

## FRANCHISE DISCLOSURE DOCUMENT



Doctor's Associates LLC  
A Delaware Limited Liability Company  
1 Corporate Drive, Suite 1000, Shelton, CT 06484  
Phone: 1-800-888-4848  
franchise@subway.com  
www.subway.com

As a Subway® franchisee, you will sell foot-long and other sandwiches, salads and other food items from a retail establishment.

The initial investment necessary to begin operation of a single new Subway® franchise ranges from \$238,623 to \$536,745 (\$199,135 to \$403,745 for a non-traditional location). This sum includes an estimated \$18,432 to \$43,117 (including an initial franchise fee of \$15,000) that must be paid to us or our affiliate.

The initial investment necessary to begin operation of 2 to 10 new Subway® franchises under the multi-unit development program ranges from \$246,123 to \$604,245 per restaurant (\$206,635 to \$471,245 for a non-traditional location). This sum includes an estimated \$48,432 to \$193,117 (including a development fee of \$22,500 to \$82,500) that must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact the Franchise Development Team at 1 Corporate Drive, Suite 1000, Shelton, CT 06484, (800) 888-4848, franchise@subway.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 25, 2024, amended ~~May 6~~ June 21, 2024

## How to Use This Franchise Disclosure Document

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

| QUESTION  | WHERE TO FIND INFORMATION   |
|---|---|
| How much can I earn?  | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B. |
| How much will I need to invest?   | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.  |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 or Exhibit C includes financial statements. Review these statements carefully.  |
| Is the franchise system stable, growing, or shrinking?                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.  |
| Will my business be the only Subway® business in my area?                         | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.   |
| Does the franchisor have a troubled legal history?                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.  |
| What's it like to be a Subway® franchisee?  | Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.   |
| What else should I know?  | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.   |

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit H.

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

## Special Risks to Consider About *This Franchise*

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

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

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



## NOTICE-STATE OF MICHIGAN

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first

refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Please be advised that the franchisor is not subject to the escrow provisions in the section of the Michigan Franchise Law. Therefore, there are no statements as to the rights of the franchisee in this regard.

Any questions regarding this notice or the Michigan Franchise Act should be directed to: Consumer Protection Division, 670 Williams Building, 525 W. Ottawa St., Lansing, MI 48909 (517) 373-7117 or Doctor's Associates LLC, in care of Legal Notice Administrator-Legal Department, Franchise World Headquarters, LLC, 1 Corporate Drive, Suite 1000, Shelton, CT 06484.

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## Item 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this Disclosure Document, “we”, “us”, “DAL” or “Doctor’s Associates” means Doctor’s Associates LLC, the franchisor. “You” means the person(s) or entity that is granted the franchise, as well as all parties who own any interest in an entity that is the franchisee.

### *The Franchisor, Its Parent, Predecessor, and Affiliates.*

#### Franchisor and its Predecessor

We are a Delaware limited liability company, doing business as “Subway” through various affiliates. We converted from a Florida corporation to a Florida limited liability company on October 29, 2018, and changed our name to “Doctor’s Associates LLC”. On May 29, 2024, we converted to a Delaware limited liability company. Under Florida and Delaware law, we are still the same entity that existed before each conversion. Our address is 1 Corporate Dr., Suite 1000, Shelton, CT 06484. Our agents for service of process are disclosed in Exhibit I. We previously offered plush toy business franchises from 1982 to 1983 but did not sell any. Aside from the plush toy business and Master Franchise Businesses described below, we have not offered franchises in any other line of business. We have no predecessors.

Since August 2021 we and our affiliate SIBV have offered Subway® restaurant master franchise businesses (a “Master Franchise Business”) outside of the United States. A Master Franchise Business is operated by an independent third party who is given a license from us to offer direct unit Subway® restaurant franchises to third parties pursuant to unit franchise agreements. We have sold Master Franchise Businesses in Brazil, China, Costa Rica, Panama and Uruguay, and our affiliate SIBV has sold Master Franchise Businesses in Bahrain, Bangladesh, Belgium, Czech Republic, France, Georgia, Guatemala, India, Kuwait, Luxembourg, Peninsula Malaysia, the Kingdom of Saudi Arabia, Sri Lanka, Russia, Thailand, Turkey, and United Arab Emirates, all of which are currently open and operating.

#### Parents

Through a series of related step transactions, on April 30, 2024, our parent, Underground Purchaser, LLC (“UPL”), acquired all of the issued and outstanding equity interests of our former parent, Subway Worldwide System Holdings, LLC (“SWSH,” successor in interest to our former parent, Subway Worldwide, Inc.). SWSH is a Delaware limited liability company and shares our principal business address. UPL is a Delaware limited liability company owned by several investment funds managed by Roark Capital Management, LLC, an Atlanta-based private equity firm (“Roark”), or one of its affiliates, and shares Roark’s principal business address, 1180 Peachtree Street, N.E., Suite 2500, Atlanta, Georgia 30309-3521.

We are a direct, wholly-owned subsidiary of Subway Funding LLC (“Subway Funding”), which in turn is a direct, wholly-owned subsidiary of Subway Funding Holdco LLC (“Subway Funding Holdco”). Subway Funding and Subway Funding Holdco were organized as part of the secured financing transaction described below and are wholly-owned subsidiaries of Subway US Holdings, LLC (“SUSH”). SUSH is a direct, wholly-owned subsidiary of Subway System Holdings, LLC (“SSH”), which in turn is a direct, wholly-owned subsidiary of SWSH.

Subway Funding, Subway Funding Holdco, SUSH, and SSH share our principal business address at 1 Corporate Drive, Suite 1000, Shelton, CT 06484.

#### Securitization Transaction

As a result of a secured financing transaction which closed on June 20, 2024 (the “US Securitization Transaction”), we became a direct subsidiary of Subway Funding and an indirect subsidiary of Subway Funding Holdco. As a result of the US Securitization Transaction, ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Subway® restaurants, including the SubwayPOS® software, were transferred from Subway IP LLC (“SIP”) and FWH Technologies, LLC (“FWHT”) (as applicable) to our newly-formed affiliate, Subway US IP Holder LLC (“Subway US IP Holder”). Subway US IP Holder simultaneously entered into a license

agreement with us for the use and sublicense of the trademarks and applicable intellectual property rights used by us and our franchisees in the United States.

At the time of the closing of the US Securitization Transaction, pursuant to a management agreement (the “Management Agreement,” as further described below) between us and Franchise World Headquarters, LLC (“FWH” or the “Manager”), FWH became a manager of ours. In the “Management Agreement”, FWH agreed to provide, and we agreed to accept from FWH, certain support and services to us, our affiliates and Subway® franchisees under their franchise agreements and development agreements, including acting as our franchise sales agent. Under the Management Agreement, the Manager may perform such support and services directly or delegate such support and services to sub-managers that the Manager appoints in accordance with the terms of the Management Agreement (each, a “Sub-Manager” and, together with the Manager, collectively, the “Managers”). However, as the franchisor, we will be directly responsible and accountable to you to make sure that all services we promise to perform under a Franchise Agreement, Multi-Unit Franchise Agreement, Development Agreement, or other agreement you may sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf. UPL and its subsidiaries may engage in other secured financing transactions in the future without notice to you.

### Affiliates

We are affiliated with the following companies that provide goods, services, or both, to us, our franchisees, our affiliates, or our affiliates’ franchisees. All share the same principal business address of 1 Corporate Dr., Suite 1000, Shelton, CT 06484.

| <i>Name</i>  | <i>Products and/or Services Provided</i>   |
|--|--|
| Subway <del>US IP LLC (formerly known as Subway IP Inc.) (“SIP”)- Holder</del> | <del>SIP Subway US IP Holder</del> is the owner and licensor of the Subway® trademark, and all recipes, formulas, food preparation procedures, business methods, business forms, and business policies (the “System”). <del>SIP Subway US IP Holder</del> licenses the System to us to develop Subway® restaurants in the United States and its territories. <u>In addition, Subway US IP Holder is the owner of SubwayPOS®, the point of sale computer based software required for use in Subway® restaurants. Subway US IP Holder granted us the right to license the SubwayPOS® software to you through a license agreement.</u>                    |
| Subway Franchisee Advertising Fund Trust Ltd. (“SFAFT”)                        | SFAFT provides advertising services to Subway® franchisees, administers the advertising contributions paid by franchisees in the United States and its territories, and interacts with local advertising fund entities around the world that are associated with the Subway® brand.  |
| Subway Franchisee Advertising Fund Trust BV (“SFAFT BV”)                       | SFAFT BV provides advertising services to Subway® franchisees in U.S. Virgin Islands, and otherwise operates, is administered, and is governed, in substantially the same manner as SFAFT.   |
| <del>Franchise World Headquarters, LLC (“FWH”)</del>                           | <del>FWH provides</del> <u>Pursuant to the Management Agreement, the Managers (including FWH), provide</u> services to us, our franchisees, our affiliated franchisors and their franchisees, including processing franchise sales paperwork, research and development, marketing franchises, franchisee training, retail technology, POS System support, restaurant design, legal and accounting services. <u>The Managers (including FWH) also provides provide</u> services to our affiliate leasing entities and Subway® franchisees around the world, including negotiating, administering, and renewing leases/licenses for restaurant premises. |
| <del>FWH Technologies, LLC (“FWHT”)</del>                                      | <del>FWHT is the owner of SubwayPOS®, the point of sale computer based software required for use in Subway® restaurants. FWHT granted us the right to license the SubwayPOS® software to you through a licensing agreement.</del>  |
| Subway MyWay, LLC (“Subway   | Subway MyWay administers the Subway® MVP Rewards loyalty program and the funds associated with the program.  |

|                                      |   |
|--------------------------------------|---|
| MyWay”)                              |   |
| Subway Real Estate, LLC (“SRE”)      | SRE holds prime leases that are subleased or sublicensed to franchisees for the operation of Subway® restaurants.   |
| Subway Realty, LLC (“SRL”)           | In limited circumstances, SRL holds prime leases that are subleased or sublicensed to franchisees for the operation of Subway® restaurants.                   |
| SBD Ventures, LLC (“SBDV”)           | SBDV may enter into the master lease agreements for non-traditional locations and may sublease or assign the right to operate these locations to franchisees. |
| Subway Restaurants, LLC (“SR”)       | SR leases restaurant premises and may enter into a Sublease with you.   |
| Subway Sandwich Shops, LLC (“SSS”)   | SSS leases restaurant premises and may enter into a Sublease with you.  |
| Subway Payment Services, LLC (“SPS”) | SPS manages credit card payments and gift cards.  |

None of the foregoing affiliates offer franchises in any line of business nor do they conduct the type of business operated by franchisees.

