

FRANCHISE DISCLOSURE DOCUMENT



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Scott's Subs & Pizza Inc.
A Wisconsin Corporation
1325 Quarry Park Dr, De Pere, WI 54115
Telephone: 920-632-4297

Website: scottssubsandpizza.com

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The franchise is for the establishment and operation of a Scott's Subs & Pizza® Restaurant featuring a fast casual food establishment that primarily specializes in the making and sale of sub sandwiches, pizza (including take and bake), and hand dipped ice cream ("*Scott's Subs & Pizza Restaurant*" or "*Restaurants*"). We will refer to the Scott's Subs & Pizza Restaurant franchise that you will operate as the "*Franchised Business*".

The total investment necessary to begin operation of a Scott's Subs & Pizza® Restaurant ranges from \$782,975 to \$1,221,100. This includes \$50,000 that must be paid to us.

This disclosure document summarizes certain provisions of the 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 fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, us or our affiliates, in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure documents in different formats, contact Daniel Radloff, our General Manager, 1325 Quarry Park Drive, De Pere, Wisconsin 54115, scottssubsdepere@yahoo.com, 820.632.4297.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information on franchising, such as a "*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 (the "*FTC*"). 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.

FTC Issuance date: November 30, 2021

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 Scott's Sub & Pizza 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 Scott's Subs & Pizza franchisee?	Item 20 or Exhibit H 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 Franchised Business or may harm your Franchised 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. The 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 Franchised 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 C.

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Wisconsin. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Wisconsin than in your own state.

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

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Exhibits:

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B	Franchise Agreement
C	State Administrators
D	Agents for Service of Process
E	Table of Contents of Manual
F	Disclosure Acknowledgement Agreement
G	General Release
H	List of Franchisees
I	State Addenda
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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

The franchisor is Scott's Subs & Pizza Inc., referred to in this Franchise Disclosure Document as "**SSP**", "**franchisor**", "**we**," "**us**" or "**our**." We refer to the person interested in buying a franchise as "**you**", "**your**" or "**franchisee**". If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These are addressed in this disclosure document where appropriate.

We were organized as a corporation on December 3, 2013. We maintain our principal place of business at 1325 Quarry Park Drive, De Pere, WI 54115. We are one hundred percent (100%) owned by Scott Radloff and Marilyn Radloff.

Our agents for service of process in the states that require franchise registration are listed in Exhibit D.

We currently do not, but reserve the right in the future to, operate Scott's Subs & Pizza Restaurants of the type being offered. We have not previously offered franchises for the same type of business as that to be operated by you or offered franchises in any other line of business. We began offering franchises in November 2021.

We have granted two licenses to use our trademarks. We are currently in the process of converting the two licensees to franchisees. The information for the two licenses can be found in Exhibit H attached to this disclosure document.

Predecessor

We have no predecessors.

Affiliates

Our affiliate, Scott's Subs & Pizza De Pere, LLC, a Wisconsin limited liability company, was formed on June 29, 2021, and has a principal business address of 1325 Quarry Park Drive, De Pere, WI 54115. ("**SS&P**"). SS&P owns and operates a business located in De Pere, Wisconsin that is similar to the Franchised Business being offered to you. We (meaning the franchisor) own one hundred percent (100%) of SS&P.

Prior to June 29, 2021, we owned and operated the business at the De Pere location. Effective June 29, 2021, we transferred the assets and operations of the business into SS&P in exchange for all of the equity ownership of SS&P. As a result of this transaction, SS&P became our wholly-owned subsidiary and the business operates as a company-owned outlet.

The Franchise Offered

We offer qualified applicants who enter into a Franchise Agreement (the “Franchise Agreement”) with us a franchise for a Scott’s Subs & Pizza® Restaurant (the “Restaurant”). The Franchise Agreement gives you the right to establish and operate one Restaurant at a specified location within a Protected Area in accordance with our distinct business system (the “System”), which includes our methods and procedures for establishing and operating Scott’s Subs & Pizza® Restaurants, including the use of online ordering, curbside pickup and third party delivery.

The Restaurants are identified by the Scott’s Subs & Pizza® trade name and service mark and any other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we may designate in writing for use by Restaurants operating under the System (the “Licensed Marks”).

Market Conditions and Competition

The market for the products offered by Scott’s Subs & Pizza® Restaurants is highly competitive and is well established. We believe proprietary menu items and ingredients and service standards are enhanced by our operational format and by the food and beverage products the Restaurants offer. Your competition will include other subs and pizza restaurant retailers, which may be locally-owned or large regional or national chains, as well as all other restaurant concepts, including take and bake pizzas. There is active price competition, as well as competition for management personnel and for attractive commercial real estate sites. The Franchised Business conducted by a Scott’s Subs & Pizza® Restaurant may be affected by seasonal demand, demographics, traffic patterns and economic conditions.

Scott’s Subs & Pizza® Restaurants appeal to the general public as a family restaurant.

Industry-Specific Regulations

In addition to laws governing businesses generally such as the Americans with Disabilities Act, Federal Wage and Hours Laws, and the Occupation, Health and Safety Act, you should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration at the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions and restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation. State and local laws, regulations and ordinances vary significantly.

You must understand and comply with these laws in operating a Scott’s Subs & Pizza Restaurant. There may be other laws applicable to your business. For more detailed information as to how these laws affect your business, you should contact the state or local liquor licensing board in your state, as well as the appropriate municipal authority(ies) in the

city where you will operate, and consult with your attorney concerning these and other local laws and ordinances that may affect your Restaurant.

ITEM 2

BUSINESS EXPERIENCE

President and Secretary: Scott Vernon Radloff

Mr. Radloff has been our President since our inception. He has been the President and Secretary of our affiliate, Scott's Subs & Pizza De Pere, Inc., located in De Pere, Wisconsin, since its inception.

Vice President and Treasurer: Marilyn Louise Radloff

Ms. Radloff has been our Vice Present and Treasurer since our inception. She has been the Vice President and Treasurer of Scott's Subs & Pizza De Pere, Inc., located in De Pere, Wisconsin, since its inception.

General Manager: Daniel Scott Radloff

Mr. D. Radloff has been our General Manager since our inception. He has been the General Manager of Scott's Subs & Pizza De Pere, Inc., located in De Pere, Wisconsin, since its inception.

Assistant Manager: Laura Nicole Knapp

Ms. Knapp has been our Assistant Manager since our inception. She has been the Assistant Manager of Scott's Subs & Pizza De Pere, Inc., located in De Pere, Wisconsin, since its inception.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of \$50,000 for each Franchised Business due upon execution of the Franchise Agreement. In accordance with a License Agreement, we have one franchisee who will pay (i) \$30,000, upon execution of a Franchise Agreement, (ii) \$10,000, six (6) months from the date of execution of a Franchise Agreement; and (iii) \$10,000, twelve (12) months after the execution of a Franchise Agreement.

Uniformity

Except as otherwise disclosed in this Item, all fees described herein are calculated and imposed uniformly on all franchisees and are non-refundable under any circumstance.

ITEM 6

OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty	Five percent (5%) of Gross Revenue.	Upon commencement of operations, the Royalty is payable on each Wednesday for the preceding week.	Paid by electronic funds transfer. See Note 2 for the definition of Gross Revenue.
Additional Training Fee	\$75 per hour, per person.	Within 10 days of billing.	We may require, (or upon your request) you and your employees, to attend additional training sessions.
Renewal	\$5,000.	At the time you request renewal.	You must give us written notice of your election to renew the Franchise Agreement at least one hundred twenty (120) days before the end of the initial term.
Transfer Fee	\$10,000.	Upon transfer of the	Payable when you sell

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
		franchise.	or transfer your interests in the Franchised Business.
Audit	Cost of inspection or audit, plus interest.	As incurred.	Due if you do not give us reports and records or understate Gross Revenue by more than two percent (2%).
Indemnification	Varies.	As incurred.	Subject to state law.
Costs and Attorneys' Fees	Varies.	As incurred.	Due upon failure to cure any default within the applicable cure period.
Insurance	Will vary according to circumstance.	Upon demand.	If you fail to obtain the required insurance, we may, but are not required to, obtain such insurance at your expense and charge you a service fee for doing so. Otherwise, these payments are made directly to your third-party insurance provider.
Late Fee	\$100.	When billed.	Due for each late or dishonored payment. Subject to state law.
Non-Compliance Fee	Up to \$1,000 per notice of violation, plus any costs of enforcement.	Upon failure to cure breach during required cure period.	We may assess a non-compliance fee for material breaches of the Franchise Agreement, including, without limitation, defaults arising from or related to failure to comply

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			with the Operations Manual. We reserve all other rights and remedies.
Liquidated Damages	Three (3) times the greater of royalty fees and other fees which became due to us from you during the twelve (12) months immediately preceding such termination of the Franchise Agreement.	Within fifteen (15) days after termination of the Franchise Agreement by us for cause.	If the Franchise Agreement is terminated by us due to your default, you agree to pay us liquidated damages.
Interest	Lesser of 1.5% per month or highest rate allowed by law.	30 days after billing.	Interest is charged on any unpaid royalty, transfer and other fees not received by the date due.

Notes

1. All fees in this Item 6 are collected by and payable to us or our affiliate, SS&P, and are non-refundable. Except as otherwise stated, all fees are charged uniformly and are non-refundable under any circumstance.

2. Gross Revenue is the total selling price of all services, products and merchandise and all income of every kind related to the Franchised Business including income related to whether for cash or credit and regardless of collection in the case of credit. Gross Revenue excludes the full value of meals provided to your employees as an incident to their employment and all proceeds from the sale of approved coupons, gift certificates, gift cards or vouchers. Gross Revenue does not include (i) taxes that you collect from your customers if you transmit the taxes to the appropriate taxing authorities; (ii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer; (iii) tips or gratuities paid directly by customers of the Franchised Business to your employees or paid to your employees by you in lieu of direct tips or gratuities; (iv) employee discounts; and (v) discounts and promotions allowed to customers on sales (except for uncollected accounts which are not excluded).

ITEM 7

ESTIMATED INITIAL INVESTMENT

Payment	Low Estimate	High Estimate	When Due	Method of Payment	To Whom Paid
Initial franchise fee ¹	\$50,000	\$50,000	At the time you sign the Franchise Agreement	Lump Sum	Us
Travel and Living Expenses While Training ²	\$10,000	\$20,000	As incurred	As incurred	Wages, travel and living expenses of you and your employees
Lease, Utility & Security Deposits	\$475	\$2,100	As Incurred	Lump Sum	Landlord
Construction and Remodeling ³	\$500,000	\$700,000	As Incurred	Lump Sum	Third parties
Furniture & Fixtures	\$65,000	\$130,000	As Incurred	Lump Sum	Outside supplier
Signage	\$10,000	\$20,000	As Incurred	Lump Sum	Outside supplier

¹ All payments which you make directly to us are nonrefundable under any circumstance. This may or may not be true for payments made to third parties. The franchise fee also includes the initial training program.

² This amount includes the travel, lodging, meal and incidental expenses for one (1) person or two (2) persons to attend our required initial training program. The low-end estimate reflects the costs for a franchisee located near our designated training center.

³ Each franchisee will be responsible for providing their own property, whether they buy land and build or lease. A minimum of one (1) acre will be needed to build and provide parking. Locations should primarily be in or near a residential neighborhood and will need to be approved. We currently do not, but reserve the right to offer and sell franchises for a Scott's Subs & Pizza Restaurant in Endcap locations, with a drive through requirement. Endcaps are located at the far end of a shopping center or strip center. The total initial investment for an Endcap Restaurant is \$398,000 to \$700,000. The total square feet of an Endcap Restaurant is 1,800.

Payment	Low Estimate	High Estimate	When Due	Method of Payment	To Whom Paid
Equipment ⁴	\$50,000	\$100,000	As Incurred	Lump Sum	Outside suppliers
Computer, Back Office and POS System	\$3,000	\$10,000	As incurred	As agreed upon	Suppliers
Business Licenses & Permits ⁵	\$1,000	\$2,000	As Incurred	Lump Sum	Outside suppliers
Professional Fees ⁶	\$2,500	\$5,000	As Incurred	Lump Sum	Your advisors
Initial Inventory ⁷	\$10,000	\$20,000	As Incurred	Lump Sum	Outside Suppliers
Insurance ⁸	\$1,000	\$2,000	As Incurred	Lump Sum	Third parties
Additional Funds ⁹	\$80,000	\$160,000	As Incurred	Lump Sum	Employees, Suppliers, Utilities, Landlord
TOTAL ESTIMATED INVESTMENT	\$782,975	\$1,211,100			

⁴ You have the option of purchasing approved equipment or leasing equipment, which will extend your equipment costs over a period of time (equipment may include, but is not necessarily limited to, ovens, refrigerators, freezer, tables, chairs, and smallware).

⁵ This estimate includes the costs of your security deposit, insurance and utilities. These are only estimates and will vary depending on the area.

⁶ Fees paid to the franchisee's attorney and accountant as they review the FDD and set-up the franchisee entity.

⁷ This estimate reflects the estimated cost of opening inventory of products (including food and beverages) you purchase from suppliers and is estimated to cover the first week of operations of your Franchised Business.

⁸ First quarterly insurance premium.

⁹ This estimates your initial expenses for three (3) months from the date you open for business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business.

To compile these estimates, we relied on the experience of SS&P, our affiliate who operates a similar business. You should review these figures carefully with your business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your credit worthiness and the collateral and lending policies of financial institutions from which you request a loan.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To maintain uniformity and ensure high standards of quality and service offered by the Franchised Business, we issue standards and specifications to you in the Operations Manual and otherwise, including, without limitation, in writing and by e-mail. You must operate the Franchised Business in strict conformity with our standards and specifications. You must maintain in sufficient supply and use and sell only approved products and services and other goods that meet our standards and specifications, which may include products specified by us by name brand. As part of our specifications, we may designate or approve only certain suppliers for your purchases.

You shall maintain the premises in a high degree of sanitation and repair and shall make such repairs and replacements as we may require, in our sole discretion, including, without limitation, periodic repainting or replacement of signs, furnishings, decor, flooring and damaged equipment and computer systems. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Franchised Business without our prior written approval.

To determine whether you are complying with the terms of the Franchise Agreement,, SSP has the right at any time during business hours, without prior notice to Franchisee, to inspect the operations of the Franchised Business.

Approved Suppliers

In developing and operating the Franchised Business, you will purchase and/or lease various fixtures, furniture, furnishings, interior and exterior graphics, signs and equipment and other products and supplies required for the Franchised Business from suppliers designated by us (“*Approved Suppliers*”).

See Operations Manual for the list of our Approved Suppliers.

We estimate that the percentage of the required purchase or lease of products and services in relationship to all purchases in establishing the Restaurant will range from 5% to 20%. In the operation of the Franchised Business, we estimate that the percentage of the required purchase

or lease of products and services from approved suppliers will range from 75% to 100% of your total operating costs.

None of our officers owns an interest in any approved supplier.

Designation and Revocation of Approved Suppliers

We will identify all Approved Suppliers in the Operations Manual or other written or electronic communications. We will issue and modify standards and specifications based on our experience and our franchisees' experiences in operating Scott's Subs & Pizza Restaurants. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design and appearance. Our Operations Manual or other communications will identify our standards and specifications for you and (where appropriate) suppliers or only for suppliers (in the latter case where, for example, we give our standards and/or specifications to a supplier under a confidentiality agreement).

You must obtain our approval of any alternative supplier of these items, and the products or services it offers, before you use the supplier. To secure our approval: (i) you must submit a written request to us for approval, together with any samples, specifications, and other information we may request; (ii) the proposed supplier must demonstrate to our reasonable satisfaction that it is able to supply the items to you in compliance with our specifications; and (iii) the proposed supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community with respect to its financial soundness and integrity, and the reliability of the items it offers. If you ask us to approve an unreasonable number of alternative suppliers, products, or services, we have the right to require you to reimburse us for our actual costs and expenses of evaluations we perform.

We will give you notice of our approval or disapproval by the end of 30 days after you or the proposed supplier deliver to us the last information we request in connection with the approval.

We may revoke our approval of any supplier, good, or service if we determine, in our exercise of reasonable business judgment, that revocation is in your best interests, our best interests, or the best interests of the System. If we revoke our approval, we will give you written notice of the revocation.

Although we currently do not, we reserve the right to, receive rebates, discounts, payments or other material consideration from suppliers on account of their actual or prospective dealings with us and our franchisees and to use all revenue we or our affiliates receive to our benefit in our sole judgment.

We may negotiate volume purchasing arrangements with suppliers or purchasing cooperatives for the benefit of our franchisees.

As of the date of this disclosure document we have no franchisees and neither we nor our affiliate, SS&P, have received revenue from required purchases and/or leases from franchisees.

We do not provide any material benefits to you based on your use of designated or approved suppliers or for the purchase of particular products and services, except for increasing purchasing power and lowering costs.

There currently are no purchasing or distribution cooperatives.

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 franchise disclosure document.

Obligation	Section(s) in Agreement	Disclosure Document Item(s)
a. Site selection and acquisition/lease	Section 4 in Franchise Agreement.	Item 11
b. Pre-opening purchases/leases	Section 5 in Franchise Agreement.	Items 7, 8
c. Site development and other pre-opening requirements	Section 4 in Franchise Agreement.	Items 7, 8, 11
d. Initial and ongoing training	Section 6 in Franchise Agreement.	Items 5, 6, 11
e. Opening	Sections 5 and 6 in Franchise Agreement.	Item 11
f. Fees	Section 11 in Franchise Agreement.	Items 5, 6 Items 5, 6, 7
g. Compliance with standards and policies/ operating manual	Sections 5, 6 and 12 in Franchise Agreement.	Items 8, 11
h. Trademarks and proprietary information	Sections 7 and 9 in Franchise Agreement.	Items 13, 14
i. Restriction on products/services offered	Section 12 in Franchise Agreement.	Items 8, 11, 16
j. Warranty and customer service requirements	Section 12 in Franchise Agreement.	Item 11

Obligation	Section(s) in Agreement	Disclosure Document Item(s)
k. Territorial development and sales quotas	Section 2 in Franchise Agreement.	Item 12
l. Ongoing product/service purchases	Section 12 in Franchise Agreement.	Item 8
m. Maintenance, appearance and remodeling requirements	Section 12 in Franchise Agreement.	Item 11
n. Insurance	Section 13 in Franchise Agreement.	Items 7, 8
o. Advertising	Section 14 in Franchise Agreement.	Items 6, 7, 11
p. Indemnification	Section 10 in Franchise Agreement.	Item 6
q. Owner's participation/management/staffing	Section 12 in Franchise Agreement.	Items 11, 15
r. Records/reports	Sections 11 and 15 in Franchise Agreement.	Item 11
s. Inspections/audits	Section 16 in Franchise Agreement.	Items 6, 11
t. Transfer	Section 17 in Franchise Agreement.	Items 6, 17
u. Renewal	Section 18 in Franchise Agreement.	Item 17
v. Post-termination obligations	Section 20 in Franchise Agreement.	Item 17
w. Non-competition covenants	Section 21 in Franchise Agreement.	Items 15, 17
x. Dispute resolution	Sections 22 and 23 in Franchise Agreement.	Item 17
y. Guaranty and Assumption of Obligations	Sections 18 in Franchise Agreement.	Not Applicable

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your loan, note, lease or obligation.

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

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

Pre-Opening Obligations

Before you open the Franchised Business and after you sign the Franchise Agreement, we will:

- a. provide general advice, guidance and assistance on the selection of a location for the Franchised Business and the location will be selected by you with our consent and approval (Franchise Agreement, Section 4 and Section 11);
- b. provide guidance on requirements of local, state and federal health and safety guidelines for the restaurant industry (Franchise Agreement, Section 8, Paragraph A);
- c. provide written specifications/names for approved suppliers (Franchise Agreement, Section 12);
- d. provide guidance on the construction or remodeling of your Franchised Business (Franchise Agreement, Section 8, Paragraph B);
- e. provide guidance as to the daily operation of the Franchised Business, including budgets, lists and suppliers (Franchise Agreement, Section 8, Paragraph C);
- f. provide you with online access to, or otherwise loan you, one (1) copy of the Operations Manual (Franchise Agreement, Section 8, Paragraph D);
- g. provide you with a written list of equipment, signage, supplies and products that will be required to open the Franchised Business (Franchise Agreement, Section 8, Paragraph H); and
- h. provide you our initial training program at our headquarters, in De Pere, Wisconsin, or another location we designate (Franchise Agreement, Section 8).

Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open the Franchised Business will be approximately one hundred twenty (120) days. The factors that may affect this time period are the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages and delayed installation of equipment, fixtures and signs and completion of training. If you have not opened the Franchised Business within one hundred twenty (120) days the effective date of the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our sole discretion. Failure to open the Franchised Business within the original time as extended, is a default of the Franchise Agreement (Franchise Agreement, Section 5).

During your operation of the Franchised Business, we will:

- a. provide guidance on pricing based on your structure (Franchise Agreement, Section 14, Paragraph E);
- b. provide operating assistance and written materials (including updates to the Operations Manual) concerning techniques for managing and operating the Franchised Business (Franchise Agreement, Section 8);
- c. provide training for all new managers of your Franchised Business. We have the right to require you (or your Representative or principal) and any manager or assistant manager to attend supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at a time and place we designate. We have the right to assess you reasonable charges for this training whether such training is requested by you or required by us (Franchise Agreement, Section 6, Paragraph G);
- d. provide access to the Operations Manual; (Franchise Agreement, Section 6, Paragraph G);
- e. notify you in writing of any upgrades that may be required by us (Franchise Agreement (Section 12, Paragraph B); and
- f. grant you the right to use our Licensed Marks in the operation of the Franchised Business (Franchise Agreement, Section 7, Paragraph A).

