyer (or Buyer's designee).
- (b) The parties agree that the Company may accept Buyer's written direction or this Assignment as conclusive proof of Buyer's exclusive rights in and to the Numbers and Listings upon such termination or expiration (without renewal or extension) and that such assignment will be made automatically and immediately effective upon the Company's receipt of such notice from Buyer or Seller.
- (c) The parties further agree that if the Company requires that the parties execute the Company's assignment forms or other documentation, Buyer's execution of such forms or documentation on behalf of Seller will be sufficient to document that Seller has given its consent and agreement to the assignment.
- (d) The parties agree that at any time after the Effective Date, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein.

IN WITNESS WHEREOF, the parties to this Assignment have executed and delivered this Assignment effective as of the Effective Date referenced below:

SELLER:

CALIFORNIA PIZZA KITCHEN, INC.

Date

By: _____
Name: _____
Title: _____

BUYER:

[BUYER ENTITY]

Date

By: _____
Name: _____
Title: _____

EFFECTIVE DATE: _____

EXHIBIT 10.6

GUARANTY

**GUARANTY
(ASSET PURCHASE AGREEMENT)**

In consideration of the promises, the covenants and the agreements contained in this Guaranty and in the Purchase Agreement (as defined below), and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, **[INSERT GUARANTOR(S)]** (*jointly/collectively* "**Guarantors**"), hereby irrevocably, absolutely and unconditionally guarantee to **CALIFORNIA PIZZA KITCHEN, INC.** a Delaware corporation ("**Seller**"), the Seller Indemnities, and their transferees, successors and assigns, the prompt payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all indebtedness, liabilities and obligations of **[BUYER ENTITY]** a [Insert Buyer Entity state and type] ("**Buyer**"), under the Asset Purchase Agreement, dated as of _____ among Seller, Buyer and Guarantors ("**Purchase Agreement**"), as the same may be modified or amended ("**Obligations**").

Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in the Purchase Agreement. Guarantors are providing this Guaranty to Seller as a material inducement to Seller to enter into the Purchase Agreement.

This Guaranty shall be effective regardless of the solvency or insolvency of Buyer, the institution by or against Buyer of any proceeding under the Federal Bankruptcy Code or any successor statute, the dissolution of Buyer, any reorganization, merger or consolidation of Buyer, or any change in the ownership, composition or nature of Buyer. If any proceeding is instituted by or against Buyer under the Federal Bankruptcy Code or any other bankruptcy, insolvency or moratorium law, as between Guarantors and Seller, all of the Obligations shall be immediately due and payable, without notice or demand of any kind, and Guarantors agree immediately to pay the Obligations in full, irrespective of whether the Obligations can be accelerated against Buyer and irrespective of any right which Buyer may have under any bankruptcy, insolvency or moratorium law to cure defaults and reinstate the maturities of the Obligations.

Guarantors agree that Buyer may deal with Seller as it wishes. Without limiting the generality of the foregoing, no modification or amendment of any of the Obligations or of the Purchase Agreement, and no waiver, extension, renewal, indulgence, settlement, compromise or failure to exercise due diligence in collection, for any period or periods, whether longer than the original period or not, or any substitution or release of any other person or entity directly or indirectly liable for any of the Obligations, shall affect, impair or release Guarantors from liability under this Guaranty.

Guarantors agree that from time to time, without notice to or further consent of Guarantors, the performance or observance by Buyer of any Obligation may be waived or the time of performance thereof extended by Seller, or the terms of the Purchase Agreement or any part thereof may be changed, as Buyer and Seller may agree, all without affecting the liability of Guarantors hereunder. Guarantors hereby waive demand, presentment, notice, notice of demand, notice for payment, protest and notice of dishonor and notice of any exchange, sale, surrender or other handling or disposition of any collateral, any requirement that Seller exhaust any right, power or remedy or proceed against Buyer under the Purchase Agreement or against any other person or entity under any other guaranty of, or security for, any of the Obligations, and any and all other defenses, whether arising under any statute, or at law or in equity, that would, but for this clause, be available to Guarantors. Guarantors agree that no payment or enforcement of Guarantors' obligations under this Guaranty shall cause Guarantors, by subrogation to the rights of Seller or otherwise, to acquire any of Seller's rights against Buyer, or any interest in such rights, except after full payment of all of the Obligations. Notice of acceptance of this Guaranty and of the incurring of any and all of the Obligations of Buyer is waived by Guarantors.