SIP or a licensed affiliate licenses the following affiliates to use the Subway® System and to offer restaurant franchises or sublicenses. These affiliates may offer franchises through separate Disclosure Documents. None of the following affiliates have offered franchises in any other line of business.

| <i>Name</i>                                  | <i>Type of Entity</i>                         | <i>Principal Business Address</i>   | <i>Franchises Offered (and Services Provided, if Applicable)</i>   |
|--|---|---|--|
| Subway Systems Colombia S.A.S. (“SSCS”)      | Colombian simplified stock company            | C/o Paniagua & Tovar Abogados S.A., Calle 107 A No. 11A – 69, Bogotá D.C., Colombia | SSCS is licensed by DAL to offer and sell franchises in Colombia and is the successor to Subway Partners Colombia C.V.   |
| Subway Systems Singapore Pte. Ltd. (“SSSPL”) | Singaporean private company limited by shares | 8 Temasek Blvd., Suntec Tower 3, Level 35-01, Republic of Singapore 038988          | SSSPL began franchising in 2020. It sells franchises for Subway® restaurants and subleases restaurant premises to Subway® franchisees in Singapore and elsewhere in the Asia Pacific region. On January 2, 2020, SIBV assigned all of its existing franchise agreements in Singapore to SSSPL.         |
| Subway International B.V. (“SIBV”)           | Netherlands limited liability company         | IJDOCK 27 – 9th Floor<br>1013 MM<br>Amsterdam,<br>Netherlands.                      | SIBV began franchising in 1998. SIBV was granted a license from SIP to offer and sell franchises all over the world, except in the United States, Canada, Australia, Colombia, and Brazil. SIBV granted a sublicense to our affiliate, SSF, to offer licenses for Subway® restaurants in South Africa. |

| <i>Name</i>   | <i>Type of Entity</i>                                | <i>Principal Business Address</i>  | <i>Franchises Offered (and Services Provided, if Applicable)</i>  |
|---|--|--|---|
| Subway Franchise Systems of Canada, ULC (“SFSC”)                  | Canadian unlimited liability corporation             | C/o Field Law LLP<br>400 - 444 7 Ave SW<br>Calgary AB T2P 0X8, Canada                        | SFSC began franchising in 1987. SFSC offers and sells franchises for Subway® restaurants in Canada, leases equipment to Subway® franchisees in Canada, and sometimes owns and operates Subway® restaurants in Canada that had been previously franchised. |
| Subway Systems Australia Pty. Ltd. (“SSA”)                        | Western Australian private company limited by shares | Level 9, Transport House, 230 Brunswick Street, Fortitude Valley, Queensland 4006, Australia | SSA began franchising in 1987. The company sells franchises for Subway® restaurants in Australia.   |
| Sandwich and Salad Franchises of South Africa (Pty.) Ltd. (“SSF”) | South African private company limited by shares      | 8 Eybers Street, Farrarmere, Benoni, 1501, South Africa                                      | SSF began franchising in 1997. It sells franchises for Subway® restaurants in South Africa.   |
| Subway Franchise Systems Brazil Ltda. (“SFSB”)                    | Brazilian limited liability company                  | São Paulo, Alameda Santos, 1.293, 4th floor, part, Cerqueira César, CEP 01419-904            | SFSB began franchising in 2023. It sells franchises for Subway® restaurants in Brazil.  |

We disclose the following companies that now offer, or have offered, franchises in the United States, unless otherwise indicated, as our affiliates.

PFG Ventures is an Ohio limited partnership doing business under the name “ProForma” or “PFG Ventures” (“PFG Ventures”). PFG Ventures is a partnership that sells franchises for a brand named ProForma® which specializes in the sale and distribution of printed business products, including business forms, commercial printing, advertising supplies, and related business supplies. We and our affiliates recommend, but do not require, that Subway® franchisees purchase supplies from PFG Ventures’ franchisees. PFG Ventures’ address is 8800 East Pleasant Valley Road, Independence, Ohio 44131. As of December 31, 2023, PFG Ventures sold 1,862 franchises, and of the total franchises sold by ProForma and PFG Ventures, 526 are open, and 0 are in development.

Although we do not consider PFG Ventures to be an affiliate, we disclose it because our Founders, Dr. Peter Buck and the late Fred DeLuca, directly or indirectly invested in them (including successors in interest). However, neither of the Founders have been officers or directors of PFG Ventures, and we do not represent that they, or we, do or did, control it.

#### *Franchise Systems Affiliated with Buyer and Roark*

Through control with private equity funds managed by Roark, we are affiliated with the following franchise programs (“**Affiliated Programs**”). None of these affiliates operate a Subway franchise.

**GoTo Foods Inc. (“GoTo Foods”)** is the indirect parent company to seven franchisors, including: Auntie Anne’s Franchisor SPV LLC (“**Auntie Anne’s**”), Carvel Franchisor SPV LLC (“**Carvel**”), Cinnabon Franchisor SPV LLC (“**Cinnabon**”), Jamba Juice Franchisor SPV LLC (“**Jamba**”), McAlister’s Franchisor SPV LLC (“**McAlister’s**”), Moe’s Franchisor SPV LLC (“**Moe’s**”), and Schlotzsky’s Franchisor SPV LLC (“**Schlotzsky’s**”). All seven GoTo Foods franchisors have a principal place of business at 5620 Glenridge Drive NE, Atlanta, GA 30342 and have not offered franchises in any other line of business.

**Auntie Anne’s** franchises Auntie Anne’s® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne’s system became

affiliated with GoTo Foods through an acquisition. Auntie Anne's predecessor began offering franchises in January 1991. As of December 31, 2023, there were 1,156 franchised and 11 affiliate-owned Auntie Anne's shops in the United States and 817 franchised Auntie Anne's shops outside the United States.

**Carvel** franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes in the United States and a producer of premium soft-serve ice cream. The Carvel system became an Affiliated Program in October 2001 and became affiliated with GoTo Foods in November 2004. Carvel's predecessor began franchising retail ice cream shoppes in 1947. As of December 31, 2023, there were 324 franchised Carvel shoppes in the United States and 29 franchised Carvel shoppes outside the United States.

**Cinnabon** franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses independent third parties to operate domestic and international franchised Cinnabon® bakeries and Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries, and to use the Cinnabon trademarks on products dissimilar to those offered in Cinnabon bakeries. In November 2004, the Cinnabon system became affiliated with GoTo Foods through an acquisition. Cinnabon's predecessor began franchising in 1990. As of December 31, 2023, there were 959 franchised and 22 affiliate-owned Cinnabon bakeries in the United States and 952 franchised Cinnabon bakeries outside the United States. In addition, as of December 31, 2023, there were 185 franchised Seattle's Best Coffee units outside the United States.

**Jamba** franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. Jamba has offered JAMBA® franchises since October 2018. In October 2018, Jamba became affiliated with GoTo Foods through an acquisition. Jamba's predecessor began franchising in 1991. As of December 31, 2023, there were approximately 733 franchised Jamba stores in the United States and 57 franchised Jamba stores outside the United States.

**McAlister's** franchises McAlister's Deli® restaurants which offer a line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products. The McAlister's system became an Affiliated Program through an acquisition in July 2005 and became affiliated with GoTo Foods in October 2013. McAlister's or its predecessor have been franchising since 1999. As of December 31, 2023, there were 506 domestic franchised McAlister's restaurants and 33 affiliate-owned restaurants operating in the United States.

**Moe's** franchises Moe's Southwest Grill® fast casual restaurants which feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with GoTo Foods through an acquisition. Moe's predecessor began offering Moe's Southwest Grill franchises in 2001. As of December 31, 2023, there were 606 franchised and six affiliate-owned Moe's Southwest Grill restaurants in the United States.

**Schlotzsky's** franchises Schlotzsky's® quick-casual restaurants which feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with GoTo Foods through an acquisition. Schlotzsky's restaurant franchises have been offered since 1976. As of December 31, 2023, there were 295 franchised Schlotzsky's restaurants and 22 affiliate-owned restaurants operating in the United States.

**Inspire Brands, Inc.** ("Inspire Brands") is a global multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to six franchisors offering and selling franchises in the United States, including: Arby's Franchisor, LLC ("Arby's"), Baskin-Robbins Franchising LLC ("Baskin-Robbins"), Buffalo Wild Wings International, Inc. ("Buffalo Wild Wings"), Dunkin' Donuts Franchising LLC ("Dunkin'"), Jimmy John's

Franchisor SPV, LLC (“**Jimmy John’s**”), and Sonic Franchising LLC (“**Sonic**”). Inspire Brands is also a parent company to the following franchisors offering and selling franchises internationally: Inspire International, Inc. (“**Inspire International**”), DB Canadian Franchising ULC (“**DB Canada**”), DDBR International LLC (“**DB China**”), DD Brasil Franchising Ltda. (“**DB Brasil**”), DB Mexican Franchising LLC (“**DB Mexico**”), and BR UK Franchising LLC (“**BR UK**”). All of Inspire Brands’ franchisors have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328 and, other than as described below for Arby’s, have not offered franchises in any other line of business.

**Arby’s** is a franchisor of quick-serve restaurants operating under the Arby’s® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby’s became an Affiliated Program through an acquisition. Arby’s has been franchising since 1965. Predecessors and former affiliates of Arby’s have, in the past, offered franchises for other restaurant concepts including T.J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed. As of December 31, 2023, there were 3,413 Arby’s restaurants operating in the United States (2,316 franchised and 1,097 company-owned), and 200 franchised Arby’s restaurants operating internationally.