Operations Manual

We provide to you, during the term of the Franchise Agreement, access to our electronic Operations Manual, which may consist of one (1) or more handbooks or manuals (collectively the “*Operations Manual*”). The Operations Manual contains specifications, standards and operating procedures we prescribe for the operation of the Franchised Business and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques.

The table of contents of the Operations Manual is attached as Exhibit E. As of the date of this disclosure document, the total number of pages of the Operations Manual is 254.

Advertising

We currently do not, but reserve the right to do so in the future, require you to:

- a. participate in a advertising fund and contribute up to two percent (2%) of Gross Revenue to such fund and allocate up to one percent (1%) of Gross Revenue to national advertising and one percent (1%) of Gross Revenue to regional advertising.
- b. conduct grand opening advertising and spend up to \$3,000 on grand opening expenses;
- c. conduct local advertising;
- d. participate in a regional advertising cooperative; and
- e. participate in a franchisee advisory council.

We do not have any obligation to spend any amount of advertising in your territory.

Advertising Approval

Prior to use, you must submit samples of all advertising, promotional and marketing materials to us or to our designated agency for approval. You may not use any advertising or marketing materials that we have not approved. If you have not received our written approval within 10 days of submitting the materials, then we will be deemed to have disapproved them .

You must obtain our prior written consent to use, register, maintain, or sponsor any Social Media.

Computer System

You are required to buy and use the electronic cash register system and computer system that meets our requirements, but we reserve the right to change the Approved Supplier. Currently, Toast, Inc, is the approved supplier of the required computer hardware and software. The Toast POS system is the system in which the Scott's Subs & Pizza menu is built and is also the system that will be used for all in-person, call in and online orders (the "***Computer System***").

The estimated cost to purchase the Toast POS system, including the electronic cash register, is \$3,500 to \$5,000. In addition, you must pay Toast, Inc. approximately \$300 to \$400 per month, which includes a \$75 monthly technology fee. You must also pay to Toast, Inc., a fixed credit/debit card rate of 2.5% to 3.5% for online ordering. We anticipate that you will pass-through the costs of online ordering to your customers.

It is your responsibility to contact Toast, Inc. directly for all maintenance, repairs, upgrades and updates of the Computer System.

You must have a functioning email address so that we can send you notices and otherwise communicate with you by this method.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency or cost of our changes. We need not reimburse you for any of these costs.

We have independent, unlimited access to the information generated by the Computer System.

If we (or our designee) do not access and collect financial statements for the Restaurant directly from the designated accounting software, you must provide SSP with, monthly profit & loss statements during the first year of operation of the Restaurant. After the first year, you must provide SSP with the financial statements for the Restaurant that are set forth in the Operations Manual in accordance with SSP's financial reporting criteria set forth in the Operations Manual.

Training

Before the Franchised Business opens for business, we will provide our initial training program to you (the "***Training Program***"). We offer the Training Program continuously throughout the year. The Training Program will take place at our headquarters in De Pere, Wisconsin and/or at a designated training location. The estimated duration of the Training Program is four (4) weeks, for approximately fifty (50) hours per week..

The cost of the Training Program is included in the Initial Franchise Fee.

You must attend and successfully complete, to our satisfaction, the Initial Training Program at least thirty (30) days before the opening of the Franchised Business.

The outline for the training program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History of Scott's Subs	1		De Pere, WI
Use of the Manual	1		De Pere, WI
Tour of Scott's Subs	1		De Pere, WI
Pre-Opening Procedures	1		De Pere, WI
Personnel Issues	1	2	De Pere, WI

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Advertising	1	4	De Pere, WI
Management Procedures	1	26	De Pere, WI
Franchise Reporting Requirements	1	2	De Pere, WI
Accounting/Record keeping	1	4	De Pere, WI
Customer Service Procedures	1	6	De Pere, WI
Front/Back of House – Manager Duties	1	25	De Pere, WI
Back of House – Prep/Cook Procedures	1	97	De Pere, WI
Inventory Management	1	4	De Pere, WI
POS System	1	6	De Pere, WI
Cleaning Procedures	1	4	De Pere, WI
Safety Procedures	1	4	De Pere, WI
Totals	16	184	

Daniel Radloff will oversee the training program. Mr. Radloff has over twenty-six (26) years of experience in the Restaurant industry, all with SS&P.

The balance of the training team includes the following:

Scott Vernon Radloff, our President and Secretary (see Item 2)

Marilyn Radloff, our Vice President and Treasurer (See Item 2).

Laura Nicole Knapp, our Assistant Manager (See Item 2).

Suzanne Gustafson, who has over 36 years with our affiliate, Scott's Subs & Pizza De Pere, Inc., and over 36 years of experience in the Restaurant industry, all with SS&P.

Gayle Shovald, who has over 36 years with our affiliate Scott's Subs & Pizza De Pere, Inc., and over 36 years of experience in the Restaurant industry, all with SS&P. The instructional materials will Operations Manual and certain resources available through our intranet.

Franchisee Conferences

We currently do not, but reserve the right to do so in the future, conduct an annual franchisee convention at a location designated by us.

ITEM 12

TERRITORY

The Franchise Agreement grants you the right to operate the Franchised Business at a single location that you select and that we approve. An approved location will generally require a minimum of one acre of land to build the premises of the Franchised Business and provide adequate parking and should be in or near a residential neighborhood. If you have an approved location for the Franchised Business at the time you sign the Franchise Agreement, then Exhibit A to the Franchise Agreement will list the specific street address of the approved location.

If you will lease the premises of the Franchised Business, we reserve the right to handle lease negotiations on your behalf.

The Franchise Agreement grants you a protected geographic area (the “Protected Area”) surrounding the approved location of the Franchised Business. The size of the Protected Area varies depending upon demographics, population and commercial development but generally provides for a three (3) mile radius surrounding the location of the Franchised Business. Except as described in the “Rights Reserved By Us” described below, we will not establish any other Restaurant within the Protected Area as long as you are in compliance with the requirements of the Franchise Agreement. The Protected Area will also be listed in Exhibit A to the Franchise Agreement. If we grant another franchisee the right to operate a Restaurant in a geographic area that is near your Protected Area, we reserve the right to restrict that you deliver products and services to your Protected Area and/or otherwise implement programs that require you and other franchisees to refer delivery customers to the Restaurant that is in the closest proximity to their delivery location. You do not have the right to provide any on-site catering, without first obtaining our written approval. You do not have the right to use other channels of distribution to make sales outside of your Protected Area.

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. You have no options, rights of first refusal, or similar rights to acquire the rights to operate additional Restaurants. Although we and our affiliates have reserved the rights to do as described in the “Rights Reserved By Us”, neither we nor any of our affiliates have operated or franchised, and do not have plans at this time to operate or franchise, other businesses selling similar products or services under different trademarks.

Rights Reserved by Us

Under the terms of the Franchise Agreement, we retain, on behalf of ourselves and our affiliates, all rights to do any or all of the following:

a. operate, and grant other persons the right to operate, Restaurants at locations outside the Protected Area granted to you under the Franchise Agreement which may fill customer orders, provide catering services or deliver products and services within your Protected Area;

b. to offer and sell the products and services authorized for the Restaurants under the Licensed Marks or under other trademarks, service marks and commercial symbols through any dissimilar channel of distribution, within and outside the Protected Area, including through airports, amusement parks, transportation centers, gas stations, grocery stores and other food outlets and by electronic means, such as the Internet, mobile apps, telemarketing, direct marketing or other distribution methods;

c. to advertise and promote, and grant others the right to advertise and promote, the Restaurants in the Protected Area;

d. to own, operate or license others to own and operate, other restaurant concepts within and outside the Protected Area, provided the other restaurant concepts do not feature a menu similar to a Scott's Subs & Pizza Restaurant or use the Licensed Marks.

We are not required to pay you if we exercise any of the rights specified above.

Relocation

You must operate the Franchised Business only at the location that we approve. You may not relocate the Franchised Business without first obtaining our written consent and we may condition our approval of a relocation on one or more of the following:

a. You must not be in default of any provision of the Franchise Agreement or any other agreement between you and us, including any other franchise agreement(s), or be in default of the lease for the Franchised Business;

b. You must deliver to us a copy of the proposed lease for the new location if the location will be a leased location;

c. The new location must be constructed, located and equipped in accordance with our then-current standards and specifications;

d. You must give us written notice of the proposed relocation at least ninety (90) days before the relocation date; and


e. Reimburse us for our actual costs and expenses reviewing the new location and otherwise considering and approving the proposed relocation.

ITEM 13

TRADEMARKS

We grant you the right to operate the Franchised Business under the mark “*Scott’s Subs & Pizza*”. You may also use our other current or future trademarks to operate the Franchised Business. By trademark, we mean trade names, trademarks, service marks and logos used to identify your business.

The following table sets forth the status of federal registrations with the United States Patent and Trademark Office (the “USPTO”) on the Principal Register of those marks licensed to you:

MARK	OWNER	DATE OF FILING	SERIAL #	REGISTRATION #	DATE OF REGISTRATION
	Scott’s Subs & Pizza, Inc.	05/05/2021	5164347	Pending	Pending
Scott’s Subs & Pizza (S2 Design)	Scott’s Subs & Pizza, Inc.	05/10/2016	87031203	5165347	3/21/2017

We do not yet have a Principal Register federal registration for the following mark: Scott’s Subs & Pizza (design, plus words, and/or numbers; serial number 516347). This trademark does not have as many legal benefits and rights as a Principal Register federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court and no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Licensed Marks in any state. As of the date of this disclosure document, there are no required affidavits and renewals due to be filed.

You must notify us immediately of any apparent infringement or challenge to your use of the Licensed Marks, or of any person's claim of any rights in the Licensed Marks or confusingly similar trademark, and you may not communicate with any person other than us, our affiliate, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliate may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any

infringement, challenge, or claim. You must assist us in protecting and maintaining our and our affiliate's interests in any litigation or USPTO or other proceeding. We or our affiliate will reimburse your costs of taking any requested action.

You may not contest our or our affiliate's, ownership, title, right, or interest in our names or the Licensed Marks, trade secrets, methods, procedures, and advertising techniques that are part of our business, or contest our or our affiliate's right to register, use, or license others the use of our names and the Licensed Marks, trade secrets, methods, procedures, and techniques. You must post a notice at the Franchised Business indicating that the Franchised Business is independently owned and operated.

If it becomes advisable at any time for us and/or you to modify, discontinue using, and/or replace any of the Licensed Marks and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously designated Licensed Mark you must comply with our directions within a reasonable time after we deliver notice. We and our affiliate need not reimburse your direct expenses for changing the Franchised Business' signs, for your lost revenue due to any modified or discontinued Licensed Mark or for your expenses of promoting a modified or substitute trademark or service mark. You may not use any Licensed Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you); (3) in offering or selling any unauthorized services or products; (4) as part of any domain name, homepage, electronic address, or otherwise in connection with electronic media; or (5) in any other manner we have not expressly authorized in writing. We will reimburse you for all damages, claims, and expenses that you incur or for which you are liable in any proceeding challenging your right to use any Licensed Mark or other intellectual property under the Franchise Agreement if your use has been consistent with the Franchise Agreement, the Operations Manual, and our standards and specifications and you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we and/or our affiliate, may defend and control the defense of any proceeding arising from your use of any Licensed Mark or other intellectual property.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the date of this disclosure document, we hold no rights or licenses to any patents that are material to the franchise. We claim copyrights in the Operations Manual (which contains our trade secrets), certain design features, advertising and marketing materials, signs and similar items used in operating Scott's Subs & Pizza Restaurants. We have not registered these copyrights with the United States Copyright Office, but need not do so at this time to protect them. You may use these items only as we specify while operating the Franchised Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office or any court regarding the copyrighted materials. Our license with SS&P, as described in Item 13, also covers copyrighted materials and confidential information. No other

agreement limits our right to use, or allow others to use, the copyrighted materials. We do not actually know of any infringing uses of our and SS&P's copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of Scott's Subs & Pizza Restaurants. We will reimburse you for all damages, claims and expenses that you incur or for which you are liable in any proceeding challenging your right to use any intellectual property under the Franchise Agreement, if your use has been consistent with the Franchise Agreement, the Operations Manual and our standards and specifications and you have timely notified us of and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any intellectual property.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Unless we give our prior written consent during the term of the Franchise Agreement, you (or at least one (1) partner in your partnership, or a principal shareholder if you are a corporation, or one (1) principal member/unit holder if you are a limited liability company or similar entity) must personally devote his or her full-time attention and best efforts to the management and day-to-day operation of the Franchised Business and be responsible and exercise ultimate authority for the Franchised Business. Unless we agree otherwise in writing, the Franchise Agreement must be signed by individuals (natural persons). If we agree that another legal entity (for example, partnership, corporation, limited liability company, etc.) can serve as the "*franchisee*," then the individual owners usually must personally co-sign the franchise agreement. Unless we allow otherwise (for instance because your spouse does not have an equity interest in the Franchised Business or an operational role in the Franchised Business), the spouse of a franchisee must sign the franchise agreement and be bound by the terms, conditions and obligations of the franchisee and the franchise agreement. Since we require that the franchise agreement be executed by natural persons, you do not have to sign a personal guaranty. Even if your spouse is not a signatory to the franchise agreement, he or she still must sign a spousal consent.

You must own fifty-one percent (51%) of the Franchised Business.

Unless we agree otherwise in writing, if you are a partnership, limited liability company, or similar legal entity, all partners (including both spouses in a spousal partnership), unit holders, shareholders that will be involved in the operation of the Franchised Business, must attend and satisfactorily complete, to our sole satisfaction, the initial training program. We may decide

that other individuals involved in your business must complete initial training depending on their role in the Franchised Business. We have the right to require you to attend and satisfactorily complete annually two (2) days of additional training (at a location we designate, which will be in reasonable proximity to your Protected Area). We also have the right to require you to attend the annual convention we may hold (at such location as we designate) and any other franchisee meetings we may hold in reasonable proximity to your Protected Area. You are responsible to pay all costs related to your transportation, meals, lodging and other expenses associated with attending all required training, conventions and other business meetings. Your failure to attend and satisfactorily complete initial training and ongoing training, and attend any mandatory convention and other business meetings, is a material default of the franchise agreement.

You must not compete with us in another business similar to your business during the term of the Franchise Agreement and for two (2) years after its termination. You, or in the case of an entity or partnership, all equity and voting owners, must not disclose confidential and proprietary information contained in the Franchise Agreement (attached hereto as Exhibit B), during and after the operation of the Franchised Business.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer, provide and sell at the Franchised Business all services and products designated by us (the “*Approved Products and Services*”), in a manner consistent with our comprehensive standards and requirements. In addition, you must offer, provide and sell any new product or service designated by us. If we decide to eliminate certain products or services, you must immediately stop offering, providing and selling those products and services. Our right to change the product and service offerings is unrestricted.

You may not offer, provide or sell any services or products other than the Approved Products and Services, unless we specifically approve the offering, provision and sale of those services or products. In addition, you may not offer, provide or sell any products or services specified by us in any configuration, form or manner (including items for resale) other than those specifically approved by us. If we specifically approve services or products other than the Approved Products, we reserve the right to offer such products or services in other franchise locations.

Except as we expressly permit, you may not use, or authorize anyone else to use, the Licensed Marks to advertise, promote, offer or sell any services and/or products through the Internet.

Except for the limitations listed above and the restrictions described in Item 12 of the Franchise Agreement, or otherwise in writing, we do not impose any other restrictions as to the customers you serve or the products and/or services that you may offer or sell to your customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2 in the Franchise Agreement.	Term of the Franchise Agreement is ten (10) years.
b. Renewal or extension	Section 18 in the Franchise Agreement.	At the end of the term of the Franchise Agreement, so long as you are in good standing, you can enter into up to three (3) separate renewal franchise agreements, each for a term of five (5) years, so long as you are in good standing at the end of each term.
c. Requirements for franchisee to renew or extend	Section 18 in the Franchise Agreement.	You must give at least one hundred twenty (120) days' notice that you wish to enter into a renewal franchise agreement, not be in breach of any agreement with us or our affiliates, satisfy all monetary obligations, pay the renewal fee in the amount of \$5,000, execute the then-current Franchise Agreement and, subject to state law, a general release and comply with current qualifications and training requirements. If you seek to enter into a renewal franchise agreement, you will be required to pay the renewal fee of \$5,000 fee and sign a new Franchise Agreement, which is the then-current Franchise Agreement used by us that may contain terms and conditions materially different from those in your previous Franchise Agreement such as, but without limitation: (1) increases in fees, including royalty fees; and (2) implementation of new fees.

PROVISION	SECTION IN AGREEMENT	SUMMARY
d. Termination by franchisee	Not Applicable.	You may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable.	Not Applicable.
f. Termination by franchisor with cause	Section 19 in the Franchise Agreement.	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. "Cause" defined – curable defaults	Section 19 in the Franchise Agreement.	Other than monetary defaults, you have thirty (30) days upon written notice from us to cure any defaults outlined in Section 19.C. of the Franchise Agreement. Monetary defaults must be cured within fourteen (14) days upon written notice from us.
h. "Cause" defined – non-curable defaults	Section 19 in the Franchise Agreement.	Abandonment or neglect of the Franchised Business, material misrepresentation in the franchise application or on renewal, criminal conviction, unauthorized transfer, unauthorized use or disclosure of Confidential Information, two (2) or more breaches of the Franchise Agreement within a twelve (12) month period, failure to meet performance requirements, insolvency, failure to assign franchise within one (1) year of death or disability of Franchisee or any principal of Franchisee and any other grounds as outlined in Section 19 of the Franchise Agreement.
i. Franchisee's obligations on termination/nonrenewal	Section 20 in the Franchise Agreement.	Upon termination, you must: cease operating the Franchised Business and using the Licensed Marks; completely de-identify the Franchised Business; cancel all fictitious or assumed names; notify the telephone company

PROVISION	SECTION IN AGREEMENT	SUMMARY
		of the termination of your rights to use the telephone number; pay all amounts due to us or our affiliates; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; and, at our option, sell or assign to us your rights in the Franchised Business premises and the equipment fixtures used in the Franchised Business.
j. Assignment of contract by franchisor	Section 17 in the Franchise Agreement.	No restriction on our right to assign.
k. "Transfer" by franchisee defined	Section 17 in the Franchise Agreement.	Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.
l. Franchisor approval of transfer by franchisee	Section 17 in the Franchise Agreement.	No transfer is allowed without our written consent, which we will not unreasonably withhold.
m. Conditions for franchisor approval of transfer	Section 17 in the Franchise Agreement.	You and your affiliates must not be in default of any material provision of the Franchise Agreement, including monetary obligations to us or our affiliates; you and your affiliates must sign a General Release in the form of Exhibit C to the Franchise Agreement; you must pay the then-current franchisee fee for transfer to an existing franchisee of a Scott's Subs & Pizza Restaurant or the then-current transfer fee for transfer to a person or entity that is not an existing franchisee of a Scott's Subs & Pizza Restaurant; and, if we secure a buyer for the Franchised Business, you must pay our then-current brokerage fee.

PROVISION	SECTION IN AGREEMENT	SUMMARY
		Transferee must meet our then-current standards for qualifying franchisees; sign our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; successfully complete our Initial Training Program; and, if applicable, and in accordance with Section 17C.(6) of the Franchise Agreement, renovate, modernize and otherwise upgrade the Franchised Business to conform to our then-current standards and specifications for a Scott's Subs & Pizza Restaurant.
n. Franchisor's right of first refusal to acquire franchisees business	Section 17 in the Franchise Agreement.	We can match any offer for your business, within thirty (30) days after receipt of written notice to you.
o. Franchisor's option to purchase your business	Section 20 in the Franchise Agreement.	In case of termination or nonrenewal, we may be required by certain state law to purchase assets at market value. Subject to state law.
p. Death or disability of franchisee	Section 17 in the Franchise Agreement.	Upon death or permanent disability of franchisee, a competent manager must be appointed within thirty (30) days, then manager must attend and successfully complete training within one hundred twenty (120) of being appointed. Interest must be transferred within twelve (12) months.
q. Non-competition covenants during the term of the franchise	Section 21 in the Franchise Agreement.	No involvement in competing business anywhere in U.S.
r. Non-competition in covenants after	Section 21 in the Franchise Agreement.	No competing business for two (2) years in Protected Area granted to you by a Franchise

PROVISION	SECTION IN AGREEMENT	SUMMARY
the franchise is terminated or expires		Agreement or within Protected Area of any other of our franchisees or within a three (3) mile radius of any Scott's Subs & Pizza Restaurant in existence or under construction or where land has been purchased or leased by any of our franchisees or by us.
s. Modification of the agreement	Sections 23 in the Franchise Agreement.	No modification to Franchise Agreement except in writing and signed by both you and us. The Operations Manual can be modified as long as the modification does not alter your fundamental status and rights. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
t. Integration/merger clause	Section 23 in the Franchise Agreement.	Only the written terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document. Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22 & 23 in the Franchise Agreement.	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated at our then-current headquarters. Subject to state law.
v. Choice of forum	Section 23 in the Franchise Agreement.	Litigation must be in the State of Wisconsin. Subject to state law.
w. Choice of law	Section 23 in the Franchise Agreement.	Wisconsin law applies. Subject to state law.

ITEM 18

PUBLIC FIGURES

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

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-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Daniel Radloff, General Manager, 1325 Quarry Park Drive, De Pere, Wisconsin 54115, scottsubsdepere@yahoo.com, 820.632.4297, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2018 to 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised ¹	2018	1	0	1
	2019	1	0	1

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
	2020	1	0	1
Company-owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Total Outlets	2018	0	0	0
	2019	0	0	0
	2020	0	0	0

¹ We have two licensees who have each entered into a license agreement with us. We are in the process of converting these licensees to franchisees and plan to only offer franchises to new franchisees as described in this disclosure document.

