

FRANCHISE 18558

AGREEMENT DATE \_\_\_\_\_

FRANCHISE AGREEMENT

DOCTOR'S ASSOCIATES LLC

with

Jan M Thorne

**KEY CONTRACT DATA**

**Name of Franchisee:** Jan M Thorne

**State of Incorporation:**

**Type of Entity:** \_\_\_ LLC \_\_\_ Corp. \_\_\_ Other: \_\_\_\_\_

**Principal Fee(s):**

**Initial Franchise Fee:**

\_\_\_\_\_ **a. Standard Franchise Fee.** \$15,000

\_\_\_\_\_ **b. Reduced Franchise Fee.** \$7,500

- \_\_\_\_\_ Additional franchise purchase (if qualified)
  - \_\_\_\_\_ Number of owners new to the System (additional \$3,750 for each owner who is not an existing Subway® franchisee or owner of a Subway® franchisee; for example, if one owner is an existing franchisee and the other owner is not, the total Franchise Fee would be \$7,500 plus \$3,750, or \$11,250)
- \_\_\_\_\_ Initial Franchise Fee for affiliate company (if qualified)
- \_\_\_\_\_ Initial Franchise Fee for a non-traditional franchisee (if qualified)
- \_\_\_\_\_ Honorably discharged veteran of the United States Armed Forces purchasing first franchise (if qualified)

\_\_\_\_\_ **c. Satellite Franchise Fee.**

- \_\_\_\_\_ \$5,000 standard
- \_\_\_\_\_ \$1,000 short-term satellite

\_\_\_\_\_ **d. Add-On Franchise Fee.** \$11,250

**Additional Fees:**

\_\_\_\_\_ **a. Extension Fee.** \$1,000

\_\_\_\_\_ **b. Other.** \$ \_\_\_\_\_. Describe: \_\_\_\_\_

**Royalty Fee:** 8% of Gross Sales

**Advertising Contributions:** 4.5% of Gross Sales

**Approved Location:** 5 Commercial Way, Whitehall, MT 59759

\_\_\_\_\_ Check here if Approved Location not specified at time of execution

**Your email address:** jans\_subway2001@yahoo.com

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DOCTOR'S ASSOCIATES LLC  
FRANCHISE AGREEMENT

This Franchise Agreement (this "**Agreement**"), made on the date shown on the cover page hereof (the "**Agreement Date**"), by and between Doctor's Associates LLC, a Florida limited liability company with a principal office in Milford, Connecticut ("**Franchisor**", "**we**", "**us**", or "**our**"), and the party identified as Franchisee in the Key Contract Data at the beginning of this Agreement ("**Franchisee**", "**you**" or "**your**").

1. **Background Information.**

A. Our affiliate, Subway IP LLC ("**SIP**") is the owner of a proprietary system for establishing and operating restaurants featuring sandwiches, pizza and salads under our trade name and service mark, Subway®, which operate with a uniform business format, specially designed equipment, methods, procedures, and designs (the "**System**"). The System includes the trademark Subway®, other trademarks, trade names, service marks, commercial announcements (slogans) and related insignia (logos) owned by SIP (the "**Marks**"). The System was developed spending considerable money, time, and effort. The System also includes confidential information and goodwill. SIP has granted us a non-exclusive license to use the System in the United States of America and its territories to establish and sublicense others to establish and operate Subway® restaurants ("**Subway® Restaurants**"). Subway® Restaurants are operated by persons meeting our qualifications to whom we have granted franchises.

B. You have applied for the right and obligation to operate a Subway® Restaurant utilizing the Marks solely at the Approved Location (as defined in Section 4.A) described in this Agreement. Such application has been approved by us in reliance upon all of the representations made within it being true, correct and complete including, without limitation, your ownership. You desire to operate a Subway® Restaurant under the System and wish to obtain a franchise from us for that purpose.

C. You have read this Agreement, and our franchise disclosure document, and have been given an opportunity to clarify any provisions that you did not understand. You understand and accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Subway® Restaurants, and thereby to protect and preserve the goodwill of the Marks.

D. The term "Franchisee", "you" and "your" as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. References to "Franchisee", "you" and "your" applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of you if you are a corporation, limited liability company or partnership, and shall include all such individuals collectively and individually.

E. The parties agree that the information in this Section 1 ("**Background Information**") is true and correct, and we are relying on it.

2. **Appointment.**

A. We hereby grant to you, upon the terms and conditions of this Agreement, a franchise to operate a Subway® Restaurant (the "**Restaurant**") and to use in connection therewith the System, as it may be changed, improved and further developed from time to time, and the Marks solely at the Approved Location and for the Term.

B. You acknowledge and agree this Agreement does not grant you any territorial rights and there are no radius restrictions or minimum or maximum population requirements which limit where we can license or open another Subway® Restaurant, unless otherwise provided under applicable state law. We and our affiliates have unlimited rights to compete with you and to license others to compete with you. You acknowledge and agree that we and our affiliates retain the exclusive unrestricted right to produce, distribute, and sell food products, beverages, and other products and services, under the Subway® mark or any other mark, directly and indirectly, through employees, representatives, franchisees, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, at any location, without restriction by any right you may have, and without regard to the location of any Subway® Restaurant, and these other stores or methods of distribution may compete with the Restaurant and may adversely affect your sales. You do not have any right to exclude, control, or impose conditions on the location or development of any Subway® Restaurant, other restaurant, store or other method of distribution, under the Subway® mark or any other mark.

### 3. **Term and Renewal.**

A. This Agreement shall be effective and binding from the date that we execute it and shall expire twenty (20) years from the Agreement Date, unless sooner terminated pursuant to this Agreement (the “**Term**”).

B. You will have the right to renew this franchise at the expiration of the initial Term of the franchise for one (1) additional successive term of twenty (20) years, provided that all of the following conditions have been fulfilled:

1. You have, during the entire Term, complied with all material provisions of this Agreement and (if applicable) the Sublease (defined in Section 4.D);

2. You maintain possession of the premises of the Restaurant (the “**Premises**”) and by the expiration date of this Agreement you have brought the Restaurant into full compliance with the specifications and standards then applicable for new or renewing Subway® Restaurants, and you have presented evidence satisfactory to us that you have the right to remain in possession of the Premises for the duration of any renewal term or any lesser period that we approve in writing; or, in the event you are unable to maintain possession of the Premises, or in our judgment the Restaurant should be relocated, you secure substitute premises approved in writing by us and have furnished, stocked and equipped such premises to bring the Restaurant at its substitute premises into full compliance with our then-current specifications and standards by the expiration date of this Agreement;

3. You have given written notice of renewal to us no earlier than eighteen (18) months, and no later than twelve (12) months, prior to expiration of the initial Term;

4. You have satisfied all monetary obligations owed by you to us and our affiliates and you have timely met these obligations throughout the Term;

5. You agree to execute upon renewal our then-current form of Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise, and with no further right of renewal), which agreement shall supersede in all respects this Agreement, and the terms of which may materially differ from the terms of this Agreement, including, without limitation, a different percentage Royalty Fee and Advertising Contribution; provided, however, you shall be required to pay a renewal fee equal to twenty five percent (25%) of our then-current standard initial franchise fee (excluding any promotions or discounts);

6. You have complied with our then-current qualification and training requirements;
7. You have executed our current form of Renewal Addendum; and
8. You and your owners have executed a general release, in a form prescribed by us, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents, owners and employees.

4. **Restaurant and Approved Location.**

A. You may operate the Restaurant only at a location that we approve (the “**Approved Location**”). If we have already approved a location at the time of executing this Agreement, then the Approved Location is specified in the Key Contract Data at the beginning of this Agreement. If we have not yet approved a location at the time of executing this Agreement, then you will be responsible for leasing a suitable site for the Restaurant. Prior to the acquisition of any site for the premises of the Restaurant, you shall submit a description of the proposed site to us accompanied by photographs depicting the proposed site, as well as any other information about the site that we may reasonably require. We will provide you with written notice of our approval or disapproval of a proposed site within fifteen (15) business days after receiving your written submission thereof and completing a physical inspection of the proposed site. If we fail to respond within such 15-day period, the site will be deemed disapproved.

B. While we may provide you with our experience and expertise in a selection of a location, you hereby acknowledge and agree that our approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the success or profitability of your Restaurant operated at the site. Our approval of the site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for our purposes as of the time of the evaluation. Both you and we acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of a Restaurant at the site is based on your own independent investigation of the suitability of the site. It shall be your sole responsibility to undertake site selection activities and otherwise secure premises for the Restaurant.

C. In the event no acceptable site is found and approved by the parties within six (6) months from the Agreement Date, then and in that event, either party may terminate this Agreement upon written notice to the other party. Notwithstanding any such termination, you shall return all confidential materials concerning the operation of a Restaurant and shall continue to be bound by your obligations under Sections 9, 15 and 20 hereof.

D. After receiving our written approval of the location of the Restaurant, we or our affiliate shall, at our option, either: (1) lease the Premises from the owner or landlord of the Approved Location and you will execute a sublease with us for the Premises (the “**Sublease**”); (2) permit you to lease the Premises directly from the owner or landlord; or (3) permit you to own the Premises directly. In the case of (2) above, the terms of such lease must be provided to us and approved by us prior to you entering into a lease agreement (an “**Approved Lease**”). Our approval of the terms of a lease indicates only that we believe the lease complies with acceptable minimum criteria we established. You acknowledge and agree that your acceptance of a lease is based on your own independent investigation, including consultation with your own attorney and other advisors. For purposes of this Agreement, the term “**Lease**” shall refer to a Sublease or

an Approved Lease. The Lease must contain a fully-executed lease rider in the form that we require (the “**Lease Rider**”). If you execute an Approved Lease, and not a Sublease, it is your sole responsibility to obtain a fully executed Lease Rider in connection with executing the Approved Lease. The Lease Rider is intended to provide us with certain protections under the Approved Lease and may not benefit you or the landlord. If you or the landlord request that we consider any modifications to the Lease Rider, and we elect to do so, we may also require you to reimburse us for all expenses we incur (including reasonable attorneys’ fees) in connection with such review. We may also reject any request for modifications to the Lease Rider for any reason.

E. You agree that upon obtaining possession of the Approved Location for the Restaurant, you will: (i) cause to be prepared and submit for our approval a site survey and any modifications to our basic plans and specifications (not for construction) for a Restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) at the Approved Location, provided that you may modify our basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and only with prior written approval by us; (ii) obtain all required zoning changes; all required building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as provided herein; (iv) complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications therefor approved in writing by us and with all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) otherwise complete development of and have the Restaurant ready to open and commence the conduct of its business in accordance with this Agreement.

F. You acknowledge and agree that we may from time to time designate the maximum amount of debt that a Restaurant may service, and you will ensure that you comply with such limits. You will ensure that you have sufficient cash at all times, through equity capital contributed to you by your owners, to comply with any such requirement.

G. If the Lease terminates without your fault, or if the site is destroyed, condemned or otherwise rendered unusable without your fault, or if in our judgment there is a change in character of the location of the Restaurant sufficiently detrimental to its business potential to warrant its relocation, we will grant permission for relocation of the Restaurant to a location and site acceptable to us. Any such relocation shall be at your sole expense and we shall have the right to charge you for any costs incurred by us, and a reasonable fee, in connection with any such relocation of the Restaurant

H. If you own the Premises, you represent and warrant that as of the Agreement Date: (a) you or your affiliate (that you control, either directly or indirectly) are the rightful owner in fee simple of the Premises; (b) you have the right to occupy the Premises and operate the Restaurant without restriction through the Expiration Date of this Agreement; and (c) you have no knowledge of any fact or circumstance which would give rise to any claim, demand, action or cause of action arising out of, or in connection with, your occupancy of the Premises. You are required to operate the Restaurant at the Premises through the Expiration Date, and you may not relocate the Restaurant without our prior written consent. You agree that, in the event that you or your affiliate wishes to sell the Premises prior to the Expiration Date, you shall, prior to the sale, agree to enter into a lease with the buyer, which must be an Approved Lease, that does not expire until on or after the Expiration Date, and the terms of such Approved Lease must be provided to us and approved in writing by us prior to you entering into the Approved Lease. Our approval of the terms of an Approved Lease indicates only that we believe the Approved Lease complies with acceptable minimum criteria we established. You acknowledge and agree that your acceptance of the Approved Lease is based on your own independent investigation, including consultation with your attorney and other advisors. The

Approved Lease must contain a Lease Rider in the form that we require, and it is your sole responsibility to obtain it and deliver a counterpart to us. The Lease Rider is intended to provide us with certain protections under the Approved Lease and may not benefit you or your landlord. If you or the landlord requests that we consider any modifications to the Lease Rider, and we elect to do so, we may also require you to reimburse us for all expenses we incur (including reasonable attorneys' fees) in connection with such review. We may also reject any request for modifications to the Lease Rider for any reason.

5. **Equipment, Fixtures, Furniture and Signs.**

A. We shall provide you with specifications for brands and types of food and beverage preparation, dispensing, storage and display equipment, POS System, other equipment, fixtures, furniture, exterior and interior signs and decoration required for the Restaurant. Specifications may include minimum standards for performance, warranties, design and appearance and local zoning, sign and other restrictions. You may purchase or lease original and replacement equipment, fixtures, furniture, signs and decorating materials and services meeting such specifications from any source, except as we provide otherwise in this Agreement, the Confidential Operations Manual, published policies, procedures or guidelines or other written materials we may issue from time to time. If you propose to purchase or lease any item of equipment or furniture or any fixture, sign or decorating materials not theretofore approved by us as meeting our specifications, you shall submit your request in writing to us before purchasing or leasing any item and such item shall be purchased only following our written consent approving same. We will not be obligated to respond to your request, and any actions we take in response to such request will be at our sole discretion. Any such equipment, fixtures, furniture, signs and decorating materials bearing the name Subway® or other Marks will remain SIP's property even though you may have paid a third party to make the equipment, fixtures, furniture, signs or decorating materials. We have the right to physically remove any such equipment, fixtures, furniture, signs or decorating materials from the Premises if we believe it is necessary to protect the goodwill associated with the Marks.