This Guaranty is binding upon the transferees, assigns, heirs, executors and legal representatives of Guarantors. Guarantors agree that this Guaranty shall be governed by and construed and enforced according to the laws of the State of California, without regard to its conflicts of laws principles. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating

the remainder of such provision or the remaining provisions of this Guaranty. Any notice given under this Guaranty shall be given in accordance with Section 14.10 of the Purchase Agreement.

If it becomes advisable or necessary for Seller to engage attorneys to enforce this Guaranty, whether there is a legal action or suit or not, Guarantors shall reimburse Seller for all reasonable attorneys' fees incurred and expenses at trial, on appeal, upon petition for review, or in bankruptcy, whether prescribed by statute or not.

SIGNED AND DELIVERED as of _____, 20____

By: _____
Home Address: _____

By: _____
Home Address: _____

EXHIBIT L
LETTER OF INTENT

[Date]

PERSONAL & CONFIDENTIAL

[Title]

California Pizza Kitchen, Inc.
575 Anton Blvd., Suite 100
Costa Mesa, CA 92626

RE: *Letter of Intent To Acquire Certain California Pizza Kitchen Restaurants*

Dear _____:

We recently discussed the possibility of our acquiring the rights and interests necessary to operate certain California Pizza Kitchen Restaurants in _____ as identified on attached Exhibit A ("Restaurants") from California Pizza Kitchen, Inc. or its affiliates (collectively "CPK"). In that regard, and with a view towards reaching an agreement on the terms and conditions of definitive acquisition documents ("Purchase Agreement"), we propose that this Letter of Intent serve as a memorandum of our intentions with respect to the general business points of this proposed transaction subject to the terms and conditions stated below.

1. Interests and Rights To Be Acquired. We propose to: (A) acquire from CPK the assets, including the inventory, signage, furniture, fixtures and equipment ("FF&E") of the Restaurants; and (B) assume the lease for the Restaurants' premises [or sublease the Restaurants' premises from CPK].

2. Purchase Price. The purchase price for the interests and rights described in Paragraph 1 shall equal \$ _____ ("Purchase Price"), to be paid at the Closing by wire transfer. The purchase price is payable as follows:

- A. A \$25,000 nonrefundable good faith deposit shall be paid by us within 48 hours of CPK's execution of this Letter of Intent; and
- B. The balance of \$ _____ shall be paid by us at Closing by wire transfer.

3. Franchise and Development Agreements. On or before the Closing, we will enter into CPK Franchise Inc.'s current form of Franchise Agreement for each Restaurant. The Initial Franchise Fee for each Restaurant is not included in the Purchase Price and must be paid at Closing to CPK Franchise Inc. We also will enter into CPK Franchise Inc.'s current form of Development Agreement, which will require us to open additional California Pizza Kitchen restaurants during the years subsequent to the Closing. The exact number of restaurants, the pace of growth and geographic areas of development will be negotiated and incorporated into the Purchase Agreement and the Development Agreement.

4. Business Plan. We will provide to CPK a detailed marketing and business plan, which will include sources of financing, financing terms (including commitment letters), amount of equity investment, organization and management structure. CPK's approval of this business plan is a condition to Closing.

5. Due Diligence Review. From the date this Letter of Intent is accepted by CPK until the Closing, CPK will provide us and our advisors with CPK's books and records for the Restaurants reasonably necessary for us to conduct our due diligence investigation. CPK also will promptly furnish to us and our advisors such financial and operating data and other information as we may reasonably request in connection with our due diligence investigation.

6. Confidential Information. We agree that during the course of our analysis of a potential transaction with CPK, we will receive certain confidential information from CPK to assist us in evaluating

whether to proceed with the transaction. If not already signed, we will sign a Confidentiality Agreement in favor of CPK which will govern our obligations with regard to the confidential information.

7. Operating Results. CPK has previously provided, or will provide, us with certain financial information relating to the Restaurants ("Operating Results Disclosure"). We acknowledge that such financial information is provided to us, and our use of it is, subject to the limitations contained in the Operating Results Disclosure.

8. Purchase Agreement. Promptly following our execution of this Letter of Intent, we will initiate and diligently pursue completion of our due diligence investigation within 45 days. During that time, CPK will prepare and furnish us with a Purchase Agreement and such other documents that may be required to consummate the transaction. The agreements will be mutually satisfactory to the parties and completed and executed within 30 days of the signing of this Letter of Intent. The agreements will contain mutually agreeable representations, warranties, covenants and indemnities by all parties.