Table No. 2
Transfers of Outlets from Franchisees to
New Owners (other than Franchisor)
For years 2018 to 2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
No transfers		

Table No. 3
Status of Franchised Outlets
For years 2018 to 2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations- Other Reasons	Col. 9 Outlets at End of the Year
Michigan ¹	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Total	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

¹ We have two licensees who have each entered into a license agreement with us. We are in the process of converting these licensees to franchisees and plan to only offer franchises to new franchisees as described in this disclosure document.

Table No. 4
 Status of Company-Owned Outlets
 For years 2018 to 2020

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
TOTAL	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

Table No. 5
 Projected Openings
 As of December 31, 2020
 (For current fiscal year)

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Wisconsin	0	2	0
Total	0	2	0

Listed below are the franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who has not communicated with us within ten (10) weeks of the disclosure document issuance date.

None

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

During the last three (3) fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in the Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Exhibit A is our unaudited opening balance sheet dated as of September 30, 2021.

ITEM 22

CONTRACTS

The following agreements are attached to this disclosure document:

- | | |
|-----------|--|
| Exhibit B | Franchise Agreement |
| Exhibit F | Disclosure Acknowledgement Agreement |
| Exhibit G | General Release |
| Exhibit J | Franchise Disclosure Document Receipts |

ITEM 23

RECEIPTS

Exhibit J contains detachable documents acknowledging your receipt of this disclosure document with all exhibits attached.

EXHIBIT A
FINANCIAL STATEMENTS

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

SCOTT'S SUBS & PIZZA INC.
Statement of Assets, Liabilities and Equity
As of September 30, 2021

ASSETS	
Current Assets	
101 – CASH ON HAND	\$ 50,880.00
102 – CASH IN BANK	15,945.80
106 – CASH IN BANK SAVINGS	12,830.79
130 – INVENTORY	7,500.00
131 – ERC DUE	4,203.72
Total Current Assets	91,360.31
Fixed Assets	
181 – FIXTURES & EQUIPMENT	\$ 102,004.34
182 – LEASEHOLD IMPROVEMENTS	5,139.00
190 – LESS:ACCUMULATED DEPRECIATION	(94,367.30)
Total Fixed Assets	12,776.04
Total Assets	\$ 104,136.35
LIABILITIES	
Current Liabilities	
205 – ACCOUNTS PAYABLE	\$ 7,822.95
233 – ACCRUED STATE PAYROLL TAX	1,468.64
235 – ACCRUED UNEMPLOYMENT TAX	878.83
236 – ACCRUED SALES TAX	3,552.76
239 – ACCRUED WAGES	10,656.50
Total Current Liabilities	24,379.68
Total Liabilities	\$ 24,379.68
EQUITY	
Equity	
281 – ISSUED CAPITAL STOCK	\$ 100.00
283 – ACCUMULATED ADJUSTMENTS ACCOUNT	137,403.29
284 – INCOME DISTRIBUTIONS	(15,743.88)
Net Profit/(Loss)	(42,002.74)
Total Stockholders' Equity	79,756.67
Total Liabilities and Stockholders' Equity	\$ 104,136.35

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is effective as of the ____ day of ____, 20____, by and between Scott's Subs & Pizza Inc., a Wisconsin corporation, with its principal office at 1325 Quarry Park Drive, De Pere, WI 54115 ("**SSP**") and _____, a _____ formed and operated under the laws of the State of _____, with a principal address of _____ ("**Franchisee**").

WITNESSETH:

WHEREAS, as a result of the expenditure of time, effort and expense, SSP has developed and established a unique and distinctive business (the "**Scott's Subs & Pizza Restaurant**" or "**Restaurant**") featuring a fast casual food establishment that primarily specializes in the making and sale of sub sandwiches, pizza (including take and bake), and hand dipped ice cream, with a uniform business format, specially designed equipment, methods, procedures, and designs ;

WHEREAS, SSP identifies the System and licenses the use of certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark "**Scott's Subs & Pizza**" and other trade names, service marks, trademarks, logos and designs as are now designated (and may hereafter be designated by SSP in writing) for use with the System (the "**Licensed Marks**");

WHEREAS, SSP has the right to grant others the right and license to use the System and the Licensed Marks and through this Agreement, grants the right and license to Franchisee to use the System and the Licensed Marks;

WHEREAS, SSP and its Affiliates intend to develop, use and control the use of the Licensed Marks to identify for the public the source of services and products marketed under the System and the System's high standards of quality, identity and service; and

WHEREAS, Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted at a Scott's Subs & Pizza Restaurant may evolve over time, that an investment in a Scott's Subs & Pizza Restaurant involves business risks and that the success of the venture is largely dependent on Franchisee's business abilities and efforts.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the terms listed below have the following meanings. Other terms used in this Agreement are defined and construed in the context in which they occur.

A. AFFILIATE

“*Affiliate*” of a named person or entity means any person or entity that is controlled by, controlling, or under common control with, the named person.

B. PROTECTED AREA

“*Protected Area*” shall mean the geographic area set forth in Exhibit A to this Agreement.

C. COMPETITIVE BUSINESS

“*Competitive Business*” means other subs and pizza restaurant retailers, which may be locally-owned or large regional or national chains, as well as all other restaurant concepts, including take and bake pizzas, offering services similar to those offered by the Franchised Business.

D. CONFIDENTIAL INFORMATION

“*Confidential Information*” means all information relating to the establishment and operation of the Franchised Business, including, without limitation: (1) the Specifications; (2) marketing plans; (3) research, development and test programs for products, services and operations; (4) contents of the Operations Manual; (5) knowledge of the operating and financial results of any Scott’s Subs & Pizza Restaurant, other than the Franchised Business; (6) computer programs and system; and (7) any improvements to the System.

E. FRANCHISED BUSINESS

“*Franchised Business*” shall mean the Scott’s Subs & Pizza Restaurant operated by Franchisee in the Protected Area pursuant to this Agreement.

F. GROSS REVENUE

“*Gross Revenue*” means all revenue generated by Franchisee (or any sales agent on its behalf) in connection with the Franchised Business other than sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid to such authority.

G. OPERATIONS MANUAL

“*Operations Manual*” means one or more handbooks or manuals or other written or electronic materials that SSP grants access to Franchisee during the term of this Agreement that contains Specifications, standards and operating procedures for the operation of the Franchised Business and other related information.

H. PRECEDING WEEK

“*Preceding Week*” means the weekly period immediately prior to the date in question which begins on Sunday at 12:01 a.m. and ends on the following Saturday at midnight.

I. PREMISES

“*Premises*” shall mean the location specified in Exhibit A, in accordance with Section 4.C., where the Franchised Business shall be operated.

J. PRINCIPALS

“*Principals*” means collectively and individually: (1) Franchisee’s spouse and children, if Franchisee is an individual; (2) any officer or director of Franchisee (including the officers and directors of any general partner of Franchisee); (3) any person or entity owning and/or controlling ten percent (10%) or more of the outstanding equity interests of Franchisee; and (4) any managing member or manager if Franchisee is a limited liability company. The initial Principals shall be listed in Exhibit D.

K. SPECIFICATIONS

“*Specifications*” shall mean the equipment, standards, requirements, operating procedures and specifications promulgated from time to time by SSP for any aspect of owning, developing and operating a Scott’s Subs & Pizza Restaurant.

L. SYSTEM

“*System*” means the comprehensive methods and procedures for the establishment, management and operation of the Scott’s Subs & Pizza Restaurant, including Confidential Information, the Operations Manual, the Licensed Marks and other business standards and policies, the distinguishing characteristics of which include, without limitation: the (1) Specifications; (2) quality and uniformity of the products and service offered; (3) procedures for management and financial controls; (4) training and assistance; and (5) marketing programs; all of which SSP may change, improve, further develop or modify throughout the term of this Agreement.

2. GRANT OF FRANCHISE

A. In reliance upon the representations and warranties of Franchisee, SSP hereby grants to Franchisee, subject to the provisions contained in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to own and operate the Franchised Business utilizing the System and the Licensed Marks within the Protected Area. During the term of this Agreement, provided Franchisee is in compliance with the provisions herein, SSP will not open or operate or authorize another person or entity to open or operate a Scott’s Subs & Pizza Restaurant within the Protected Area. The operation of the Franchised Business at the Premises by Franchisee is restricted to sales of the products and services approved by SSP. Subject to the Renewal Franchise and termination provisions in this Agreement, the term of this Agreement is for ten (10) years, commencing on the effective date of this Agreement.

B. Franchisee understands and acknowledges that SSP has granted these rights in reliance on the representations and warranties, the business skill, financial capability, personal character and expectations of performance by Franchisee and the Principals. This Agreement, and the rights and obligations set forth in this Agreement, may not be transferred by Franchisee until after the Franchised Business is open for business.

C. SSP retains, on behalf of itself and its Affiliates, all rights to do any or all of the following:

a. operate, and grant other persons the right to operate, Restaurants at locations outside the Protected Area granted to Franchisee under this Agreement which may fill customer orders, provide catering services or deliver products and services within the Protected Area;

b. to offer and sell the products and services authorized for the Restaurants under the Licensed Marks or under other trademarks, service marks and commercial symbols through any dissimilar channel of distribution, within and outside the Protected Area, including through gas stations, grocery stores and other food outlets and by electronic means, such as the Internet, mobile apps, telemarketing, direct marketing or other distribution methods;

c. to advertise and promote, and grant others the right to advertise and promote, the Restaurants in the Protected Area; and

d. to own, operate or license others to own and operate, other restaurant concepts within and outside the Protected Area, provided the other restaurant concepts do not feature a menu similar to a Scott's Subs & Pizza Restaurant or use the Licensed Marks.

3. FRANCHISEE REPRESENTATIONS AND OBLIGATIONS

A. Franchisee makes the following representations, warranties and covenants and accepts the following continuing obligations:

(1) If Franchisee is an entity, Franchisee represents, warrants and covenants that: (i) Franchisee is duly organized and validly existing under the state law of its formation; (ii) Franchisee is duly qualified and is authorized to do business in each jurisdiction which requires such qualification; and (iii) the execution and performance of this Agreement are within Franchisee's power and have been properly authorized under Franchisee's governing documents;

(2) If Franchisee is a corporation, copies of its articles of incorporation, bylaws, other governing documents and any amendments and resolutions of the board of directors authorizing entry into and performance of this Agreement, shall be promptly furnished to SSP. If Franchisee is a partnership, copies of Franchisee's written partnership agreement and other governing documents shall be promptly furnished to SSP;

(3) If Franchisee is a limited liability company, copies of Franchisee's organizational documents and operating agreement shall be promptly furnished to SSP;

(4) If Franchisee is an entity, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of securities or other equity

interests in Franchisee and shall provide SSP with a copy of any buy-sell agreement or other document restricting the sale of securities or other equity interests in Franchisee and shall provide any other related documents reasonably requested by SSP;

(5) If Franchisee is an entity, Franchisee shall maintain at all times a current list of all of its officers, directors, managers and partners, as applicable;

(6) If, after the execution of this Agreement, any person or entity ceases to qualify as a Principal, or any person or entity qualifies as a Principal after the date of this Agreement, Franchisee shall promptly notify SSP and that person or entity shall execute any documents that SSP may reasonably require based on such person's change in status;

(7) If Franchisee is an entity, SSP shall have the right to require that Franchisee maintain stop-transfer instructions against the transfer of any equity security and any certificate of ownership shall have endorsed upon it a legend or other statement in a form satisfactory to SSP that it is held subject to all restrictions imposed upon transfers by this Agreement; provided, however, that this requirement shall not apply to a publicly held entity; if Franchisee is a partnership, its written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to restrictions imposed on assignments by this Agreement; if Franchisee is a limited liability company, its articles of organization and operating agreement must provide that ownership interests are subject to restrictions on transfers imposed on assignments and other transfers by this Agreement; and

(8) Franchisee shall maintain, at all times throughout the term of this Agreement, sufficient working capital to fulfill its obligations under this Agreement.

B. The ownership interests in Franchisee as of the date hereof are accurately and completely set forth in Exhibit D to this Agreement. Franchisee must comply with all applicable transfer requirements and immediately provide a copy of the updated list of owners to SSP upon the occurrence of any change of ownership and otherwise make its list of owners available to SSP upon request.

C. Upon execution of this Agreement, if Franchisee is an entity, Franchisee must designate an individual, who is approved by SSP, to serve as the person who is fully authorized and designated to act on behalf of Franchisee with respect to all communications and other interactions between Franchisee and SSP (the "**Representative**"). The Representative must use reasonable efforts to: (1) devote substantial time to the supervision and conduct of the Franchised Business; and (2) meet SSP's standards and criteria for a Representative as set forth in the Operations Manual or otherwise in writing by SSP. If, during the term of this Agreement, the Representative is not able to continue to serve in this capacity or no longer qualifies, Franchisee must promptly notify SSP and designate a replacement Representative within thirty (30) days after the Representative ceases to serve or be so qualified. Any replacement Representative must be approved by SSP.

D. Franchisee acknowledges and agrees that the representations, warranties and covenants set forth in this Section 3 are continuing obligations, as applicable, and that any failure

to comply with those representations, warranties and covenants shall constitute a material default under this Agreement.

4. SELECTION OF PREMISES

Franchisee shall, before entering into any lease for the Premises, request and obtain SSP's written approval of the location of the Premises and the lease for the Premises, which may be conditioned upon the inclusion in the lease of one or more of the following provisions:

- (1) grant SSP the right to negotiation the lease on Franchisee's behalf;
- (2) prohibit Franchisee from sub-leasing or assigning all or any part of its rights under the lease without the prior written approval of SSP;
- (3) require landlord's consent to Franchisee's use of the Licensed Marks and signage in the manner SSP prescribes;
- (4) require the initial term of the lease, or the initial term together with successor terms, be for not less than the initial term of this Agreement;
- (5) require landlord to concurrently provide SSP with a copy of any written notice of deficiency or default under the lease;
- (6) grant SSP the right, but not the obligation, to cure any deficiency under the lease if Franchisee fails to do so for an additional fifteen (15) days after the expiration of the time in which Franchisee may cure the default; and
- (7) grant SSP the option to assume the lease and occupancy rights upon Franchisee's uncured default, and the right to assign the lease or sub-lease the Premises for all or any part of the existing lease term to a new franchisee or developer, and upon any such assignment, be relieved of liability for obligations accruing after the effective date of such assignment.

Franchisee shall use reasonable efforts to cause the landlord of the Premises to agree to the terms of the lease rider attached hereto as Exhibit C (the "**Lease Rider**"), or to the form of Lease Rider then specified by SSP for use by franchisees. In cases where the landlord objects to provisions of the Lease Rider, SSP will not unreasonably withhold its approval of amendments to the Lease Rider which overcome the landlord's objections.

5. OPENING OF FRANCHISED BUSINESS

A. FRANCHISE OPENING

Unless otherwise approved by SSP in writing, Franchisee shall open the Franchised Business within one hundred twenty (120) days after the effective date of this Agreement. Franchisee must request such extension prior to the expiration of the 120-day period. SSP's consent to the extension shall not be unreasonably withheld. Notwithstanding the foregoing, any request for an

extension of time to open beyond two hundred forty (240) days after the effective date of this Agreement may be withheld in SSP's sole discretion.

B. RELOCATION OF FRANCHISED BUSINESS

Franchisee shall operate the Franchised Business at the Premises approved by SSP and shall not relocate the Franchised Business without first obtaining SSP's prior written consent, which will not be unreasonably withheld. SSP may condition its approval of a new location on one or more of the following:

(1) no default by Franchisee under this Agreement or any other agreement between SSP (or one of its Affiliates and Franchisee), including any other franchise agreement(s);

(2) no default by Franchisee under the lease for the existing Premises for the Franchised Business;

(3) SSP's receipt of a copy of the lease for the new location for the Franchised Business;

(4) the new location being constructed, located and equipped in accordance with SSP's then-existing Specifications;

(5) written notice to SSP of the proposed relocation at least ninety (90) days before the relocation date;

(6) the new locations shall not be located within a three (3) miles radius of an existing Scott's Subs & Pizza Restaurant, any Scott's Subs & Pizza Restaurant under construction or any planned Scott's Subs & Pizza Restaurant, where a location has been purchased or a lease has been executed by SS&P, its Affiliates, or any franchisee.

(7) reimbursement of SSP for all costs and expenses incurred in considering and approving the proposed relocation.

6. TRAINING AND OPERATING ASSISTANCE

A. INITIAL TRAINING PROGRAM

(1) SSP will provide Franchisee an initial training program (the "***Initial Training Program***") on the operation of the Franchised Business in accordance with the terms of the Operations Manual. Franchisee must successfully complete the Initial Training Program to SSP's reasonable satisfaction before the Franchised Business opens for business. SSP will conduct the Initial Training Program at its headquarters in De Pere, Wisconsin and/or at a training facility designated by SSP. The Initial Franchise Fee will cover the cost for Franchisee to participate in the Initial Training Program but Franchisee shall be solely responsible for all compensation, travel, lodging and living expenses incurred by Franchisee to attend the Initial Training Program. If SSP determines that any individual cannot complete the Initial Training Program to SSP's satisfaction, SSP may require that Franchisee designate a replacement to

successfully complete the Initial Training Program. SSP reserves the right to disapprove of any individual who fails to complete training to the satisfaction of SSP.

(2) SSP shall have the right to alter any of its training programs in length, content, and location to meet the changing needs of the System. SSP reserves the right to designate where and how Franchisee or the Representative will be trained, and Franchisee will promptly comply with SSP's directions with respect to that training.

B. ADDITIONAL AND REFRESHER TRAINING

SSP may, as it deems appropriate in its discretion, develop additional and refresher training courses, and require Franchisee and its management to attend such courses. SSP will require Franchisee and its designated attendees to pay SSP's then-current training fee, which is set forth in the Operations Manual, in addition to Franchisee's obligation to pay for any expenses incurred.

C. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE

Franchisee is solely responsible for the hiring of all of its employees and the terms of their employment and their supervision, management, compensation and training (other than training specifically provided by Franchisor) and has sole control over working hours, benefits, wages, and other employment policies. SSP will provide general guidance on standard employee hiring, onboarding, and training.

D. OPERATIONS COMPLIANCE

Franchisee acknowledges the importance of: (1) maintaining uniformity among all of the Scott's Subs & Pizza Restaurants; and (2) complying with all of the Specifications. To protect the reputation and goodwill associated with the Licensed Marks and the System and to maintain high standards of operation, Franchisee shall operate the Franchised Business in accordance with the Specifications, the Operations Manual, and other written directives which SSP may issue to Franchisee from time to time, and in compliance with any other manuals and materials created or approved by SSP for use in the operation of the Franchised Business.

E. MAINTENANCE OF THE PREMISES

Franchisee shall maintain the Premises in a high degree of sanitation and repair and shall make such repairs and replacements as may be required by SSP, in its sole discretion, including, without limitation, periodic repainting or replacement of signs, furnishings, decor, flooring and damaged equipment and computer systems. No alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Franchised Business without the prior written approval of SSP.

F. OPERATIONS REVIEWS

SSP will make inspections from time to time and without advance notice to franchisee, and advise Franchisee of operating deficiencies at the Franchised Business, which may include, but not be limited to:

- (1) evaluation of the products and services provided by Franchisee to ensure compliance with the high standards of quality, appearance and service of the System; and
- (2) monitoring marketing, public relations and promotional programs of Franchisee.

G. OPERATIONS MANUAL

SSP will give access to Franchisee during the term of this Agreement to one copy of the Operations Manual. SSP may, at its option, make the Operations Manual available electronically or digitally. SSP has the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products, services, suppliers and other Specifications, provided that no addition or modification shall alter Franchisee's fundamental status and rights. If there is a dispute between SSP and Franchisee regarding the contents of the Operations Manual, SSP maintains the master copy at its principal office and that copy shall control, provided that SSP has delivered to Franchisee, including by electronic or digital means, a legible copy of any relevant update, change, addendum, addition or revision. SSP may revise the contents of the Operations Manual and the contents of any other written materials created or approved for use in the operation of Scott's Subs & Pizza Restaurants. Franchisee shall have a reasonable period of time to implement any change in the Franchised Business required by any change made to the Operations Manual. SSP shall give Franchisee written notice of any change required to the Franchised Business and the period of time within which the change must be implemented.

7. LICENSED MARKS

A. LICENSE

SSP grants Franchisee the right to use the Licensed Marks during the term of this Agreement in accordance with the Specifications set forth in the Operations Manual or otherwise directed in writing by SSP.

B. OWNERSHIP AND GOODWILL

Franchisee expressly acknowledges and agrees that:

- (1) SSP (or its Affiliates) is the owner of all right, title and interest in and to the Licensed Marks and the goodwill associated with and symbolized by the Licensed Marks;
- (2) Franchisee has no ownership interest whatsoever in or to the Licensed Marks, and Franchisee's right to use the Licensed Marks is derived solely from this Agreement and is conditioned upon Franchisee's operation of the Franchised Business in compliance with this Agreement and all Specifications;
- (3) any unauthorized use of the Licensed Marks by Franchisee constitutes an infringement of the rights of SSP in and to the Licensed Marks;

(4) all usage of the Licensed Marks by Franchisee and any goodwill related to such use exclusively benefits SSP and does not confer any goodwill or other interests in the Licensed Marks upon Franchisee;

(5) Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Licensed Marks or assist any other person or entity in contesting the validity or ownership of any of the Licensed Marks;

(6) Franchisee and its Principals shall not take any action that prejudices or interferes with the validity of SSP's rights with respect to the Licensed Marks; and

(7) all provisions of this Agreement applicable to the Licensed Marks apply to any additional trademarks, service marks, logo forms and commercial symbols authorized for use by and licensed to Franchisee pursuant to this Agreement.