B. You shall comply with all specifications for brands and types of food and beverage preparation, dispensing, storage and display equipment, POS System, other equipment, fixtures, furniture, exterior and interior signs and decoration for use in the Restaurant that we require from time to time.

6. **Training and Operational Assistance.**

A. Before the Restaurant opens, we will train you (or your Designated Manager(s), as that term is defined in Section 10.J) on establishing and independently operating a Subway® Restaurant. The training program will be at a location we choose and may include web-based courses.

B. You, your Designated Manager(s) or your employee(s) who attend may be dismissed from the training program and this Agreement may be terminated, with no refund of your Franchise Fee (defined below), if you, your Designated Manager(s) or your employee(s) materially fail to act in accordance with our Code of Business Conduct during the training program (which will be made available to you at or before attending the training program).

C. We will train up to two (2) persons without a tuition charge, one of whom must be you or a Designated Manager, and the other person may be a second Designated Manager or other employee. You are responsible for all travel, lodging, meal and wage expenses for all who attend, and you are also responsible for initial training related tuition for any persons beyond the two (2) included persons. We may require you to replace any managers (including any of the Designated Managers) who we determine are not qualified or suitable to operate a Subway® Restaurant.

D. Each of your employees shall complete a training program as prescribed in the Confidential Operations Manual on Restaurant operations and standards only, and it will not address any terms or conditions of employment.

E. If the training program is not completed to our satisfaction, additional training may be required at your expense. If we determine that you or your Designated Managers are unable to satisfactorily complete the training program, we shall have the right to terminate this Agreement upon written notice to you.

F. We from time to time may provide and may require that previously trained and experienced franchisees or their managers or employees attend and successfully complete refresher training programs or seminars to be conducted at such locations as may be designated by us, and at your expense, including courses provided by third-parties we designate, or by a representative or Business Developer (“**BD**”, f/k/a Business Development Agent or “**BDA**”); provided, however, that attendance will not be required at more than four (4) such programs in any calendar year.

## 7. Computer System.

A. You will use a computer-based point-of-sale system (the “**POS System**”) including software and hardware that we specify to record and report all sales and other designated business information to us. You have the sole and complete responsibility for: (a) acquiring, operating, maintaining and upgrading the POS System and any other computer hardware, software, cash register and other equipment required by us from time to time (the “**Computer Systems**”); (b) ensuring that the Computer Systems interface with our systems and those of third parties in the manner that we require from time to time; and (c) any and all consequences that may arise if the Computer Systems are not properly operated, maintained, and upgraded. You must also accept credit card and debit card payments as well as contactless and mobile device payments and participate in our gift card, loyalty, rewards and related programs at your expense. To maintain a competitive advantage in the quick service restaurant industry, you may be required to invest in and implement new technology and digital initiatives at your own expense. You acknowledge that you will be required (if permitted by local law) to enter into software or hardware license agreements and other technology programs/initiatives during the Term, including without limitation hardware-as-a-service agreements, and you will accept and consent to any such agreements, programs or initiatives electronically or as we otherwise direct.

B. You acknowledge and agree that the software you are required to use, if permitted by local law, has remote access capabilities and that we or our designee may, from time to time, remotely access your POS System and other Computer Systems in order to maintain system security, perform routine system maintenance, provide technical support, increase operational efficiency, install updates to software programs and/or applications, or install or remove software programs and/or applications. We may also retrieve information, such as transaction data and technical data, from your POS System or other Computer Systems at any time. You will not use, offer or sell to other franchisees any software applications or other technology products or services that use the Marks or that we designate as proprietary, unless we approve in writing.

## 8. Intellectual Property.

A. You acknowledge that our affiliate, SIP, is the owner of the Marks, and your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the Term. Any unauthorized use of the Marks by you shall be a breach of this Agreement and an infringement of the rights of us and SIP in and to the Marks.

You acknowledge and agree that all usage of the Marks by you and any goodwill established by your use of the Marks shall inure to the exclusive benefit of SIP and us and that this Agreement does not confer any goodwill or other interests in the Marks upon you. You shall not, at any time during the Term or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols authorized for use by us after the date of this Agreement.

B. You shall not use any Mark (i) as part of any corporate or trade name, (ii) as part of any website, app, domain name, email address, social media account, user name, other online presence, other digital platform or identification of yourself in any electronic medium of any kind (“**Online Presence**”), except in accordance with our guidelines set forth in the Confidential Operations Manual or otherwise in writing by us from time to time, (iii) with any prefix, suffix, or other modifying words, terms, designs, or symbols, (iv) in any modified form, (v) in connection with the sale of any unauthorized product or service, or (vi) in any other manner not expressly authorized in writing by us, including without limitation in a manner that degrades, diminishes, or detracts from the goodwill associated with the Marks, or which, in our sole opinion, is scandalous, immoral, or satirical. You agree to give such notices of trademark and service mark registrations as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. You may not use any Mark in advertising the transfer, sale, or other disposition of your Restaurant or an ownership interest in you without our prior written consent. You shall not use any of the Marks in any manner which has not been specified or approved by us in writing.

C. You shall immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, and of any claim by any person of any rights in any Mark or any similar trade name, trademark, or service mark of which you become aware. You shall not directly or indirectly communicate with any person other than us, SIP, and our or their counsel in connection with any such infringement, challenge, or claim. We and SIP shall have the right to take such action as we and/or SIP deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our or SIP’s counsel, be necessary or advisable to protect and maintain the interests of us or SIP in any such litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or to otherwise protect and maintain the interests of us and SIP in the Marks.

D. We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark pursuant to and in compliance with this Agreement, the Confidential Operations Manual and our other written guidelines is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with this Agreement and that we shall have the right to defend any such claim.

E. If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, you agree to comply with our directions within a reasonable time after our notice to you, and we shall have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark or expenses incurred in connection therewith.

F. In order to preserve the validity and integrity of the Marks and copyrighted material licensed herein and to assure that you are properly employing the same in the operation of the Restaurant,

we or our agents shall have the right of entry and inspection of the Premises at all reasonable times and, additionally, shall have the right to observe the manner in which you are rendering your services and conducting your operations, to confer with your employees and customers, to inspect your Computer Systems (including hardware, software, security, configurations, connectivity, and data access), and to select ingredients, food and non-food products, beverages, and other items, products, materials and supplies for test of content and evaluation purposes to make certain that the services, ingredients, products, materials, equipment and operations are satisfactory and meet the quality control provisions and performance standards established by us.

G. You agree not to, and to use your best efforts to cause your parents, subsidiaries and affiliates, and your and their respective owners, officers, directors, employees, managers, agents, representatives, spouses, heirs, predecessors, successors, and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of us or our parents, subsidiaries, and affiliates, and our and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns or our or their current and former franchisees, BDs, developers, area developers or the Subway® brand, the System, or any other service-marked or trademarked concept of us, or which would subject the Subway® brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of us, our affiliates, the Subway® brand or the Marks.

9. **Confidential Operations Manual.**

A. We will make available to you during the Term, in the format that we choose (electronic, hardcopy, or both), an operations manual containing mandatory specifications, standards, operating procedures and rules prescribed from time to time by us for Subway® Restaurants and information relative to other of your obligations hereunder and the operation of the Restaurant (the “**Confidential Operations Manual**”). The mandatory specifications, standards, operating procedures and rules prescribed from time to time by us for Subway® Restaurants are referred to herein as the “**System Standards**”. The Confidential Operations Manual contains our proprietary information and shall be kept confidential by you both during the Term and subsequent to the expiration or termination of the Term. The Confidential Operations Manual includes all policies, procedures, specifications, rules and guidelines that we may promulgate or revise from time to time and publish via an intranet, the internet, in other electronic media, or in other written format. We shall have the right to add to and otherwise modify the Confidential Operations Manual from time to time to reflect changes in the System Standards.

B. The Confidential Operations Manual shall at all times remain the sole property of us and any hardcopy version thereof that we may have provided to you shall promptly be returned to us upon the expiration or termination of this Agreement.

C. You shall at all times ensure that the Confidential Operations Manual is available at the Premises in a current and up-to-date manner, and in the event of any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy of the Confidential Operations Manual maintained by us at our home office shall be controlling.

10. **Standards of Quality and Performance.**

A. You shall commence operation of the Restaurant not later than twelve (12) months from the Agreement Date, or as otherwise approved in writing by us. Prior to such opening, you shall have procured all necessary licenses, permits, and approvals, including but not limited to construction permits, shall have hired and trained personnel, made all leasehold improvements, and purchased initial inventory. If you for any reason fail to commence operations as herein provided, unless you are precluded from doing so by war or civil disturbance, natural disaster or organized labor dispute that precludes such timely

commencement of operation, such failure shall be considered a default and we may terminate this Agreement. Once you have commenced operation of the Restaurant, you must actively and continuously operate the Restaurant during normal business hours (as we may periodically prescribe in the Confidential Operations Manual or elsewhere in writing) for the entire duration of the Term.

B. You agree to maintain (or cause to be maintained) the condition and appearance of the interior and exterior of the Premises consistent with our quality controls and standards for the image of a Subway® Restaurant as an attractive, pleasant and comfortable facility conducive to patronage and impulse buying by its customers. You agree to carry out such maintenance of the Restaurant as is from time to time required to maintain or improve the appearance and efficient operation of the Restaurant, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Restaurant and redecorating. If at any time in our business judgment the general state of repair or the appearance of the Premises or its equipment, fixtures, signs or decor does not meet our quality control and standards therefor, we shall so notify you, specifying the action to be taken by you to correct such deficiency. If you fail or refuse to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, we shall have the right, in addition to all other remedies, to enter upon the Premises and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on your behalf and you shall pay the entire costs thereof on demand. Your obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is commercially impractical due to war, civil disturbance, natural disaster, organized labor dispute or other event beyond your reasonable control.

C. You shall make no material alterations to the improvements of the Restaurant nor shall you make material replacements of or alterations to the equipment, fixtures or signs of the Restaurant without our prior written approval.

D. The Approved Location shall be used solely for the purpose of conducting a Subway® Restaurant.

E. Except if you are prohibited from selling products under applicable law or under the terms of the Restaurant lease, you agree that you will offer for sale and sell at the Restaurant all types of sandwiches, food, drinks and other products that we from time to time authorize, and that you will not offer for sale or sell at the Premises any other food product, beverage, confection or non-food product whatsoever or use the Premises for any purpose other than the operation of the Restaurant in full compliance with this Agreement. You further agree that you will participate in any gift certificate, gift card and/or loyalty card programs that we require. To the extent allowed by applicable law, you must comply with our minimum, maximum, and other pricing requirements for sandwiches and other products and services offered by the Restaurant, as well as comply with our pricing methods and procedures for in-store, curbside, delivery, catering, on-line/electronic and any other types of orders, including but not limited to advertising and marketing promotions.

F. From time to time, we shall provide to you in the Confidential Operations Manual or otherwise in writing a list of approved manufacturers, suppliers, and distributors and approved food and non-food products, fixtures, equipment, signs, stationery, supplies, and other items or services necessary to operate the Restaurant. Such list shall specify the manufacturer, supplier and distributor and the food and non-food products, fixtures, equipment, signs, stationery, supplies and services that we have approved to be carried or used in the System. We may revise the approved list of manufacturers, suppliers and distributors and the approved list of food and non-food products, fixtures, equipment, signs, stationery, supplies, and other materials from time to time. Such approved list shall be submitted to you in a form that we deem advisable. You must respond to the recall of any products in the manner and at the time that we specify.

G. All sandwiches, menu items, breads, meats, cheeses, ingredients, toppings, spices, mixes and other food and beverage products and materials, containers, packaging materials, other paper and plastic products, plates, cups, utensils, menus, uniforms, forms, cleaning and sanitation materials and other materials and supplies used in the operation of the Restaurant shall conform to the specifications and quality standards established by us from time to time in the Confidential Operations Manual or otherwise. Except as otherwise provided herein, you may only purchase such products that meet our specifications and quality standards from suppliers approved by us as meeting our criteria for Subway® Restaurant suppliers, such criteria and suppliers being subject to change by us from time to time. If you propose to offer for sale at the Restaurant any brand of product, or to use in the operation of the Restaurant any brand of food ingredient or other material or supply, that is not then approved by us as meeting our minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by us as an approved supplier, you shall submit your request in writing to us before purchasing or leasing any such ingredient, material or supply, and its purchase or lease may not be made by you absent our prior written consent. We will not be obligated to respond to your request, and any actions we take in response to such request will be at our sole discretion, including the assessment of a fee to compensate us for the time and resources we spend in evaluating the ingredient, material or supply. If we do not respond to your request within thirty (30) days, the request shall be deemed denied. We reserve the right from time to time to examine the facilities of any approved supplier or distributor and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet our standards and specifications. We also reserve the right to charge fees for testing and evaluating proposed suppliers or distributors and to impose reasonable limitations on the number of approved suppliers or distributors of any product. Approval of a supplier or distributor may be conditioned on requirements relating to frequency of delivery and standards of service, including prompt attention to complaints and the ability to service and supply Subway® Restaurants within areas designated by us.

H. In addition to the specific operating standards and specifications set forth above, you agree to fully comply with the System Standards in effect from time to time as set forth in the Confidential Operations Manual or otherwise communicated to you by us in writing (including by intranet or other electronic means).