**Buffalo Wild Wings** is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under Buffalo Wild Wings® name (“**Buffalo Wild Wings Sports Bars**”) and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name (“**BWW-GO Restaurants**”). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of December 31, 2023, there were 1,185 Buffalo Wild Wings Sports Bars operating in the United States (533 franchised and 652 company-owned) and 65 franchised Buffalo Wild Wings or B-Dubs restaurants operating outside the United States. As of December 31, 2023, there were 79 BWW-GO Restaurants operating in the United States (31 franchised and 48 company-owned).

**Sonic** is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic restaurants since May 2011. As of December 31, 2023, there were 3,521 Sonic Drive-Ins operating in the United States (3,195 franchised and 326 company-owned).

**Jimmy John’s** is a franchisor of restaurants operating under the Jimmy John’s® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John’s became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. As of December 31, 2023, there were 2,644 Jimmy John’s restaurants operating in the United States (2,604 franchised and 40 affiliate-owned). Of those 2,644 restaurants, 2,641 were single-branded Jimmy John’s restaurants and 3 were franchised Jimmy John’s restaurants operating at multi-brand locations.

**Dunkin’** is a franchisor of Dunkin’® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin’ became an Affiliated Program through an acquisition in December 2020. Dunkin’ has offered franchises in the United States and certain international markets for Dunkin’ restaurants since March 2006. As of December 31, 2023, there were 9,580 Dunkin’ restaurants operating in the United States (9,548 franchised and 32 company-owned). Of those 9,580 restaurants, 8,295 were single-branded Dunkin’ restaurants, 2 were franchised Dunkin’ restaurants operating at multi-brand locations, and 1,283 were franchised Dunkin’ and Baskin-Robbins combo restaurants. Additionally, as of December 31, 2023, there were 4,210 single-branded franchised Dunkin’ restaurants operating internationally.

**Baskin-Robbins** is a franchisor of Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins

became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises in the United States and certain international markets for Baskin-Robbins restaurants since March 2006. As of December 31, 2023, there were 2,261 franchised Baskin-Robbins restaurants operating in the United States. Of those 2,261 restaurants, 977 were single-branded Baskin-Robbins restaurants, 1 was a Baskin-Robbins restaurant operating at a multi-brand location, and 1,283 were Dunkin' and Baskin-Robbins combo restaurants. Additionally, as of December 31, 2023, there were 5,383 single-branded franchised Baskin-Robbins restaurants operating internationally and in Puerto Rico.

**Inspire International** has, directly or through its predecessors, has offered and sold franchises outside the United States for the following brands: Arby's restaurants (since May 2016), Buffalo Wild Wings sports bars (since October 2019), Jimmy John's restaurants (since November 2022), and Sonic restaurants (since November 2019). **DB Canada** was formed in May 2006 and has, directly or through its predecessors, offered and sold Baskin-Robbins franchises in Canada since January 1972. **DB China** has offered and sold Baskin-Robbins franchises in China since its formation in March 2006. **DB Brasil** has offered and sold Dunkin' and Baskin-Robbins franchises in Brazil since its formation in May 2014. **DB Mexico** has offered and sold Dunkin' franchises in Mexico since its formation in October 2006. **BR UK** has offered and sold Baskin-Robbins franchises in the UK since its formation in December 2014. The restaurants franchised by the international franchisors are included in the brand-specific disclosures above.

**Primrose School Franchising SPE, LLC ("Primrose")** is a franchisor that offers franchises for the establishment, development and operation of educational childcare facilities serving families with children from 6 weeks to 12 years old operating under the Primrose® name. Primrose's principal place of business is 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339. Primrose became an Affiliated Program through an acquisition in June 2008. Primrose and its affiliates have been franchising since 1988. As of December 31, 2023, there were 505 franchised Primrose facilities in the United States. Primrose has not offered franchises in any other line of business.

**ME SPE Franchising, LLC ("Massage Envy")** is a franchisor of businesses that offer professional therapeutic massage services, facial services and related goods and services under the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2023, there were 1,053 Massage Envy locations operating in the United States, including 1044 operated as total body care Massage Envy businesses and 9 operated as traditional Massage Envy businesses. Additionally, Massage Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2023, there were 9 regional developers operating 11 regions in the United States. Massage Envy has not offered franchises in any other line of business.

**CKE Inc. ("CKE")**, through two indirect wholly-owned subsidiaries (Carl's Jr. Restaurants LLC and Hardee's Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl's Jr.® and Hardee's® trade names and business systems. Carl's Jr. restaurants and Hardee's restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee's Restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl's Jr. Restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. CKE Inc.'s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee's restaurants have been franchised since 1961. As of January 29, 2024, there were 204 company-operated Hardee's restaurants and there were 1,406 domestic franchised Hardee's restaurants, including 136 Hardee's/Red Burrito Dual Concept restaurants. Additionally, there were 458 franchised Hardee's restaurants operating outside the United States. Carl's Jr. restaurants have been franchised since 1984. As of January 29, 2024, there were 49 company-operated Carl's Jr. restaurants, and there were 1,019

domestic franchised Carl's Jr. restaurants, including 243 Carl's Jr./Green Burrito Dual Concept restaurants. In addition, there were 661 franchised Carl's Jr. restaurants operating outside the United States. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

**Driven Holdings, LLC** ("**Driven Holdings**") is the indirect parent company to 9 franchisors, including Meineke Franchisor SPV LLC ("**Meineke**"), Maaco Franchisor SPV LLC ("**Maaco**"), Merlin Franchisor SPV LLC ("**Merlin**"), Econo Lube Franchisor SPV LLC ("**Econo Lube**"), 1-800-Radiator Franchisor SPV LLC ("**1-800-Radiator**"), CARSTAR Franchisor SPV LLC ("**CARSTAR**"), Take 5 Franchisor SPV LLC ("**Take 5**"), ABRA Franchisor SPV LLC ("**ABRA**") and FUSA Franchisor SPV LLC ("**FUSA**"). In April 2015, Driven Holdings and its franchised brands at the time (which included Meineke, Maaco, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, Econo Lube, Merlin, CARSTAR, Take 5, Abra and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800-Radiator's principal business address is 4401 Park Road, Benicia, California 94510. None of these franchise systems have offered franchises in any other line of business.

**Meineke** franchises automotive centers that offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 30, 2023, there were 698 franchised Meineke centers, 22 franchised Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

**Maaco** and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 30, 2023, there were 373 franchised Maaco centers and no company-owned Maaco centers in the United States.

**Merlin** franchises shops that provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin Shops" since February 2006. As of December 30, 2023, there were 22 Merlin franchises and no company-owned Merlin shops located in the United States.

**Econo Lube** offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under the name "Econo Lube N' Tune" in 1985. As of December 30, 2023, there were 9 Econo Lube N' Tune franchises and 12 Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

**1-800-Radiator** franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 30, 2023, there were 196 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator

warehouses since 2001 and, as of December 30, 2023, owned and operated 1 1-800-Radiator warehouse in the United States.

**CARSTAR** offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 30, 2023, there were 455 franchised CARSTAR facilities and no company-owned facilities operating in the United States.

**Take 5** franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 30, 2023, there were 325 franchised Take 5 outlets and 643 affiliate-owned Take 5 outlets operating in the United States.

**Abra** franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. Abra and its predecessor have offered Abra franchises since 1987. As of December 30, 2023, there were 57 franchised Abra repair centers and no company-owned repair centers operating in the United States.

**FUSA** franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 30, 2023, there were 203 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA's affiliate under a franchise agreement with FUSA.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) **Meineke Canada SPV LP** and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) **Maaco Canada SPV LP** and its predecessors have offered Maaco center franchises in Canada since 1983; (3) **1-800-Radiator Canada, Co.** has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) **Carstar Canada SPV LP** and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) **Take 5 Canada SPV LP** and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) **Driven Brands Canada Funding Corporation** and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) **Go Glass Franchisor SPV LP** and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) **Star Auto Glass Franchisor SPV LP** and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012.

As of December 30, 2023, there were: (i) 15 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 18 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 10 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 313 franchised CARSTAR facilities and 1 company-owned CARSTAR facility in Canada; (v) 30 franchised Take 5 outlets and 7 company-owned Take 5 outlets in Canada; (vi) 57 franchised UniglassPlus businesses, 27 franchised UniglassPlus/Ziebart businesses, and 5 franchised Uniglass Express businesses in Canada, and 2 company-owned UniglassPlus businesses and 1 company-owned UniglassPlus/Ziebart business in Canada; (vii) 10 franchised VitroPlus businesses, 57 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 3 company-owned VitroPlus businesses and no company-owned VitroPlus/Ziebart businesses in Canada; (viii) 32 franchised Docteur du Pare Brise businesses and no

company-owned Docteur du Pare Brise businesses in Canada; (ix) 12 franchised Go! Glass & Accessories businesses and no franchised Go! Glass business in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

In January 2022, Driven Brands acquired Auto Glass Now's repair locations. As of December 30, 2023, there were more than 220 repair locations operating under the AUTOGLASSNOW® name in the United States ("**AGN Repair Locations**"). AGN Repair Locations offer auto glass calibration and windshield repair and replacement services. In the future, AGN Repair Locations may offer products and services to Driven Brands' affiliates and their franchisees in the United States, and/or Driven Brands may decide to offer franchises for AGN Repair Locations in the United States.

**ServiceMaster Systems LLC** is the direct parent company to three franchisors operating five franchise brands in the United States: Merry Maids SPE LLC ("**Merry Maids**"), ServiceMaster Clean/Restore SPE LLC ("**ServiceMaster**") and Two Men and a Truck SPE LLC ("**Two Men and a Truck**"). Merry Maids and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021. The three franchisors have a principal place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

**Merry Maids** franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2023, Merry Maids had 967 franchises in the United States.