C. USE OF THE LICENSED MARKS

(1) The Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate and market the Franchised Business only under the name "Scott's Subs & Pizza" without prefix or suffix. Franchisee must not use the Licensed Marks as part of its corporate or other legal name and must not use the Licensed Marks with modifying words, terms, designs or symbols, or in any modified form, unless SSP otherwise agrees in writing.

(2) Franchisee must identify itself as the owner of the Franchised Business and as an independent franchisee of SSP, in conjunction with any use of the Licensed Marks, on, including, but not limited to: (i) stationery; (ii) marketing; (iii) invoices; (iv) order forms; (v) receipts; (vi) in a notice at the Premises; and (vii) as otherwise required by the Operations Manual. Franchisee shall display the Licensed Marks prominently and in the manner prescribed by SSP.

(3) Franchisee must comply with SSP's instructions in filing and maintaining trade name or fictitious name registrations.

D. RESTRICTIONS ON INTERNET AND WEBSITE USE

Except as SSP may authorize or direct in writing including, in the Operations Manual, Franchisee shall not in any way: (1) link to or frame SSP's website; (2) conduct any business or offer to sell or market any products or services on the worldwide web; (3) create or register any Internet domain name in connection with the Franchised Business; (4) use the Licensed Marks in any domain name or on any Internet website or any other unauthorized manner; (5) promote the Franchised Business on any Internet website; or (6) post any material on the Internet that depicts or displays the Licensed Marks or suggests an association with the System. Franchisee may not establish or maintain a website, landing page, unapproved social media profile or other presence on the Internet relating to the Franchised Business or referring to the Licensed Marks without SSP's prior written consent. SSP may require that Franchisee install and maintain hardware and software to allow Franchisee to access the Internet, and if required by SSP, Franchisee will

comply with such requirements. SSP may direct Franchisee, through a marketing manual, social media website policy or other provisions in the Operations Manual or otherwise in writing, to use the Internet, including social media websites and other opportunities, in connection with the marketing and promotion of the Franchised Business. The form, content and appearance of any Internet use by Franchisee related to the Franchised Business or the System must comply with the Specifications and must be approved by SSP in writing before being used by Franchisee.

Franchisee shall not, and shall not cause its employees and Principals to post, contribute, or author any content on any website or social media website or communicate with any media outlet or organization in a manner that:

(1) makes any statement which disparages, ridicules or is derogatory of the System, the Licensed Marks, SSP or its Affiliates, including any of their owners, officers, employees, agents, consultants, attorneys or representatives or any other franchisee in the System, including their owners, officers, employees, agents, consultants, attorneys or representatives;

(2) pertains in any way to health or safety conditions at a Franchised Business; or

(3) pertains to any litigation pending or threatened against SSP or its Affiliates, or any of their owners, officers, employees, agents, consultants, attorneys or representatives or any franchisee in the System including their owners, officers, employees, agents, consultants, attorneys or representatives.

E. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify SSP immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark, or claim by any person or entity of any rights in any Licensed Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person or entity other than SSP and its counsel in connection with any infringement, challenge or claim. SSP and/or its licensor has sole discretion to take any action it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Licensed Mark. Franchisee shall execute all documents, render assistance and do all that may be necessary or advisable to protect and maintain the interests of SSP and its Affiliates in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of SSP and its Affiliates in the Licensed Marks. SSP will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting SSP in any such litigation or administrative proceeding.

F. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF LICENSED MARKS

SSP shall indemnify Franchisee against, and reimburse Franchisee for: (1) all damages for which Franchisee is held liable in any proceeding brought by a third-party in which Franchisee's use of any Licensed Mark is held to constitute trademark infringement, unfair

competition, or dilution and (2) all costs Franchisee reasonably incurs in the defense of any claim brought against Franchisee or in any proceeding in which Franchisee is named as a party; provided that, Franchisee timely notifies SSP of the claim or proceeding and has otherwise complied with this Agreement and that SSP has the opportunity to defend such claim. If SSP defends the claim, SSP has no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements to any separate attorney retained by Franchisee.

If any time in SSP's sole discretion, it becomes advisable for SSP and/or Franchisee to modify or discontinue use of any Licensed Mark, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with such direction from SSP within a reasonable time after receiving such direction from SSP. Any substitution or change in the Licensed Marks shall not be effective as to Franchisee, until such change is made in other Scott's Subs & Pizza Restaurants. SSP's sole liability and obligation for Franchisees' changes to the Franchised Business due to changes to the Licensed Marks shall be to reimburse Franchisee for its out of pocket costs of complying with this obligation.

G. NON-EXCLUSIVE RIGHTS

The right and license to use the Licensed Marks granted to Franchisee is non-exclusive, non-transferable and SSP has and retains the right to grant other franchises and licenses to use the Licensed Marks except as restricted by Section 2 of this Agreement. Franchisee does not have the right to transfer or sublicense Franchisee's use of the Licensed Marks.

8. SSP'S OBLIGATIONS

SSP agrees to:

A. provide guidance on requirements of local, state and federal health and safety guidelines for the restaurant industry;

B. provide guidance on the construction or remodel of your Franchised Business;

C. provide guidance as to the daily operation of the Franchised Business, including budgets, lists and suppliers.

D. provide on loan to Franchisee the Operations Manual and other written materials as SSP develops for use in the Franchised Business;

E. provide advice and consult with Franchisee periodically in connection with the operation of the Franchised Business including advice related to management, sales promotions and customer service;

F. provide periodic evaluations of operations conducted, products sold and services rendered by Franchisee;

G. develop and provide brochures and advertising materials and other information developed by SSP for use by Franchisee in local and/or targeted advertising;

H. provide a list of required operating assets, to the extent that SSP has designated any; and

I. conduct an Initial Training Program and, at SSP's sole discretion, subsequent refresher training programs.

9. CONFIDENTIAL INFORMATION

SSP will disclose the Confidential Information to Franchisee in various formats, including without limitation, training programs, the Operations Manual and in guidance furnished to Franchisee.

A. Franchisee shall at all times treat the Operations Manual and any other materials created for, or approved for use in, the Franchised Business as Confidential Information. Franchisee may divulge and make Confidential Information available to Franchisee's employees who must have access to it in order to operate the Franchised Business. Except as is reasonably necessary to operate the Franchised Business, Franchisee shall not at any time copy, duplicate, record or otherwise reproduce Confidential Information, in whole or in part, or otherwise make the same available to any unauthorized person, without the prior written consent of SSP.

B. The Operations Manual, written directives, and any other written Confidential Information shall be kept in a secure place by Franchisee and shall be returned to SSP immediately upon request or upon termination or expiration of this Agreement.

C. Franchisee acknowledges and agrees that all of the Confidential Information it now has or obtains in the future are derived from SSP pursuant to this Agreement, and that Franchisee shall not, without the written consent of SSP, disclose such Confidential Information or use it for Franchisee's own benefit (or the benefit of any person or entity other than SSP and its Affiliates) during the term of this Agreement and for a period of two (2) years thereafter, unless such Confidential Information constitutes Trade Secrets (as defined below) of SSP, in which case, such information will be treated in confidence for as long as such information shall constitute a Trade Secret. Notwithstanding the foregoing, Franchisee may disclose such Confidential Information and Trade Secrets to those employees who need access to perform their employment duties to Franchisee, (and then only to the extent necessary to enable them to perform their employment duties). For purposes of this Agreement, "**Trade Secret**" shall mean, information or data about SSP or any of its products, including but not limited to, technical or non-technical data, formulae, methods, techniques, drawings, processes, financial data, financial plans, product and promotion plans, and lists of actual or potential advertisers, customers or suppliers, that: (1) derives economic value, actual or potential, from not being generally known to, or generally ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use; and (2) is a subject of efforts that are reasonable under the circumstances to maintain its secrecy. Franchisee acknowledges and agrees that the Confidential Information and Trade Secrets are proprietary to SSP and are disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does agree, that it will:

(1) not use the Confidential Information or Trade Secrets in any other business or capacity;

(2) maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(3) not make unauthorized copies of any portion of the Confidential Information disclosed in written form;

(4) adopt and implement all reasonable procedures SSP prescribes to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Franchised Business and the use of nondisclosure and noncompetition clauses in employment agreements with persons; and

(5) require all Principals and members of Franchisee's management team to sign a confidentiality agreement in a form approved by SSP (see Exhibit B attached hereto).

D. The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to: (1) information, processes or techniques which are or become generally known in the restaurant industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee, its Principals or its management team; or (2) disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose information, provided Franchisee has used its best efforts not to disclose such information, and has afforded SSP the opportunity to obtain an appropriate protective order or other assurance satisfactory to SSP of the confidential treatment for the information required to be disclosed.

E. If Franchisee or any of its Principals develop any new concept, process, product or other improvement to the operation or promotion of the Franchised Business, Franchisee must promptly notify SSP and provide SSP with all necessary related information, without compensation. Franchisee and the Principals acknowledge that any concept, process, product, or improvement shall become the property of SSP and that SSP may use or disclose that information to other franchisees, at SSP's sole discretion. In the event the concept, process, product, or other improvement becomes a part of the System, SSP will reimburse Franchisee for its reasonable out-of-pocket expenses incurred in its development of such concept, process, product, or other improvement.

10. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. The parties understand and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee is an independent contractor and that nothing in this Agreement makes either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. If, and only if, applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Franchisee agrees that: (1) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants SSP the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with its explicit rights and obligations under this Agreement that may affect favorably or adversely Franchisee's interests; (2) SSP will use its judgment in

exercising the discretion based on its assessment of its own interests and balancing those interests against the interests of SSP's franchisees generally, and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (3) SSP will have no liability to Franchisee for the exercise of SSP's sole discretion in this manner, so long as the discretion is not exercised in bad faith; and (4) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for SSP's judgment so exercised.

B. Franchisee must identify itself in all dealings with customers, lessors, contractors, suppliers, public officials and others as the independent owner of a Scott's Subs & Pizza Restaurant and must place other notices of independent ownership on signs, forms, stationery, marketing and other materials as required by SSP.

C. SSP has not authorized or empowered Franchisee to use the Licensed Marks, except as provided by this Agreement. Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of SSP, or employ any Licensed Mark in a manner that is likely to result in liability of SSP for any indebtedness or obligation of Franchisee.

D. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on SSP's behalf, or to incur any debt or other obligation in SSP's name and that SSP shall not have any liability for, or be deemed liable under, this Agreement as a result of any action or omission by Franchisee in the conduct of its business pursuant to this Agreement or any claim or judgment arising therefrom.

E. SSP has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon SSP in connection with sales made, services performed or business conducted by Franchisee.

F. Franchisee shall, at all times, indemnify and hold harmless, to the fullest extent permitted by law, SSP and its Affiliates, successors and assigns and their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees from all losses, expenses, liability, taxes, damages (actual or consequential) and costs (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) (collectively, the "**Losses**") which any of them may suffer, sustain or incur by reason of, arising from or in connection with any of the following:

(1) Franchisee's ownership or operation of the Franchised Business, unless the Losses are finally determined to have been caused solely by SSP's gross negligence or willful misconduct;

(2) any infringement or alleged infringement of, or violation of the right to use, any Licensed Mark by Franchisee or any of its Principals;

(3) any libel, slander or any other form of defamation of the System, or any other franchisee operating under the System, by Franchisee or any of its Principals; or

(4) any breach by Franchisee (or any of its Principals) of any warranty, representation, agreement or obligation in this Agreement or any other agreement with SSP (or any of its Affiliates).

Upon the occurrence of any event giving rise to a claim for indemnification, Franchisee shall give SSP prompt notice of such event. Upon receipt of such notice, SSP may elect to assume (but under no circumstances is obligated to undertake) the defense and/or settlement of any action, suit, proceeding, claim, demand, inquiry or investigation. Any such undertaking by SSP shall not diminish the obligation of Franchisee to indemnify SSP. All Losses incurred under this Section 10 shall be chargeable to and paid by Franchisee regardless of any action, activity or defense undertaken by SSP or the subsequent defense or failure of the action, activity or defense.

SSP shall not be required to seek recovery from third parties or otherwise mitigate their Losses in order to pursue a claim against Franchisee for indemnification, and SSP's failure to pursue recovery or mitigate Losses shall in no way reduce the amounts recoverable from Franchisee. The terms of this Section 10 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

11. FEES

A. INITIAL FEE

Upon execution of this Agreement, Franchisee must pay SSP an initial franchise fee of \$50,000 (the "**Initial Franchise Fee**"). The parties acknowledge and agree that the Initial Franchise Fee will be deemed fully earned and non-refundable under any circumstances upon payment.

B. ROYALTY FEE

On or before the Wednesday of each week the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay SSP an ongoing royalty fee of five percent (5%) of Gross Revenue (the "**Royalty Fee**") for the Preceding Week. SSP reserves the right to modify (whether increasing or decreasing) the Royalty Fee upon expiration of the initial term or any Renewal Franchise Term.

C. LATE FEE

If Franchisee fails to pay any amount described hereunder when due and owing, then Franchisee shall pay SSP a late fee in the amount of \$100 due for each late or dishonored payment.

D. INTEREST

If Franchisee fails to pay any amount owed to SSP and described in this Agreement by the due date, then Franchisee shall pay interest on such amount equaling the lesser of one and a half percent (1.5%) per month or the highest rate allowed by law.

E. ELECTRONIC FUNDS TRANSFER

By executing this Franchise Agreement, Franchisee agrees that SSP will withdraw funds from Franchisee's designated bank account by electronic funds transfer (the "*EFT*"). Franchisee must execute other documents SSP or Franchisee's bank requires to implement the foregoing procedure, including the EFT Authorization attached hereto as Exhibit E. It is a material default of this Franchise Agreement if Franchisee closes the designated bank account without first notifying SSP, establishing another account, and executing all documents necessary for SSP to process payments by EFT for the new designated account.

F. SECURITY INTEREST IN THE FRANCHISED BUSINESS

Unless Franchisee has already granted a security interest in the assets of the Franchised Business pursuant to an independent financing arrangement between Franchisee and SSP or any of its Affiliates, Franchisee hereby grants SSP a security interest in all of the assets of the Franchised Business, including, but not limited to: (1) inventory; (2) fixtures; (3) furniture; (4) equipment; (5) accounts; (6) supplies; (7) contracts; and (8) proceeds and products of all of those assets as security for the performance of Franchisee's obligations under this Agreement, including all payments owed to SSP. Franchisee agrees that SSP may file a UCC-1 Financing Statement to perfect the security interest granted. If Franchisee defaults on any of Franchisee's obligations under this Agreement, SSP may exercise all rights of a secured creditor granted to SSP by law, in addition to SSP's other rights under this Agreement and by law. Without SSP's prior written consent, Franchisee will not grant a security interest in the Franchised Business or in any of its assets to any party other than SSP without Franchisor's. In connection with any request for SSP's consent, the secured party will be required to enter into an agreement with SSP that ensures orderly transition of management control of the Franchised Business in the event of default by Franchisee under any documents related to the security interest.

12. IMAGE AND OPERATING STANDARDS

A. MAINTAINING UNIFORMITY

Franchisee agrees that it is important to maintain uniformity among all franchisees and agrees to comply with all of SSP's required Specifications relating to the operation of the Franchised Business. These Specifications are set forth in the Operations Manual and other written policies that SSP may release from time to time. Depending on the nature of the Specification, SSP may establish procedures or guidelines to assist Franchisee in meeting or complying with the Specification. SSP will establish Specifications that impact the presentation of the System's brand and concept to customers. If SSP identifies a practice as a Specification in the Operations Manual or otherwise, Franchisee must comply with that Specification. In other instances, SSP may identify a practice as a "*recommendation*" or "*suggested*" practice.

B. CONDITION AND APPEARANCE OF PREMISES/IMPROVEMENTS

To assure the continued success of the Franchised Business, Franchisee must maintain the Premises in a high degree of repair, appearance, condition and sanitation, and must make all additions, alterations, repairs and replacements as SSP reasonably directs (but no others without SSP's written consent) for that purpose including, without limitation, periodic repainting or

replacement of obsolete signs, furnishings, equipment (including electronic cash register or computer hardware and software systems) and décor and merchandising.

In addition, upon the written request of SSP, Franchisee must, at least every five (5) years and at a cost to Franchisee, of no more than \$50,000, make other non-capital improvements to modernize and upgrade the Premises, equipment (including computer hardware and software systems), signs, fixtures, furnishings, supplies and other products required for the operation of the Franchised Business to SSP's then-current Specifications. The upgrades

C. REMEDIES FOR NONCOMPLIANCE

If Franchisee fails or refuses to initiate within ten (10) days after receipt of notice, and to continue thereafter in good faith and with due diligence, a bona fide program to undertake and complete any required maintenance or refurbishing that SSP believes is necessary to avoid the Franchised Business having a negative impact upon the goodwill associated with the Licensed Marks and/or the System, then SSP has the right, but is not obligated, to effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost of such maintenance and refurbishing to SSP on demand.

D. DAMAGE CAUSED BY CASUALTY

If the Premises is damaged or destroyed by fire or any other casualty, Franchisee must, within thirty (30) days after such event, initiate repairs or reconstruction, and thereafter in good faith and with due diligence, continue (until completion) repairs or reconstruction, in order to restore the Premises to its original condition. If, in SSP's reasonable judgment, the damage or destruction is of a nature or to an extent that it is feasible for Franchisee to repair or reconstruct in conformance with the then-current Specifications required by SSP for a new Scott's Subs & Pizza Restaurant without incurring substantial additional costs, SSP may require Franchisee, by giving written notice, to repair or reconstruct in conformance with the then-current Specifications.

E. ALTERATIONS TO THE PREMISES

Franchisee shall not make any material alterations to the Premises, nor make any unapproved replacements of, or material alterations to, the fixtures, equipment, furniture or signs of the Franchised Business without the prior written approval of SSP. SSP has the right, in its sole discretion and at the sole expense of Franchisee, to correct any material alterations not previously approved by SSP or contrary to the Specifications contained in the Operations Manual. SSP will provide written notice to Franchisee of any such required corrections and grant Franchisee a reasonable period of time to correct the applicable material alterations before SSP makes the correction.

F. SPECIFICATIONS TO PRESERVE BRAND IMAGE

To ensure that the highest degree of quality and service is uniformly maintained, Franchisee must use its best efforts to operate the Franchised Business in compliance with the Specifications set forth in the Operations Manual, and as SSP may otherwise reasonably

prescribe in writing, that impact the overall presentation of the Licensed Marks and the brand and to do all of the following:

(1) sell or offer for sale all products and services SSP requires, utilizing and complying with the method, manner and style SSP prescribes;

(2) use and sell at all times only approved products and services that conform to SSP's Specifications and not use or offer unapproved items without SSP's prior written consent; and

(3) designate and retain at all times, as applicable, a management team who each (i) devote best efforts to the supervision and management of the Franchised Business, (ii) attend and successfully complete the training programs provided by SSP, and (iii) consistently demonstrate the abilities to satisfy the performance requirements of their positions.

G. MARKET RESEARCH/TESTING

SSP may conduct market research and testing to determine consumer trends and the salability of new products and services. Franchisee agrees to participate in SSP's market research programs by test marketing new products and services in the Franchised Business. Franchisee shall provide SSP with timely reports and other relevant information regarding market research conducted in the Franchised Business and make a reasonable effort to promote and sell the products and services.

H. APPROVED SUPPLIERS AND PRODUCTS

Franchisee acknowledges and agrees that: (1) SSP's proprietary products and services must be maintained uniformly and are interrelated with the Licensed Marks in the mind of the public; and (2) the reputation and goodwill of all Scott's Subs & Pizza Restaurants are based upon, and can be maintained only by, uniform standards and the consistent sale of these products and services.

Franchisee shall comply with the Specifications for the purchase or lease of all supplies, materials, fixtures, furnishings, equipment, computer systems and other products used in the operation of the Franchised Business. In the event SSP has approved or has designated suppliers for any such item, including manufacturers, distributors, service providers and other sources, Franchisee agrees to obtain these items from those suppliers. SSP's approval of designated suppliers is based upon the demonstration on a continuing basis of the ability of a supplier to: (1) comply with the Specifications; and (2) exercise adequate quality controls and sufficient capacity to supply the needs of SSP's franchise network promptly and reliably over an extended period of time. SSP, in its sole discretion, may designate itself, its Affiliate or a third party as an approved or designated supplier or as the sole approved or designated supplier of any item. Franchisee agrees that SSP and its Affiliates may receive and retain any and all rebates, discounts, e-mail distribution lists, information and other benefits generated based upon Franchisee's purchases and leases including, without limitation, from charging Franchisee for equipment, products and services SSP or its Affiliates provide to Franchisee and from payments made to SSP or its Affiliates by suppliers that SSP designates or approves and, in SSP's sole

discretion, such funds may be used by SSP for any purpose. SSP may publish the Specifications for these required purchases in the Operations Manual and in other written, electronic or digital communications to Franchisee.

If Franchisee desires to purchase any item or use any item or service that has not been approved by SSP, or if Franchisee wishes to purchase or lease any such item from a supplier that has not been approved by SSP, Franchisee must submit a written request for approval to SSP. Franchisee is prohibited from purchasing or leasing any item unless the item and the supplier have been approved in writing by SSP. SSP may require Franchisee to submit information, specifications and samples to SSP to enable SSP to determine whether: (1) the item complies with SSP's Specifications; and (2) the supplier meets SSP's criteria. SSP reserves the right to send its representatives to inspect the proposed supplier's facilities and to have samples from the supplier delivered to SSP or to an independent laboratory designated by SSP for testing. Franchisee or the proposed supplier may be required to pay a predetermined fee to SSP for any request for approval and/or pay for the cost of the inspection and of the tests, which may include SSP's administrative expenses. SSP may condition its approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial capability, frequency of delivery, standards of service or any other criteria. SSP reserves the right to inspect from time to time the facilities and products of any approved supplier and to revoke any approval of any supplier if the supplier fails to continue to meet any of SSP's criteria. If SSP revokes the approval of any supplier, Franchisee agrees to immediately discontinue use of that supplier. Franchisee's failure to comply with the provisions of this Section 12.H. will be deemed to be a material default of this Agreement.