I. You shall secure and maintain in force all required licenses, permits and certificates relating to the leasing, construction, opening, and operation of the Restaurant and shall operate the Restaurant in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance and withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes. You agree to refrain from any merchandising, advertising or promotional practice that is unethical or may be injurious to our business and/or other Subway® Restaurants or to the goodwill associated with the Marks. Upon request, you will forward to us copies of any documentation relating to these items.

J. The Restaurant shall at all times be under your direct, on-premises supervision or a trained and competent employee acting as full-time manager. In the event you operate more than one franchise, or in the event you do not devote your full time to conducting the Restaurant business, we may require you to designate one or more competent managers who have completed the training requirements to hold the position of full-time managers (each a "**Designated Manager**") for the Restaurant. You must, upon our request, keep us informed at all times of the identity of any other employee(s) acting as manager(s) of the Restaurant. We shall make training available, as is necessary in our judgment, for all managers who you designate. We shall provide such training at the then-current published rates. You agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder and that you will not engage in any other business or activities that, in our judgment, will conflict with your obligations hereunder.

K. You will be solely responsible for all costs of building and operating the Restaurant, including, but not limited to, construction costs and permits, equipment, furniture, fixtures, signs, advertising, insurance, food products, labor, utilities, rent, fees, customs, stamp duty, other duties, governmental registrations, sales tax and other taxes. You must register to collect and pay sales taxes before you open the Restaurant, and you must maintain these registrations during the Term. You shall promptly pay when due all taxes levied or assessed on your Restaurant operation, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the operation of the Restaurant. You shall promptly pay to us the amount equal to all taxes levied or assessed, including, but not limited to, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties (including without limitation the Franchise Fee, Royalty Fee and Advertising Contributions), any similar taxes or levies imposed upon, or required to be collected or paid by us by reason of the furnishing of products, intangible property (including trademarks and trade names), or service by us to you through the sale, license or lease of property or property rights provided by this Agreement. The foregoing does not include tax on your net income. You will, at your sole discretion, recruit, hire, terminate, discipline and supervise all Restaurant employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. You will reimburse us for any such costs that we must pay in connection with your operation of the Restaurant.

L. You and your owners represent and warrant to us that all statements, documents, materials, and information submitted to us, including the application for the rights granted by this Agreement are true, correct and complete in all material respects, and there have been no material omissions. You and your owners agree to comply with any and all laws, regulations, Executive Orders or otherwise of any kind, including those relating to anti-terrorist activities, such as, without limitation Executive Order 13224 and related U.S. Treasury and other regulations. You confirm that you and your owners, officers and directors are not listed on the Annex to Executive Order 13224 (or any subsequent or related order) and you agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at [www.treasury.gov](http://www.treasury.gov)). You are solely responsible for ascertaining the actions that must be taken to comply with such laws, orders and/or regulations.

M. You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including without limitation names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”) in accordance with applicable laws and industry best practices. Without limiting the foregoing, you must comply with the Payment Card Industry Data Security Standard (commonly known as “**PCI Compliance**” or “**PCI-DSS**”), and any successor thereto. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed.

N. You acknowledge and agree that the foregoing standards of quality and performance are reasonable and necessary to preserve the identity, reputation, value and goodwill of the System. In the event that any cash rebates, mark ups, volume discounts, concessions, advertising allowances, or discount bonuses (collectively “**Rebates**”), whether by way of cash, kind or credit, are available to or received by us and/or our affiliates from any third party, whether or not on account of purchases made (i) by us for our own account or for your account, or franchisees generally; or (ii) by you directly for your own account, we

and/or our affiliates shall be entitled to retain the whole of the amount or any part of such Rebates. You acknowledge and agree that we and/or our affiliates have the right to realize a profit on any goods or services that we and/or our affiliates supply to you.

11. **Delivery Services.**

A. You must provide delivery services in compliance with the Confidential Operations Manual and as we otherwise specify in writing from time to time. We may authorize you to provide delivery services directly to end user customers, through approved third-party delivery service providers (each a “**Third-Party Delivery Provider**”) or through such other delivery methods as we approve in advance in writing.

B. You will not receive any exclusive or protected delivery area around your Restaurant for engaging in delivery or sale for delivery of sandwiches and other food products (“**Delivery Activities**”). We may establish from time to time geographic areas within which you may perform Delivery Activities (your “**Delivery Area**”). We may restrict where you may engage in Delivery Activities, and we may designate one or more Third-Party Delivery Providers as the sole or designated Third-Party Delivery Provider(s) and require you to contract with and comply with your agreements with them. We may require you to direct customers for Delivery Services outside of your Delivery Area to other Subway® Restaurants or decline to sell sandwiches and other food products to them. We may permit Third-Party Delivery Providers to direct and allocate Delivery Activities among delivery service areas they or we may designate. Because of the evolving nature of the food to-go and delivery service sector, these standards and policies for Delivery Activities may change and evolve at any time. We will not be liable for any reduction in your sales or profits as a result of these Delivery Activities or for engaging in Delivery Activities.

C. You must comply with all laws at all times in offering Delivery Activities, including, but not limited to, obtaining and maintaining all required permits, licenses, consents and waivers required by any laws. You also agree to comply fully with the standards for third-party ordering and delivery services as established by us from time to time, including, but not limited to: using such food containers, thermal bags or other storage devices we may designate to the Third-Party Delivery Provider or you; providing such amount of additional condiments, napkins and utensils as we deem appropriate; sealing the delivery bags with the appropriate tamper-evident sticker or other approved methods; and ensuring the food safety, quality and temperature maintenance of sandwiches and other food products. You are solely responsible for maintaining adequate insurance to cover any liability that may arise from the use of Third-Party Delivery Providers (or other delivery methods) for Delivery Activities from your Restaurant and comply with our requirements for such insurance.

D. Unless approved in advance in writing by us, you will not: (a) advertise, promote or make any media statements about any Third-Party Delivery Provider; or (b) purport to authorize or consent to any Third-Party Delivery Provider to advertise or promote its own products or services using any of the Marks.

E. We reserve the right to periodically designate Third-Party Delivery Providers in our sole judgment. If you want to use a Third-Party Delivery Provider that we have not yet approved, you must first submit the name of such proposed Third-Party Delivery Provider and other sufficient information for us to evaluate whether the Third-Party Delivery Provider meets our criteria. We may condition our approval of a Third-Party Delivery Provider on such provider agreeing to provide periodic delivery sales reports directly to us and such other requirements relating to reliability, consistency, standards of service (including prompt attention to complaints) and/or other criteria, and may not use the Third-Party Delivery Provider absent our written consent. We may receive fees from Third-Party Delivery Providers in return for designating them as approved or designated for Subway® Restaurants and may negotiate with them for our benefit or that of

Subway® Restaurants. We reserve the right periodically to revoke our approval of any Third-Party Delivery Provider that does not continue to meet our criteria. Notwithstanding the foregoing, you agree that we may limit the number of Third-Party Delivery Providers with whom you may deal, designate Third-Party Delivery Providers that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive Third-Party Delivery Provider for the System or if we believe that doing so is in the best interests of the System.

F. You agree to grant us access to, or otherwise collect and report in the form and manner desired by us, all operational, financial and other information concerning the Delivery Activities provided from your Restaurant, including, but not limited to, all Gross Sales, transactions and guest count data, product mix, service time data and financial results. We will have permission to access Gross Sales, guest count, and other operational data, including, without limitation, staffing and customer satisfaction data from the relevant Third-Party Delivery Provider and your Restaurant.

G. You may not establish “ghost kitchens” (separate facilities for food preparation, typically for preparation of delivery orders) without our prior, written approval, and if we grant such approval then you must comply with any and all guidelines that we may establish and modify from time to time.

12. **Modification of the System.** You recognize and agree that from time to time we may change or modify the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new menu items, new products, new equipment or new techniques and that you will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Within the timeframes that we may reasonably require, you will make such expenditures as such changes or modifications in the System as we may reasonably require, including but not limited to repairs, upgrades and remodels. You shall not change, modify or alter in any way the System without our prior written consent. You will be provided with reasonable notice of any material updates or changes to the System or the Confidential Operations Manual.

13. **Fees and Contributions.**

A. **Franchise Fee.** When you sign this Agreement, you will pay us the fee(s) (the “**Franchise Fee**”) indicated in the Key Contract Data at the beginning of this Agreement, which shall be deemed fully earned by us and shall be nonrefundable upon execution of this Agreement (except as otherwise expressly provided in this Agreement) as consideration for expenses incurred by us in furnishing assistance and services to you and for our lost or deferred opportunity to sell a franchise to others. If you or your affiliate are an existing Subway® franchisee, you represent that your other Subway® Restaurant(s) is/are in substantial compliance with the Operations Manual and there are no material defaults under the franchise agreement(s) governing the operation of such Subway® Restaurant(s). If any of the aforesaid representations are not true when the Restaurant opens (based upon the most recent restaurant evaluation), you agree to pay us an additional \$3,750.

B. **Royalty Fee.** You shall pay to us without offset, credit or deduction of any nature unless otherwise permitted by us in writing, so long as this Agreement shall be in effect, a royalty fee equal to eight percent (8%) of Gross Sales of the Restaurant on a weekly basis or other periodic basis that we may determine from time to time (the “**Royalty Fee**”).

C. **Advertising Contributions.** You shall pay without offset, credit or deduction of any nature, to us, so long as this Agreement shall be in effect, advertising contributions equal to four and one-half percent (4.5%) of Gross Sales of the Restaurant on a weekly basis or other periodic basis that we may determine from time to time (“**Advertising Contributions**”).

D. **Restaurant Excellence Visits.** We or a third-party that we authorize will conduct periodic “**Restaurant Excellence Visits**” as set forth in the Confidential Operations Manual or otherwise in writing. We will not charge you for these Restaurant Excellence Visits. However, if you receive a “Fail” score (as determined by us or the third-party conducting the Restaurant Excellence Visit), you will be required to pay a fee of \$125 (the “**Revisit Fee**”) for a subsequent Restaurant Excellence Visit (a “**Revisit**”). You will receive a Revisit until you achieve a score of “Pass”, and you will pay the Revisit Fee for each Revisit. The Revisit Fee is subject to increase by 3% per year. Effective January 1, 2022, the Revisit Fee will increase to \$128.75 per revisit (subject to increase by 3% per year).

E. **Restaurant Technology Fee; Digital Technology Fee.** You will pay us a “**Restaurant Technology Fee**” for the Software of \$35 per month, payable per Restaurant. This cost covers development and maintenance of the Software for each POS system terminal in the Restaurant. We will charge this fee to your pre-authorized account with us. We reserve the right to increase this fee at any time without notice to you. In addition to the Restaurant Technology Fee, we reserve the right to charge in the future a “**Digital Technology Fee**” to cover our costs of development, infrastructure and support of programs including our Subway® App, Online Ordering, Third-Party Delivery platform support, Digital Menu Boards and Social Media Platforms.

F. **Legacy Support Fee.** To cover our costs related to any non-compliance, you must pay to us or our affiliate the “**Legacy Support Fee**” if you do not comply with our technology standards and specifications, fail to return hardware, fail to upgrade systems, fail to allow access in a timely manner, install unauthorized software, or attempt to hack or circumvent our software, all as provided in this Agreement, any other agreement between you, on the one hand, and us or our affiliate on the other hand, or otherwise as set forth in the Confidential Operations Manual or otherwise in writing. The Legacy Support Fee is currently \$200 for each month that you are not in compliance with any of the foregoing. We reserve the right to increase the Legacy Support Fee at any time without notice to you.

G. **Digital Menu Boards Hardware-as-a-Service Fee.** You will pay us a monthly fee for our Digital Menu Board Hardware-as-a-Service (“**DMB HaaS**”) program, currently \$155 per month. DMB HaaS includes service, installation, maintenance and help-desk support for digital menu boards in your Restaurant. We reserve the right to increase the BMB HaaS fee at any time without notice to you.

H. **Payment Terms.** The following terms and conditions apply to all payments due to us from you:

1. On or before Thursday at 3:00 p.m. Eastern Time of each week (or such other day and time as prescribed by us from time to time), you will submit to us in the format that we require a correct statement of the Gross Sales of the Restaurant for the preceding week ending Tuesday (or such other day as prescribed by us from time to time). Such Gross Sales statement shall be submitted through our designated control system, using approved POS System hardware and software, to the location we designate. Each weekly statement (or other periodic statement that we designate) of Gross Sales shall be accompanied by the Royalty Fee and Advertising Contributions payment based on the Gross Sales reported in the statement so submitted. You will make available to us for reasonable inspection at reasonable times and through reasonable means determined by us (including electronic), all original books and records (electronic and hard copy) that we may deem necessary to ascertain the Gross Sales of the Restaurant.

2. The term “**Gross Sales**” as used herein, shall mean and include the aggregate amount of all sales of food products, beverages and other merchandise, products and services of every kind or nature sold from, at or in connection with the Restaurant or arising out of the operation or conduct of business by the Restaurant, less any customer refunds up to the amount of the sales

price and excluding all sales, use or service taxes collected and paid to the appropriate taxing authority. “**Gross Sales**” shall include: (a) all amounts redeemed from gift certificates, gift cards or similar media, and sales made through alternative platforms, (b) all insurance proceeds received by you for loss of business due to a casualty or other event at the Restaurant, and (c) the fair market value of any services or products received by you in barter or exchange for your services or products.