**ServiceMaster** franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2023, ServiceMaster had 671 ServiceMaster Clean franchises and 2,157 ServiceMaster Restore franchises operating in the United States.

**Two Men and a Truck** franchises (i) businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark and (ii) businesses that provide junk removal services under the Two Men and a Junk Truck™ mark. Two Men and a Truck's predecessor began offering moving franchises in February 1989. Two Men and a Truck began offering Two Men and a Junk Truck franchises in 2023. As of December 31, 2023, there were 293 Two Men and a Truck franchises and three company-owned locations operating in the United States. As of December 31, 2023, there were no Two Men and a Junk Truck franchises or company-owned locations in operation.

Affiliates of ServiceMaster Systems LLC also offer franchises for operation outside the United States. Specifically, **ServiceMaster of Canada Limited** offers franchises in Canada, **ServiceMaster Limited** offers franchises in Great Britain and **Two Men and a Truck** offers franchises in Canada, Ireland and the United States.

**NBC Franchisor LLC** ("**NBC**") franchises gourmet bakeries that offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 4560 Belt Line Road, Suite 350, Addison, Texas 75001. As of December 31, 2023, there were 562 Northing Bundt Cake franchises and 16 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

**Mathnasium Center Licensing, LLC** ("**Mathnasium**") franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium began offering franchises in late

2003. Mathnasium became an Affiliated Program through an acquisition in November 2022. Mathnasium has a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056. As of December 31, 2023, there were 968 franchised and 4 affiliate-owned Mathnasium centers operating in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium Center Licensing, LLC also offer franchises for operation outside the United States.

**Mathnasium Center Licensing Canada, Inc.** has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2023, there were 89 franchised Mathnasium centers in Canada. **Mathnasium International Franchising, LLC** has offered franchises outside the United States and Canada since May 2015. As of December 31, 2023, there were 78 franchised Mathnasium centers outside the United States and Canada. Mathnasium Center Licensing, LLC, Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC each have their principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

**Youth Enrichment Brands, LLC** is the direct parent company to three franchisors operating in the United States: i9 Sports, LLC (“**i9**”), SafeSplash Brands, LLC also known as “**Streamline Brands**”), and School of Rock Franchising LLC (“**School of Rock**”). i9 became an Affiliated Program through an acquisition in September 2021. Streamline Brands became an Affiliated Program through an acquisition in June 2022. School of Rock became an Affiliated Program through an acquisition in September 2023. The three franchisors have never offered franchises in any other line of business.

**i9** franchises businesses that operate, market, sell and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 became an Affiliated Program through an acquisition in September 2021. i9 has a principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2023, there were 245 i9 Sports franchises in the United States.

**Streamline Brands** offers franchises under the SafeSplash Swim School® brand and operates under the SwimLabs® and Swimtastic® brands, all of which provide “learn to swim” programs for children and adults, birthday parties, summer camps, other swimming-related activities. Streamline Brands has offered swim school franchises under the SafeSplash Swim School brand since August 2014. Streamline Brands offered franchises under the Swimtastic brand since August 2015 through March 2023 and under the SwimLabs brand from February 2017 through April 2023. Streamline Brands has a principal place of business at 12240 Lioness Way, Parker, Colorado 80134. Streamline Brands became an Affiliated Program through an acquisition in June 2022 and has a principal place of business at 12240 Lioness Way, Parker, Colorado 80134. As of December 31, 2023, there were 128 franchised and company-owned SafeSplash Swim School outlets (including 12 outlets that are dual-branded with SwimLabs), 11 franchised and licensed SwimLabs swim schools, 11 franchised Swimtastic swim schools and one dual-branded Swimtastic and SwimLabs swim school operating in the United States.

**School of Rock** franchises businesses that operate performance-based music schools with a rock music program under the School of Rock® mark. School of Rick began offering franchises in September 2005. School of Rock has a principal place of business at 1 Wattles Street, Canton, MA 02021. As of December 31, 2023, there were 234 franchised and 47 affiliate-owned School of Rock schools in the United States and 78 franchised School of Rock schools outside the United States.

**The Franchisor’s Business.** We offer and sell franchises for Subway® restaurants for locations in the United States and its territories. Though our current policy is to establish all restaurants as franchises, sometimes we may own or operate restaurants previously owned by franchisees until we find a new franchisee. You must purchase through us or lease from us substantially all major items of equipment for your restaurant. We have been offering franchises for Subway® restaurants since 1974.

We are not engaged in any other business.

**The Subway® Restaurant Franchise.** Under the Franchise Agreement (the “Franchise Agreement”), which is Exhibit A, we offer qualified purchasers the right to establish and operate, from a single location, a retail establishment preparing and selling foot-long, six-inch, flat bread, and specialty sandwiches, salads, wraps, and other food items. All foot-long sandwiches are required to measure at least 12 inches in length. All six-inch sandwiches are required to measure at least 6 inches in length. The sandwich categories include cold cuts, seafood, steak, pulled pork, chicken and meatballs. Guests may choose between an array of signature sandwiches from our Subway® Series menu, or from a variety of breads, cheeses, vegetables, seasonings, and condiments to make their custom-made sandwich. The breakfast menu is required for all restaurants in the United States and its territories and features egg sandwiches, bacon, sausage, muffins, juice, coffee and other breakfast items. The Franchise Agreement gives you the right to operate the restaurant under the name and mark Subway® and other marks we designate. You must operate your restaurant in accordance with the rules we establish, including those in the Operations Manual (the “Operations Manual”), which we license from our affiliate and which our affiliate may revise at any time during the term of your Franchise Agreement under any condition and to any extent which we consider necessary to meet competition, protect trademarks, service marks, or trade names, or improve the quality of the product or service provided by Subway® restaurants.

If you meet our qualifications, we may approve of you operating multiple restaurants in accordance with the Development Agreement attached as Exhibit A-12, and one or more Franchise Agreements or the Multi-Unit Franchise Agreement attached as Exhibit A-13. The Development Agreement governs your development obligations, while one or more Franchise Agreements or Multi-Unit Franchise Agreements will govern the development, opening and operation of specific restaurants.

*Programs and Non-Traditional Locations.* We also sell franchises for non-traditional locations, as set forth in the table and notes below. In addition, we offer programs to qualifying franchisees. If you meet our requirements and choose to purchase a franchise for a non-traditional location, or if you qualify and choose to participate in one of our programs, you may be required to sign a rider or addendum described in the table and notes below, which will amend the standard form Franchise Agreement. Alternatively, we may require you to sign a concession or subconcession agreement.

*The non-traditional locations and programs that we offer are as follows:*

| <i>Program/Type of Location</i>               | <i>Addendum/Rider</i>                   | <i>Description</i>  |
|---|---|---|
| General Non-Traditional Location <sup>1</sup> | Franchise Agreement Rider (Exhibit A-1) | Examples of non-traditional locations include convenience stores, gasoline service stations, highway rest stops, department stores, hospitals, parks, universities, schools, sports arenas, convention centers, airports, theme parks, national parks, captive travel plaza, bus and railroad terminals, military bases, business complexes, assisted living/nursing homes and other similar locations. Typically, non-traditional locations are full service restaurants and we license them under our standard form of Franchise Agreement. In some cases, we may waive all or a portion of the initial franchise fee and a portion of the advertising fee and otherwise modify the Franchise Agreement to address different conditions for a non-traditional location. |

| <i>Program/Type of Location</i>                     | <i>Addendum/Rider</i>  | <i>Description</i>  |
|---|--|---|
| Community Development Program Location <sup>1</sup> | Franchise Agreement Rider (Exhibit A-1)                              | We have a program to establish franchises within facilities operated by organizations or individuals that offer support services within the community in which they are located (“Community Development Program”). Examples of these facilities include places of worship, shelters, half way homes, rehabilitation centers, community centers, and disaster relief centers. Under the Community Development Program, you will operate a full-service restaurant serving freshly prepared product located at one of these facilities. The restaurant must be operated with the intent of providing job training to individuals with barriers to employment.   |
| School Lunch Program Location <sup>1, 2</sup>       | Franchise Agreement Rider (Exhibit A-1)                              | We have a program to establish franchises in elementary, middle, or high schools. We will license school systems directly to a Food Service Provider, or experienced individual Subway® franchisees. State law restrictions may prevent a qualified Food Service Provider from directly operating a particular school lunch location. Under these circumstances, we may allow the Food Service Provider to manage the school lunch location operated by a qualified school lunch franchisee. Under the school lunch program, you will operate a restaurant located in the school, serving freshly prepared product. We will charge school lunch franchisees the same non-negotiable royalty fee and advertising fees that apply to other franchisees. If you are an individual, and not a school system or institutional food service provider, you will establish the restaurant in the school as a satellite and you will sign the Franchise Agreement Rider. |
| School Lunch Delivery Program <sup>3</sup>          | N/A<br><br>Our approval required only                                | We may give you permission to enter into an arrangement with a school within a 20-minute drive from your restaurant’s location, for the purpose of delivering freshly-prepared sandwiches for resale in the school’s cafeteria. You and the school must enter into an annual contract which we provide to you.  |
| Military Base Location <sup>1, 4</sup>              | NEXCOM, AAFES or MCCS Rider (Exhibit A-6, A-7 or A-8), if applicable | Franchisees may be permitted to establish a restaurant at a site controlled by the Army and Air Force Exchange Service (“AAFES”), the Navy Exchange Service Command (“NEXCOM”) or the Marine Corps Community Services (“MCCS”) which are non-appropriated fund instrumentalities of the United States Government. We may agree to subcontract the right to establish a restaurant at an AAFES, NEXCOM, or MCCS location to you. In certain circumstances you will enter into an agreement directly with AAFES or NEXCOM.  |