SSP has and may continue to develop certain products and services for the System, which are proprietary to SSP and which may be identified by the Licensed Marks. In order to maintain the quality and uniformity of production and use of such products in the Franchised Business and in the System, SSP shall control the production and distribution of such products. If such products become a part of the System, Franchisee will be required to use only SSP's proprietary products and Franchisee must purchase such items solely from SSP or from its Affiliates or from an approved supplier, as SSP may designate, in its sole discretion.

SSP may restrict Franchisee from purchasing specific products from anyone other than SSP, its Affiliates or another single-source supplier designated by SSP, and if SSP imposes such restrictions, Franchisee shall purchase all such products pursuant to such restrictions.

I. STANDARDS OF SERVICE

Franchisee must at all times give prompt, courteous and efficient service to its customers. The Franchised Business must, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee must maintain a competent, conscientious, trained staff and take steps necessary to ensure that its employees preserve good customer relations and comply with SSP's uniform standards.

J. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation all government regulations pertaining to: (i) licensing and certification; (ii) occupational hazards and health; including the Occupational Safety and Health Act; (iii) workers' compensation insurance; (iv) unemployment insurance and withholding; and (v) federal and state taxes.

(2) All marketing and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical marketing. Franchisee agrees to refrain from any business or marketing practice or personal conduct which may be injurious to the business of SSP and the goodwill associated with the Licensed Marks and the Franchised Business.

K. COMPLAINTS, NOTICES

Franchisee will process and handle all government agency, consumer and employee complaints, allegations and claims connected with or relating to the Franchised Business, and will promptly notify SSP by telephone and in writing of all such matters including: (1) safety or health violations; (2) claims exceeding \$1,000; and (3) any other material notifications, complaints, allegations or claims against or Losses suffered by Franchisee or the Franchised Business. Franchisee will deliver to SSP, immediately upon receipt by Franchisee or delivery at the Premises, an exact copy of all: (1) notices of default received from the landlord of the Premises or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party; (2) notifications or other correspondence relating to any legal proceeding relating in any way to the Franchised Business or to the Premises; and (3) inspection reports or any other notices, warnings or citations from any governmental authority, including any health and safety, taxing and/or licensing authorities. Franchisee will provide all additional information requested by SSP relating to any of these matters. Franchisee will maintain for SSP's review any inspection reports affecting the Franchised Business or equipment located in the Franchised Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination this of Agreement. If any of Franchisee's customers contact SSP with a complaint or issue, SSP may, in its sole discretion, remedy such complaint or issue in which case Franchisee must reimburse SSP for any such remedy deemed appropriate in SSP's sole discretion.

Upon the occurrence of a Crisis Management Event (as defined below), Franchisee shall immediately inform SSP, as instructed in the Operations Manual, by telephone and email (or other electronic messaging medium authorized by SSP for this purpose). Franchisee shall cooperate fully with SSP with respect to SSP's response to the Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the goodwill associated with System or the Licensed Marks, or image or the reputation of Scott's Subs & Pizza Restaurants or SSP or its Affiliates. In the event of the occurrence of a Crisis Management Event, SSP may also establish emergency procedures pursuant to which SSP may require

Franchisee to, among other things, temporarily close the Franchised Business to the public, in which event SSP shall not be liable to Franchisee for any Losses or costs, including any consequential damages or loss of profits due to such closing.

L. MODIFICATION TO THE SYSTEM

In the exercise of SSP's sole business judgment, SSP may from time to time modify any components of the System and requirements applicable to Franchisee by means of modifications to the Operations Manual or otherwise, including, but not limited to: (1) altering the products, services, prices, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; (2) adding to, deleting from or modifying the products or services which Franchisee must offer from the Franchised Business or any of the equipment, signs, trade dress and other Specifications that Franchisee is required to adhere to; and (3) changing, improving or modifying the Licensed Marks or substituting new marks for the Licensed Marks. Franchisee agrees to implement any such System modifications as if they were part of the System at the time Franchisee signed this Agreement.

M. MANAGEMENT/CONFLICTING INTERESTS

(1) The Franchised Business must at all times be under the direct, day-to-day, full-time supervision of Franchisee, Representative or a general manager who has satisfactorily completed SSP's training program. If a general manager supervises the Franchised Business, Franchisee or the Representative must remain active in overseeing the operations of the Franchised Business conducted under the supervision of the general manager. The general manager must attend all meetings scheduled and conducted by SSP for the purpose of further training, educating or informing the individual supervising the day-to-day operations of the Franchised Business.

(2) Franchisee must at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement and must continuously exert best efforts to promote and enhance the Franchised Business. The person who is responsible for the day-to-day supervision of the Franchised Business must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise conflicts with such person's responsibility to manage and operate the Franchised Business.

(3) If at any time the Franchised Business is not being managed by Franchisee (or the Representative, if Franchisee is an entity) or an approved manager who has satisfactorily completed SSP's training program, SSP is authorized, but is not required, following the notice of default and a thirty (30) day cure period, to appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. SSP's appointment of a manager of the Franchised Business does not relieve Franchisee's obligations or constitute a waiver of SSP's right to terminate this Agreement pursuant to Section 19. SSP is not liable for any debts, Losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by SSP's appointed manager. SSP has the right to charge a

reasonable fee for management services and to cease to provide management services at any time, in SSP's sole discretion.

13. INSURANCE

A. Franchisee must obtain and maintain in full force at all times during the term of this Agreement, at Franchisee's expense, the insurance policies specified in the Operations Manual or otherwise specified in writing by SSP from time to time.

B. The insurance policies must be written by a responsible carrier or carriers acceptable to SSP and must name SSP as an additional named insured, and must include minimum coverage in accordance with Specifications established by SSP from time to time in the Operations Manual or otherwise in writing.

C. All public liability and property damage policies must contain a provision that SSP is entitled to recover under these policies on any loss by SSP or its representatives, agents or employees by reason of the negligence of Franchisee or its representatives, agents or employees.

D. At least thirty (30) days before the Franchised Business opens for business, Franchisee must deliver or cause to be delivered to SSP, a copy of the Certificate of Insurance in accordance with these requirements. All insurance policies must expressly provide that a minimum of thirty (30) days' prior written notice shall be given to SSP in the event of a material alteration to, or cancellation of, the policies.

E. If Franchisee fails to obtain the required insurance, SSP may obtain such insurance at Franchisee's expense (but are not required to do so) and may charge Franchisee a service fee.

14. MARKETING

Recognizing the value of marketing and the importance of uniform marketing programs to further the goodwill and public image of the System, the parties agree that SSP may, in its sole discretion, develop and administer marketing, public relations, social media programs and sales promotion programs, each designed to promote and enhance the collective success of the Franchised Business. It is expressly understood, acknowledged and agreed that in all phases of such marketing and promotion, including, without limitation, the type, quantity, timing, placement and choice of media, social media, market areas, selection of marketing consultants and public relations firms, SSP's decision shall be final and binding. Franchisee must participate actively in such marketing, social media, public relations and sales promotion programs, and shall comply with all terms and conditions established by SSP for each such program.

A. NATIONAL ADVERTISING FUND

SSP currently does not, but reserves the right to do so in the future, require Franchisee to:

- a. participate in a national advertising fund and contribute up to two percent (2%) of Gross Revenue to such advertising fund;

- b. conduct grand opening advertising and spend up to \$3,000 on grand opening expenses;
- c. conduct local advertising;
- d. participate in a regional advertising cooperative; and
- e. participate in a franchisee advisory council.

B. SSP'S APPROVAL OF MARKETING MATERIALS

Before their use by Franchisee, samples of all local advertising, public relations, promotional materials, and internal signage, not prepared by or previously approved by SSP must be submitted to SSP for approval, which shall not be unreasonably withheld. Local advertising, public relations, promotional materials prepared by Franchisee shall be prepared in accordance with SSP's Specifications. If written disapproval is not received by Franchisee within fifteen (15) days after the date of receipt by SSP of any submitted materials, Franchisee may begin using such materials, but SSP may disapprove at any subsequent date, and if SSP notifies Franchisee to cease using such materials, Franchisee will immediately cease using such materials. In such event, SSP will reimburse Franchisee for its actual costs, if the marketing materials have not violated SSP's standard of trademark usage. Franchisee must not use any marketing or promotional materials that SSP has disapproved.

C. PRICING

SSP reserves the right to establish pricing of products and services offered by the Franchised Business to the fullest extent permitted by then-applicable law to enhance the competitive position and consumer acceptance of SSP's products and services consistent with the long term interest of the System, which may include without limitation, any or all of the following: (1) prescribing the maximum and/or minimum prices which Franchisee may charge customers for the products and/or services offered and sold at the Franchised Business; (2) recommending prices; (3) advertising specific prices for some or all products or services sold at the Franchised Business, which prices Franchisee will be required to observe; (4) engaging in marketing, promotional and related campaigns which Franchisee must participate in and which may directly or indirectly establish Franchisee's prices for products and services offered at the Franchised Business; and (5) otherwise mandating, directly or indirectly the maximum and/or minimum retail prices which Franchisee may charge the public for the products and services offered by Franchisee.

SSP may engage in any such activity either periodically or throughout the term of this Agreement. Further, SSP may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. Franchisee acknowledges and agrees that any maximum, minimum or other prices prescribed or suggested by SSP may or may not optimize the revenues or profitability of the Franchised Business, and Franchisee irrevocably waives any and all claims arising from or related to SSP's prescription or suggestion of prices for products or services at the Franchised Business.

D. ADVISORY COMMITTEE

SSP may form, and Franchisee agrees to participate in, if requested, one or more committees or councils of franchisees to consult with and advise SSP on various matters affecting franchisees. If formed, SSP will select franchisees to serve on any such committee or council, but SSP will retain all decision making authority and responsibility for such matters and will reasonably consider the recommendations of the committee or counsel. The committee or counsel will serve in an advisory capacity only. SSP has the exclusive right to form, change or dissolve any such committee or counsel.

15. RECORDS AND REPORTS

A. Franchisee shall use the accounting software, the chart of accounts and the income statement and balance sheet formats designated by SSP in the Operations Manual to maintain the books and records for the Franchised Business. SSP reserves the right to require Franchisee to use one or more suppliers designated by SSP as approved suppliers of this software and related services. Franchisee shall provide SSP (and its designees) with unrestricted access to the books and records for the Franchised Business at all times, and SSP (and its designees) may gather, utilize, analyze and transfer any data from such books and records as SSP determines in its sole discretion.

B. If SSP (or its designee) does not access and collect financial statements for the Franchised Business directly from the designated accounting software, Franchisee must, provide monthly profit & loss statements during the first year of operation of the Franchised Business. After the first year, Franchisee must provide SSP with the financial statements for the Franchised Business that are set forth in the Operations Manual in accordance with SSP's financial reporting criteria set forth in the Operations Manual.

C. Franchisee must, provide monthly profit & loss statements during the first year of operation of the Franchised Business.

D. Franchisee must maintain and preserve its books and records (including payroll records, check stubs, bank statements, tax records, receipts and disbursements and other items that reflect the operation of the Franchised Business), and other information as SSP may reasonably require, at all times during the term of this Agreement and for at least three (3) years after their date of creation or preparation.

E. Franchisee authorizes SSP to disclose data from the operation of the Franchised Business, if SSP determines, in its sole discretion, that disclosure is necessary or advisable, including, without limitation, disclosure to prospective or existing franchisees or to other third parties.

F. Franchisee must provide to SSP, for such periods as required by SSP, accurate reporting of all marketing expenditures.

G. If requested by SSP, Franchisee shall use SSP's designated vendor for accounting support and shall pay all costs associated with the products and services provided by such vendor.

16. INSPECTION AND AUDITS

A. SSP'S RIGHT TO INSPECT THE FRANCHISED BUSINESS

(1) To determine whether Franchisee is complying with this Agreement, SSP has the right at any time during business hours, without prior notice to Franchisee, to inspect the operations of the Franchised Business. Franchisee must fully cooperate with representatives of SSP making any inspection and must permit representatives of SSP to take photographs, movies or videotapes of the Premises or other aspects of the Franchised Business and to interview employees and customers of the Franchised Business, as long as Franchisee's ability to operate the Franchised Business is not impeded.

(2) SSP's authorized representatives may enter upon the Premises at any time during normal business hours without prior notice to Franchisee for the purpose of determining whether the Franchised Business is being conducted in accordance with SSP's Specifications, the requirements of the Operations Manual and the commercially reasonable and material terms of this Agreement. If any inspection indicates any deficiencies, Franchisee will initiate the correction or repair of the deficiency as soon as commercially and reasonably possible after Franchisee receives a written report of a deficiency from SSP. If the deficiency is one that Franchisee has a right to cure under the termination provisions of this Agreement, Franchisee will not be in default if Franchisee begins the necessary correction or repair as soon as commercially and reasonably possible, and diligently pursues the work to completion. If the deficiency is one that imminently threatens the health or safety of Franchisee's employees or the consumer public, SSP may, as an alternative to terminating this Agreement, require Franchisee to cease operation of the Franchised Business until the deficiency is substantially corrected.

B. SSP'S RIGHT TO EXAMINE BOOKS AND RECORDS

SSP has the right at any time during normal business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of the Franchised Business and the books and records of Franchisee that relate in any way to the Franchised Business. Franchisee must maintain all books, records and supporting documents at all times at the Premises or at another location approved by SSP. Franchisee must fully cooperate with representatives of SSP and independent accountants hired by SSP to conduct any examination or audit.

C. AUDIT

If any examination or audit pursuant to Section 16.B. discloses an understatement of revenue, Franchisee must pay to SSP, within fifteen (15) days after receipt of the examination or audit report, the Royalty Fees, and other fees due on the amount of the understatement, plus interest (at the rate and on the terms provided in this Agreement) from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Revenue for any month is

determined by any examination or audit to be greater than two percent (2%), Franchisee must reimburse SSP for all costs of the audit or examination, including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of SSP.

17. TRANSFER OF INTEREST

A. BY FRANCHISOR

SSP has the absolute right to transfer or assign this Agreement and all or any part of its rights and obligations to any person or entity, without the consent or approval of Franchisee, provided, however, that such person or entity shall expressly agree to assume SSP's obligations under this Agreement. This Agreement shall inure to the benefit of, and be binding on, the successors and assigns of SSP.

B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF SSP

Franchisee understands and acknowledges that the: (1) rights and duties created by this Agreement are personal to Franchisee and the Principals; and (2) SSP entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and the Principals. Unless otherwise expressly permitted by the terms of this Agreement, any assignment, sale, conveyance, pledge, sublicense or sub-franchise arrangement or any other attempted transfer, either directly or indirectly, of: (1) any interest in this Agreement; (2) any interest in the Franchisee; (3) any of the assets of Franchisee related to the operation of the Franchised Business, or (4) any interest in Franchisee that changes who ultimately controls the operations of Franchisee (including by merger or consolidation, by issuance of additional securities, by conversion, by creation of an additional interest, through a divorce proceeding, by will or transfer in trust or the laws of the intestate succession), without SSP's prior written approval (subject to Section 17.C. below) shall be void and have no effect and shall not transfer any rights to or interests in this Agreement or the Franchised Business, and shall be deemed a material breach by Franchisee of this Agreement.

C. CONDITIONS FOR APPROVAL OF ASSIGNMENT

If Franchisee and its owners are in substantial compliance with this Agreement, SSP shall not unreasonably withhold its approval of any of the transfers requiring SSP's approval. The proposed transferee must: (i) be of good moral character; (ii) have sufficient business experience, aptitude and financial resources to own and operate the Franchised Business; and (iii) not be involved with any Competitive Business and otherwise meet SSP's then-applicable Specifications for franchisees. SSP may also require that any one or more of the following conditions be met before, or concurrently with, the effective date of such transfer:

(1) all accrued monetary obligations of Franchisee or any of its Affiliates and all other outstanding obligations to SSP or any of its Affiliates arising under this Agreement must be satisfied in a timely manner and Franchisee must satisfy all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(2) Franchisee and its Affiliates must not be in default of any material provisions of this Agreement;

(3) the transferor and its Principals (if applicable) must execute a general release in a form satisfactory to SSP, of any and all claims against SSP, its Affiliates and the past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between SSP and Franchisee and federal, state and local laws, rules and regulations;

(4) the parties entering into a written agreement, in a form satisfactory to SSP, including the assumption of all the duties, obligations, responsibilities and accountabilities of Franchisee under this Agreement;

(5) the transferee executing SSP's standard form of Franchise Agreement then being offered to new franchisees and all other ancillary documentation SSP requires for the Franchised Business, of which the terms of the agreements may differ from the terms in this Agreement;

(6) unless Franchisee has met the requirements of Section 6.E. within the five (5) year period immediately preceding the transfer, the transferee, at its expense, must renovate, modernize and otherwise upgrade the Franchised Business to conform to the then-current Specifications of the System, and must complete the upgrading and other requirements within the time period SSP reasonably specifies subject to the other terms and conditions of this Agreement;

(7) the transferor remains liable for all the obligations to SSP in connection to the Franchised Business incurred before the effective date of the transfer and must execute any and all instruments SSP reasonably requests to evidence that liability;

(8) at the transferee's expense, the transferee and its management team, must complete any training programs then in effect for new franchisees of the Franchised Business, upon terms and conditions SSP reasonably requires;

(9) payment of the transfer fee stated in Section 17.H.;

(10) SSP approves the material terms and conditions of the assignment and determines in its reasonable discretion that the price and terms of payment are not so burdensome as to materially affect the future operations of the Franchised Business by the transferee;

(11) Franchisee (and each of its owners, members, or partners, if Franchisee is a corporation, limited liability company or partnership) has executed a non-competition covenant in favor of SSP and the assignee, agreeing that for a minimum period of two (2) years, commencing on the effective date of the assignment, Franchisee will not have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located within the

Protected Area or within the protected area granted any other franchisee or within a three (3) mile radius of any other Franchised Business; and

(12) Franchisee must have complied with SSP's right of first refusal under Section 17.G. of this Agreement.

D. DEATH OR DISABILITY OF FRANCHISEE

(1) Upon the death or permanent disability of Franchisee (or the Representative, if Franchisee is an entity), the executor, administrator, conservator or other personal representative of that person, or the remaining owners if Franchisee is an entity, must appoint a competent replacement for such individual within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed individual must attend and successfully complete SSP's training program within one hundred twenty (120) days of the appointment. If the Franchised Business is not being managed by an SSP approved manager within thirty (30) days after the death or permanent disability, SSP is authorized, but is not required, to immediately appoint a replacement manager to maintain the operations of the Franchised Business for and on behalf of Franchisee until an approved replacement manager is able to assume the management and operation of the Franchised Business. SSP's appointment of a manager does not relieve any of Franchisee's obligations, and SSP is not liable for any debts, Losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business during any period in which it is managed by SSP's appointed manager. SSP has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(2) In addition to the obligation to appoint a replacement manager as set forth above, the executor, administrator, conservator or other personal representative of that person must also transfer the interest of such person to another person or entity that SSP approves within a reasonable time, not to exceed 12 months after the date of death or permanent disability. Approval of such transfer will not be unreasonably withheld by SSP. Transfers, including transfers by devise or inheritance, are subject to all the terms and conditions for assignments and transfers contained in Sections 17.B. and 17.C., except no transfer fee shall be due upon such death or disability. Failure to transfer this interest as required by this Agreement shall constitute grounds for termination.

E. ASSIGNMENT TO A CORPORATION OR LIMITED LIABILITY COMPANY; EXECUTION OF GUARANTY

(1) Notwithstanding the other provisions of this Section 17, upon thirty (30) days' prior written notice to SSP and with payment of a \$1,500 transfer fee: (i) this Agreement and the assets and liabilities of the Franchised Business may be assigned to an entity that conducts no business other than the operation of the Franchised Business (or other franchised business under franchise agreements granted by Franchisor) which is actively managed by Franchisee and in which Franchisee owns a minimum of fifty-one percent (51%) of the voting power of all issued and outstanding equity interests and otherwise controls such entity; and (ii) each of the Principals may transfer, sell or assign their respective interests in Franchisee so

long as such transfer, sale or assignment does not change who owns the ultimate controlling interest in Franchisee. An assignment does not relieve Franchisee's obligations, and Franchisee remains jointly and severally liable with the transferee for all such obligations. The governing documents of any such entity must recite that the issuance and assignment of any equity interest is restricted by the terms of this Agreement and all issued and outstanding certificates must bear a legend reflecting or referring to the restrictions on transfer set forth in this Agreement.

(2) A transfer of this Agreement, any franchise or an ownership interest in Franchisee to an immediate family member, or to a Trust for the purpose of estate planning, is not subject to this Section 17.E.(2). For purposes of this paragraph, an immediate family member is limited to a spouse and/or a living child or living children or living grandchildren or a trust for the benefit of such persons or such transferee; and

(3) Any owner of Franchisee that holds a beneficial ownership interest equal to or greater than ten percent (10%) must execute the Guaranty and Assumption of Obligations attached hereto or SSP's then-current standard form. Franchisee must furnish to SSP at any time upon request a certified copy of its governing documents and a list, in a form SSP requires, of all owners of record and all other persons having beneficial ownership in Franchisee reflecting their respective interests in Franchisee.