3. All amounts you owe under this Agreement or any other Franchise Agreement, Sublease or other agreement that you have with us or any of our affiliates must be paid through electronic funds transfer in the manner we designate, unless we specify otherwise. These amounts include Royalty Fees, Advertising Contributions, interest, late fees, and any and all other charges that you owe. Before the Restaurant opens, you will sign and deliver to us appropriate electronic funds transfer preauthorized draft forms (or forms serving the same purpose) for the Restaurant's checking account (the “**Pre-authorized Account**”). Upon our request, you agree to sign any additional documents we require to authorize us and our affiliates to debit your Pre-authorized Account. You hereby authorize us and our affiliates to debit your Pre-authorized Account for the Royalty Fees, Advertising Contributions, amounts due for purchases by you from us or our affiliates, and all other amounts due us or our affiliates under this Agreement, under any other agreement with us or our affiliate, or otherwise. You agree to ensure that funds are available in the Pre-authorized Account to cover our withdrawals. In certain circumstances, you will also authorize us to withdraw money for fees or payments that we paid, pay or will pay to a third party, including without limitation your landlord or licensor, on your behalf in connection with the Restaurant.

4. If you fail to submit the weekly (or other periodic) Gross Sales statements, we will estimate your Royalty Fee and Advertising Contribution by using a Gross Sales figure that is equal to one hundred twenty percent (120%) of the average weekly (or other periodic) Gross Sales of your Restaurant for the previous six (6) weeks. If the amounts that we debit from your Pre-authorized Account are less than the amounts you actually owe us (once we have determined the Restaurant's true and correct Gross Sales), we will debit your Pre-authorized Account for the balance on the day we specify. If the amounts that we debit from your Pre-authorized Account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your Pre-authorized Account on the next payment date.

5. If your payment of Royalty Fees, Advertising Contributions, or other charges that you owe us is more than one week late, you will pay us interest at a rate of twelve percent (12%) (or the maximum rate allowed by the law where the Restaurant is located) per annum on any Royalty Fees, Advertising Contributions, or other charges you will owe us under this Agreement. If permitted by local law, we may also charge you a late fee equal to ten percent (10%) (or the maximum rate allowed by law) per annum on all past due accounts to cover our banking, administrative, and accounting costs. In the event that any late charge, interest rate, or other payment provided herein exceeds the maximum applicable charge legally allowed, such late charge, interest rate, or other payment shall be reduced to the maximum legal charge, rate, or amount. You acknowledge that this sub-section shall not constitute agreement by us or our affiliates to accept such payments after same are due or a commitment by us to extend credit to, or otherwise finance your operation of, the Restaurant. Further, you acknowledge that your failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided herein. You must pay us a sum of Fifty Dollars (\$50) if you default on payments because you change banks without notice. You must pay us a sum of Twenty Dollars (\$20) if your payments to us are unsuccessful due to insufficient funds in your pre-authorized account.

6. Notwithstanding any designation by you, we shall have the right to apply any payments by you to any past due indebtedness of you for Royalty Fees, Advertising Contributions, purchases from us and our affiliates, interest, late fees, and other charges that you owe, or any other indebtedness. You shall be responsible for and shall pay to us (or reimburse us for the payment of) upon demand any tax assessed (excluding tax on our net income) on or measured by the amount of Royalty Fees or any other amounts paid to us under this Agreement.

14. **Advertising.** Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of Subway® Restaurants, you agree as follows:

A. All advertising and marketing materials, including, but not limited to, newspapers, radio and television advertising, advertising through an Online Presence including internet, social media, electronic mail or other similar electronic or digital medium, and specialty and novelty items, signs, boxes, napkins, bags and wrapping papers, will be compliant with the requirements set forth by us in the Confidential Operations Manual or through other written means, or will otherwise be submitted to us or our designee, for our prior approval. In the event written approval of said advertising and promotional materials is not given by us to you within twenty (20) days from the date such materials are received by us, said materials shall be deemed disapproved. You must participate in, and comply with the requirements of, any sales, marketing, advertising, and promotional programs we implement, and you must use only the materials and media for these programs that we designate or otherwise expressly approve. Information you collect about customers, including through an Online Presence or at the Restaurant, may be subject to requirements set forth in the Confidential Operations Manual or otherwise in writing by us. You will not place “For Sale” or similar signs at or in the general vicinity of the Restaurant or use any words in any advertising that identify the business offered for sale as a Subway® Restaurant, nor will you allow any vendor or agent of yours to do so. You will always indicate your status as an independent franchise operator to others and on any document or information released by you in connection with the Restaurant. You will display the following notice (subject to modification by us from time to time) in a prominent place at the Restaurant: “The Subway® trademarks are owned by Subway IP LLC and the independent franchise operator of this restaurant is a licensed user of such trademarks.”

B. You specifically acknowledge and agree that any Online Presence shall be deemed “advertising” under this Agreement, and will be subject to, among other things, our written approval. In connection with any Online Presence, you agree to the following:

1. Before establishing the Online Presence, you shall submit to us a sample of the Online Presence content, format and other information in the form and manner we may reasonably require.

2. You shall not establish or use the Online Presence without our prior written approval.

3. In addition to any other applicable requirements, you shall comply with our standards and specifications for an Online Presence as prescribed by us in the Confidential Operations Manual or otherwise in writing. If required by us, you shall establish your Online Presence as part of our Online Presence and/or establish electronic links to our Online Presence.

4. If you propose any material revision to the Online Presence or any of the information contained in the Online Presence, you shall submit each such revision to us for our prior written approval.

C. You may utilize social media accounts (such as Facebook® or Twitter®) or other Online Presences only if approved by us in writing. If we approve the use of any Online Presence, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary. We may at any time revoke your rights to use any Online Presence or require that you obtain our approval of any message that you intend to post prior to posting. We will own the rights to each Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

D. We will deposit the Advertising Contributions into the Subway Franchisee Advertising Fund Trust (“**SFAFT**”) or such other marketing fund(s) as we shall designate from time to time. You acknowledge Advertising Contributions will not necessarily benefit franchisees in any area in proportion to the amounts they paid. We or our designee may negotiate programs and advertising contributions with suppliers and specify that these advertising contributions be placed into a fund to be spent on advertising and related expenses for the benefit of franchisees. Except as provided herein, such payments shall be made in addition to and exclusive of any sums that you may be required to spend on local advertising and promotion. The Advertising Contributions shall be used by us or our designee, as follows:

1. We shall direct all advertising programs and have the right to determine the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the advertising programs are intended to maximize general public recognition and acceptance of the Marks, patronage of Subway® Restaurants and the Subway® brand and System generally, and that we and our designee undertake no obligation to make expenditures for you that are equivalent or proportionate to your Advertising Contributions, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. We or SFAFT may create, modify or abolish franchisee advisory boards or councils from time to time that serve solely in an advisory capacity with respect to the advertising programs that we direct.

2. We shall, for each of our company-owned and affiliate-owned Subway® Restaurants, make (or cause to be made) advertising contributions equivalent to the Advertising Contributions required of franchisees within the System.

3. You agree that the funds may be used to meet any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, Online Presence, radio, magazine and newspaper advertising campaigns, loyalty programs, digital technological platforms and enhancements and other public relations activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees in the System); maintaining and updating Online Presences for Subway® Restaurants; and developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or “next generations” of any such devices. All sums paid by you as Advertising Contributions shall be maintained in one or more separate accounts that contain only Advertising Contributions and other sums to be used for advertising, and such sums shall not be used to defray any of our general operating expenses, except for such administrative costs and overhead, if any, as we or our affiliates may incur in activities reasonably related to the administration or direction of advertising programs including, without limitation, conducting marketing research, preparing marketing and advertising materials, and collecting and accounting for assessments for advertising.

4. It is anticipated that all Advertising Contributions shall be expended for advertising and promotional purposes during our fiscal year within which contributions are made. If, however, excess amounts remain at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of any current interest or other earnings, next out of any accumulated earnings, and finally from principal.

5. We may terminate advertising accounts at any time but will not do so until all monies in them have been expended for advertising and promotion purposes or have been transferred to one or more other accounts used for advertising.

6. An accounting of our use of Advertising Contributions shall be prepared annually and shall be made available to you upon request. We reserve the right, at our option, to require that such annual accounting include an audit prepared by an independent certified public accountant selected by us, with such preparation to be paid for out of Advertising Contributions.

15. **Confidential Information.**

A. We and our affiliates possess (and may continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), relating to developing and operating Subway® Restaurants, whether or not marked confidential, including (without limitation): (1) site selection criteria; (2) training and operations materials and manuals, including, without limitation, recipes, product formulas, drawings, blueprints, reproductions, data, franchise agreements, and the Confidential Operations Manual; (3) the System Standards and other methods, formats, specifications, standards, systems, procedures, devices, techniques, sales and marketing techniques, business plans, methods and strategies, knowledge, and experience used in developing, promoting and operating Subway® Restaurants, business information related to franchisees, pricing policies; (4) market research and plans, creative materials, media schedules, promotional, marketing and advertising programs for Subway® Restaurants, organizational structure, financial information; (5) knowledge of specifications for, and suppliers of, operating assets and other products and supplies; (6) supplier and vendor lists; (7) any computer software or similar technology that is proprietary to us, our affiliates, or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (8) content published over internal communication platforms; (9) knowledge of the operating results and financial performance of Subway® Restaurants, other than your Restaurant; (10) customer lists and related data; and (11) all information we or our affiliates designate as confidential. The following shall not constitute Confidential Information: (i) information that you can demonstrate came to your attention prior to disclosure thereof by us; (ii) information that, at the time of disclosure by us to you, had become a part of the public domain, through publication or communication by others; or (iii) information that, after disclosure to you by us, becomes a part of the public domain, through publication or communication by others through no fault of you. Confidential Information may be provided to you by us, our affiliates, BDs, service providers, or franchisees, or from agents of us or our affiliates. Confidential Information will remain our property or our affiliates’ property.

B. All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material (i) shall be deemed proprietary, (ii) shall be held by you in strict confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) shall not be used in connection with any other business or capacity. You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating your Restaurant during the Term. You agree to protect the Confidential

Information from unauthorized use, access or disclosure. We may require you to have your employees and contractors execute individual undertakings and shall have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreements. You acknowledge that any form of non-disclosure and non-competition agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement that your employees, agents and independent contractors sign.

C. You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information, ideas, slogans, marketing plans, advertising material, concepts, drawings, techniques, inventions (including any resulting patent rights), innovations, trademarks, trade secrets, copyrights, works of authorship, and any other protectable or proprietary interest in any similar intangible asset, relating to a Subway® Restaurant (collectively, “**Innovations**”) made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including, without limitation, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section with the same legal force and effect as if executed by you. The obligations of this Section shall survive any expiration or termination of this Agreement.

D. Due to the special and unique nature of our Confidential Information, the Marks, and Confidential Operations Manual, you hereby agree and acknowledge that we shall be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information and that money damages alone would be an insufficient remedy with which to compensate us for any breach of the related terms of this Agreement.

E. Upon our request, you will promptly return all tangible Confidential Information, including any reproductions and copies. In the event that you are requested or required to disclose any part of the Confidential Information in connection with a legal proceeding, investigation or other similar process, you shall provide us with prompt written notice of any such request or requirement so that we may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section. If, in the absence of a protective order or other remedy or waiver, you are legally compelled to disclose Confidential Information to any tribunal, you may disclose to such tribunal only that portion of Confidential Information which your legal counsel advises that you are legally required to disclose without any liability under this Section.

## 16. **Accounting and Records.**

A. You shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by us, for the purpose of keeping, and making available to us upon our written request, complete business records exclusively for the Restaurant for the current year and for the immediate past three (3) years, including cash register/POS data, control sheets, weekly inventory and sales reports, deposit slips, business and personal bank statements, canceled checks, sales and purchase records, business and personal tax returns, Schedule K-1 forms, cash receipts journals, cash disbursements journals, payroll registers, general ledgers, financial statements, profit and loss statements, balance sheets, and any other similar records and information we may request. These records must be separate from the records kept for any other business in which you have an interest.

B. You shall submit to us such periodic financial and other reports, forms and records as specified, and in the manner and at the time as specified in the Confidential Operations Manual or otherwise in writing.

C. You shall record all sales on the POS System or other electronic cash registers approved by us or on such other types of equipment as may be designated by us in the Confidential Operations Manual or otherwise in writing. You agree that we shall have the right to require you to utilize the computer-based POS System cash registers that are fully compatible with any program(s) or system(s) that we, in our direction, may employ. All Gross Sales and all sales information shall be recorded on such equipment. We shall at all times have real-time and full access to all of your data, system and related information by such means as we may determine from time to time, including without limitation direct access in person, or access by electronic means.

D. You agree that we will have the right to examine your books, records and any electronic data necessary to perform an independent audit or other analysis. You also grant us permission to examine, without prior notice to you, all records of your purchases from a supplier, and you authorize such suppliers to release your purchase records to us at such times and places as we request. You will allow us and our representatives, including without limitation our BDs and their representatives, to conduct an audit, review your business operations and records, including POS System reports, perform audio and visual recordings to the extent permitted by law, and otherwise access all areas of the Restaurant without prior notice at any time you or your employees are on the Premises. Upon our written request, you will make photocopies or electronic copies of all documentation or electronic data that we request and forward them to us or our representatives as we designate. We will reimburse you for the reasonable cost of copying this information. If we notified you in writing of an audit at least five (5) days in advance and you fail to produce your books and records at the time of the audit, you will be responsible for all costs we incur, including, without limitation, the charges of any independent accountant, the compensation of our employees or representatives, and attorneys' fees.