| <i>Program/Type of Location</i>            | <i>Addendum/Rider</i>   | <i>Description</i>   |
|--|---|--|
| Satellite Location <sup>5</sup>            | Franchise Agreement Rider (Exhibit A-1)   | We also offer to franchise qualified locations as satellite restaurants. Some satellites may operate under the mark Subway EXPRESS™. A satellite location cannot be a full-service restaurant and is intended to operate only with the support of an existing full service Subway® restaurant (the “Base Restaurant”) licensed to the same franchisee, unless we give specific written approval stating otherwise. Generally, the satellite will not be able to bake bread, prepare product, or have adequate storage capacity for product. It may often be in a non-traditional location. Satellite restaurants may be temporary, seasonal, operate with limited hours. The satellite location usually has little or no seating and is for carry-out service or delivery. To keep pace with market trends, we will consider applications for different types of satellite locations upon written request. We alone will determine whether your proposed location and restaurant operations qualify for treatment as a satellite location according to our policies. |
| Short-Term Satellite Location <sup>6</sup> | Franchise Agreement Rider (Exhibit A-1)   | We have a program to establish satellite locations that will operate for a term of one year or less, with the option to renew for an additional 1-year term, if mutually agreed upon by both parties.  |
| Dual Location Test Site <sup>7</sup>       | Dual Location Test Rider (Exhibit A-10)   | We may deem a restaurant to be located close in proximity to another Subway® restaurant owned and operated by the same franchisee a “Dual Location Test Site” so that the franchisee can determine whether both restaurant locations should be operated simultaneously. If we grant you a franchise for a Dual Location Test Site, you may cease operation of the new or existing restaurant, by means other than transfer or assignment, within one year after the new restaurant opens. We will then cancel the Franchise Agreement for the restaurant you cease to operate and refund the franchise fee for the new restaurant. You will pay all expenses and liabilities to terminate the lease for the restaurant that you cease to operate.  |
| Co-Branded Locations <sup>8</sup>          | Co-Brand Location Rider (Exhibit A-9)<br><br>Walmart® Rider (Exhibit A-4), if applicable<br><br>Auntie Anne’s® Rider (Exhibit A-5), if applicable | We have entered into a co-branding agreement with Auntie Anne’s, Inc. to permit qualified franchisees to establish AUNTIE ANNE’S® stores in connection with their Subway® restaurants located in certain Walmart and non-traditional locations, as approved by us. These co-brand opportunities are being offered to eligible franchisees on a limited basis.  |
| Subway® Catering Program <sup>9</sup>      | N/A<br><br>Our approval required only   | All restaurants are required to participate in our basic catering program, which may include online catering. The catering menu features the following core items: sandwich platters, Subway to Go!™ lunch box meals, cookie platters, lemonade by the gallon, and toppings platters. You also have the option to participate in ezOrdering, the white label online ordering experience powered by ezCater and ezCater Marketplace.  |

| <i>Program/Type of Location</i>   | <i>Addendum/Rider</i>                    | <i>Description</i>   |
|---|--|--|
| Store Option Programs (“SOP”), Marketwide Option Programs (“MOP”), and Product Innovation <sup>10</sup> | N/A<br><br>Our approval required only    | In addition to our core menu offerings, we have other product options that fall under the SOP or MOP such as packaging materials, cleaning products and food items including but not limited to pizza, cheese, mustard, soda, coffee, cookies, and pie. If we designate a product as a SOP item, we will approve restaurants to use or sell the product on a restaurant-by-restaurant basis. Individual franchisees make the decision on SOP items and these decisions impact only their restaurant. If we designate a product as a MOP item, we will approve restaurants to use or sell the product by advertising markets. We designed the MOP program to promote consistency of items throughout an advertising market. Under the MOP policies, the Business Developers make decisions together that impact all restaurants in the entire market. |
| Grab & Go Program   | Grab & Go (On-Site) Rider (Exhibit A-14) | If you meet our then current eligibility requirements and receive our approval, you may prepare and sell certain premade products at your restaurant as part of our Grab & Go Program. Terms, conditions, specification and standards for the Grab & Go Program are set forth in the Grab & Go (On-Site) Rider and the Manual, and may be amended from time to time.   |

Note 1:

We may enter into and negotiate Franchise Agreements with large institutional-type franchisees and Food Service Providers that operate non-traditional locations. Examples of large institutional-type franchisees include convenience store operators, food service management companies, large institutions (currently defined as entities which provide their own food services with the number of outlets or net worth we determine appropriate), cooperatives, hospitals, non-profit corporations, colleges, other schools, foundations, or governmental agencies or entities. A Food Service Provider is a company that is either privately owned or publicly traded; is not government owned, supported or operated; provides contract foodservice and/or concession foodservice; meets certain minimum accounts and annual revenue levels on a consolidated basis as we set from time to time. We will not negotiate with individual franchisees who do not represent large institutional accounts, chains, cooperatives, hospitals, non-profit corporations, colleges, other schools, foundations, or governmental agencies or entities.

In view of the different conditions encountered in operating these locations, we have to modify our Franchise Agreement to afford ourselves and our franchisees the opportunity to compete in this type of market. We may also agree on certain variations to the Franchise Agreement, to accommodate differences in corporate operations and expansion goals. Some areas that may change include, but may not be limited to:

1. Timing of reporting sales by the franchisee;
2. Timing and method of payments of royalties and advertising charges;
3. Location of arbitration hearings;
4. The applicability of noncompetition clauses;
5. Commitment to maintain the form of Franchise Agreement for future purchases;
6. Limitation on overall expenses for advertising;
7. Execution of Franchise Agreement with corporation or other entity;
8. Training for the Director of Food Services and the restaurant Manager (new Managers may be required to take the training course);
9. Elimination of the need for our affiliate to lease the premises due to your current control of the location;
10. Sale of additional franchises at the reduced franchise fee even if all existing restaurants are not in substantial compliance (as defined in the Operations Manual), if at least 80% of the existing restaurants are in substantial compliance;

11. Locking in of the franchise fee for additional franchises for a number of years or restaurants;
12. Permission for the franchisee to use a different POS System designed for their multiple operations;
13. Waiver of certain future amendments to the Franchise Agreement;
14. A fixed term without automatic renewal.

The Franchise Agreement for these locations consists of our standard form of Franchise Agreement and the Franchise Agreement Rider, which amends the standard form of Franchise Agreement. In some circumstances, we may allow you to establish a satellite or non-traditional location in an airport terminal, theme park, national park, or captive travel plaza location and you will also sign the Franchise Agreement Rider. However, the satellite location will not be approved if the Base Restaurant is not located in the same airport terminal, theme park, national park, or captive travel plaza. Due to the limited value of traditional advertising for these locations, their advertising contribution is lower than the standard contribution for advertising.

An airport terminal is defined as a building at an airport where passengers transfer between ground transportation and the facilities that allow them to board and disembark from airplanes. In certain instances where the franchise is to be located in an airport concession operated by a qualified Airport Concession Disadvantaged Business Entity (“ACDBE”), we may allow the franchisee to assign the Franchise Agreement to the qualified ACDBE. In the event that the franchise is no longer located within the airport concession the ACDBE would be required to assign the franchise agreement back to the franchisee.

A theme park location is defined as an amusement or similar park which meets the following requirements: 1) offers a collection of rides and/or other entertainment attractions; 2) is more elaborate than a simple city park or playground, as it is meant to cater to entertaining large groups of people including, adults, teenagers, and small children and generally uses architecture, signage, and landscaping to help convey the feeling that people are in a different place or time; 3) is a permanent and not a temporary facility; 4) charges a fee for admission; and 5) has at least 400,000 visitors per year.

A national park location is defined as an area of land declared or owned by a government, set aside for human recreation and enjoyment, animal and environmental protection, and restricted from development.

A Captive Travel Plaza is defined as having an exit and entrance via the highway only and not accessible to the town or city. It provides the only convenient food option for those traveling on the highway and is therefore the primary driver of traffic to the Subway® restaurant.

Note 2:

We may also negotiate with governmental and institutional franchisees purchasing a franchise for a school lunch location, but not with individual franchisees. We may negotiate areas, such as the choice of governing law, insurance, and indemnification provisions, to address the needs of school boards, school districts, and municipalities.

Note 3:

To qualify for the School Lunch Delivery Program you must have owned and operated a Subway® restaurant for at least 6 months and your restaurant must be in substantial compliance (as defined in the Operations Manual). Additionally, you must have established a pre-authorized account and all of your accounts with us must be current. If you are a school lunch delivery franchisee, you may have to modify the food items you offer for sale and buy food products approved for the School Lunch Program in order to satisfy nutritional requirements. This program is not related to the School Lunch Program discussed earlier in this Item.

Note 4:

If you choose to locate your restaurant at an AAFES, NEXCOM or MCCS location, you may be required to receive an AAFES, NEXCOM or MCCS Addendum to this Disclosure Document (as applicable) and you may be required to execute an AAFES, NEXCOM or MCCS Rider to the Franchise Agreement (as applicable) which amends the standard form of Franchise Agreement. Contact the FWH Development Team for more information about these locations, including when an addendum or rider may be applicable.

If your restaurant will be located on a military base, and the franchisee will be a government entity, then solely for the purpose of accommodating state sovereignty, we may negotiate the following requirements of the franchise agreement: waiver of the franchise fee for additional sites on the same military base, arbitration, the venue of the site for settlement of disputes, waiver of trial by jury, and the limitation on liability. Generally, these requirements will not be negotiated with an individual or with a non-government entity establishing a restaurant at a military base.

Note 5:

You may establish a satellite restaurant only if you already operate a Base Restaurant near the proposed satellite location. Your proposed Base Restaurant and all other restaurants that you own must be in substantial compliance (as defined in the Operations Manual) and there must be no material defaults under any of your Franchise Agreements. You must also otherwise qualify under our rules. We grant the franchise for a satellite restaurant separately and under a different agreement from the franchise for the Base Restaurant that will support the satellite location. If we approve the location, we will enter into a new and separate Franchise Agreement with you licensing the satellite location only. The Franchise Agreement for a satellite location consists of our standard form of Franchise Agreement and the Franchise Agreement Rider. The Franchise Agreement Rider amends and supplements the standard form of Franchise Agreement. In some circumstances, we may allow you to establish a satellite location in a non-traditional location, and you must also sign the Franchise Agreement Rider.