9. Conditions to Closing. The Purchase Agreement will provide that the parties' obligations to consummate the proposed purchase will be subject to local customary closing conditions, including conditions that the representations and warranties contained in the agreement continue to be true and correct. Prior to Closing, we will have completed and been satisfied with the results of our due diligence investigation and all landlord and lender requirements necessary for the transaction contemplated this Letter of Intent will have been satisfied. Additional conditions to Closing include:

- A. Our having obtained copies of environmental reports for the Restaurants, if available;
- B. Our having received, on a timely basis, copies of all financial statements relating to the operation of the Restaurants, including the balance sheet, cash flow statement and income statements of the Restaurants as of the last fiscal year end and as of a recent month or period end for the current fiscal year.
- C. Our having obtained commitments for the necessary financing, at market rates, to consummate the acquisition within 45 days from the date of this Letter of Intent; **time is of the essence.**
- D. An appropriate inventory level and mix (at cost) being present at the Restaurants at Closing which will allow the restaurants to open and run normally.
- E. Professionals hired by us being given reasonable access to inspect the Restaurants, accompanied by an CPK representative.

10. Expenses. It is expressly understood that each party shall be responsible for such party's costs and expenses incurred in connection with the transaction contemplated in this Letter of Intent including legal and accounting fees.

11. Representation. By signing this Letter of Intent, we indicate our approval of the foregoing and represent that no consent of another party is necessary for us to negotiate and structure a transaction along the lines set forth above.

This Letter of Intent is an invitation to negotiate and is neither an offer nor a contract. With the exception of paragraphs 2.A., 6, 7, and 10 which shall be binding, the terms and conditions referenced in this Letter of Intent are not binding until formal agreements are negotiated, approved and executed by us and CPK.

Please acknowledge CPK's agreement to the above terms by signing the enclosed copy of this Letter of Intent in the appropriate spaces and promptly returning it to me. We understand that upon execution of this Letter of Intent, CPK will prepare formal agreements incorporating the terms of this Letter of Intent for execution by us and CPK.

We look forward to working with you on this transaction.

Very truly yours,

AGREED TO AND ACCEPTED BY:

CALIFORNIA PIZZA KITCHEN, INC.

By: _____

Title: _____

Date: _____

EXHIBIT A
RESTAURANTS

1.

EXHIBIT M
RESALE ADDENDUM TO FRANCHISE AGREEMENT

RESALE ADDENDUM TO FRANCHISE AGREEMENT

THIS RESALE ADDENDUM to the California Pizza Kitchen Franchise Agreement dated _____ (“Franchise Agreement”) by and between CPK Franchise, Inc., a Delaware corporation (“CPK”) and _____, a _____ formed in _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

RECITALS

Pursuant to the Franchise Agreement, CPK granted Franchisee the right to operate a franchised CPK Restaurant located at _____ (the “Restaurant”).

The Restaurant operated as a CPK Restaurant, owned and operated by Franchisor’s affiliate, prior to Franchisee acquiring the Restaurant. Therefore, the parties are entering into this Addendum to modify certain terms of the Franchise Agreement.

NOW THEREFORE, in consideration of the mutual promises of the parties and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. Satisfactory Completion of Training. The third sentence of Section 5.1 of the Franchise Agreement is deleted and replaced with the following:

The Operating Principal, general manager, and the number of assistant managers that CPK designates as appropriate for the size and scope of the Restaurant must be certified as Trainers.

2. No Restaurant Opening Training. The following is added to Section 5.2 of the Franchise Agreement:

Notwithstanding anything to the contrary in this Agreement, the parties acknowledge and agree that Franchisee acquired the assets of the Restaurant from Franchisor’s affiliate, the Restaurant is open as a CPK Restaurant as of the Effective Date, and CPK will not send an NSO Team to the Restaurant.

3. Miscellaneous Provisions. Since the Restaurant was in operation prior to the Effective Date of the Franchise Agreement, certain provisions of the Franchise Agreement may not be applicable. For example, Section 2.2 (Site Selection Criteria); Section 2.3 (Submission of Site Approval Request); Section 2.4 (Site Review and Approval); Section 2.5 (Site Acquisition); Section 2.6 (Permitting/Licensing); Section 2.7 (Restaurant Plans, Commencement of Construction); Section 2.8 (Constructing and Equipping the Restaurant); Section 2.9 (Opening Deadlines); Section 2.10 (Opening the Restaurant); 8.2 (Grand Opening Marketing) are not applicable and are deleted.

4. Miscellaneous. The captions in this Addendum are for convenience only. Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement. In the event of any conflict between the provisions of this Addendum and the provisions of the Franchise Agreement, the terms of this Addendum shall govern and control. Except as expressly provided in this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform such as DocuSign or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Addendum as of the date of the Franchise Agreement.