E. We shall have the right, at any time, to audit, or have an independent audit made, of your books. If we or an independent auditor determine, after conducting an audit, that you under-reported Gross Sales by more than two percent (2%) of your reported Gross Sales, you will pay us the Royalty Fees, Advertising Contributions and other charges due on the Gross Sales that were not reported, plus all costs associated with conducting the audit and collecting the unpaid amounts, including without limitation mediation and arbitration fees, court costs, lawyers' fees, accountants' and other professionals' fees, management preparation time, witness fees, and travel expenses, plus interest and late fees (the "**Overdue Amount**"). If you fail to submit all of your information to be audited, we may estimate your sales and charge the Overdue Amount based upon the estimate. The foregoing remedies shall be in addition to any other remedies we may have.

F. At any time during the Term, you authorize us to conduct credit checks or investigative background searches on you which may reveal information about your business experience, educational

background, criminal record, civil judgments, property ownership, liens, associations with other individuals, creditworthiness, and job performance.

17. **Corporation, Limited Liability Company or Partnership Franchisee.**

A. **Corporate Franchisee.** Except as otherwise approved by us in writing, if you are a corporation, you shall (i) confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating one or more Subway® Restaurants; (ii) furnish us with your articles of incorporation and bylaws as well as such other documents that we may reasonably request, including the Owner's Guaranty and Assumption of Franchisee Obligations, attached as **Exhibit A**, executed by all current beneficial owners of any class of voting stock; (iii) maintain stop transfer instructions on your records against the transfer of any equity securities and only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any voting securities or securities convertible into voting securities without our prior written approval, which approval shall be conditioned on, among other things, the new shareholder(s)'s (and all new beneficial owners') execution of an Owner's Guaranty and Assumption of Franchisee Obligations, attached as **Exhibit A**; and (v) maintain a current list of all owners of record and all beneficial owners of any class of voting stock and furnish the list to us upon request. For the avoidance of doubt, the governing documents of all parent or holding entities are also at all times subject to our review and must at all times be consistent with the foregoing guidelines and restrictions.

B. **Limited Liability Company Franchisee.** If you are a limited liability company, you shall: (i) confine your activities, and your governing documents shall at all times provide that your activities are confined, exclusively to operating one or more Subway® Restaurants; (ii) furnish us with your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (iii) prepare and furnish to us, upon request, a current list of all members and managers; (iv) maintain stop transfer instructions on your records against the transfer of any equity securities and only issue securities which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement; and (v) deliver to us the Owner's Guaranty and Assumption of Franchisee Obligations, attached as **Exhibit A**, executed by each member and each owner of any beneficial interest in you. For the avoidance of doubt, the governing documents of all parent or holding entities are also at all times subject to our review and must at all times be consistent with the foregoing guidelines and restrictions.

C. **Partnership Franchisee.** If you are a partnership, you shall: (i) confine your activities exclusively to operating one or more Subway® Restaurants; (ii) furnish us with your partnership agreement, as well as such other documents as we may reasonably request and any amendments thereto; (iii) furnish to us, upon request, a current list of all general and limited partners; and (iv) deliver to us the Owner's Guaranty and Assumption of Franchisee Obligations, attached as **Exhibit A**, executed by each general partner and each owner of any beneficial interest in such general partner. For the avoidance of doubt, the governing documents of all parent or holding entities are also at all times subject to our review and must at all times be consistent with the foregoing guidelines and restrictions.

18. **Transferability of Interest.**

A. **By Franchisor/Delegation of Duties.** This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to the interests of us herein. To the extent that the purchaser or transferee shall assume our covenants and obligations under this Agreement, we shall thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations. From time to time, we shall have the right to delegate the performance of any or all of our obligations and duties hereunder to third parties, whether the same are our agents or independent contractors

that we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of our rights and obligations hereunder.

**B. Consent of Franchisor Required.**

1. The rights granted hereunder are personal to you. Accordingly, neither this Agreement, any rights under this Agreement, including specifically any right to use our intellectual property (including the Marks) as described in Section 8 above, the Restaurant owned by you nor any part of the ownership of you may be assigned or transferred by you or your owner(s) without our prior written consent, and any such assignment or transfer, or attempted assignment or transfer, without such consent shall constitute a breach hereof and shall convey no rights to or interests in this Agreement, the Restaurant owned by you or the ownership of you. Notwithstanding anything herein to the contrary, if a Bankruptcy Event (as defined below) occurs, then our consent to any assignment or transfer hereunder in connection with or during such Bankruptcy Event, shall be made in our sole and absolute discretion, and shall apply for all purposes, including in connection with any proposed assumption or assignment of this Agreement under 11 U.S.C. §365 or any successor or related statutes and regulations.

2. As used in this Agreement, the term “transfer” shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, pledge or other transfer by you or your owners of any interest in any of: (1) this Agreement; (2) the ownership of you, (3) the Restaurant owned by you, or (4) substantially all of the assets of the Restaurant. An assignment, sale or other transfer shall include any of the following events: (1) the transfer of ownership of capital stock, voting stock (or security convertible to voting stock) or partnership interest; (2) merger or consolidation or issuance of additional securities representing an ownership interest in you; (3) transfer of an interest in you, this Agreement or the Restaurant owned by you in a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; or (4) transfer of an interest in this Agreement, the Restaurant owned by you or an ownership interest of you in the event of the death of you or any of your owners, by will, declaration of or transfer in trust, or under the laws of intestate succession. For the avoidance of doubt, you may not pledge a security or other interest in this Agreement or in the proceeds of a sale of this Agreement or the assets of the Restaurant to any lender without our prior written consent.

3. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Restaurant or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on its behalf use, any written materials to advertise or promote the transfer of your Restaurant or of any ownership interest in you without our prior written approval of such materials.

**C. Conditions for Consent.**

1. You acknowledge and agree that there may be no transfers before the Restaurant has opened for business. If you and your owners are in full compliance with this Agreement, we shall not unreasonably withhold our consent to a transfer, provided that we are satisfied in our sole business judgment that the proposed assignee and its owners are of good moral character who have sufficient business experience, aptitude and financial resources to perform the services required hereunder and otherwise meet our then applicable business standards for the grant or acquisition of similar rights, provided however, that our consent for a transfer in connection with any Bankruptcy Event shall be in our sole and absolute discretion.

2. A transfer of ownership in the Restaurant owned by you may only be made in conjunction with a transfer of this Agreement or the controlling interest in you, and further provided that if the transfer is of this Agreement or the Restaurant owned by you, or of a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of a controlling interest in this Agreement, the Restaurant owned by you, substantially all of the assets of the Restaurant or you, in addition to the conditions set forth above, all of the following conditions are met prior to, or concurrently with, the effective date of the assignment or transfer: (1) you must have complied with the right of first refusal set forth below; (2) all obligations of you and your owners incurred in connection with this Agreement have been assumed by the assignee and its owners; (3) you shall have paid all amounts owed to us; (4) the assignee shall have completed the training program required of new franchisees; (5) the assignee and its owners shall execute and agree to be bound by the form of franchise agreement and any ancillary agreements as are then customarily used by us in the grant of the rights described hereunder, which franchise agreement shall provide for a term no less than the then remaining term of this Agreement; (6) you shall have paid a transfer fee equal to fifty percent (50%) of our then-current standard initial franchise fee (excluding any promotions or discounts), plus \$3,000 for any satellite Restaurant you transfer (or, if you are transferring an interest to your spouse or child, 25% of our then-current standard initial franchise fee (excluding any promotions or discounts), plus \$1,500 for any satellite Restaurant you transfer; (7) the assignee shall present evidence satisfactory to us that it has the right to remain in possession of the Premises for the term of assignee's franchise agreement; (8) you and your owners shall have executed a general release, in form satisfactory to us, of any and all claims against us and our affiliates, BDs, officers, directors, owners, employees and agents; (9) you and your owners must abide by the terms of this Agreement which by their nature survive termination, including without limitation the post-termination covenant not to compete set forth in Section 23; and (10) the transferee execute our then-current form of Transfer Addendum.

3. In conjunction with our consideration of consenting to a proposed transfer, we shall prepare an itemized written assessment of the need for refurbishing and/or remodeling of the Restaurant (the "**Remodeling Requirements**") to conform with the then-existing standards and specifications for the décor of Subway® Restaurants within the System. The Remodeling Requirements shall be forwarded to you/assignor and the proposed assignee. You/assignor shall obtain a written cost estimate from reputable contractors to complete the Remodeling Requirements and such cost estimate shall be provided to us and the proposed assignee. Completion of the Remodeling Requirements shall be your responsibility and shall be a condition of our final consent to a transfer contemplated in this Section. Funding for the Remodeling Requirements shall be the subject of negotiation and agreement by and between you/assignor and the proposed assignee. The Remodeling Requirements shall be contemplated prior to the proposed transfer, unless otherwise agreed to between us and you.

4. We shall not be obligated to consider giving our consent to any such transfer unless you have requested such consent in writing and have provided to us at least thirty (30) days in advance of the proposed transfer: your current financial statements; such other information (on such forms or via such systems that we require) including, but not limited to, the proposed sales price and terms of payment (including any and all applicable letters of intent, term sheets, purchase and sale contracts, and other relevant documents and information pertaining to the transfer); an application for a franchise completed by the proposed transferee (buyer) including personal financial statements of such proposed transferee (buyer); the cost estimate of the Remodeling Requirements, and the opportunity to conduct an in-person interview with such proposed transferee (buyer).

5. The transfer fee may be refunded only if we have not yet issued the consent-to-transfer, and you and the buyer cancel the transfer. However, if the consent-to-transfer has already been issued, and (i) you and/or the buyer cancel the transfer, or (ii) we cancel the transfer because you and the buyer failed to complete the transfer within sixty (60) days after you received the consent-to-transfer, we will not refund any portion of the transfer fee. If you and the buyer desire to reactivate a transfer cancelled under these circumstances, and we approve, the parties must repay the full transfer fee.

**D. Franchisor Right of First Refusal.** If you or your owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser in respect of a proposed transfer, including the purchase of an interest in this Agreement, the Restaurant or an ownership interest in you, you shall submit an exact copy of such offer to us, along with any other information that we may reasonably request. We shall have the right, exercisable by written notice delivered to you or your owners within thirty (30) days from the date of delivery of an exact copy of such offer and all reasonably requested information to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that we shall be entitled to customary warranties, closing documents and post-closing indemnifications, may substitute cash for any other form of payment proposed in such offer and shall have not less than sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to our written approval of the purchaser as provided in sub-sections B and C of this Section; provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale, we shall again have the right of first refusal herein provided.

**E. Death or Disability of Franchisee.** Upon your death or permanent disability or, if you are a corporation, limited liability company or partnership, the owner of fifty percent (50%) or more of the partnership interest, equity or voting control of you, the executor, administrator, conservator or other personal representative of such person shall assign this Agreement or such interest in you to a third party approved in writing by us. Such disposition of such interest in you shall be completed within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments contained in sub-sections B and C of this Section and elsewhere in this Agreement; *except that*, where the assignee is an heir, devisee, legatee or next of kin or immediate family, the assignee shall assume this Agreement and any ancillary agreements, and shall not be required to execute our then-current form of franchise agreement and ancillary agreements, and shall not be required to pay the transfer fee. Failure to so dispose of this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement. Pending disposition, we shall have the right to approve the management of the Restaurant owned by you. References to “immediate family” as used in this Agreement shall mean parents, spouses, children and siblings, and the parents, children and siblings of spouses.

**F. Effect of Consent to Assignment.** Our consent to a transfer, including an assignment of this Agreement or any interest subject to the restrictions of this Section shall not constitute a waiver of any claims we may have against the assignor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee or by the assignor.

## 19. **Covenants.**

**A.** We have entered into this Agreement with you on the condition that you will deal exclusively with us. You acknowledge and agree that we would be unable to encourage a free exchange of ideas and information among franchisees and us if franchisees were permitted to hold interests in any Competitive Businesses. You therefore agree that neither you nor your owners will have any direct or

indirect Association with a Competitive Business during the Term, in accordance with the definitions and provisions below, unless we allow otherwise in writing.

B. You further covenant that during the Term, you shall not divert or attempt to divert any business of or any customers of the 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 our Marks and the System, or in any way negligently or intentionally interfere with our business or our prospective business.

C. Upon termination of this Agreement by us in accordance with its terms and conditions or by you without cause or upon expiration of this Agreement, you and your owners agree that, for a period of one (1) year commencing on the effective date of termination or expiration or the date on which you and your owners begin to comply with this Section, whichever is later, neither you nor your owners nor any member of such owner's or owners' immediate families shall have any direct or indirect Association with a Competitive Business within a three (3) mile radius of the Approved Location or any Subway® Restaurant in operation or under construction as of the termination or expiration date or the date on which you and your owners begin to comply with this Section, except in connection with the operation of Subway® Restaurants under franchise agreements with us. The restrictions of this sub-section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the number of shares of that class of securities issued and outstanding. You (and your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting such skills. You further acknowledge and agree that the terms of the covenant are reasonable in scope, geography and time. Consequently, enforcement of the covenants made in this Section will not deprive you (or them) of your (or their) personal goodwill or ability to earn a living. To the extent that this sub-section is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reduction of either or both thereof, you and we agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

D. For each unauthorized Association with a Competitive Business in violation of this Section, you agree to pay us Fifteen Thousand Dollars (\$15,000.00) plus eight percent (8%) of its gross sales (using the definition for calculating Royalty Fees in this Agreement), as being a reasonable pre-estimate of the damages we will suffer. For each Competitive Business location for which we are unable to verify gross sales in a timely manner, you will pay us a sum of One Hundred Thousand Dollars (\$100,000.00) and an additional One Hundred Thousand Dollars (\$100,000.00) for each subsequent year the Competitive Business operates during the Term. You acknowledge and agree that the payment of such sum(s) is a good faith pre-estimate of our damages from the loss of Royalty Fees and Advertising Contributions, and not a penalty. You further agree that the payment of these sums would be insufficient to fully compensate us, and that damages from such competition would be difficult to calculate. Accordingly, you stipulate that any breach of this Section 19 would irreparably harm us, and that, notwithstanding the payment requirements herein, we have a right to injunctive relief to enforce the provisions of Section 19.