F. PUBLIC OR PRIVATE OFFERINGS

(1) Franchisee acknowledges that the written information used to raise or secure funds can reflect upon SSP. Franchisee agrees to submit any written information intended to be used for that purpose to SSP before its inclusion in any registration statement, prospectus or similar offering circular or memorandum. This requirement applies under the following conditions: (i) if Franchisee attempts to raise or secure funds by the sale of securities in Franchisee or any Affiliate of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interest); and (ii) if any of its owners attempt to raise or secure funds by the sale of securities in Franchisee or any Principal of Franchisee (including common or preferred stock, bonds, debentures or general or limited partnership interests) Franchisee (or any of its owners) agrees not to use the written materials submitted to SSP or any other written materials to raise or secure funds unless and until SSP approves of the language. No information respecting SSP or any of its Affiliates shall be included in any securities disclosure document, unless that information has been furnished to SSP, in writing, pursuant to the written request of Franchisee. The written request shall state the specific purpose for which the information is to be used. Should SSP, in its sole discretion, object to any reference to SSP or any of its Affiliates or any of their businesses in the offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of SSP are withdrawn. SSP assumes no responsibility for the offering whatsoever. The written consent of SSP pursuant to this Section 17.F. does not imply or constitute the approval of SSP with respect to the method of financing, the offering literature submitted to SSP or any other aspect of the offering.

(2) The prospectus or other literature utilized in any offering must contain the following language in bold-face type on the first textual page:

“NEITHER SCOTT’S SUBS & PIZZA, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER SCOTT’S SUBS & PIZZA, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. SCOTT’S SUBS & PIZZA, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

(3) Franchisee shall indemnify, defend and hold harmless SSP and its Affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys’ fees) incurred by SSP as the result of the offer or sale of securities. This Agreement applies to any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorney’s fees) asserted by a purchaser of any security or by a governmental agency. SSP has the right (but not the obligation) to defend any claims, demands or liabilities and/or to participate in the defense of any action to which SSP or any of its Affiliates or any of their respective officers, directors, employees or agents is named as a party.

G. SSP’S RIGHT OF FIRST REFUSAL

If Franchisee, or any of its Principals which owns a controlling interest or otherwise controls the operation of Franchisee, at any time determines to sell or to transfer for consideration this Agreement, the Franchised Business (or an interest therein), any of the assets used in the operation of the Franchised Business, or its ownership interest in Franchisee, and desires to accept a bona fide, written offer from a responsible and fully disclosed purchaser, Franchisee must submit an exact copy of the offer to SSP. SSP has the right, exercisable by written notice delivered to Franchisee or such Principal(s) within thirty (30) days after its receipt of notification (and an exact copy of such offer) exercising the right to purchase at the price and on the terms and conditions contained in the offer, provided that SSP may substitute cash for any form of payment proposed in the offer and has a minimum of sixty (60) days to prepare for closing. If SSP does not exercise its right of first refusal, Franchisee (or its Principals) may complete the sale pursuant to and on the exact terms of the offer and in accordance with Sections 17.B. and 17(C), provided that if the sale to purchaser is not completed within one hundred twenty (120) days after delivery of the offer to SSP, or if there is a material change in the terms of the sale, the right of first refusal shall restart from the beginning. A transfer of this Agreement, the Franchised Business or an ownership interest in Franchisee to an immediate family member or to a Trust for the purpose of estate planning, is not subject to SSP’s right of first refusal. For purposes of this paragraph, an immediate family member is limited to a spouse and/or a living child or living children or living grandchildren or a trust for the benefit of such persons or such transferee. If SSP secures a buyer for Franchisee’s business, then SSP may charge such Franchisee a two percent (2%) brokerage fee.

H. TRANSFER FEE

Upon any transfer of the Franchised Business by the Franchisee of a Scott's Subs & Pizza Restaurant, Franchisee must pay to SSP, a transfer fee in the amount of \$10,000.

18. RENEWAL FRANCHISE

A. FRANCHISEE'S RIGHT TO RENEW

If, upon expiration of the initial term (or any Renewal Franchise Term, as defined below) of this Agreement:

(1) Franchisee has during the term of this Agreement substantially complied with all of its provisions, including without limitation, the notice provisions set forth below in Section 18.B. and the conditions set forth below in Sections 18.C. and 18.D.; and

(2) (i) Franchisee maintains possession of and agrees to refurbish and decorate the Premises, replace fixtures, equipment, signs, and otherwise modify the Franchised Business, in compliance with Specifications then applicable to a new Scott's Subs & Pizza Restaurant unless Franchisee has upgraded the Premises during the previous three (3) years; or (ii) Franchisee is unable to maintain possession of the Premises, or, in the judgment of SSP, the Franchised Business should be relocated and Franchisee secures a substitute location within the Protected Area that does not impede the development and operation of any other Scott's Subs & Pizza Restaurant; or (iii) Franchisee agrees to develop a new location in compliance with Specifications then-applicable to a new Scott's Subs & Pizza Restaurant;

then Franchisee has the right to enter into up to three (3) additional five (5) year terms (each a "**Renewal Franchise Term**") under a Renewal Franchise Agreement (as defined below).

B. NOTICE OF REQUIREMENTS

Franchisee must give at least one hundred twenty (120) days' notice prior to expiration of the then-current agreement that Franchisee wishes to enter into a Renewal Franchise Agreement, and Franchisee must: (1) not be in breach of any agreement with us or our Affiliates, (2) satisfy all monetary obligations; (3) agree to pay the Renewal Franchise fee; (4) agree to execute the Renewal Franchise Agreement; (5) agree to execute a general release (subject to state law); and (6) comply with current qualifications and training requirements

If SSP determines that Franchisee does not meet the qualification for a Renewal Franchise Agreement based on these criteria, SSP shall give Franchisee written notice (the "**Notice of Nonrenewal**") of its determination at least ninety (90) days before the expiration of such term. The Notice of Nonrenewal from SSP shall state the reasons for SSP's refusal to award a Renewal Franchise Agreement to Franchisee, and may include, without limitation, the failure of Franchisee to comply with the terms and conditions of this Agreement.

If the reasons cited by SSP in the Notice of Nonrenewal are curable and are in fact cured by Franchisee, as reasonably determined by SSP, within sixty (60) days after the date of the Notice of Nonrenewal, then the Notice of Nonrenewal will be of no further effect and SSP and

the Franchisee will enter into a Renewal Franchise Agreement for one additional term equal to five (5) years, subject to compliance by Franchisee with the other conditions precedent set forth in this Section 18.

A Notice of Nonrenewal from SSP that states the reasons for nonrenewal include Franchisee's substantial defaults under the terms of this Agreement on two (2) or more occasions (or any of the other termination events set forth in Section 19) during the then-current term shall not be subject to a right to cure in favor of Franchisee and shall give SSP the right to allow this Agreement to expire at the end of such term.

C. RENEWAL FRANCHISE AGREEMENT

As a condition precedent to the exercise of Franchisee's rights under Section 18.A, Franchisee shall execute the form of, and be bound by, SSP's then-current form of Franchise Agreement (the "Renewal Franchise Agreement") and all ancillary agreements that SSP then customarily uses in the grant of new franchises for the ownership and operation of a Scott's Subs & Pizza Restaurant. The Renewal Franchise Agreement shall supersede this Agreement and may contain terms and conditions materially different from the terms of this Agreement, including, but not limited to: (1) increases in expenditures for marketing and promotion; (2) increases in fees; and (3) implementation of new fees. Failure by Franchisee to sign the Renewal Franchise Agreement (or the failure of a Principal to execute a guaranty if required by Franchisor) within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to exercise its rights under this Section 18.

D. CONDITIONS FOR AWARD OF RENEWAL FRANCHISE AGREEMENT

In addition to the conditions and other requirements stated in this Section 18, any or all of the following conditions may be required by SSP, in SSP's sole discretion, before or at the time a Renewal Franchise Agreement is awarded to Franchisee:

(1) Franchisee must not be in default of any material provision of this Agreement, any amendment or renewal agreement and Franchisee must have substantially and timely complied with all the material terms and conditions of this Agreement and all other agreements with SSP and its Affiliates;

(2) Franchisee must have satisfied all monetary obligations owed by Franchisee to SSP and its Affiliates under this Agreement and any other agreements between Franchisee (or any of its Affiliates) and SSP (or its Affiliates) and must have timely met those obligations throughout the terms of those agreements;

(3) Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the operation of the Franchised Business for the duration of the Renewal Franchise Term or has secured a substitute location as required by Section 18.A.;

(4) Franchisee must undertake additional training, if any, as necessary to comply with SSP's then-current qualifications and training requirements, based upon an assessment of Franchisee's needs conducted by SSP;

(5) Franchisee must: (i) repair or replace, at Franchisee's cost and expense, equipment signs, fixtures, furnishings supplies and other products and materials required for the operation of the Franchised Business as SSP may reasonably require; (ii) obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, supplies and other products and materials which SSP may reasonably require for Franchisee to offer and sell new products or provide new services in the manner SSP specifies; and (iii) otherwise modernize the Premises, equipment, fixtures, furnishings, supplies and other products and materials required for the operation of the Franchised Business, as SSP reasonably requires to reflect the then-current Specifications and overall image of the System, as contained in the Operations Manual or otherwise provided in writing by SSP unless Franchisee has complied with a request of SSP to upgrade the Premises during the previous three (3) years; and

(6) Franchisee and the Principals must execute a general release, releasing SSP and its Affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, from all claims including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations, or orders. If Franchisee is precluded by law from executing a general release, Franchisee shall execute an estoppel statement in a form reasonably acceptable to SSP.

E. RENEWAL FRANCHISE FEE

Upon execution of the Renewal Franchise Agreement, Franchisee must pay to SSP a renewal fee in the amount of \$5,000.

F. EXPIRED AGREEMENT

If Franchisee does not comply with the procedures outlined in this Section 18 prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of the term of this Agreement, then at the option of SSP, this Agreement may be treated either as:

(1) expired as of the date of expiration with Franchisee then operating without the right to do so and in violation of SSP's rights; or

(2) continuing on a month-to-month basis (the "Interim Period") until SSP or Franchisee provides the other party with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee on the expiration of this Agreement shall be deemed to take effect upon the termination of the Interim Period.

19. TERMINATION

A. In SSP's sole discretion, SSP may terminate this Agreement (and all rights granted herein) immediately without notice to Franchisee, if: (1) Franchisee shall become insolvent or make a general assignment for the benefit of creditors; (2) a petition in bankruptcy is

filed under any Chapter of Title 11 of the United States Code by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; (3) a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; (4) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (5) proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (6) final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appropriate bond is filed); (7) Franchisee is dissolved; (8) execution is levied against Franchisee's business or property; (9) if suit to foreclose any lien or mortgage against the Premises or equipment of the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days; or (10) the real or personal property of the Premises shall be sold after levy thereupon by any sheriff, marshal or law enforcement officer.

B. Franchisee shall be in default under this Agreement and all rights granted by this Agreement may be terminated by SSP, in SSP's sole discretion, effective upon written notice to Franchisee, if one or more of the following material breaches occurs:

(1) Franchisee or any of its Principals is convicted of, or enters a plea of nolo contendere to, a felony or a crime involving moral turpitude or any other crime or offense SSP believes is reasonably likely to have an adverse effect on the System, or the Licensed Marks or the goodwill associated therewith;

(2) Franchisee or any of its Principals fails to comply with the covenants contained in Section 21 of this Agreement;

(3) Franchisee or any of its Principal discloses the contents of the Operations Manual or other Confidential Information in breach of this Agreement;

(4) there is an immediate threat or danger to public health or safety resulting from the operation of the Franchised Business;

(5) Franchisee or any of its Principals has made a material misrepresentation with its application for the Franchised Business;

(6) Franchisee abandons, surrenders, or transfers control of, or loses the right to occupy, the Premises without obtaining an alternative site in compliance with this Agreement or fails to actively operate the Franchised Business, in each case without SSP's written consent;

(7) Franchisee fails on two (2) separate occasions within any twelve (12) consecutive month period to: (i) submit, when due, financial statements, reports or other data, , information or supporting records; (ii) pay, when due, the Royalty Fees due for purchases from SSP, or its Affiliates, or other payments due to SSP; or (iii) otherwise comply with this Agreement, whether or not failure to comply is corrected after notice is delivered to Franchisee;

(8) Franchisee suffers cancellation of, or fails to renew or extend, a lease or otherwise fails to maintain possession of the Premises without SSP's written consent;

- (9) Franchisee maintains false books or records; or
- (10) non-compliance with Anti-Terrorism Laws.

C. If any of the events set forth below occur, Franchisee shall be in material default of this Agreement and SSP shall have the right to terminate this Agreement upon thirty (30) days' (or a lesser notice period, as set forth below) written notice to Franchisee. The notice shall specify the default and provide Franchisee with thirty (30) days (or a lesser notice period, as set forth below) in which to cure the default. If Franchisee fails to cure the default, the termination of this Agreement shall be effective upon the expiration of the thirty (30) day period (or a lesser notice period, as set forth below) without further notice to Franchisee.

The occurrence of any one of the following shall be a material default and shall constitute good cause for termination of this Agreement:

- (1) Franchisee fails to develop, or open and/or operate the Franchised Business in compliance with this Agreement;
- (2) if Franchisee fails to designate a qualified replacement Representative as required by this Agreement;
- (3) Franchisee misappropriates, or misuses or makes any unauthorized use of the Licensed Marks;
- (4) Franchisee or any of its Principals attempts to transfer any right or obligation under this Agreement without complying with the provisions of this Agreement;
- (5) Franchisee or any of its Principals fails, refuses or is unable to promptly pay when due any monetary obligation to SSP under this Agreement or any other agreement between the parties and Franchisee does not cure such default within fourteen (14) days after delivery of written notice from SSP;
- (6) Franchisee violates any law, ordinance, rule or regulation of a governmental agency in the connection with the operation of the Franchised Business and permits the same to go uncorrected after notification of violation;
- (7) Franchisee fails to maintain or suffers cancellation of any insurance policy required under this Agreement;
- (8) Franchisee violates any of the covenants contained in this Agreement other than those set forth in Section 21;
- (9) Franchisee or any of its Affiliates fails to comply with any mandatory Specification prescribed by SSP, including, without limitation, any procedural requirements set forth in the Operations Manual, or any other directive of SSP;
- (10) Franchisee or any of its Affiliates fails to timely pay suppliers and vendors for the purchase of products, services or equipment; or

(11) Franchisee fails to comply with any other material provision of this Agreement.

D. If Franchisee fails to cure any default specified in a notice from SSP under Section 19.C. within the specified time, or a longer period of time as required by applicable law, Franchisee's rights under this Agreement shall terminate upon the expiration of such cure period, and without further notice to Franchisee.

E. No right or remedy herein conferred upon or reserved to SSP is exclusive of any other right or remedy provided or permitted by law or in equity.

F. If SSP terminates this Agreement due to a default by Franchisee and in accordance with this Section 19, Franchisee acknowledges and agrees that: (1) Franchisee is liable to SSP for SSP's lost future Royalty Fees; (2) the actual or anticipated damages suffered by SSP, including, but not limited to the lost Royalty Fees, would be difficult if not impossible to calculate; and (3) Franchisee must pay to SSP an amount equal to the greater of \$25,000 or three (3) times the Royalty Fees and other fees which became due to SSP from Franchisee during the twelve months immediately preceding such termination (the "**Liquidated Damages Payment**"). Franchisee will pay the Liquidated Damages Payment to SSP promptly, but in no event later than fifteen (15) days after the effective date of the termination of this Agreement. SSP and Franchisee agree that this Liquidated Damages Payment provision is an integral part of this Agreement and the parties have taken into account both Franchisee's liability for lost future Royalty Fees and other fees and the difficulty of calculating SSP's damages in determining the amount of the Liquidated Damages Payment. The parties further agree that the applicable Liquidated Damages Payment is: (1) compensation for damages and not a penalty against Franchisee; and (2) is a reasonable estimate of the damages SSP will suffer as a result of a termination of this Agreement in accordance with this Section 19. SSP's right to receive the Liquidated Damages Payment from Franchisee shall be in addition to SSP's other rights under this Agreement.

20. POST-TERMINATION AND POST-EXPIRATION; SSP's RIGHT TO PURCHASE ASSETS

A. Upon termination or expiration of this Agreement, all rights granted to Franchisee immediately terminate and:

(1) Franchisee must immediately cease to operate the Franchised Business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of SSP;

(2) Franchisee must immediately and permanently cease: (1) the use, in any manner whatsoever, of any Trade Secrets, confidential methods, computer software, procedures and techniques associated with the System; (2) to communicate or order products from the System's approved suppliers; (3) to use the Licensed Marks and distinctive forms, slogans, signs, symbols and devices associated with the System, in any manner or for any purpose; and (4) use of all signs, marketing materials, displays, stationery, forms and any other articles which display

the Licensed Marks or any distinctive features or designs associated with the Franchised Business;

(3) Franchisee must immediately pay to SSP, within fifteen (15) days after the effective date of termination or expiration (without renewal) of this Agreement: (i) Royalty Fees; (ii) amounts owed for products purchased by Franchisee from SSP or from its Affiliates; and (iii) interest due to SSP or to its Affiliates on any of the foregoing and Franchisee must contemporaneously with payment furnish a complete accounting of all amounts owed to SSP and its Affiliates;

(4) Franchisee must, at Franchisee's expense, immediately make: (i) all modifications and alterations as are necessary to distinguish the Franchised Business so clearly from its former appearance and other Scott's Subs & Pizza Restaurants to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying the Franchised Business and removal of all distinctive signs and emblems); and (ii) specific additional changes SSP reasonably requests for this purpose. If Franchisee fails to initiate immediately or complete alterations within the period of time SSP deems appropriate, SSP or its designated agents may enter the Premises and adjacent areas at any time to make alterations, at Franchisee's sole risk and expense. Franchisee expressly acknowledges that its failure to make such alterations will cause irreparable injury to SSP and consents to entry, at Franchisee's expense, of an ex-parte order by any court of competent jurisdiction authorizing SSP or its agents to take action, if SSP seeks such an order;

(5) Franchisee must take any action required to cancel all fictitious or assumed names or equivalent registrations relating to any of the Licensed Marks;

(6) Franchisee must notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Licensed Marks and to authorize the transfer of same to SSP, or at its direction. Franchisee acknowledges that SSP has the sole right to and interest in all telephone numbers and directory listings associated with the Licensed Marks. Franchisee authorizes SSP, and appoints SSP, its Affiliates or any officer of SSP or its Affiliates, as its attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to SSP, or at its direction. Should Franchisee fail or refuse to do so, the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of SSP in the telephone numbers and directory listings and its authority to direct their transfer;

(7) Franchisee must furnish to SSP within thirty (30) days after the effective date of termination or expiration evidence satisfactory to SSP of Franchisee's compliance with the foregoing obligations;

(8) Franchisee must pay to SSP all damages, costs and expenses, including reasonable attorneys' fees incurred by SSP subsequent to the termination or expiration of this Agreement or in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(9) Franchisee must immediately deliver to SSP all copies of the Operations Manual in Franchisee's possession, software licensed by SSP and its Affiliates, and all Confidential Information related to operating the Franchised Business; and

(10) Franchisee must comply with the restrictions on Confidential Information contained in this Agreement and must also comply with the covenants set forth in Section 21 of this Agreement.

B. If this Agreement is terminated or expires without a Renewal Franchise Agreement being executed, then SSP has the option (which shall be assignable by SSP in its discretion), exercisable by giving written notice within thirty (30) days from the date of expiration or termination of this Agreement to: (1) purchase from Franchisee all of the Franchisee's right, title and interest in all tangible assets, customer contracts, materials, supplies, signs, equipment, and fixtures owned or leased by Franchisee (collectively, the "Purchased Assets"); and (2) take assignment of and assume Franchisee's lease for the Premises (or a sublease for the full remaining term on the same terms and conditions as Franchisee's lease, and any other leased tangible assets used in connection with the Franchised Business. SSP or its assignee shall be entitled to all customary representations and warranties given by a seller of a business, including without limitation, representations and warranties as to (1) ownership, condition and title to assets; (2) absence of liens and encumbrances relating to the assets; and (3) validity of contracts and liabilities, inuring to SSP or affecting the assets, contingent or otherwise.

SSP has the unrestrictive right to either: (1) assign this option to purchase or (2) assign the lease separate and apart from this Agreement.

The purchase price for all Purchased Assets shall be at fair market value, determined as of the date of termination or expiration of this Agreement. SSP will acquire only the Purchased Assets and will not assume any liabilities whatsoever unless otherwise agreed to in writing by the parties. Fair market value shall not contain any amount or factor for any trademark, service mark, or other commercial symbol or for any goodwill for the Franchised Business. If the parties cannot agree on the fair market value of any Purchased Asset within thirty (30) days after SSP's exercise of its option, fair market value shall be determined by appraisers, with each party selecting one appraiser and the average of their determination to be binding. Each party must bear its own legal and other costs and divide equally the appraisers' fees. If SSP elects to exercise its option to purchase as provided, SSP has the right to set off all fees and amounts due from Franchisee to SSP, against any payment therefore and shall pay the remaining amount in cash.

The purchase price, as determined above, shall be paid in cash or cash equivalent at the closing of the purchase, which shall take place no later than sixty (60) days after the delivery of SSP's notice of its election to purchase the Purchased Assets (unless fair market value is determined by appraisal, in which case, the closing shall take place within a reasonable time, not to exceed sixty (60) days, after the results of the appraisal are made available), at which time Franchisee must: (1) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to SSP or its designee, with all sales and other transferred taxes paid by Franchisee; (2) transfer or assign all licenses or permits

which may be assigned or transferred; (3) assign to SSP or its designee Franchisee's leasehold interest to the Premises of the Franchised Business or, if an assignment is prohibited, sublease same to SSP for the full remaining term as Franchisee's lease, including renewal and/or purchase options; and (4) assign to SSP (or its designee) any leases any other tangible assets used in connection with the Franchised Business.