Note 6:

The Franchise Agreement for a short-term satellite location consists of our standard form of Franchise Agreement and the Franchise Agreement Rider, which amends the standard form of Franchise Agreement.

Note 7:

Non-traditional locations are not eligible to be “Dual Location Test Sites” at this time. The Franchise Agreement for a short-term satellite location consists of our standard form of Franchise Agreement and the Franchise Agreement Rider, which amends the standard form of Franchise Agreement.

Note 8:

We may negotiate agreements with other third parties and will give you the information on any additional co-branding opportunities. You must review your lease to determine if there are any restrictions that would prevent you from operating your Subway® restaurant in connection with a third party franchisor’s concept. You must make your own inquiries about the third party franchisor and franchise. You will receive a separate Disclosure Document from the third party franchisor and if your co-brand location is approved, you will enter into a franchise agreement with the third party franchisor, which may have different terms than your Franchise Agreement with us. You will operate the other concept as a direct franchisee of the third party franchisor. You will pay to the third party franchisor a franchise fee, royalty, advertising fee, and other charges due under the terms of your franchise agreement with the third party franchisor. You may pay these fees to us as collection agent if provided in the third party franchisor’s franchise agreement.

You will sign the Co-Brand Location Rider to address the different conditions inherent in operating a co-brand location. If you are interested in a co-brand location, please review Exhibit A-7 carefully so you will be familiar with how the Co-Brand Location Rider will affect your Franchise Agreement with us. You grant us a release under the Co-Brand Location Rider with respect to a co-brand location. Each franchisor will be separately responsible to you under its own franchise system. The third party franchisor may pay us all or a portion of certain fees for services we may provide. You may also pay us directly under the Co-Brand Location Rider a continuing fee between 0% to 8% of your sales from the other franchised concept. We will determine the continuing fee, if any, after we finalize the master agreement with the third party franchisor.

Note 9:

To participate in the ezOrdering, you must opt-in for catering on the Restaurant Management Portal. If you participate, you will be charged a fee equal to 5% ezOrdering commission for each catering order and approximately 2.75% for credit card processing. These fees may change and other fees may be charged in connection with the catering program in the future.

Note 10:

Voting procedures may be required depending on the expense impact of the MOP decision. If your market or franchisees throughout the country do not elect to offer the MOP item, then you may not offer it unless you were offering the item before the cutoff date or we grant you a waiver. You must review your lease to determine if there are any restrictions that would prevent you from preparing or selling any SOP or MOP items at your location. You will have additional investment costs. In the future, we may implement a Region Option Program and you will be responsible for any associated costs, but as of the date of this Disclosure Document, details on any such program are still forthcoming.

You may be permitted to offer other products, not designated as SOP or MOP, with our prior written approval, provided you are in compliance with your Franchise Agreement and meet certain other qualifications. Some of these offerings may be test programs. Examples of other products may include, but are not limited to: smoothies, ice cream, bakery/coffee (such as donuts, muffins, cookies, cinnamon rolls and coffee), and snacks (such as pretzels, nachos, ice cream novelties and hot dogs). Any additional products must meet our standards and specifications. The length of time you may be approved to offer an additional product will vary. You will pay royalty and advertising charges on the sale of any additional items from your restaurant. You cannot sell a product that we approve for another franchisee without our written permission and you cannot expect us to grant you the right to offer any additional products, even if you meet our requirements. We reserve the right to offer our own branded products in the future under a separate license that may require you to pay an additional license fee, or to offer them as separate franchises that do not have to be operated in connection with a Subway® restaurant.

As these other products are new, and we may have limited or no experience with them, you assume the risk of the failure of any of these products. You are responsible for all costs associated with offering any of these other products, which may include, but not be limited to, costs for additional equipment and inventory, signage, and counter space. You will have to review your lease to make sure you can prepare and sell the additional products. You will also have to review local regulations to make sure they allow the expanded menu and do not require additional permits or impose other requirements.

\* \* \* \* \*

If you are interested in a non-traditional, satellite, community development, school lunch, military base or co-branded locations, or a dual location test site, or if you are interested in the School Lunch Delivery Program, Subway® Catering Program, SOP, MOP or Product Innovation programs, you should read the rider for these locations and programs (as applicable) and this disclosure document carefully. These riders amend the standard form franchise agreement in several very important respects. We set out the disclosure differences regarding the licensing of these locations and programs in the relevant Items. Except where we point out these differences, references throughout this Disclosure Document to a restaurant and a Franchise Agreement also apply to a non-traditional location, a satellite location, a community development location, a school lunch location, and the Franchise Agreement for these locations.

\* \* \* \* \*

In addition to business laws and regulations, your restaurant is subject to federal, state, and local regulations and guidelines governing the food service industry, including those established by the Food and Drug Administration, the United States Department of Agriculture, the National Restaurant Association, and other food industry organizations. You must be familiar with these regulations, as well as federal, state, and local laws regarding health and consumer protection, food preparation, baking, handling, storage, "Truth in Menu" concerning menu item names and product labeling, nutritional claims, compliance with the federal Americans With Disabilities Act, privacy laws, and compliance with the federal Fair Labor Standards Act and other local labor regulations. You will also be subject to the rules established by the Federal Trade Commission, along with regulations enacted by certain states. Local zoning rules may limit where you can locate a restaurant and may affect design features, including the building facade and

signs. You should be aware that federal, state, and local environmental laws may affect the disposal of waste materials and packaging, and may require that you have a permit as a water provider. Local law may require your participation in a waste recycling or diversion program, for which you may have to register and make ongoing fee payments.

On a case-by-case basis we may grant a waiver to serve alcoholic beverages in your restaurant. If a waiver is granted to allow your restaurant to serve alcoholic beverages you will be responsible for obtaining all necessary licenses and permits, and you will have to know the laws and regulations governing the sale of these items including but not limited to: minimum age restrictions for purchasers and employees who sell, special training requirements, and regulations on the hours of sale for these products. You may be required to obtain additional insurance coverage, which may increase your premium payments, if you are permitted to serve alcohol in your restaurant.

We have a global privacy statement, attached as Exhibit M, which outlines the purpose for collection and use of personal information that we collect from individuals in accordance with various laws in the United States concerning privacy. The privacy statement may be amended from time to time and is available to you on our website [www.Subway.com](http://www.Subway.com).

People primarily between the ages of 16 to 50 purchase the menu items sold in Subway® restaurants. You may not sell any items to another vendor for resale without our prior written consent. You will have to compete with other restaurants, and food outlets, including franchisees of other franchise chains and other Subway® restaurants.

## **Item 2 BUSINESS EXPERIENCE**

The following individuals are our officers and/or directors, and/or officers and/or directors of one or more of our affiliates required to be disclosed in this Item. Some of the individuals below may also be directors or officers, or both, of other franchising companies offering Subway® franchises affiliated with us, or affiliated service or real estate leasing companies, or may provide services or advice to these affiliates listed in Item 1. If not specified, each position listed below is based in Shelton, Connecticut.

*Director, President and Chief Executive Officer of SWSH; President of FWH: John Chidsey*

Mr. Chidsey has served as Director, President and Chief Executive Officer of SWSH since April 2024, and President of FWH since November 2019. Prior to that, Mr. Chidsey served as Chief Executive Officer of Burger King Holdings, Ltd from April 2006 until April 2011. Since 2011, Mr. Chidsey has been investing in several public and private companies, and currently serves on the board of directors of several organizations.

*President of North America of SWSH and FWH: Doug Fry*

Mr. Fry has served as President of North America of SWSH since April 2024, and of FWH since September 2023. Previously, Mr. Fry was the Director of SFSC from October 2022 to August 2023, and the Managing Director of Canada of SFSC from October 2021 to October 2022. Prior to joining Subway, Mr. Fry was the Senior Director of National Operations for McDonald's, and he held that position from June 2012 to August 2021 in Toronto, Ontario.

*Director, Executive Vice President, Chief Financial Officer and Treasurer of SWSH; Chief Financial Officer and Treasurer of FWH; Vice President and Treasurer of SIP, [Subway US IP Holder](#), DAL, FWHT and FWH; President and Treasurer of Subway MyWay; Vice President of FWH; Trustee of SFAPT: Jeff Shepherd*

Mr. Shepherd has served as Director, Executive Vice President, Chief Financial Officer and Treasurer of SWSH since April 2024, and as Chief Financial Officer and Treasurer of FWH since November 2023. Previously he was employed by Advance Auto Parts as Executive Vice President, Chief Financial Officer from 2018 until 2023, and Senior Vice President, Chief Accounting Officer from 2017 to 2018. Prior to that, he served as Controller, General Motors Europe and Director, Consolidation and SEC Reporting of General Motors from 2010 to 2017.

*Executive Vice President and Chief Operating & Insights Officer of SWSH; Chief Operating and Insights Officer of FWH: Michael Kappitt*

Mr. Kappitt has served as Executive Vice President and Chief Operating & Insights Officer of SWSH since April 2024, and Chief Operating and Insights Officer of FWH since March 2020. Previously he was employed by

Bloomin' Brands as President of Carrabba's Italian Grill from February 2016 to February 2020. Prior to that, he served as Chief Marketing Officer of Burger King from September 2002 to January 2011.

*Vice President and Secretary for DAL; Senior Vice President of Business Transformation of SWSH and FWH: John Scott*

Mr. Scott has served as Vice President and Secretary for DAL since April 2020, and as the Senior Vice President of Business Transformation for SWSH since April 2024, and for FWH since March 2020, and Vice President of FWH since March 2020 and Vice President and Secretary of Subway MyWay since April 2020. Previously, he was employed as the Chief Transformation Officer for FWH from July 2019 to March 2020 and the Vice President of Sustainability and Quality for FWH from September 2017 to July 2019. Prior to that, he was self-employed by Carmichael Supply Chain Consulting from September 2016 to September 2017 and worked as Chief Supply Officer for The Chef's Warehouse from May 2013 to September 2017. He also previously worked for PepsiCo as Senior Director, Global Procurement from April 2005 to May 2013.