E. As used in this Agreement:

1. “**Competitive Business**” means any business that operates, manages, franchises or licenses restaurants or stores that derive more than twenty percent (20%) of its total gross revenue from the sale of any type of sandwiches on any type of bread, including but not limited to sub rolls and other bread rolls, sliced bread, pita bread, flat bread, and wraps, whether for on or off-premises consumption, or via delivery or catering. The word “sandwiches” as used in the previous sentence does not include hamburgers, hot dogs, burritos, or fried chicken sandwiches, and full-service restaurants where customers are served by waitstaff and pay after eating, and Subway® Restaurants

operated under franchise agreements with us, are not Competitive Businesses. Examples (without limitation) of Competitive Businesses as of the Agreement Date are the following chain restaurants: D'Angelo Grilled Sandwiches, Jersey Mike's Subs, Jimmy John's, Firehouse Subs, Potbelly, Togo's, Which Wich Superior Sandwiches, Charley's Philly Steaks, Penn Station East Coast Subs, McAlister's Deli, Pita Pit, Schlotzky's, Cousin's Subs, Capriotti's, Quiznos, Jon Smith Subs, Erbert & Gerbert's, Lenny's Grill & Subs, PrimoHoagies, Tubby's Sub Shop, Blimpie's, Super Sandwich, Nardelli's, DiBella's, Deli Delicious, Groucho's Deli, CHēBA Hut, Steak Escape, Miami Grill, Goodcents Deli Fresh Subs, and Great Wraps.

2. **“Association with a Competitive Business”** means: 1) having any ownership interest in or serving as director, officer, employee or other representative of a Competitive Business; 2) advising or providing services, on a fee or no fee basis, to any individual or entity engaging in a Competitive Business in a manner which imparts your knowledge of the System; 3) loaning or otherwise providing money, inventory, equipment or supplies to any individual or entity operating a Competitive Business; or 4) leasing, licensing or otherwise granting access to, or the right to use, the property you control to anyone for the operation of a Competitive Business. Association with a Competitive Business does not include your ownership of outstanding securities of any corporation whose securities are publicly held and traded, provided that said securities are held by you for investment purposes only and that your total holdings do not constitute more than two percent (2%) of the outstanding securities of said corporation.

F. We shall have the right to require all of your personnel performing managerial or supervisory functions, all personnel receiving special training from us and all other personnel with access to confidential information to execute similar covenants in a form satisfactory to us.

G. You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, information regarding our promotional, operational, sales, and marketing methods and techniques and those of the System. You covenant that you will maintain the absolute confidentiality of all such proprietary information during and after the Term and that you will not use any such information in any other business or in any manner not specifically authorized or approved in writing by us.

H. You acknowledge and agree that, upon signing this Agreement, you will automatically become a member that has voting rights on a representative board (a **“Member”**) of the independent purchasing cooperative formed by Subway® franchisees where the Restaurant will be located (the **“IPC”**). If required under local law, you may opt out of being a Member of the IPC by sending the IPC written notification.

I. Unless we approve such an arrangement in advance and in writing, you agree that you will not enter into any agreement with any other entity, or with any individual who is not an approved owner of you or named as a franchisee in this Agreement, for such other entity or individual to manage or operate the Restaurant or receive the right to profits and losses of the Restaurant.

J. Throughout the Term, you will promptly and in writing disclose to us information regarding all individuals who (i) contribute or loan money toward the purchase or operation of the Restaurant; (ii) have any direct or indirect ownership interest in any assets of the Restaurant; or (iii) are a co-borrower, co-signer or guarantor of a loan (the **“Investors”**). You will promptly provide us with documentation related to any such Investors, including but not limited to promissory notes, loan agreements, shareholders agreements, management agreements, financial statements, articles or certificates of incorporation or organization, or other entity establishment documents, tax forms, or any other instruments which document the investment.

20. **Relationship of the Parties/Indemnification.**

A. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that the parties are independent contractors and that nothing in this Agreement is intended to make either party an agent, subsidiary, joint venturer, partner, employee or servant of the other for any purpose.

B. You shall conspicuously identify yourself at the Premises and in all dealings with franchisees, prospective franchisees, landlords, contractors, suppliers, public officials and others as the owner of your own business under a franchise agreement with us, and you shall place such other notices of independent ownership on such signs, forms, stationery, advertising and other materials, and in such places and in such form, as we may require from time to time.

C. You shall not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation, or in any other manner, without our prior written consent, or employ any Mark in a manner that is likely to result in our liability for any indebtedness or obligation of you.

D. Neither we nor you shall make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and franchisee, and neither we nor you shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder, nor shall we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business, whether or not caused by your negligent or willful action or failure to act.

E. You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of the Restaurant. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Restaurant in full compliance with federal, state, and local employment laws.

F. You agree, at your sole cost and at all times, to indemnify and hold us and our subsidiaries and affiliates, together with each of their respective owners, directors, officers, employees, agents and assignees, harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses incurred in connection with any judicial, administrative or other action or proceeding (including bankruptcy, insolvency, debtor/creditor or similar proceedings), suit, claim, demand, investigation, or formal or informal inquiry, regardless of whether any of the foregoing is reduced to judgment) that any of them may suffer, sustain or incur by reason of defending any claim brought against any of them or any action in which any of them is named as a party that arises from or is related to your operation of the Restaurant or your activities related thereto or your activities under this Agreement. We and each such other indemnified party may, in our discretion and at your expense, control the defense of any claim against us or an indemnified party (including choosing and retaining our own legal counsel), agree to settlements of claims against us or an indemnified party, and take any other remedial, corrective, or other actions in response to such claims. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

21. **Insurance.**

A. During the Term, you must maintain in force at your sole expense property coverage, comprehensive general liability coverage (including products and completed operations), worker's compensation, business auto liability, and other types of insurance we require in the Confidential Operations Manual or as otherwise set forth in writing, including without limitation insurance required by the Sublease (or other approved lease agreement) and state law. You must purchase your business insurance from a source designated under our Gold Standard Insurance Program or any subsequent insurance program of ours, unless we allow otherwise in writing. All insurance policies must contain the minimum coverage we prescribe from time to time in the Confidential Operations Manual or otherwise in writing and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances, and you agree to comply with any changes to our insurance requirements promptly and at your sole expense. These insurance policies must be purchased from an insurance company satisfactory to us and each liability coverage policy must name us, our affiliates (including without limitation SFAFT), and our and their respective officers, directors, shareholders, employees and agents, as well as (if applicable) your BD and landlord (collectively, the "**Additional Insureds**") as additional insureds, with primary non-contributory coverage, using a form of endorsement that we have approved. If available from the insurer, all insurance policies must provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You routinely (at all times we require in our business judgment) must furnish us copies of your Certificates of Insurance or other evidence of your maintaining all then-required insurance coverage and the payment of all premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies including without limitation termination, we may (but need not) obtain such insurance for you and the Restaurant on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

B. Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the Restaurant. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for the Restaurant that you deem appropriate, based on your own independent inquiry. We are not responsible for losses sustained by you that exceed or fall outside of the insurance coverage under any circumstances. For the avoidance of doubt, the indemnification obligations contained in Section 20 will not be relieved by any insurance you carry.

22. **Default and Termination.**

A. If you believe that we are in default under this Agreement, you must give us written notice within ninety (90) days of the start of the default. The notice must clearly state each act or omission constituting the default. If we do not cure the default to your satisfaction within sixty (60) days after we receive your notice, you may give us notice that an arbitrable dispute exists.

B. This Agreement shall terminate automatically upon delivery of notice of termination to you, if you or any of your owners, officers, or key employees:

1. Fail(s) to develop, decorate, equip or open the Restaurant within the time period required by, or fail(s) to satisfactorily complete the training program as provided in, this Agreement;
2. Have/has made any material misrepresentation or omission in your, his or her application for the franchise or in any report, claim, request for reimbursement, impact survey or other similar document submitted to us;
3. Are/is convicted of or plead(s) no contest to: (i) a felony; or (ii) another crime or offense that is likely to adversely affect your reputation or the reputation of the System;
4. Make(s) any unauthorized use, disclosure or duplication of any portion of the Confidential Operations Manual or duplicate(s) or disclose(s) or make(s) any unauthorized use of any trade secret or Confidential Information provided to you by us;
5. Abandon(s) or fail(s) or refuse(s) to actively operate the Restaurant for two (2) business days in any twelve (12) consecutive month period, unless the Restaurant has been closed for a purpose approved by us or due to an act of God, or fail(s) to relocate to an approved premises within an approved period of time following expiration or termination of the Lease for the Premises;
6. Surrender(s) or transfer(s) control of the operation of the Restaurant, make(s) an unauthorized direct or indirect assignment of the franchise or an ownership interest in you or fail(s) or refuse(s) to assign the franchise or the interest in you of a deceased or disabled controlling owner thereof as herein required;
7. Submit(s) to us at any time during the Term any reports or other data, information or supporting records which understate by more than three percent (3%) the Royalty Fee for any period of, or periods aggregating, three (3) or more weeks, and you are unable to demonstrate that such understatement resulted from inadvertent error;
8. Become(s) insolvent, is adjudicated as bankrupt or insolvent; all or a substantial portion of your assets are assigned to or for the benefit of any creditor or creditors; a petition in bankruptcy is filed by or against you and is not immediately contested and thereafter dismissed or vacated within sixty (60) days from filing; you admit in writing your inability to pay your debts when due; you cause, permit or acquiesce in an order for relief under the U.S. Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization, receivership or other similar law now or hereafter in effect, or consent to the entry for an order for relief in an involuntary proceeding or to the conversion of an involuntary proceeding to a voluntary proceeding, under any such law; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you or your assets is filed and consented to; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any federal or state law are instituted by or against you; you are dissolved or liquidated; execution is levied against you and/or your property; your property is sold after levy thereon by any governmental body or agency, sheriff, marshal or other person authorized under federal, state and/or local law; a final court judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); a judicial or non-judicial action to foreclose any lien or mortgage against any of your assets is instituted against you and is not dismissed or settled by the earlier of (i) thirty (30) days from commencement or (ii) consummation of such sale; or your governing body adopts any resolution or otherwise authorizes action to approve any of the foregoing activities (each such event, a “**Bankruptcy Event**”);

9. Materially misuse(s) or make(s) an unauthorized use of any Marks or commit any act which can reasonably be expected to materially impair the goodwill associated with any Marks;

10. Fail(s) on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you (or your owners, officers, or key employees) of the failures and, if such notification is given, whether or not those failures are corrected after we deliver written notice to you (or your owners, officers, or key employees); or fail(s) on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you (or your owners, officers, or key employees) of the failures and, if such notification is given, whether or not those failures are corrected after we deliver written notice to you (or your owners, officers, or key employees);

11. Violate(s) any health, safety or sanitation law, ordinance or regulation or operate(s) the Restaurant in a manner that presents a health or safety hazard to your customers or the public and do(es) not begin to cure the violation immediately and correct the violation within seventy two (72) hours after receiving notice of such violation from us or any other party, regardless of any longer period of time that any governmental authority or agency may have given you to cure such violation;

12. Create(s) or allow(s) to exist any condition in or at the Restaurant, or in connection with the operation of the Restaurant, that we determine to present an immediate health or safety concern for the Restaurant customers or employees;

13. Fail(s) to pay any third-party, including the landlord of the Premises, any amounts owed in connection with the Restaurant when due, and you do not cure such failure within any applicable cure period granted by such third-party; or

14. Engage(s) in any dishonest or unethical conduct which, in our judgment, is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interest therein.

C. This Agreement shall terminate upon written notice to you if (for the avoidance of doubt, the cure periods contained below in this sub-section C do not apply to sub-section B above):

1. You or any of your owners fail(s) or refuse(s) to make payments of any amounts due to us or our affiliates for Royalty Fees, Advertising Contributions, rents or other obligations owed to us under any lease, purchases from us, our affiliates, suppliers, or vendors, or any other amounts due to us or our affiliates, and do(es) not correct such failure or refusal within ten (10) days after written notice of such failure is delivered to you;

2. You or any of your affiliates or owners fail(s) to comply with any other agreement with us or one of our affiliates and do(es) not correct such failure within the applicable time or cure period, if any (if no such time or cure period is specified, then 30 days); or

3. You or any of your owners fail(s) or refuse(s) to comply with any other provision of this Agreement, or any specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise in writing by us, and do(es) not correct such failure within thirty (30) days (or provide(s) proof acceptable to us that you, he or she has made all reasonable efforts to correct such failure and will continue to make all reasonable efforts to cure

until a cure is effected if such failure cannot reasonably be corrected within 30 days) after written notice of such failure to comply is delivered to you.

D. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective, and we shall comply with applicable law in connection with each of these matters.

E. In addition to our right to terminate this Agreement, and not in lieu of such right or any other rights against you, we, in the event that you shall not have cured a default under this Agreement within the applicable cure period, may, at our option, enter upon the Premises and exercise complete authority with respect to the operation of the Restaurant until such time as we determine that your default has been cured and that there is compliance with the requirements of this Agreement. You specifically agree that a designated representative of us may take over, control, and operate the Restaurant, and that you shall pay us a service fee of not less than Five Hundred Dollars (\$500.00) per day plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. You further agree that if, as herein provided, we temporarily operate the Restaurant for you, you agree to indemnify and hold us harmless and any of our representatives who may act hereunder, respecting any and all acts and omissions which we may perform, or fail to perform as regards your interests or those of third parties.

