

ITEM 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You must operate Your Restaurant from one specific location that We have approved. If You do not have an Approved Location at the time You sign Your Franchise Agreement, You must select a location that meets with Our approval and sign a lease for such site within 120 days of the date of the Ongoing Franchise Agreement. Once Your location is approved, You are granted a protected area that will be described in an exhibit to the Ongoing Franchise Agreement (“Protected Area”).

For non-urban locations, the Protected Area will be the geographical area within 4 miles of the front door, by road, of Your Restaurant location to another location, using the roads in existence at the time of the date of the Franchise Agreement. If Your franchise location is in an urban area, the Protected Area will be the geographic area within up to 2 miles of the front door, by road, of Your Restaurant location to another location, using the roads in existence at the time of the date of the Franchise Agreement. The size of the Protected Area will be determined by us based on population density, traffic flow, geographical barriers and other considerations. The Protected Area is not computed as a radius, as the crow flies, around Your Restaurant’s location. It is computed front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of the Franchise Agreement.; however the Territory will be delineated by a specific geographic boundary. ("Territory")

We will also consider market conditions, other established businesses, the nature of the business in proximity to the proposed site, other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. as determined by Us in Our sole discretion to establish Your Territory. Upon entering into a lease, which has been approved by Us with all applicable lease rider provisions We require, for the location of Your Rosati's Business, a written description of Your Territory will be provided to You and will be inserted into the Ongoing Franchise Agreement either prior to signing or as an addendum, depending upon the timing of the selection. If You are also an Area Developer, We will approve additional units developed under Your Area Development Agreement using Our then-current site selection criteria.

You may accept orders from consumers outside Your Territory. You also have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to attract sales from outside of Your Territory. Your Territory is protection from another location being placed to close to You.

You will not have a First Right of Refusal to obtain or acquire additional franchise territories that are contiguous with Your Territory.

If You are in compliance with the Ongoing Franchise Agreement during its term, We will not establish more Rosati's Businesses or any substantially similar franchised or company-owned businesses in Your Territory, except those covered under Our Reservation of Rights below. (Ongoing Franchise Agreement Section 2.5)

Reservation of Rights

We have the right to: (a) establish, own or operate or continue to own or operate, and license others to establish, own or operate or continue to own or operate Rosati's Businesses outside of the Territory; (b) establish, own or operate, and license others to establish, own or operate or continue to own or operate, other businesses under other systems using other trademarks at locations inside or outside of the Territory; (c) purchase or acquire the assets or controlling ownership of one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or