CPK:
CPK FRANCHISE, INC.,
a Delaware limited liability company

FRANCHISEE:

a _____

Date: _____
By: _____
Title: _____
Effective Date: _____

Date: _____
By: _____
Title: _____
Date: _____

EXHIBIT N

NON-TRADITIONAL FACILITY ADDENDUM TO FRANCHISE AGREEMENT

**ADDENDUM TO THE CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT
FOR A NON-TRADITIONAL FACILITY**

THIS ADDENDUM to the California Pizza Kitchen Franchise Agreement dated _____ (“Franchise Agreement”) by and between CPK Franchise, Inc., a Delaware corporation (“CPK”) and _____, a _____ formed in _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

RECITALS

Pursuant to the Franchise Agreement, CPK granted Franchisee the right to operate a franchised CPK Restaurant at the Restaurant Location.

Since the Restaurant will be operated at a “Non-Traditional Facility,” certain provisions of the Franchise Agreement will not be applicable to Franchisee’s operation of the Restaurant and certain other provisions need to be added to the Franchise Agreement to govern Franchisee’s operation of the Restaurant.

The parties have agreed to modify the Franchise Agreement to reflect the necessary changes.

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

1. **Non-Exclusive Grant.** Section 1.1 is deleted and replaced with the following:

1.1 Non-Exclusive Grant. CPK hereby grants to Franchisee a non-transferable, non-exclusive franchise (“**Franchise**”) to use the Marks and the System solely for the operation of a franchised CPK Restaurant (“**Restaurant**”) pursuant to all the terms and conditions of this Agreement at the location identified in the attached Exhibit 1 (the “**Restaurant Location**”). The Restaurant, whether a food-court, in-line application, stand-alone restaurant or other location, and any dedicated back of the house area, as indicated on the floor plan attached to Exhibit 1 to this Addendum, is located within a larger building at the street address specified in Exhibit 1 to this Addendum (the “**Facility**”). If the Restaurant serves a limited CPK menu (as indicated in the attached Exhibit 1 and as determined by CPK in its discretion), Franchisee may offer for sale and sell at the Restaurant only those System menu items specified in Exhibit 1. In addition to the Restaurant, Franchisee or its affiliates operate those other businesses at the Facility identified in attached Exhibit 1.

2. **No Exclusivity.** Section 1.3 is deleted and replaced with the following:

1.3 No Exclusivity. Franchisee has no exclusive territory or Protected Area and any reference made thereto in this Agreement shall be deemed deleted and inapplicable. CPK reserves to itself all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement, including the right to operate, and license others to operate, California Pizza Kitchen Restaurants at locations that directly or indirectly compete with the Franchised Restaurant.

3. **Initial Term.** The following is added to Section 3.1:

This Agreement shall automatically terminate if Franchisee’s contract to provide foodservice at the Facility terminates or expires without renewal. In addition, Franchisee may terminate this Agreement following 60 days’ written notice to CPK if Franchisee’s client at the Facility instructs Franchisee in writing to cease operating the Restaurant (provided Franchisee has

exercised reasonable efforts to arrange a meeting between Franchisee's client and CPK, if CPK so elects, to discuss the continued operation of the Restaurant). If Franchisee's contract to provide foodservice at the Facility permits Franchisee's client to take this action on shorter notice, the notice period provided in that contract shall govern, provided Franchisee has provided CPK a copy of the relevant contract provision.

4. **Royalty Fee and Gross Sales.**

- a. The first sentence of Section 4.2.1 is deleted and replaced with the following:

Franchisee shall pay to CPK a nonrefundable royalty ("**Royalty**") equal to three percent (3%) of the Gross Sales of the Restaurant.

- b. The following sentence is added to the end of Section 4.2.2:

Gross Sales shall not include revenues from any other businesses that Franchisee operates at the Facility other than the Restaurant.

5. **Marketing.** Notwithstanding anything to the contrary in the Franchise Agreement, Franchisee shall not be required to conduct any Grand Opening Marketing or Local Marketing and Franchisee shall not be required to contribute to the Brand Fund.

6. **Conditions of Premises.** The following sentence is added at the end of Section 7.8:

Franchisee and its affiliates shall maintain in first class condition and repair any other businesses operated at the Facility, all areas adjacent to the Restaurant and any common area of the Facility that is utilized by the customers of the Restaurant and that may be associated with the Restaurant.

7. **Hours of Operation.** The following sentence is added at the end of Section 7.2:

Notwithstanding the foregoing, Franchisee is not required to keep the Restaurant open and operating during any periods of the day when the adjacent businesses at the Facility are not open and operating.