F. If this Agreement is terminated because of your default, or if it is terminated by you prior to its expiration without cause, the parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty Fees and that SF AFT, the System or other marketing fund(s) would have otherwise derived from your continued payment of Advertising Contributions, less any cost savings, through the remainder of the Term until the scheduled expiration date (“**Damages**”). Therefore, the parties agree that a reasonable estimate of the Damages is, and you agree to pay us as compensation for the Damages, an amount equal to the then net present value of the Royalty Fees and Advertising Contributions that would have become due from the date of termination to the third-year anniversary of the date of termination. For this purpose, Damages shall be calculated based on Gross Sales of the Restaurant for the most recent twelve (12) consecutive month period that the Restaurant operated. If you have not operated the Restaurant for at least twelve (12) consecutive months preceding the termination date, Damages will be calculated based on the average monthly Gross Sales of all Subway® Restaurants in the United States during our last fiscal year. You and we agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

G. Notwithstanding anything herein to the contrary and for avoidance of doubt, for all purposes in connection with a Bankruptcy Event, the amount necessary to “cure” any default under this Agreement for purposes of 11 U.S.C. §365 (or similar provision) shall include but not be limited to any amounts due and owing by you to us or our affiliates for Royalty Fees, Advertising Contributions, rents or other obligations owed to us under any lease, purchases from us, our affiliates, suppliers, or vendors, or any other amounts due to us or our affiliates.

23. **Post-Term Rights and Duties.** Upon termination or expiration, this Agreement and all rights granted hereunder to you shall forthwith terminate, and:

A. You shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of us.

B. You shall cancel any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the Restaurant. If you fail to do so within a reasonable time, we are authorized to cancel them for you.

C. Upon our demand, you shall assign to us your interest in any lease then in effect for the Premises and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

D. You shall immediately and permanently cease to use, by advertising or in any manner whatsoever: any confidential methods, procedures and techniques associated with the System; and the Marks and distinctive forms, slogans, signs, symbols, logos, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles that display the Marks.

E. You shall take such action as may be necessary to assign to us or our designee any assumed name rights or equivalent registration filed with state, city, or county authorities that contain(s) the name "Subway®", any derivation thereof, or any other service mark or trademark of the System, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

F. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks and further agree not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with us so as to constitute unfair competition.

G. Except as expressly provided herein, you must obtain our written approval prior to closing the Restaurant and removing any signage, fixtures, or other leasehold improvements from the Restaurant, or otherwise de-identifying the Restaurant as a Subway® Restaurant. We will have the right, at your cost, to reinstall any signage, fixtures or other leasehold improvements removed from the Restaurant without our written consent. If we approve the closure of the Restaurant in writing, or if you fail to obtain our approval to close the Restaurant and we subsequently determine the Restaurant should be closed, you must change the appearance of the Restaurant, to the extent we require, so it will no longer be identified as a Subway® Restaurant within fourteen (14) days of the date we issue our written approval or provide notice to you of our decision for the Restaurant to close.

H. If your leasehold interest in the Premises is not a Sublease with us, you are responsible for obtaining a termination and mutual release of such lease from the landlord for us or our affiliate(s). You are responsible for all costs associated with obtaining the termination and mutual release, including but not limited to any amounts owed to the landlord.

I. You shall promptly pay all sums owing to us. In the event of termination for any default of yours or termination without cause by you, such sums shall include all damages (which may include lost future Royalty Fees), costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of the default.

J. You shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section or Section 19.

K. You shall immediately turn over to us all manuals, including the Confidential Operations Manual, customer lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by us to you or which contain our Confidential Information relating to the operation of the Restaurant (all of which you acknowledge to be our property).

L. We shall have the right, title and interest to the menu board and any sign or sign faces bearing the Marks. You hereby acknowledge our right to access the Premises should we elect to take possession of any said menu board, sign or sign faces bearing the Marks.

M. We shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all equipment, supplies, and other inventory, advertising materials, all items bearing the Marks, and the assets of any commissary, bakery, ghost kitchen or related facility owned by you, at fair market value. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser acceptable to you and us shall be designated by us, and her/his determination shall be binding. In determining fair market value, the parties shall not take into consideration the goodwill associated with the Marks. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from you under this Agreement or any other agreements between you or your affiliate and us or our affiliate, and the cost of the appraisal, if any, against any payment therefor.

N. You hereby acknowledge that all telephone numbers, internet addresses, and domain names used in the operation of the Restaurant constitute assets of the Restaurant and will be used solely to identify the Restaurant in accordance with this Agreement; and upon termination or expiration of this Agreement you shall promptly assign to us or our designee, all of your right, title, and interest in and to your telephone numbers, internet addresses, and domain names and shall promptly notify the telephone company or domain registrar, as applicable, and all listing agencies of the termination or expiration of your right to use any telephone numbers, internet addresses, and domain names and any regular, classified or other telephone or website directory listing associated with the Marks and to authorize a transfer of same to us at our direction.

O. You shall immediately (i) cease using or operating any Online Presence (including without limitation any social media account) related to the Restaurant or the Marks, and (ii) take any action as may be required to disable such Online Presence (including without limitation any social media account), or transfer exclusive control and access of such Online Presence (including without limitation any social media Account) to us, as we determine in our sole discretion.

P. You shall comply with the covenants contained in Section 19 of this Agreement.

Q. You shall comply with all other System Standards we periodically establish (and all applicable law) in connection with the closure and de-identification of the Restaurant, including as relates to disposing of Personal Information, in any form, in your possession or the possession of your employees.

R. If you continue using the System or the Marks after termination or expiration of this Agreement in violation of this Agreement, you will pay us Two Hundred Fifty Dollars (\$250.00) per day for each day you are in default, as a reasonable pre-estimate of the damages. Notwithstanding same, you stipulate that damages from your continued use of the System or the Marks post-termination would result in irreparable harm to us that could not adequately be compensated for by a money judgment. Therefore,

you stipulate to our right to injunctive relief in the event of any such post-termination continued use of the System or Marks and as otherwise provided in Section 24.B.

24. **Miscellaneous.**

A. **Security Interest.** As security for the performance of your obligations under this Agreement, including payments owed to us for purchase by you, you grant us a security interest in all of the assets of the Restaurant, including but not limited to inventory, fixtures, furniture, equipment, accounts, customer lists, supplies, contracts, cash derived from the operation of the Restaurant and sale of other assets, and proceeds and products of all those assets. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. If a third-party lender requires that we subordinate our security interest in the assets of the Restaurant as a condition to lending you working capital for the operation of the Restaurant, we will agree to subordinate only pursuant to a subordination agreement or inter-creditor agreement with such lender that we approve in our reasonable discretion.

B. **Injunctive Relief.** We may enforce by judicial process any provision of this Agreement, including our right to terminate this Agreement. You and your affiliates, officers, directors, employees, and owners agree to entry without bond of temporary, preliminary and permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure any such injunctions or order of specific performance, you further agree to pay to us an amount equal to the aggregate of our costs of obtaining any such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages incurred by us as a result of any breach. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity.

C. **Severability and Substitution of Valid Provisions.** All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent that any covenant restricting ownership of a Competitive Business herein is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be made enforceable by reductions of either or both thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure shall be modified to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

D. **Waiver of Obligations.** You and we may by written instrument only unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by us of any payment by you or any other person or entity and no failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement.

E. **Franchisee May Not Withhold Payments Due Franchisor.** You agree that you will not withhold payment of any amounts owed to us, on grounds of the alleged nonperformance by us of any of our obligations hereunder.

F. **Rights of Parties are Cumulative.** Your and our rights hereunder are cumulative and no exercise or enforcement by you or us of any right or remedy hereunder shall preclude the exercise or enforcement by you or us of any other right or remedy hereunder or which you or us is entitled by law to enforce.

G. **Waiver of Punitive, Exemplary and Consequential Damages and Jury Trial.** EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 20, YOU AND WE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US WE EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY US OR YOU.

H. **Limitation of Claims and Certain Damages; Class Action Bar.**

1. Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement or the relationship between you and us will be barred unless an action or proceeding is commenced in accordance with this Agreement within one (1) year from the date the party asserting the claim knew or should have known of the facts giving rise to such claims.

2. If the landlord terminates the lease for the Restaurant and an arbitrator or court determines you did not breach the Sublease and it was our or our affiliate's fault the landlord terminated the lease, our obligation to you will be limited to the original cost of your leasehold improvements, less depreciation based on a five (5) year life under the straight-line method. We will pay you when you reopen the Restaurant in a new location. If the arbitrator or court determines you breached the Sublease or it was not our or our affiliate's fault the landlord terminated the lease, we and our affiliate will have no obligation to you for termination of the lease.

3. You and we agree that any proceeding will be conducted on an individual basis, and that any proceeding between us (or any of our affiliates) and you or your owners may not be: (i) conducted on a class-wide basis or as a collective action, (ii) consolidated with another proceeding between us and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between you and us, (iii) joined with any claim of an unaffiliated third-party, or (iv) brought on your behalf by any association or agency. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

I. **Costs and Attorneys' Fees.** If either party initiates a judicial or other proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable attorneys' fees. If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to any claimed or actual act, error or omission of yours, by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as franchisor, or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in

conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

**J. Governing Law; Consent to Jurisdiction.** This Agreement and the Franchise shall be governed by the internal laws of the state of Florida, without regard to conflict of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq.*). The parties agree that any franchise law or business opportunity law of the State of Florida now in effect or adopted or amended after the date of this Agreement will not apply to franchises located outside of Florida. **SUBJECT TO THE ARBITRATION PROVISIONS BELOW, WE AND YOU (AND EACH OWNER) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN THE PARTIES MUST BE COMMENCED IN THE STATE OR FEDERAL COURT IN OR NEAREST TO WHERE WE THEN HAVE OUR HEADQUARTERS. WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.**

**K. Arbitration.**

1. Any dispute, controversy or claim arising out of or relating to this Agreement, the breach thereof, or the business relationship between the parties will be settled by arbitration to be administered by either the American Arbitration Association or its successor ("AAA"). AAA will administer the arbitration in accordance with its administrative rules (including, as applicable, the Commercial Rules of the AAA and the Expedited Procedures of such rules). If AAA is no longer in business, then the parties will mutually agree upon an alternative administrative arbitration agency. If the parties cannot mutually agree, then the parties agree to take the matter to a court of competent jurisdiction to select the agency. Judgment rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs of the arbitration will be shared equally by the parties, except as otherwise provided in this Agreement. The parties also agree that neither party will pursue class claims or group or collective actions. The parties further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in which you and we are the sole parties. The parties will honor validly served subpoenas, warrants and court orders.

2. The parties further agree that in cases where the amount in controversy is One Million Dollars (\$1,000,000.00) or less the only depositions will be for the sole purpose of preserving testimony. In other cases, the right to, and extent of, any depositions will be determined by agreement of the parties, or by the arbitrator. In all cases any documents exchanged between the parties as part of the discovery process must be returned or destroyed (with proof of destruction) within thirty (30) days of final judgment or dismissal of the arbitration.

3. The parties agree that the city where we then have our headquarters at the time of the commencement of the arbitration will be the site for arbitration. The arbitration shall be held before one (1) arbitrator, who shall be chosen pursuant to the AAA rules for appointment of one (1) arbitrator from the National Roster, except that in the event that either of the parties seeks damages in excess of Ten Million Dollars (\$10,000,000.00), the arbitration shall be held before a panel of three arbitrators. To compose the panel of three arbitrators, each party shall name one arbitrator within fourteen (14) days of service of the Demand for Arbitration or Counterclaim seeking damages in excess of Ten Million Dollars (\$10,000,000.00). The two chosen arbitrators must perform his or her duties as a neutral, with impartiality and independence, and with diligence

and in good faith. The two arbitrators chosen by the parties shall, within thirty (30) days of the appointment of the last arbitrator, appoint the chairperson of the panel from the National Roster provided by the AAA.

4. If you breach the terms of your Sublease, the Sublessor, whether us or our affiliate, may exercise its rights under the Sublease, including your eviction from the Premises. Any action brought by the Sublessor to enforce the Sublease, including actions brought pursuant to any cross-default clause in the Sublease (which provides that a breach of this Agreement is a breach of the Sublease) will not be an arbitrable dispute and will be adjudicated in the courts of the county and state where the Premises is located. Without limitation, any security deposit that is returned to us or our affiliate by the landlord may be applied to any amounts that you owe us under this Agreement. The parties agree that you may seek a stay of any eviction brought under a cross-default clause in the Sublease by filing a demand for arbitration in accordance with this sub-section within thirty (30) days of the Sublessor's commencement of the eviction. The stay shall be lifted upon conclusion of the arbitration, and you may not seek a stay of eviction after the arbitration has concluded. For the avoidance of doubt, you may not seek a stay of any eviction for any other type of default under the Sublease, including without limitation the failure to pay rent or any other amounts due and owing under the Sublease on a timely basis.

5. You may only seek damages or any remedy under law or equity for any arbitrable claim against us or our successors or assigns. You agree our intended beneficiaries of the arbitration clause including our affiliates, shareholders, directors, officers, employees, agents and representatives, and their affiliates, will be neither liable nor named as a party in any arbitration or litigation proceeding commenced by you where the claim arises out of or relates to this Agreement or the business relationship between the parties. If you name a party in any arbitration or litigation proceeding in violation of this sub-section, you will reimburse us for reasonable costs incurred, including but not limited to arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses incurred by us or the party.