C. If SSP exercises the foregoing option to purchase the Purchased Assets, SSP has the right, pending the closing of the purchase, to appoint a manager to maintain the operation of the Franchised Business in accordance with the terms of this Agreement. Alternatively, SSP may require Franchisee to close the Franchised Business during such interim time period without removing any of the Purchased Assets from the Franchised Business.

D. All obligations, which by their nature, survive the expiration or termination of this Agreement and continue in full force and effect subsequent to its expiration or termination and until they are satisfied or expire.

21. COVENANTS

A. During the term of this Agreement or any extension, Franchisee (or its Representative), shall devote full time and best efforts to the development and operation of the Franchised Business.

B. Franchisee acknowledges that, pursuant to this Agreement, Franchisee and its Principals will receive valuable training, Trade Secrets and Confidential Information, which are beyond their present skills and experience and that the specialized training, Trade Secrets and Confidential Information provide a competitive advantage and are valuable to them in the development and operation of the Franchised Business and that gaining access to it is a primary reason for entering into this Agreement. In consideration for such training, Trade Secrets and Confidential Information, Franchisee covenants that during the term of this Agreement (or so long as any of its Principals satisfies the definition of a "**Principal**" if a lesser period) including any extensions or renewals, that neither Franchisee nor any of its Principals shall either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any persons or entity:

(1) divert, or attempt to divert, any business or customer of any Scott's Subs & Pizza Restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks or the System;

(2) except with respect to the Franchised Business operated under this Agreement and any other Scott's Subs & Pizza Restaurants operated under franchise agreements between Franchisee and SSP (or one of its Affiliates) own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in any entity) or advise, assist or make loans to, any Competitive Business located, or intended to be located, within the United States, its territories or commonwealth, or any other country, province, state or geographic area in which SSP has used, sought registration of, or registered the same or similar Licensed Marks or operates or licenses others to operate businesses under the same or similar Licensed Marks.

C. In further consideration for the training, Trade Secrets and Confidential Information described above in Section 21.B., commencing upon the earlier of the expiration, termination, or transfer of all of Franchisee's interest in this Agreement (or transfer of all of a Principal's interest in Franchisee) and continuing for two (2) years thereafter, Franchisee covenants that neither Franchisee nor any of its Principals shall directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or entity:

(1) divert, or attempt to divert any business or customer of any Scott's Subs & Pizza Restaurant to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Licensed Marks or the System; or

(2) own, maintain, operate, engage in, or have any financial or beneficial interest (including any interest in any entity) or advise, assist or make loans to any Competitive Business that is located within or that is intended to be located within any of the following: (i) the Protected Area; (ii) the Protected Area or other territory granted to another franchisee by SSP; or (iii) a three (3) mile radius of the location of any existing Scott's Subs & Pizza Restaurant, any Scott's Subs & Pizza Restaurant under construction or any planned Scott's Subs & Pizza Restaurant where a location has been purchased or a lease has been executed by SSP, its Affiliates or any other franchisee in the system.

D. The parties acknowledge and agree that each of the covenants contained herein is a reasonable limitation as to time, geographic area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of SSP. The parties agree that each of the covenants herein shall be construed as independent of any other covenant provision of this Agreement. If all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which SSP is a party, Franchisee expressly agrees to be bound by any covenant subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 21.

E. Franchisee expressly agrees that the existence of any claims that Franchisee or any Principal may have against SSP, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by SSP of the covenants in this Section 21.

F. Franchisee must require and obtain execution of covenants similar to those set forth in this Section 21 (including covenants applicable upon the termination of a person's employment with Franchisee) from its Representative or general manager. These covenants must be substantially in the form set forth in Exhibit B to this Agreement. Principals owning ten percent (10%) or greater interest in Franchisee also must execute these covenants. Notwithstanding the foregoing, SSP reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenants set forth in Exhibit B to this Agreement or eliminate the non-competition covenant altogether for any party that is required to execute an agreement under this Section 21.

G. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Section 21 constitutes a material default under this Agreement and would result in irreparable injury to SSP for which no adequate remedy at law may be available. Therefore, SSP shall be entitled to obtain specific performance or injunctive relief to prevent conduct that violates the terms of this Section 21. Franchisee shall pay all court costs and reasonable attorneys' fees SSP incurs in connection with the enforcement of this Section 21, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of this Section 21.

H. The covenants set forth in this Section 21 shall survive the termination or expiration of this Agreement.

I. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. A court or agency having valid jurisdiction in any unappealed final decision to which SSP is a party may determine all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable. In that event, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 21.

22. MEDIATION

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (AND EXHIBITS) OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NON-BINDING MEDIATION BEFORE BRINGING A CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION IS TO BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF FRANCHISE RELATED DISPUTES, AGREED UPON BY THE PARTIES AND, FAILING AN AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM, CONTROVERSY OR DISPUTE (NOT TO EXCEED FIFTEEN (15) DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION, AT SSP'S CORPORATE HEADQUARTERS IN DE PERE, WISCONSIN. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS' FEES INCURRED BY EITHER PARTY), IS TO BE SHARED BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION 23.I. TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE UNLESS THE TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, SSP MAY BRING AN ACTION: (1) FOR MONIES OWED; (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF; OR (3) TO OBTAIN POSSESSION OF OR TO SECURE OTHER RELIEF RELATING TO THE FRANCHISED BUSINESS IN A COURT

HAVING JURISDICTION AND IN ACCORDANCE WITH SECTION 23.I., WITHOUT FIRST SUBMITTING THAT ACTION TO MEDIATION.

23. ENFORCEMENT

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable. If for any reason, any portion of this Agreement is held in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which SSP is a party to be invalid, contrary to, or in conflict with any applicable present or future law or regulation, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible. The surviving portions of this Agreement shall continue to be given full force and effect and bind the parties to this Agreement. Any portion of this Agreement held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee's receipt of a notice of non-enforcement from SSP.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any Specification that SSP prescribes is invalid or unenforceable, the prior notice and/or other action required by that law or rule shall be substituted for the comparable provisions, and SSP has the right, in its sole discretion, to modify the invalid or unenforceable provision or Specification to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any Specification that SSP prescribes, any portion or portions which a court may hold to be unenforceable in a final decision to which SSP is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless SSP elects to give them greater applicability and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS

No delay, waiver, omission or forbearance on the part of SSP to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by SSP to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by SSP of any payments due to it after the time at which the payment is due, is not deemed to be a waiver by SSP of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. SSP specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate this Agreement before the

expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement; or by any failure, refusal or neglect of SSP to exercise any right under this Agreement or to insist upon exact compliance by Franchisee with its obligations, including any mandatory Specification.

Neither SSP nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of these causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF

Nothing in this Agreement bars SSP's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

D. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of SSP and Franchisee under this Agreement are cumulative and no exercise or enforcement by SSP or Franchisee of any right or remedy precludes the exercise or enforcement by SSP or Franchisee of any other right or remedy which SSP or Franchisee is entitled by law to enforce.

E. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to SSP or any of its Affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if SSP or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in the proceeding is entitled to reimbursement of its costs and expenses incurred, including reasonable accounting and legal fees.

F. JURY TRIAL WAIVER

SSP and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and SSP agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or as related to this Agreement or any of the relationships or transactions contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise, trial shall be to a court of competent jurisdiction and not to a jury. SSP and Franchisee irrevocably waive any right either party may have to trial by jury.

G. WAIVER OF DAMAGES

Franchisee hereby waives, to the fullest extent permitted by law, any right to, or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against SSP, its Affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities arising out of any cause whatsoever (whether such cause is based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee shall be limited to the recovery of any actual damages sustained by Franchisee. If any other term of the Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provision of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

H. GOVERNING LAW

To the extent not inconsistent with applicable law, this Agreement and the offer and sale of a franchise is governed by the laws of the State of Wisconsin, which laws shall prevail in the event of any conflict of laws.

I. EXCLUSIVE JURISDICTION

With respect to any claims, controversies or disputes which are not finally resolved through mediation or as otherwise provided in this Agreement, Franchisee hereby irrevocably submits itself to the state courts where SSP is then headquartered and the Federal District Court having jurisdiction over the same geographical area. Franchisee and its Principals hereby agree that service of process may be made upon it in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by the law of the state where SSP is then headquartered or by Federal Law. Franchisee further agrees that the venue for any proceeding relating to or arising out of this Agreement shall be in the county and state where SSP is then headquartered; provided, however, with respect to any action: (1) for money owed; (2) for injunctive or other extraordinary relief; or (3) involving possession or disposition of, or other relief relating to, real property, SSP may bring such action in any state or Federal District Court which has jurisdiction.

The parties agree that all proceedings, whether litigation or mediation, will be conducted on an individual, not a class-wide basis, and that any proceeding between Franchisee and SSP or its Affiliates or employees may not be consolidated with any other proceeding between SSP and any other person or entity.

J. VARIANCES

Franchisee acknowledges that SSP has and may at different times approve exceptions or changes from the uniform standards of the System in SSP's absolute sole discretion, which SSP deems desirable or necessary under particular circumstances. Franchisee understands that Franchisee has no right to object to or automatically obtain such variances, and any exception or change must be approved in advance from SSP in writing. Franchisee understands existing

franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

K. BINDING EFFECT/AMENDMENT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and SSP.

L. CONSTRUCTION/INTEGRATION CLAUSE

This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations, and agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations SSP made in the Franchise Disclosure Document that SSP furnished to Franchisee.

24. NOTICES AND PAYMENTS

A. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, or electronic mail (provided that the sender confirms the facsimile, or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor:

Daniel Radloff
General Manager
Scott's Subs & Pizza, Inc.
1325 Quarry Park Drive
De Pere, Wisconsin 68005
E-mail: scottssubsdepere@yahoo.com

with a copy to:

John Moore
Husch Blackwell LLP
4801 Main Street
Suite 1000
Kansas City, Missouri 64112
E-mail: john.moore@huschblackwell.com

If directed to Franchisee:

Attention: _____
E-mail: _____

B. All payments and reports required by this Agreement shall be directed to SSP at the address notified to Franchisee, or to other persons and places as SSP may direct. Any required payment or report not actually received by SSP during regular business hours on the date due or properly placed in the U.S. mail and postmarked by postal authorities at least three (3) business days before the date due, are deemed delinquent.

C. In all cases where SSP's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and SSP shall notify Franchisee in writing of its decision within ten (10) business days after receiving Franchisee's written request and all supporting documentation. Except as otherwise expressly provided in this Agreement, whenever the consent or approval of SSP is required hereunder, such consent or approval must be in writing and will not be unreasonably withheld. SSP's consent to or approval of any act or request by Franchisee shall be effective only to the extent specifically stated, and shall not be deemed to waive or render unnecessary consent or approval of any other subsequent similar act or request.

Except for those changes permitted to be made unilaterally by SSP, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

25. NON-COMPLIANCE FEE

SSP may assess a non-compliance fee of up to \$1,000 for material breaches of this Agreement which Franchisee fails to cure after receiving notice and within the applicable cure period, including, without limitation, defaults arising from or related to failure to comply with the Operations Manual. SSP reserves all other rights and remedies.

26. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and its owners agree to comply, and to assist SSP to the fullest extent possible, in efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent and warrant that none of their property or interest is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "***Anti-Terrorism Laws***" means Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and other requirements by any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee and its

owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

27. ACKNOWLEDGEMENTS

A. The success of the business venture contemplated to be undertaken by this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent business person, and the active participation of Franchisee in the daily affairs of the business as well as other factors. SSP does not make any representation or warranty, express or implied, as to the potential success of the business venture contemplated hereby.

B. Franchisee represents and acknowledges that it received a complete copy of this Agreement and all related attachments and agreements at least seven (7) days prior to the date on which this Agreement was executed.

C. Franchisee acknowledges that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's own independent investigation of the Franchised Business and not as a result of any representations about SSP made by SSP's shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys, or franchisees, which are contrary to the terms set forth in this Agreement or of any franchise disclosure document, offering circular, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

D. Franchisee hereby acknowledges and further represents and warrants to SSP that:

(1) Franchisee has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in the Franchise Disclosure Document given to Franchisee by SSP;

(2) SSP has not made any guarantee or provided any assurance that the business location will be successful or profitable regardless of the fact SSP may have approved of the site location;

(3) Franchisee has: (i) read this Agreement in its entirety and understands its contents; (ii) been given the opportunity to clarify any provisions that Franchisee did not understand; and (iii) had the opportunity to consult with professional advisors regarding the operation and effect of the Agreement and the operation of the System;

(4) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the Franchised Business offered by SSP; and

(5) Franchisee received a copy of SSP's Franchise Disclosure Document not later than the earlier of fourteen (14) calendar days before execution of this Agreement and fourteen (14) calendar days before any payment of any consideration.

E. Except as may have been disclosed at Item 19 of SSP's Franchise Disclosure Document, Franchisee represents and warrants to SSP that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the Franchised Business have been made to Franchisee and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

28. MISCELLANEOUS

A. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity who is not a party to this Agreement.

B. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs. As used in this Agreement: (1) the word "*or*" is not exclusive; (2) the words "*include*," "*includes*" and "*including*" shall be deemed to be followed by the phrase "*without limitation*"; (3) any pronoun shall include the corresponding masculine, feminine and neuter forms; (4) words in the singular number include words in the plural and vice versa unless the context of the usage of such term clearly indicates otherwise; and (5) accounting terms that are used, but not otherwise defined herein, are to be construed and interpreted in accordance with GAAP.

C. The term "*Franchisee*" as used in this Agreement may be applicable to one or more persons, or a corporation, partnership, limited partnership, or limited liability company as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to SSP shall be joint and several. References to "*Franchisee*" and "*Assignee*" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the assignee, if Franchisee or the assignee is a corporation, partnership, limited partnership or limited liability company.

D. This Agreement shall be executed in multiple counterparts, each of which shall be deemed an original.

[Signatures on next page]

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

Franchisor:

FRANCHISEE:

Scott's Subs & Pizza, Inc.

(If Franchisee is a corporation or limited liability company)

[Name of Corporation or Limited Liability Company]

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below):

Franchisee

Franchisee

Franchisee

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS IS GIVEN THIS _____ day of _____, _____, by _____, _____, (each a "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by and between Scott's Subs & Pizza, Inc. ("**Franchisor**"), and

_____, a _____ ("**Franchisee**"), each Guarantor hereby personally and unconditionally: (1) guarantees to SSP, and its successor and assigns that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor hereby waives:

- (1) acceptance and notice of acceptance by SSP of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and
- (4) any right Franchisee may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability.

Each Guarantor hereby consents and agrees that:

- (1) each Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (2) each Guarantor's liability shall not be contingent or conditioned upon pursuit by SSP of any remedies against Franchisee or any other person; and
- (3) each Guarantor's liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which SSP may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each Guarantor hereby further consents and agrees that:

(1) each Guarantor's liability shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and each other Guarantor;

(2) SSP may proceed against each Guarantor and Franchisee jointly and severally, or SSP may, at its option, proceed against any Guarantor, without having commenced any action, or having obtained any judgment against Franchisee or any other Guarantor, and each Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(3) each Guarantor shall pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection, of any amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against such Guarantor;

(4) this undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee; and

(5) neither the obligation of each Guarantor to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty and Assumption of Obligations as of the date set forth above.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN
FRANCHISEE

EXHIBIT A – PROTECTED AREA AND PREMISES
SCOTT’S SUBS & PIZZA FRANCHISE AGREEMENT
BY AND BETWEEN SCOTT’S SUBS & PIZZA, INC.

AND

DATED _____, 20__

(the “Franchise Agreement”)

1. Premises. The parties to this Agreement agree that the Franchised Business to be operated by Franchisee pursuant to the Franchise Agreement shall be operated at the following location which shall be deemed the Premises for all purposes under the Franchise Agreement:

2. Protected Area. The parties agree that the following geographic area shall be deemed the Protected Area for all purposes under the Franchise Agreement.

3. Defined Terms. All capitalized or initial capitalized terms contained in this Exhibit and not defined in this Exhibit have the same meaning as ascribed to them in the Franchise Agreement.

Franchisor:

Scott’s Subs & Pizza, Inc.

FRANCHISEE:

(If Franchisee is a corporation or limited liability company)

[Name of Corporation or Limited Liability Company]

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership,
all partners must sign below):

Franchisee

Franchisee

Franchisee

**EXHIBIT B – CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into this _____ day of _____, _____, between Scott's Subs & Pizza, Inc. a Wisconsin limited liability company ("**SSP**"), _____ ("**Franchisee**"), and _____ ("**Covenantor**").

RECITALS

WHEREAS, SSP has developed a proprietary system (the "**System**") for the development and operation of a restaurant featuring a fast casual food establishment that primarily specializes in the making and sale of sub sandwiches, pizza (including take and bake), and hand dipped ice cream under the name and marks **Scotts Subs & Pizza** (the "**Scott's Subs & Pizza Restaurant**"); and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks **Scotts Subs & Pizza** and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols as SSP may develop in the future to identify for the public the source of services and products marketed under the marks and under the System and representing the System's high standards of quality, appearance and service and distinctive merchandising, interior design, furnishings, uniform standards, specifications and procedures for inventory, merchandising, management and financial control; operations; quality and uniformity of products offered; procedures for management and financial control; training and assistance; and marketing, public relations and promotional programs; all of which SSP may change, improve and further develop and which SSP uses in connection with the operation of the System ("**Trade Secrets**"); and

WHEREAS, the Licensed Marks and Trade Secrets provide economic advantages to SSP and are not generally known to, and are not readily ascertainable by proper means, by, SSP's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, SSP has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, SSP has granted Franchisee the limited right to develop a Franchised Business using the System, the Licensed Marks and the Trade Secrets, pursuant to a Franchise Agreement entered into on _____, _____ ("**Franchise Agreement**"), by and between SSP and Franchisee; and

WHEREAS, SSP and Franchisee have agreed in the Franchise Agreement on the importance to SSP and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Trade Secrets; and

WHEREAS, it is necessary for certain employees, agents, independent contractors, officers, directors and equity interest holders of Franchisee, or any entity having an interest in

Franchisee to have access to and to use some or all of the Trade Secrets in the management and operation of the Franchised Business using the System; and

WHEREAS, Franchisee has agreed to obtain from those covenantors written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, Covenantor wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets in the course of his employment or association in order to effectively perform the services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained in this Agreement, the parties agree as follows:

Confidentiality Agreement

1. SSP and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets relating to the System. All information and materials, including, without limitation, manuals, drawings, specifications, techniques and compilations of data which SSP provides to Franchisee and/or Covenantor are deemed confidential Trade Secrets for the purposes of this Agreement.

2. Covenantor shall receive the Trade Secrets in confidence and must, at all times, maintain them in confidence, and use them only in the course of his employment or association with a Franchisee and then only in connection with the development and/or operation by Franchisee of a Franchised Business for so long as Franchisee is licensed by SSP to use the System.

3. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without SSP's express written permission.

4. Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a Franchised Business.

5. Covenantor must surrender any material containing some or all of the Trade Secrets to Franchisee or SSP, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the information or material may have been furnished to Covenantor.

6. Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

7. SSP loans all manuals to Franchisee for limited purposes only and they remain the property of SSP and may not be reproduced, in whole or in part, without SSP's written consent.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Covenantor of the Trade Secrets, Covenantor further agrees and covenants as follows:

a. not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchised Business to any competitor;

b. except with prior written consent of SSP, not to employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by SSP, any of its Affiliates or any franchisee of SSP, or otherwise directly or indirectly induce such person to leave that person's employment except as may occur in connection with Franchisee's employment of that person if permitted under the Franchise Agreement; and

c. except with respect to the Franchised Business not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or corporation, without the prior written consent of SSP, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that looks like, copies, imitates, or operates in a manner similar to a Franchised Business within the Protected Area granted Franchisee, or within a five (5) mile radius of the location of any Scott's Subs & Pizza Restaurant.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not without the prior written consent of Franchisor:

a. divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Franchised Business to any competitor;

b. employ, or seek to employ, any person who is at the time or was within the preceding one hundred eighty (180) days employed by SSP, any of its Affiliates or any franchisee of SSP, or otherwise directly or indirectly induce such persons to leave that person's employment; or

c. except with respect to the Franchised Business not to directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership or

corporation, without the prior written consent of SSP, own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures) become employed, advise, assist or make loans to, any business that looks like, copies, imitates, or operates in a manner similar to a Franchised Business within the Protected Area granted Franchisee or within a five (5) mile radius of the location of any Scott's Subs & Pizza Restaurant.

Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

2. Covenantor agrees that in the event of a breach of this Agreement, SSP would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of a breach, or threatened or attempted breach of any of the provisions, SSP is entitled to enforce the provisions of this Agreement and is entitled, in addition to any other remedies available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by SSP and Franchisee in enforcing this Agreement.

4. Any failure by SSP to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WISCONSIN. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF SARPY COUNTY, WISCONSIN AND THE FEDERAL DISTRICT COURT. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY WISCONSIN OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DE PERE, WISCONSIN; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, SSP OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

6. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other

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

7. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, or electronic mail (provided that the sender confirms the facsimile, or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor:

Daniel Radloff
General Manager
Scott's Subs & Pizza, Inc.
1325 Quarry Park Drive
De Pere, Wisconsin 68005
E-mail: scottssubsdepere@yahoo.com,

with a copy to:

John Moore
Husch Blackwell LLP
4801 Main Street
Suite 1000
Kansas City, Missouri 64112
E-mail: john.moore@huschblackwell.com

If directed to Franchisee:

Attention: _____
E-mail: _____

If directed to Covenantor:

Attention: _____
E-mail: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days' written notice of such change to the other parties. "**Business day**" for the purpose of this Agreement excludes Saturday, Sunday and all federal holidays.