*Chief Legal Officer for FWH; Director, Executive Vice President, Chief Legal Officer and Secretary of SWSH; Vice President and Secretary of SIP, Subway US IP Holder and FWHT; Vice President of DAL: Ilene Kobert*

Ms. Kobert has served as Director, Executive Vice President, Chief Legal Officer and Secretary of SWSH since April 2024, [Vice President and Secretary of Subway US IP Holder since June 2024](#), Vice President and Secretary of SIP, FWHT and FWH since April 2020, and as Chief Legal Officer for FWH since February 2020. She has also served as Vice President of DAL since May 2022. Previously, she was a shareholder at Greenberg Traurig, LLP from September 2011 through January 2020, and a Director and Senior Attorney at Burger King from September 2009 through September 2011.

*Chief Information Security Officer of FWH: Will Thornhill*

Mr. Thornhill has been Chief Information Security Officer for FWH since January 2019. Previously, he was employed by H.R. Berkley as Head of Global Information Security Operations from July 2017 to August 2018, by Bank of America as Chief of Staff for Information Security Operations from May 2014 to June 2017, and by the Teachers Insurance and Annuity Association of America- College Retirement Equities Fund, as Head of Global Information Security Operations from January 2012 to May 2014.

*President of Latin America and Caribbean of SWSH: Jorge Rodriguez*

Mr. Rodriguez has served as President of Latin America and Caribbean of SWSH since January 2022. Prior to that, Mr. Rodriguez served as Vice President Finance Transformation for McDonalds from August 2018 until January 2022.

*Executive Vice President and Chief Digital & Information Officer of SWSH; Chief Digital and Information Officer of FWH: Donagh Herlihy*

Mr. Herlihy has served as Executive Vice President and Chief Digital & Information Officer of SWSH since April 2024, and Chief Information Officer of FWH since May 2021. Previously, he was employed as the Executive Vice President – Digital and Chief Information Officer of Bloomin' Brands, Inc. in Tampa, FL from September 2014 to January 2020.

*Executive Vice President Chief Global Development Officer of SWSH; Global Chief Development Officer of FWH: Mike Kehoe*

Mr. Kehoe has served as Executive Vice President Chief Global Development Officer of SWSH since April 2024, and as Global Chief Development Officer of FWH since October 2023. Previously, Mike was the President of Europe, Middle East, and Africa from August 2023 to May 2020. From 2015 to May 2020, Mr. Kehoe was employed by Focus Brands, Inc. in multiple roles, including President International, in Atlanta, Georgia. Previously, he served as Vice President of International Marketing for Bloomin' Brands, Inc. from 2013 to 2015, in Tampa, Florida.

*Senior Vice President of U.S. Marketing of SWSH and FWH, President of SIP [and Subway US IP Holder](#): Cristina Wells*

Ms. Wells has served as Senior Vice President of U.S. Marketing for SWSH since April 2024 and for FWH since July 2023, and President of [Subway US IP Holder since June 2024, and of SIP since September, 2023](#). She has served as Vice President of U.S. Marketing from July 2021 to July 2023. Prior to that, she served as Director of SFSC, SFAFC

and Subway MyWay of Canada, and Country Director, Canada for FWH from February 2020 to July 2021. She served as Senior Marketing Director from December 2016 to February 2020. Previously she served as Marketing Director for Tim Hortons from January 2016 to December 2016, Senior Digital Marketing & Rewards Manager from February 2015 to January 2016, and Senior Marketing Communications Manager from September 2013 to January 2015. She has engaged in the line of business associated with the franchise since December 2016.

*Vice President of Development for FWH: Ian Poole*

Mr. Poole has served as Vice President of Development since February 2024. Previously, he was employed by Planet Fitness as Vice President of Real Estate and Construction of Corporate Clubs from April 2023 until February 2024. Prior to that he was employed by Ambrosia QSR as Chief Development Officer from May 2021 until April 2023. He was employed by Dunkin Brands as Director of Real Estate and Construction from April 2007 until May 2021.

*Senior Vice President of Operations of FWH: Stephen England*

Mr. England has served as Senior Vice President of Operations for FWH since August 2020. Previously, he was employed by B. Good LLC as Chief Operating Officer from July 2017 to August 2020. Prior to that he was employed by Dunkin Brands Inc. as Vice President of Operations from September 2011 to July 2017.

*Vice President of Non-Traditional Strategic Growth of FWH: Renee Hourigan*

Ms. Hourigan has served as Vice President, Non-Traditional Strategic Growth for FWH since April 2023. She joined FWH in April 2019 as Director, Convenience Innovation. Prior to joining FWH, Ms. Hourigan was the Vice President, Marketing North America for Victorinox Swiss Army, Inc. from October 2016 to January 2019, in Monroe, CT.

*Vice President North American Field Operations of FWH: Mary Greenlee*

Ms. Greenlee has served as Vice President North American Field Operations for FWH since November 2022 in Atlanta, GA. Prior to that, she was the Senior Director of Business Developer Operations from April 2020 to November 2022 and the Director, Atlanta Territory from April 2019 to April 2020. Before joining FWH, Ms. Greenlee served as the Director, Business Development & General Manager Coca-Cola Freestyle for The Coca-Cola Company from January 2012 to March 2019 in Atlanta, GA.

*Director of Development Administration of FWH: Christine Leblond*

Ms. Leblond has served as Director, Development Administration since August, 2020. Previously, she was employed by Johnny Rockets Group, Inc. in Wilbraham, Massachusetts as Manager, Legal Services from March, 2018 to August, 2020. Prior to that she was employed by Restaurant Brands International in Miami, Florida as Senior Manager, Franchise Contract Manager from August, 2014 to July, 2017.

*Senior Director of Growth Initiatives of FWH: Kelly Farley*

Ms. Farley has served as Senior Director of Growth Initiatives since January 2023. Prior to that, she was Director of Field Performance for FWH from July 2020 until January 2023. She was Director of a Subway Market Operations July 2018 until July 2020.

*Director of Sales Operations of FWH: Allison Morrow*

Ms. Morrow has served as Director of Sales Operations since February 2020. She was previously the Assistant Director of New Business Development from May 2011 to February 2020.

*Senior Director of Non-Traditional Franchise Sales of FWH: Renee Borders*

Ms. Borders has served as the Director of Non-Traditional Franchise Sales since November, 2023. She was Director of Global Accounts from November 2021 to November 2023. Prior to that, she served as Strategic Account Manager for T-Mobile in Bellevue, WA, from April 2019 to October 2021. From July 2013 to April 2019, she was the Channel Strategy Manager for Sprint in Overland Park, KS.

*Global Account Manager of FWH: David Strawhince*

Mr. Strawhince has been a Global Account Manager since April 2021. Prior to that, he was the Senior Manager of Store Operations for Staples, Inc. from July 2017 to July 2020, and the Manager, Store Operations for Staples, Inc. from February 2016 to July 2017, both in Framingham, MA.

*Senior Non-Traditional Franchise Sales Manager of FWH: John Edmonds*

Mr. Edmonds has been a Senior Non-Traditional Franchise Sales Manager since October 2019. Prior to that, he was the National Operations Integration Manager for Chef's Warehouse in Ridgefield, CT from September 2016 to September 2019.

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#### FRANCHISE BROKERS/BUSINESS DEVELOPERS

Business Developers are franchise brokers. We have engaged Business Developers whose duties include franchise sales, site location assistance, training, and operational assistance to franchisees. Business Developers also make recommendations as to whether prospective franchisees in their territories should be granted franchises and we take their recommendations into consideration. We generally recruit Business Developers from existing franchisees. We pay Business Developers a portion of amounts we collect from franchisees as payment for their services, including approximately one-half of the initial franchise fee, and up to one-third of royalties, transfer fees and extension fees. We also pay them approximately one-third of any fees we receive from a third-party franchisor and any co-brand continuing fees, if they provide services for the other concept. We may also pay them bonuses and penalize them depending upon whether they are ahead or behind their development schedules for establishing restaurants in their areas. We prohibit Business Developers from making any representations of sales or profits to you. Additionally, we require Business Developers to abide by all federal and state laws in the performance of their duties. Business Developers are independent contractors and not employees of ours or our affiliates. We and our affiliates disclaim responsibility for any acts or statements made by Business Developers contrary or in addition to the disclosures made in this Disclosure Document, or in the Franchise Agreement, the Operations Manual, or related contracts. Therefore, unless otherwise disclosed in this Item 2, Business Developers are not our directors, trustees, general partners, or principal officers, nor will they have management responsibility relating to the sale or operation of franchises offered by this document.

Exhibit Q contains the name, contact information, contract number(s), and a description of the servicing territory for each Business Developer for DAL in the United States and its territories, as of the effective date of this Disclosure Document.

**Item 3  
LITIGATION**

Other than the 60 actions and the 23 franchisor-initiated actions disclosed in Exhibit L, no other litigation is required to be disclosed in this Item. We estimate that the franchisees we or our affiliates filed actions against in connection with the franchise relationship constitute about 0.2% of the franchisees operating Subway® restaurants globally.

**Item 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5  
INITIAL FEES**

All franchise fees are payable in full when you sign the Franchise Agreement. All fees are fully earned when received and are not refundable, except as described below.