6. You acknowledge and agree that your default under this Agreement concerning infringement of intellectual property rights in the Marks or in copyrighted items or disclosure of Confidential Information (together "**Intellectual Property Claims**") may cause irreparable harm to us, our Affiliates and the System as a whole. Notwithstanding the arbitration clause in this sub-section, we or an Affiliate may bring an action in connection with such a default for damages, injunctive relief, or both in any court having jurisdiction.

7. Any disputes concerning the enforceability or scope of the arbitration clause are delegated to the arbitrator for determination, except for Intellectual Property Claims. Any arbitration will be conducted pursuant to the Federal Arbitration Act, 9 U.S.C. §1, et seq. ("**FAA**"), and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of the arbitration clause in this Agreement. If the FAA has been repealed or modified such that it no longer applies to this Agreement, then any disputes shall be resolved in accordance with applicable law governing this Agreement. The parties agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.

8. A party will be in default of this Agreement if it i) commences action in any court in violation of this sub-section prior to an arbitrator's final decision (except as otherwise allowed by this Agreement, including to compel arbitration), or ii) commences litigation in any forum except where permitted by this sub-section. The defaulting party will also be responsible for the expenses the other party incurs to enforce this sub-section, including but not limited to filing fees, court costs, reasonable attorneys' fees and travel expenses. However, if a court of competent

jurisdiction deems the arbitration clause unenforceable after all appeals have been exhausted, the defaulting party will not be responsible for such costs.

9. Subject to federal or state law, if a party defaults under sub-section G, including, but not limited to, making a claim for special, incidental, consequential, punitive, or multiple damages, or damages in excess of the amount permitted, the defaulting party must correct its claim and will be responsible for all expenses incurred by the other party, including attorneys' fees, and will be liable for abuse of process.

10. The parties agree that all statutes of limitations and deadlines provided for in the governing law that is applied to the arbitration shall have full force and effect, unless a shorter limitations period is provided in sub-section H and is enforceable under applicable law.

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

M. **Survival.** All of your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

N. **Construction.** This Agreement (including the preambles and Background Information), the exhibits, schedules and attachments hereto, and the documents referred to herein, constitute the entire and complete agreement between the parties concerning the subject matter hereof and supersede any and all prior agreements between the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

The headings of the several Sections and sub-sections hereof are for convenience only and do not define, limit or construe the contents of such Sections or sub-sections and shall not be taken into account in this Agreement's construction or interpretation. References to dollars (\$) in this Agreement refer to the lawful money of the United States of America. No previous course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement.

O. **Joint and Several Liability.** Each individual signing this Agreement as the franchisee will be jointly and severally liable.

P. **Franchisor Discretion.** You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision.

Q. **Notices.** Every notice, approval, consent or other communication authorized or required by this Agreement shall be effective if given in one of the following ways: (i) by email to us at **FranchiseNotices@subway.com** and to you at the email address provided in the Key Contract Data at the beginning of this Agreement, or at such other email address as either party shall from time to time designate in writing; (ii) in writing and hand delivered to either party; or (iii) in writing and sent for next business day delivery by FedEx, UPS, or other nationally-recognized courier. Notices sent via hand delivery or via nationally-recognized courier shall be addressed directly to us at our offices at Attn: Legal Department - Franchising, 325 Sub Way, Milford, Connecticut 06461, and to you at the Premises, or at such other address as either party shall from time to time designate in writing. Email notices must contain the capitalized

words "LEGAL NOTICE" in the subject line. The sender of an email notice must request a read receipt and the recipient must allow a read receipt to be sent on or before the next business day. Email notices shall be effective upon receipt by the sender of the read receipt from the recipient of the notice. Hand delivered notices shall be deemed to be effective upon delivery, if delivered. Notices sent for next business day delivery by nationally recognized courier shall be deemed to be effective on the next business day.

R. **Amendment; Modification.** This Agreement may be modified only by written agreement signed by both you and us. Notwithstanding the foregoing, you acknowledge and agree that we may modify the Confidential Operations Manual and System Standards from time to time, subject to the terms of this Agreement.

S. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures. You acknowledge and agree that any owner of you or any signatory to this Agreement (including any signatory assuming this Agreement) may sign ancillary agreements and accept system initiatives during the Term such as software license agreements and consent to technology programs/initiatives in connection with the operation of the Restaurant, such as remote access to your POS System, with binding effect.

25. **Acknowledgements.** You represent, warrant, agree and acknowledge the following:

A. No representation has been made by us (or any employee, agent or salesperson of us) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Restaurant, or any other Subway<sup>®</sup> Restaurant.

B. No representation or statement has been made by us (or any employee, agent or salesperson of us) and relied on by you regarding the anticipated income, earnings and growth of us or the System, or the viability of the business opportunity being offered under this Agreement.

C. Before executing this Agreement, you have had the opportunity to contact all existing franchisees of us.

D. You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisors (if you so elect) of your own choosing. You have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement, the Restaurant, and the prospects for that Restaurant. You have either consulted with these advisors or have deliberately declined to do so.

E. You have received from us a copy of our franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this agreement and at least fourteen (14) calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement. If the terms of any proposed agreement relating to the sale of the franchise were materially and unilaterally altered by us, you received a copy of such agreements, as revised, at least seven (7) calendar days before the execution of such agreement.

F. No representation or statement has been made by us (or any employee, agent or salesperson of us) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the Restaurant.

G. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

H. You affirm that all information set forth in all applications, financial statements and submissions to us is true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

I. You have read and understand our Privacy Notice (contained in an exhibit to our franchise disclosure document or available on [www.Subway.com](http://www.Subway.com)), which addresses how we use and share your personal information, and which may be amended from time to time.

J. You acknowledge it is our intent to comply with all anti-terrorism laws enacted by the US Government, including but not limited to the USA PATRIOT Act or Executive Order 13324. You acknowledge that you are not now, nor have you ever been, a suspected terrorist or otherwise associated directly or indirectly with terrorist activity.

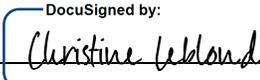
K. You acknowledge that it is our intent to comply with all domestic and foreign laws and regulations related to anti-bribery and anti-corruption, including but not limited to the U.S. Foreign Corrupt Practices Act.

*[signature page follows]*

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

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

By:  \_\_\_\_\_  
DC94FD504B27444...

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

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

**FRANCHISEE:**

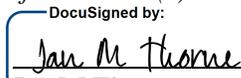
*If an entity*

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

Name:

Title:

*If individual(s)*

 \_\_\_\_\_  
Jan M Thorne

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **EXHIBIT A**

### **OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "**Agreement**") by DOCTOR'S ASSOCIATES LLC ("**COMPANY**"), each of the undersigned (each a "**GUARANTOR**", and collectively "**GUARANTORS**") hereby personally and unconditionally (1) guarantees to COMPANY and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_, a/an \_\_\_\_\_ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each GUARANTOR waives:

1. acceptance and notice of acceptance by COMPANY and its affiliates of the foregoing undertakings;
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
4. any right GUARANTOR may have to require that an action be brought against Franchisee or any other person as a condition of liability;
5. all rights to payments and claims for reimbursement or subrogation which GUARANTOR may have against Franchisee arising as a result of GUARANTOR'S execution of and performance of this Guaranty; and
6. any and all other notices and legal or equitable defenses to which GUARANTOR may be entitled.

Each GUARANTOR consents and agrees that:

1. GUARANTOR'S liability under this guaranty ("**Guaranty**") shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;
2. Each GUARANTOR that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such GUARANTOR (or on such GUARANTOR'S account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law;
3. GUARANTOR shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

4. COMPANY may proceed against GUARANTOR and Franchisee jointly and severally, or COMPANY may, at its option, proceed against GUARANTOR, without having commenced any action, having obtained any judgment against or having pursued any other remedy against, Franchisee or any other person. 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;

5. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which COMPANY or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement;

6. This Guaranty will continue unchanged by the occurrence of any Bankruptcy Event (as defined in the Agreement) with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the GUARANTOR'S obligations to make payment or render performance in accordance with the terms of this Guaranty 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 by virtue of or as a result of any Bankruptcy Event, or from the decision of any court or agency;

7. GUARANTORS shall be bound by the restrictive covenants and confidentiality provisions contained in Sections 9, 15, and 19 of the Agreement and the indemnification provisions contained in Section 20 and elsewhere in the Agreement; and

8. Each GUARANTOR agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this Guaranty or any negotiations relative to the obligations hereby guaranteed or in enforcing this Guaranty against GUARANTOR.

The provisions contained in Section 24.I (Costs and Attorneys' Fees) and Section 24.J (Governing Law; Consent to Jurisdiction), and 24.K (Arbitration) of the Agreement shall govern this Guaranty and any dispute between GUARANTORS and COMPANY, and such provisions are incorporated into this Guaranty by reference.

*[signature page follows]*

**IN WITNESS WHEREOF**, GUARANTORS have hereunto affixed their signature, under seal, on the same day and year as the Agreement was executed.

**GUARANTORS:**

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

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

Title:

Title:

Address:

Address:

Email:

Email:

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

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

Title:

Title:

Address:

Address:

Email:

Email:

*(If holding company)*

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

Title:

Address:

Email:

**Certificate Of Completion**

Envelope Id: CC2AD9F1E94C45A19E4E1FF79D002D2D	Status: Completed
Subject: SUBWAY #18558- DEV – Franchise Documents (Renewal)	
Subject Name: SUBWAY - DEV - Renewal Documents	
Source Envelope:	
Document Pages: 56	Signatures: 8
Certificate Pages: 3	Initials: 0
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	NA-Renewal Requests
Time Zone: (UTC-05:00) Eastern Time (US & Canada)	325 Sub Way
	Millford, CT 06461
	NA-Renewal_Requests@subway.com
	IP Address: 13.92.58.108

**Record Tracking**

Status: Original	Holder: NA-Renewal Requests	Location: DocuSign
11/7/2022 4:25:57 PM	NA-Renewal_Requests@subway.com	

**Signer Events**

Jan M Thorne  
jans\_subway2001@yahoo.com  
Security Level: Email, Account Authentication (None), Access Code

**Signature**

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**Timestamp**

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Signed: 11/8/2022 3:59:22 PM

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Christine Leblond  
leblond\_c@subway.com  
Duly Authorized  
Franchise World Headquarters, LLC  
Security Level: Email, Account Authentication (None)

DocuSigned by:  
  
DC94FD504B27444...

Sent: 11/8/2022 3:59:27 PM  
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Signed: 11/8/2022 4:10:20 PM

Signature Adoption: Pre-selected Style  
Using IP Address: 13.92.58.108

**Electronic Record and Signature Disclosure:**  
Not Offered via DocuSign

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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp

Erica Cherniske  
cherniske\_e@subway.com  
Security Level: Email, Account Authentication (None)

**COPIED**

Sent: 11/8/2022 4:10:27 PM

**Electronic Record and Signature Disclosure:**  
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<b>Notary Events</b>	<b>Signature</b>	<b>Timestamp</b>
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<b>Envelope Summary Events</b>	<b>Status</b>	<b>Timestamps</b>
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Signing Complete	Security Checked	11/8/2022 4:10:20 PM
Completed	Security Checked	11/8/2022 4:10:27 PM

<b>Payment Events</b>	<b>Status</b>	<b>Timestamps</b>
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<b>Electronic Record and Signature Disclosure</b>
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## Electronic Signature Disclosure

Franchise World Headquarters, LLC (we, us or our) may be required by local law to provide you certain written disclosures and documents related to communicating electronically. Please read the following information. By proceeding forward and checking the I AGREE box you are agreeing that you have reviewed the following electronic signature disclosure and consent to transact business using electronic communications and to utilize electronic signatures in lieu of using paper documents. Moreover, by checking such box in connection with this disclosure, you confirm that you can access and read this electronic consent to electronic receipt of documents for execution; and you can print, save or send this disclosure to a place for future reference and access.

**Scope of Consent:** This electronic signature service is provided by DocuSign, Inc. (DocuSign) on our behalf. You agree to receive electronic notices, disclosures, authorizations, acknowledgements and electronic signature documents with all related documents provided over the course of your relationship with us through your DocuSign Express user account (Account), as permitted by local law. Use of DocuSign and your Account requires a Windows 2000 or Windows XP operating system, Internet Explorer 6.0, Mozilla FireFox 1.0, NetScape 7.2 or above web-browser, 800 x 600 screen resolution, access to a valid email account and Adobe or similar software to view PDF documents. Moreover, users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection and allow per session cookies. These minimum requirements are subject to change.

**Withdrawing Consent:** You may withdraw your consent to receive electronic documents at any time. In order to withdraw consent you must notify us that you wish to withdraw consent and to provide your future documents in paper format. To indicate to us that you wish to withdraw consent, you must use the DocuSign Withdraw Consent form on the signing page of your Account. Once consent is withdrawn, you will no longer be able to use your Account to receive electronic documents or sign documents electronically.

**Paper Copies:** You are not required to receive documents or sign documents electronically and may request paper copies of documents at any time. You also have the ability to download and print any documents we send you through your Account for a limited period of time (usually 30 days) after such documents are first sent to you. If you wish to receive paper copies in lieu of electronic documents you may request paper copies from us by following the procedures outlined below. We may charge you a fee for the paper copies.

**Requesting paper copies, withdrawing consent and updating contact information:** To request paper copies of documents, withdraw consent to conduct business electronically or update your contact information please contact us by telephone, postal mail, or by sending an email to SubwayDocuSignAdmin@subway.com with the following subjects:

**Requesting Paper Copies.** Please provide your name, email address, telephone number, postal address, document title and franchise number.

**Withdraw Consent.** Please provide your name, email address, telephone number, postal address, document title and franchise number.

**Update Contact Information.** Please provide your name, email address, telephone number, postal address, document title and franchise number.

We may charge you a fee in connection with your request for paper copies or withdrawal of your consent.