9. The rights and remedies of SSP under this Agreement are fully assignable and transferable and inure to the benefit of its respective Affiliates, successor and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of SSP.

[Signatures on next page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

Franchisor:

Scott's Subs & Pizza, Inc.

FRANCHISEE:

(If Franchisee is a corporation or limited liability company)

[Name of Corporation or Limited Liability Company]

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below):

Franchisee

Franchisee

Franchisee

Covenantor:

[Name of Covenantor]

EXHIBIT C – LEASE RIDER

LEASE RIDER

This Lease Rider is made and entered into this ____ day of _____, _____, by and between Scott's Subs & Pizza, Inc. a, a Wisconsin limited liability company (collectively with its successors and assigns, "*SSP*"), _____ ("*Franchisee*"), and _____ ("*Landlord*," and collectively with SSP and Franchisee, the "*Parties*").

WHEREAS, SSP and Franchisee are Parties to that certain Franchise Agreement dated _____ (the "*Franchise Agreement*");

WHEREAS, Franchisee and Landlord desire to enter into a lease (the "*Lease*") pursuant to which Franchisee will occupy pursuant to which Franchisee will occupy the Premises located at _____ (the "*Premises*"), for the Franchised Business licensed under the Franchise Agreement; and

WHEREAS, as a condition to entering into the Lease, the Franchise Agreement requires the Parties to enter into this Lease Rider, and the Parties desire to do so.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. System. Landlord hereby consents to Franchisee's use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the System, as SSP may prescribe for the Franchised Business. Franchisee's use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Notices. Landlord agrees to furnish SSP with copies of all notices of default and all correspondence between Landlord and Franchisee related to any such default.

4. SSP's Cure Rights.

a. SSP shall have the right (but not the obligation) to cure any default by Franchisee under the Lease in accordance with the terms of the Lease.

b. Furthermore, if any default by Franchisee under the Lease remains uncured at the expiration of all applicable notice and cure periods provided to Franchisee under the Lease, then, as a condition to the exercise of Landlord's rights to terminate the Lease and/or re-possess the Premises, Landlord shall first provide an additional written notice to SSP specifying such uncured default. For a period of thirty (30) days following SSP's receipt of such notice, SSP shall have the right (but not the obligation) to cure such uncured default. If SSP

does not cure such default within such additional thirty (30) day cure period, then Landlord may immediately exercise its rights to terminate the Lease and/or re-possess the Premises.

c. If SSP elects to cure any default on behalf of Franchisee, Landlord shall accept such cure as if Franchisee had performed the same. No such cure by SSP will constitute SSP's assumption of any of Franchisee's obligations under the Lease.

5. Assignment and Assumption.

a. Franchisee shall have the right to assign or otherwise transfer its interest in the Lease to SSP at any time without Landlord's consent, provided that SSP expressly assumes all of Franchisee's obligations under the Lease to the extent such obligations arise after the effective date of such assignment. Franchisee shall not assign the Lease without the prior written consent of SSP.

b. Upon the expiration or termination of the Franchise Agreement, for any reason whatsoever, SSP shall have the right (but not the obligation) to assume the Lease without the need for an assignment of the Lease by Franchisee (provided that if such an assignment is requested by SSP, Franchisee shall execute and deliver the same). In order to exercise this unilateral right, SSP shall deliver written notice thereof to Landlord no later than thirty (30) days after the expiration or termination of the Franchise Agreement, which written notice must contain an express assumption by SSP of all of Franchisee's obligations under the Lease to the extent such obligations arise after the effective date of such notice. Upon Landlord's receipt of such notice, Landlord shall recognize SSP as the tenant under the Lease and SSP shall have all the rights of the tenant thereunder. Furthermore, and notwithstanding anything to the contrary contained in the Lease, if SSP so assumes the Lease, then at any time thereafter SSP shall have the right to assign the Lease to another Scott's Subs & Pizza Restaurant, provided that: (i) such franchisee has been approved by Landlord (such approval not to be unreasonably withheld, conditioned or delayed); and (ii) such franchisee expressly assumes all of the tenant's obligations under the Lease to the extent such obligations arise after the effective date of such assignment. In that event, SSP shall be relieved of any liability for obligations under the Lease to the extent such obligations arise after the effective date of such assignment. The provisions of this Lease Rider, including the provisions of this Section, shall apply to any substitute Scott's Subs & Pizza Restaurant that becomes the tenant under the Lease.

c. Landlord acknowledges that SSP is not a party to the Lease and SSP has no liability thereunder unless and until the Lease is expressly assumed by SSP.

6. Amendment; Renewal. Landlord and Franchisee shall not, without the prior written consent of SSP, amend or otherwise modify the Lease in any manner that would materially and adversely affect any of the rights granted to SSP in this Lease Rider. Franchisee shall not renew or extend the Lease without the prior written consent of SSP.

7. Priority. The terms of this Lease Rider supersede any conflicting terms of the Lease.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have executed this Lease Rider as of the date first above written.

Franchisor:

Scott's Subs & Pizza, Inc.

FRANCHISEE:

(If Franchisee is a corporation or limited liability company)

[Name of Corporation or Limited Liability Company]

By: _____
Printed Name: _____
Title: _____

By: _____
Printed Name: _____
Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below):

Franchisee

Franchisee

Franchisee

LANDLORD:

[Name of Landlord]

By: _____
Printed Name: _____
Title: _____

EXHIBIT D – STATEMENT OF OWNERSHIP INTEREST AND PRINCIPALS

STATEMENT OF OWNERSHIP INTERESTS

AND FRANCHISEE’S PRINCIPALS

- A. The following is a list of shareholders, partners, member, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest
------	--

- B. The following is a list of all Principals (as defined in this Agreement) as of the date of this Agreement, each of whom shall execute the Confidentiality Agreement and Ancillary Covenant Not to Compete substantially in the form set forth in Exhibit B to this Agreement.

EXHIBIT E – ELECTRONIC FUND TRANSFER AUTHORIZATION

Authorization Agreement for Direct Payments to Scott’s Subs & Pizza, Inc.

- (1) Franchisee Name: _____ (“Franchisee”)
- (2) Franchised Business Number: _____
- (3) Employer Identification Number (“EIN”) or Social Security Number: _____
- (4) Address: _____
Business Mailing Address: _____
(if different from the Franchised Business Address)
- (5) Work Phone: _____
- (6) Checking/Savings: _____

Franchisee hereby authorizes Scott’s Subs & Pizza, Inc., hereinafter called SSP, to initiate debit entries to Franchisee’s _____ Account, indicated below at the depository financial institution named below, hereinafter called BANK, to allow payment to SSP for continuing weekly royalty fees and for weekly contributions to the System Marketing Fund due under the parties’ Franchise Agreement. Franchisee hereby authorizes BANK to honor, execute and charge Franchisee’s account for any such debit entries. Franchisee acknowledges that the origination of the transactions from Franchisee’s account must comply with the provisions of U.S. Law.

- (7) BANK’s Name: _____
Branch: _____ City: _____ State: _____ Zip: _____
- (8) Routing Number: _____ (9) Account Number: _____

(Please attach a voided check to assure accuracy)

- (10) Day of Debit: Wednesday of each week for royalty fees, unless a Wednesday is preceded by a bank holiday, in which case the withdrawal will be Thursday.

This authorization is to remain in full force and effect until SSP has received written notification from Franchisee of its termination in such time and in such manner as to afford SSP and BANK a reasonable opportunity to act on it.

Signature: _____ Date: _____
 Authorized Representative of Franchisee

Signature: _____ Date: _____
 Authorized Representative of Franchisor

EXHIBIT C
STATE ADMINISTRATORS

STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	ADDRESS
California	Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 Toll Free Telephone #: 1-866-275-2677
Hawaii	Commissioner of Securities	335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of the Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Consumer Protection Division Franchise Section	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York State Department of Law Bureau of Investor Protection and Securities	120 Broadway, 23rd Floor New York City, NY 10271
North Dakota	North Dakota Securities Department	600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, ND 58505-0510 Phone: 701-328-4712
Rhode Island	Department of Business Regulation Securities Division	1511 Pontiac Ave Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Virginia State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Department of Financial Institutions Securities Division	345 W. Washington, 4th Floor Madison, WI 55103

EXHIBIT D
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

STATE	AGENT	ADDRESS
California	Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-1105
Hawaii	Commissioner of Securities	335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, Il 62706
Indiana	Indiana Secretary of State	302 W Washington Street, Room E-111, Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Commerce Corporations and Securities Bureau	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Commissioner of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York	Secretary of State of the State of New York	41 State Street Albany, NY 12231-0001
North Dakota	Securities Commissioner	600 East Boulevard Fifth Floor Bismarck, ND 58505
Rhode Island	Director of the Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, WI 53701

EXHIBIT E
TABLE OF CONTENTS OF MANUALS



SCOTT'S SUBS

FRANCHISE OPERATIONS MANUAL

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The Manual Organization	1 page
The Purpose of this Manual	1 page
The Importance of Confidentiality	1 page
Keeping the Franchise Operations Manual Current	1 page
Submitting Suggestions to the Home Office	1 page
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Welcome Letter from the President	1 page
History of Scott's Subs	1 page
Mission Statement	1 page
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Working with an Architect	1 page
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Building out the Restaurant	2 pages
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Contracting with Required Utilities and Services	2 pages
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Scott's Subs Guest Service Philosophy	2 pages
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The Farewell	1 page
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Managing Personnel 1 page

- Developing Efficient Schedules 1 page
- Communicating with Employees 1 page
- Hosting Employee Meetings 2 pages
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- Communicating with Guests 2 pages
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- Maintaining a Positive Environment 1 page

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- Ordering from Approved Suppliers 1 page
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EXHIBIT F
DISCLOSURE ACKNOWLEDGEMENT AGREEMENT

DISCLOSURE ACKNOWLEDGEMENT AGREEMENT

Scott’s Subs & Pizza Inc.] (“SSP”), through the use of this document, desires to confirm that **[Name of Franchisee]** (“You”) fully understand and comprehend that the purchase of a **Scott’s Subs & Pizza Restaurant** franchise is a business decision, complete with its associated risks, and that it is our company policy to verify that you have received certain required documents and that you are not relying upon any unauthorized statements, representations, promises or assurances by any representative of [_____] in the purchase of the franchise.

1. You recognize and understand that business risks, which exist in the purchase of any business, make the success or failure of the franchise subject to many variables, including your skills and abilities, the hours you work, competition, interest rates, the economy, inflation, labor costs, lease terms, and your marketing and management skills. You acknowledge your willingness to undertake these business risks.

2. You acknowledge receipt of the following documents: (a) Scott’s Subs & Pizza Restaurant Franchise Disclosure Document, (b) Scott’s Subs & Pizza Restaurant Franchise Agreement, and (c) [unaudited] audited financials dated as of _____. You acknowledge and agree that you have personally and carefully reviewed each document and have been advised to (i) seek professional assistance, (ii) have professionals review these documents, and (iii) consult with your professional advisors regarding the risks associated with the purchase of a Scott’s Subs & Pizza Restaurant franchise.

3. You acknowledge and agree that you were in receipt of the Scott’s Subs & Pizza Restaurant Franchise Disclosure Document at least fourteen (14) calendar days prior to signing the Franchise Agreement or paying the initial franchise fee.

4. You acknowledge and agree that you were in receipt of the Scott’s Subs & Pizza Restaurant Franchise Agreement containing all material terms at least seven (7) calendar days prior to signing the Franchise Agreement.

5. Except as set forth at Item 19 of the Scott’s Subs & Pizza Restaurant Franchise Disclosure Document, you acknowledge and agree that you have not received, and that your decision to purchase a franchise is not otherwise predicated upon, either (a) any oral or written representations, assurances, warranties, guarantees or promises made by **SSP** or any of its employees or other representatives as to the likelihood of success of the franchise or (b) any information concerning actual, average, projected or forecasted sales, profits or earnings.

If you believe that you have received any of the above, please describe these in the space provided below or write “None.”

Acknowledged and accepted this _____ day of _____, 20____.

FRANCHISEE:

[Name of Franchisee]

EXHIBIT G
GENERAL RELEASE

GENERAL RELEASE

[For Renewal of Franchise]

This Release (the "**Release**") is made and entered into this ____ day of _____, 20____, by and between Scott's Subs & Pizza Inc.,], a Wisconsin limited liability company, (hereinafter referred to as "**SSP**"), and _____, a [insert jurisdiction of incorporation or organization] [corporation/limited liability company] ("**Franchisee**") and [names of shareholders or members] ("**Guarantors**").

WITNESSETH:

WHEREAS, SSP and Franchisee are parties to a Scott's Subs & Pizza Restaurant Franchise Agreement dated _____ (the "**Franchise Agreement**") granting Franchisee the exclusive right to open a Scott's Subs & Pizza Restaurant ("**Franchised Business**") under said Franchise Agreement within an area described in Exhibit A to the Franchise Agreement; and

WHEREAS, Guarantors are the sole [shareholders/members] of Franchisee; and

WHEREAS, Guarantors personally guaranteed the obligations of Franchisee under the Franchise Agreement; and

WHEREAS, Franchisee and SSP desire to renew the term of the Franchise Agreement.

WHEREAS, Franchisee and Guarantors desire to release SSP from certain obligations, claims, rights and privileges which may have accrued or been established by SSP, Franchisee, and Guarantors as a result of said Franchise Agreement and the Guaranty and Assumption of Obligations Agreement and relative to the renewal of the terms of the Franchise Agreement.

NOW THEREFORE, in consideration of the premises outlined herein and the payment of the required successor fee and the execution of this Release, it is hereby agreed by the parties as follows:

1. The provisions of the recital paragraphs are hereby incorporated by reference as if set out fully and shall have full force and legal effect.

2. Franchisee and Guarantors on behalf of themselves, their predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys do RELEASE AND FOREVER DISCHARGE SSP and its predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys and all persons or entities which might be liable from any and all actions, causes of action, claims, demands, damages, costs, expenses and compensation arising out of any event, known or unknown, occurring prior to the date of this Release and specifically, without restricting said Release, release each other from any and all actions, causes of action, claims, demands, damages, costs and expenses directly or indirectly arising out of (a) the Franchise Agreement and any performance required by any party

thereunder; (b) any obligation to buy back or repurchase any franchise unit covered by the Franchise Agreement, or any property owned by either party, whether arising under the Franchise Agreement or otherwise; and (c) any facts, claims or representations of the sale of said Franchise Agreement to Franchisee.

3. This Release shall be binding upon and shall inure to the benefit of all parties hereto, their heirs, executors, administrators, successors, and assigns, and parties hereby agree for themselves and their heirs, executors, administrators, successors and assigns to execute any and all instruments and to perform any acts which may be necessary or proper to carry out the purpose of this Release.

4. This Release sets forth the entire understanding between the parties. No change or modification hereto shall be valid unless made in writing and signed by all parties hereto.

5. The provisions of this Release are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Release is for any reason held to be contrary to law or contrary to any rule or regulation having the force and effective law, such decision shall not affect the remaining provisions of this Agreement.

6. This Release may be executed in any number of copies, the copies of which shall be deemed an original, but all of which shall constitute one and the same Release.

7. This Release shall be governed by the substantive laws of the State of Wisconsin.

8. The terms hereof are contractual and not mere recitals and they state the entire agreement between the parties.

9. In the event any party to this Release makes a claim relating to any conflict, omission, or ambiguity in this Release, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Release was prepared by or at the request of a particular party or its counsel.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Release the day and year first above written.

FRANCHISOR:

Scott's Subs & Pizza Inc.,

By: _____
Name: _____
Title: _____

FRANCHISEE:

(Corporate or LLC name)

By: _____
Name: _____
Title: _____

GUARANTORS:

GENERAL RELEASE

[For assignment/transfer of the Franchise Agreement]

This Release (“**Release**”) is made and entered into this ____ day of _____, 20____, by and between Scott’s Subs & Pizza Inc.,], a Wisconsin limited liability company, (hereinafter referred to as “**Franchisor**”), and _____, a [**insert jurisdiction of incorporation or organization**] [**corporation/limited liability company**] (“**Franchisee**”) and [**names of shareholders or members**] (“**Guarantors**”).

WITNESSETH:

WHEREAS, SSP and Franchisee are parties to a Scott’s Subs & Pizza Restaurant Franchise Agreement dated _____ (the “**Franchise Agreement**”) granting Franchisee the exclusive right to open a Scott’s Subs & Pizza Restaurant (“**Franchised Business**”) under said Franchise Agreement within an area described in Exhibit A to the Franchise Agreement; and

WHEREAS, Guarantors are the sole [**shareholders/members**] of Franchisee; and

WHEREAS, Guarantors personally guaranteed the obligations of Franchisee under the Franchise Agreement; and

WHEREAS, Franchisee has transferred the rights to the Franchise Agreement and sold the assets of the Franchised Business to _____, assigning unto _____, all rights, privileges and goodwill in said Franchise Agreement, subject to the terms and conditions thereof which included, the agreement by _____ to pay SSP the required transfer fee; and

WHEREAS, SSP has agreed to approve the assignment of the Franchise Agreement and the sale of the assets to _____ upon the express condition that Franchisee and Guarantors release SSP as provided in this Release; and

WHEREAS, Franchisee and Guarantors desire to release SSP from certain obligations, claims, rights and privileges which may have accrued or been established by Franchisor, Franchisee, and Guarantors as a result of said Franchise Agreement and the Guaranty and Assumption of Obligations Agreement and relative to the sale and purchase of the franchise rights to _____.

NOW THEREFORE, in consideration of the premises outlined herein and the payment of the required transfer fee and the execution of this Release, it is hereby agreed by the parties as follows:

1. The provisions of the recital paragraphs outlined are hereby incorporated by reference as if set out fully and shall have full force and legal effect.

2. Franchisor agrees to approve the sale of assets and the assignment of the Franchise Agreement to _____.

3. Franchisee and Guarantors on behalf of themselves, their predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys do RELEASE AND FOREVER DISCHARGE SSP and its predecessors, successors, assigns, officers, agents, employees, representatives, partners, directors, servants, officers, parents, affiliate and attorneys and all persons or entities which might be liable from any and all actions, causes of action, claims, demands, damages, costs, expenses and compensation arising out of any event, known or unknown, occurring prior to the date of this Release and specifically, without restricting said Release, release each other from any and all actions, causes of action, claims, demands, damages, costs and expenses directly or indirectly arising out of (a) the Franchise Agreement and any performance required by any party thereunder; (b) any obligation to buy back or repurchase any franchise unit covered by the Franchise Agreement, or any property owned by either party, whether arising under the Franchise Agreement or otherwise; and (c) any facts, claims or representations of the sale of said Franchise Agreement to Franchisee.

4. This Release shall be binding upon and shall inure to the benefit of all parties hereto, their heirs, executors, administrators, successors, and assigns, and parties hereby agree for themselves and their heirs, executors, administrators, successors and assigns to execute any and all instruments and to perform any acts which may be necessary or proper to carry out the purpose of this Release.

5. This Release sets forth the entire understanding between the parties. No change or modification hereto shall be valid unless made in writing and signed by all parties hereto.

6. The provisions of this Release are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Release is for any reason held to be contrary to law or contrary to any rule or regulation having the force and effective law, such decision shall not affect the remaining provisions of this Agreement.

7. This Release may be executed in any number of copies, the copies of which shall be deemed an original, but all of which shall constitute one and the same Release.

8. This Release shall be governed by the substantive laws of the State of Wisconsin.

9. The terms hereof are contractual and not mere recitals and they state the entire agreement between the parties.

10. In the event any party to this Release makes a claim relating to any conflict, omission, or ambiguity in this Release, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Release was prepared by or at the request of a particular party or its counsel.

IN WITNESS WHEREOF, the parties have executed this Release the day and year first above written.

FRANCHISOR:

FRANCHISEE:

Scott's Subs & Pizza Inc., (Corporate or LLC name)

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GUARANTORS:

EXHIBIT H

LIST OF FRANCHISEES

As of the date of this disclosure document, we have no franchisees.

EXHIBIT I
STATE ADDENDA

None at this time

STATE EFFECTIVE DATES

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

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws with the following effective dates:

State	Effective Date
None at this time	

EXHIBIT J

RECEIPTS

RECEIPTS

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 Scott’s Subs & Pizza Inc., offers you a franchise, Scott’s Subs & Pizza Inc., must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale.

Iowa requires that Scott’s Subs & Pizza Inc.,] gives you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Michigan, Oregon and Wisconsin require that Scott’s Subs & Pizza Inc., gives you this disclosure document at least ten (10) business days before the signing of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Scott’s Subs & Pizza 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit C.

The franchisor is Scott’s Subs & Pizza Inc., located at 1325 Quarry Park Dr, De Pere, WI 54115. Telephone: 920-632-4297.

The name, principal address and telephone number of each franchise seller offering the franchise is: _____

FTC Issuance date: November 30, 2021

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated November 30, 2021, that included the following exhibits:

Exhibit A – Financial Statements	Exhibit B – Franchise Agreement
Exhibit C – State Administrators	Exhibit D – Agents for Service of Process
Exhibit E – Table of Contents of Manuals	Exhibit F – Disclosure Acknowledgement Agreement
Exhibit G– General Release	Exhibit H – List of Franchisees
Exhibit I – State Addenda	Exhibit J– Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name
(Date, sign and return this Receipt to Us)

RECEIPTS

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 Scott’s Subs & Pizza Inc., offers you a franchise, Scott’s Subs & Pizza Inc., must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with proposed franchise sale.

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Exhibit I – State Addenda	Exhibit J– Receipts

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

(Date, sign and keep this Receipt for your Records)