

Table 4 - Labor Cost as a Percentage of Net Sales

(including salaries, wages, insurance, workers comp & employee meals)

Description	Units	Average	#/% ≤ Avg	Median	Min	Max
Total	117	27.46%	62/52.99%	27.21%	7.96%	47.02%
In-Line: Mall	96	27.16%	48/50.00%	27.14%	7.96%	47.02%
In-Line: Off Mall	13	30.09%	7/53.85%	29.21%	20.60%	45.30%
Other	6	28.43%	3/50.00%	27.52%	25.31%	32.20%
End-Cap	0	-	0/0.00%	-	-	-
Free Standing	2	21.78%	1/50.00%	21.78%	21.65%	21.92%

The information presented regarding past operating results for restaurants is not a full profit and loss or income statement (or statement of cash flows), omits all operating costs and expenses related to operation of a restaurant except food, paper and restaurant level labor, and has not been audited and does not meet standards generally applicable to audited financial statements. In addition, historical costs may not apply to your operations. The costs (including transportation) of food and paper goods are likely to be higher in more remote markets where there are fewer or no pre-existing Great American Cookies restaurants. Further, sales in markets in which we have no prior brand recognition are likely to be lower than markets in which we are well known. Also, it's possible that future requirements by us (e.g. upgrading of a restaurant, new operational standards and requirements, etc.) or market-driven, competitive or other changes may affect your revenues and/or increase your costs over those which applied in the past.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

The information presented is based on unaudited internal financial statements prepared by franchisees and by us for corporate restaurants using a cash basis of accounting. With respect to information presented for franchised restaurants, we are relying upon information included in royalty reports and other unaudited financial reports provided to us by our franchisees. We have not audited this information nor have we otherwise verified its accuracy.

~~Some factors that can affect results (and may be reasons why your results may differ from those reported above), include the location or market in which a Restaurant operates, the Restaurant's size, product or service mix, labor and other costs, as well as existing and potential competition. Your background, skills and qualifications may be different from those of our existing Franchisees. You should consider all of these (and other) factors and determine if the Restaurants whose results are reported are really comparable to the Restaurant that may be operated by you.~~

ADDENDUM TO GAC FRANCHISING, LLC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

1. Item 13, "Trademarks," shall be amended by the addition of the following:

We will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs:

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

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

[The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.](#)

[NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \\$30 on service charges. Please amend the Minnesota Addendum accordingly.](#)

[Minnesota Rule 2860.4400\(K\) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds](#)

[No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of \(i\) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or \(ii\) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.](#)

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

**ADDENDUM TO GAC FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

THIS ADDENDUM is entered into as of _____, 20____ between **GAC FRANCHISING, LLC**, a Delaware limited liability company (“Company”), and _____, a _____ (“Franchisee”), with reference to the following:

1. Company and Franchisee have entered into a GAC Franchising, LLC Franchise Agreement dated as of _____, 20____, (the “Franchise Agreement”).
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree to amend the Franchise Agreement as follows:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

2. With respect to franchises governed by Minnesota law, Company will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Sections 2.3.6 and 12.23.4 thereof, any general release the Franchisee is required to assent to shall not apply to any liability Company may have under the Minnesota Franchise Act.

4. Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a jury trial. The provision in Section 21 of the Franchise Agreement waiving your rights to a jury trial is hereby deleted and shall have no force or effect.

5. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particularly Section 21, Company will indemnify Franchisee for all costs and expenses it incurs in any action or proceeding brought against Franchisee by any third party as a result of Franchisee’s authorized use of Company’s trademarks.

[SIGNATURE PAGE FOLLOWS]

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

7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges. Please amend the Minnesota Addendum accordingly.

8. Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

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

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

“Company”

GAC FRANCHISING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____
Date of signing: _____

“Franchisee”

_____,
[] an individual
[] a general partnership;
[] a limited partnership;
[] a limited liability company;
[] a corporation;
By: _____
Name: _____
Its: _____
Date of signing: _____