8. **Signage.** The following sentence is added to the end of Section 7.8:

CPK has the right to approve, in its sole discretion, all California Pizza Kitchen signage to be displayed in, at or near the Facility. All California Pizza Kitchen signage shall be of a size at least equal to the signage for any other businesses that Franchisee operates at the Facility. If CPK objects to any sign, logo or advertising media of any kind, Franchisee shall not display that sign, logo or advertising.

9. **Indemnification.** The following sentence is added to Section 11.2:

Franchisee's indemnification obligations under this Section 11.2 shall include any claim arising out of, resulting from or connected with Franchisee's operation of any of the other businesses at the Facility.

10. **Miscellaneous.** The captions in this Addendum are for convenience only. Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement. In the event of any conflict between the provisions of this Addendum and the provisions of the Franchise Agreement, the terms of this Addendum shall govern and control. Except as expressly provided in this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be

an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform such as DocuSign or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

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

CPK:
CPK FRANCHISE, INC.,
a Delaware limited liability company

FRANCHISEE:

a _____

Date: _____
By: _____
Title: _____
Effective Date: _____

Date: _____
By: _____
Title: _____
Date: _____

EXHIBIT 1 TO ADDENDUM TO CALIFORNIA PIZZA KITCHEN FRANCHISE AGREEMENT

1. Address of the Facility: _____

2. Full Menu or Limited Menu: _____

3. Menu Items, if Limited Menu California Pizza Kitchen Restaurant: _____

4. Other Businesses Operated by Franchisee at the Facility: _____

5. Attach Floor Plan of the Facility.

FLOOR PLAN

EXHIBIT O
STATE EFFECTIVE DATES

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
HAWAII	PENDING
ILLINOIS	PENDING
INDIANA	PENDING
MARYLAND	PENDING
MICHIGAN	PENDING
MINNESOTA	PENDING
NEW YORK	PENDING
NORTH DAKOTA	PENDING
RHODE ISLAND	PENDING
SOUTH DAKOTA	PENDING
VIRGINIA	PENDING
WASHINGTON	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.

EXHIBIT P
RECEIPTS

RECEIPT

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

If CPK Franchise Inc. offers you a franchise, CPK Franchise Inc. must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that CPK Franchise Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that CPK Franchise Inc. gives you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that CPK Franchise Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CPK Franchise Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit E.

The franchisor is CPK Franchise Inc., located at 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626. Its telephone number is 310.342.5000.

The issuance date of this Franchise Disclosure Document is April 5, 2023.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Jeff Warne, President and Chief Executive Officer, Harshvardhan Chowdhary, Executive Vice President and Chief Financial Officer, Kendall Jones, General Counsel, CPK Franchise Inc., 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626 (310) 342-5000; Giorgio Minardi, Executive Vice President and Chief Development & Franchising Officer, Chester Scott Wagers, Global Vice President of Design and Construction, James Szczuka, Vice President – Procurement and Supply Chain, David O'Barr, Vice President of Real Estate, Stephanie Mendoza, Director of Franchising and Airports, Marvin Alvarado, International Director of Operations, California Pizza Kitchen Inc., 575 Anton Blvd., Suite 100, Costa Mesa, CA 92626 (310) 342-5000; Kent McCarty Davis, Partner, and Brent Elsass, Principal, C Squared Advisors LLC, 26 Pinecrest Plaza #269, Southern Pines, NC 28387 and (910) 528-1931.

CPK Franchise Inc. authorizes the respective state agencies identified on Exhibit E to receive service of process of it in the particular state.

I have received a Franchise Disclosure Document dated April 5, 2023 that included the following exhibits:

- A. Area Development Agreement
- B. Franchise Agreement
- C. Operations Manual Table of Contents
- D. Financial Statements
- E. List of State Administrators and Agents for Service of Process
- F. State Specific Addenda
- G. List of Franchisees
- H. General Release
- I. Training Participation and Nondisclosure Agreement
- J. Franchisee Certification Form
- K. Asset Purchase Agreement
- L. Letter of Intent
- M. Resale Addendum to Franchise Agreement
- N. Non-Traditional Facility Addendum to Franchise Agreement
- O. State Effective Dates
- P. Receipts

Date Received

Please sign and return this receipt by email to Kendall Jones at KJones@cpk.com.

Prospective Franchisee

Name (please print)

Address: _____

RECEIPT

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

If CPK Franchise Inc. offers you a franchise, CPK Franchise Inc. must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that CPK Franchise Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that CPK Franchise Inc. gives you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that CPK Franchise Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CPK Franchise Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit E.

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- N. Non-Traditional Facility Addendum to Franchise Agreement
- O. State Effective Dates
- P. Receipts

Date Received

Prospective Franchisee

Please retain this receipt for your records.

Name (please print)

Address: _____