Initial Franchise Fees

The following table and notes describe the initial franchise fees:

| <i>Type of Fee</i>  | <i>Amount</i> | <i>Description</i>  |
|---|---------------|---|
| Standard Franchise Fee <sup>1</sup>   | \$15,000      | This is the standard franchise fee for a Subway® restaurant franchise for all first-time franchisees except: (i) qualified United States Armed Forces Veterans (“US Veterans”) as stated below, or (ii) a qualified Subway® restaurant franchisee of our affiliates, or (iii) those purchasing under our School Lunch or Community Development Programs, or (iv) those purchasing for a qualified Non-Traditional location. |
| Reduced Fee for Additional Franchises <sup>2,3</sup>  | \$7,500       | We offer the reduced franchise fee of \$7,500 for the purchase of additional restaurants to qualified existing franchise owners operating restaurants in substantial compliance (as defined in the Operations Manual) and with no material defaults under any of their Franchise Agreements with us.  |
| Reduced Fee for Affiliate Company Subway® Franchise Owners And Business Developers <sup>2,3</sup> | \$7,500       | We offer the \$7,500 reduced franchise fee to qualified Subway® franchisees of our affiliates that offer Subway® franchises. To qualify, we must approve you and you must be in substantial compliance (as defined in the Operations Manual) with no material defaults under any of your Franchise Agreements with our affiliates that offer Subway® franchises.  |
| Reduced Fee for U.S. Armed Forces <sup>2,3</sup>  | \$7,500       | We offer the reduced franchise fee to qualified honorably discharged U.S. Veterans purchasing their first franchise.  |

| <i>Type of Fee</i>   | <i>Amount</i> | <i>Description</i>   |
|--|---------------|--|
| Reduced Fee for Qualified Non-Traditional Locations <sup>2, 3, 4</sup> | \$7,500       | You will pay the reduced franchise fee if you are purchasing a franchise for a non-traditional location and: 1) you are an approved convenience store operator, a food service management company, or other company that provides its own food services and you meet certain qualifications regarding number of outlets or net worth as we may require from time to time; 2) you are a cooperative, foundation, a qualified non-profit charity, hospital, university, college, other school, or an Indian nation, or governmental agency or entity; or 3) you are purchasing your franchise for a non-traditional location we approved to be located in a portion of an existing facility you own, lease or otherwise control under a management agreement and you are a franchisee in good standing of a nationally branded gasoline or convenience store retailer. |
| Add-on Fee   | \$3,750       | If you qualify for the reduced fee and you want to add an individual owner who is not already a Subway® franchisee, you must also pay the add-on fee in addition to the reduced fee. We may change or eliminate this add-on fee in the future. We will waive the add-on fee if you are adding your parent, child, or spouse as an owner.   |
| Satellite Franchise Fee <sup>5, 7</sup>                                | \$5,000       | This is the initial franchise fee for a satellite restaurant; however, this fee will be waived if your satellite will be located in the same facility as your Base Restaurant.   |
| Short-Term Satellite Franchise Fee <sup>6, 7</sup>                     | \$1,000       | This is the initial franchise fee if the satellite will be in operation for a term of 1 year or less (“short-term”).   |
| Additional Fee for Non-Compliance                                      | \$7,500       | If you or your affiliate are an existing Subway® franchisee, you represent that all your restaurants are in substantial compliance with the Operations Manual and there are no material defaults under the franchise agreement(s) governing the operation of such restaurant(s). If any of the aforesaid representations are not true when your restaurant opens (based upon the most recent restaurant evaluation), you agree to pay us an additional \$7,500.  |

Note 1:

We may offer financing for franchisees purchasing a franchise for a restaurant to be located in a low-density market. We may stop or modify any loan programs we offer at any time.

Certain multi-unit operators who sign a Multi-Unit Franchise Agreement or a Development Agreement may qualify for a rebate of some or all of their initial franchise fee if they meet or exceed their development schedule. We may modify or discontinue this policy at any time in our sole discretion.

Note 2:

If you do not qualify for the reduced fee, you must pay the full fee of \$15,000. If you qualify for the reduced franchise fee when you sign the Franchise Agreement, but any of your existing restaurants are out of substantial compliance (based upon your most recent restaurant evaluation) when your restaurant opens, you must pay us the \$7,500 balance of the full franchise fee.

You may not sell, transfer, or assign a franchise you purchase at a reduced fee unless you sell it in conjunction with an open and operating restaurant associated with that franchise. We may change the amount of the initial franchise fee, including eliminating or reducing the discount.

Note 3:

If any of these representations are not true when your restaurant opens (based upon the most recent restaurant evaluation), you agree to pay the full initial franchise fee. If we do not approve your location within 90 days after you sign the Franchise Agreement, we may cancel your Franchise Agreement and refund your initial franchise fee.

Note 4:

If you own an oil company that has at least 50 locations and you convert an existing sandwich shop business you created, own and operate at your facility into a Subway® restaurant, we will waive the initial franchise fee.

To qualify to purchase additional franchises for non-traditional locations at the reduced franchise fee, at least 80% of the Subway® restaurants you operate must be in substantial compliance (as defined in the Operations Manual), and you must follow all operating policies and procedures for the other chain at the location where you will establish your restaurant. There must also be no material defaults under any of your Franchise Agreements with us.

Note 5:

We may refund the satellite franchise fee if we terminate the Franchise Agreement after 90 days because we or our designated affiliate does not obtain a lease or license for the premises which contains basic economic terms (for example rent, square footage, and length of term), previously consented to by you, and offer you a Sublease or Sublicense. However, this refund will not be issued if: 1) you fail to sign a Sublease or Sublicense that was previously consented to which contains basic economic terms; 2) if it is your fault we disapprove the location or we cannot obtain the lease or license; or 3) you attend training and receive a copy of the Operations Manual in electronic form. The term of the Satellite Franchise Agreement will be from the date of the Franchise Agreement until the expiration or termination of the Base Restaurant Franchise Agreement, with the right for additional 20-year renewals in line with the Base Restaurant Franchise Agreement term.

Note 6:

The term of the Franchise Agreement for a short-term satellite location is 1 year or less from the date of the Franchise Agreement Rider or until the termination or expiration of the Base Restaurant Franchise Agreement, whichever occurs sooner. If your Base Restaurant Franchise Agreement has not expired, you may renew the short-term satellite location for an additional 1 year term for a renewal fee of \$1,000.

Note 7:

If, with our approval, you choose to convert your satellite to a full restaurant and terminate your Franchise Agreement for the satellite, we may credit the initial franchise fee you paid. We will not allow credit for expired or terminated Franchise Agreements for the satellite. To qualify for the credit, you must be in substantial compliance (as defined in the Operations Manual) and you must comply with any necessary upgrades or additional requirements to establish a full restaurant at the satellite location.

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We may offer incentives of up to \$1,000 per referral to existing franchisees if they refer a first-time franchisee who purchases a franchise through a new sale or transfer. If the purchase is via a transfer, the referring franchisee may not be an owner of the restaurant to be transferred. In order to receive the referral bonus, the referring franchisee must be named by the new franchisee as his or her referral source when he or she purchases the franchise. We may also offer to credit franchisees for their qualifying airfare or mileage up to \$1,500 if they visit our offices in [Milford Shelton](#), Connecticut, and then purchase a franchise during their visit, subject to compliance with disclosure requirements and other policies. We may change the amount of these incentives, including eliminating or reducing the credit for the cost of the airfare or mileage. This incentive is not valid for travel related to attending training.

Any of the fee arrangements and incentive programs described in this Item 5 may be modified or discontinued from time to time in our sole discretion.

We do not charge an initial franchise fee for our School Lunch Program or the Community Development Program. We do not charge an initial franchise fee if you purchase an existing restaurant as a transfer, but you or the transferor must pay the transfer fee.

Under the School Lunch Program, we will franchise (1) a school system directly, (2) an institutional food service provider, or (3) an existing individual Subway® franchisee, to operate a Subway® restaurant located in a school.

You must open your school location within 6 months after you sign your school lunch Franchise Agreement. If you are not the school board, school district, or municipality controlling the school location, within 6 months after you sign your Franchise Agreement you must sign a contract, license, or lease, giving you the right to operate the restaurant, or your Franchise Agreement will automatically terminate. You must identify a location for the school lunch restaurant and your proposed operation plan before you sign the Franchise Agreement. The term of the Franchise Agreement for a school lunch location is a period of 5 years, with the right for additional 5-year renewals, with no renewal fee. If you are an individual franchisee, you must establish the restaurant in the school as a satellite location.

Under the Community Development Program, franchisees may establish franchises within facilities operated by organizations or individuals that offer support services within the community in which they are located. Examples of these facilities include places of worship, shelters, half way homes, rehabilitation centers, community centers, and disaster relief centers. Your restaurant must be operated with the intent of providing job training to individuals with barriers to employment. You must identify a location for your restaurant and your proposed operation plan before you sign the Franchise Agreement.

Refund Policy. We do not refund any of the initial franchise fees except as stated above or under the following circumstances: 1) you purchase a franchise for a location where we will allow you to enter into a lease or license directly with the landlord and we do not grant final approval of the location within 90 days after you sign the Franchise Agreement; or 2) you purchase a franchise for a dual location test site and you do not obtain a Sublease or Sublicense in accordance with our requirements. In either case, we may dismiss you from the training program, cancel your franchise agreement and refund one-half of your franchise fee.

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Other Initial Fees

The following table and notes describe various other initial fees:

| <i>Type of Fee</i>         | <i>Amount</i> | <i>Description</i>  |
|----------------------------|---------------|---|
| Extension Fee <sup>1</sup> | \$1,000       | If you sign the standard Franchise Agreement, you will have 12 months to open your restaurant or Franchise Agreement will expire. You may request in writing and we may grant you in writing an extension to open your restaurant. You will pay to us the extension fee and will sign our then-current form of Franchise Agreement. |

| <i>Type of Fee</i>   | <i>Amount</i>   | <i>Description</i>   |
|--|---|--|
| Location Fees, Deposits and Rent <sup>2</sup>                          | \$2,000 - \$12,000  | <p>If you enter into a Sublease for the premises you will pay our affiliate \$50 as a nonrefundable fee for administrative costs to record the master lease. In addition, you will be responsible for all other costs we incur to record the master lease, including but not limited to, recording fees, recording taxes, conveyance fees and conveyance taxes. We estimate that these costs may range from \$50 to \$2,500, depending upon your state and local laws. These fees are nonrefundable.</p> <p>You must pay a deposit of 2 months' rent when you sign the Intent to Sublease, representing one month's rent and one month's security deposit. We estimate that the security deposit will cost approximately \$2,000 to \$12,000. If you are required to sign a Sublicense for the location, you may be required to pay an advancement fee when you sign the Intent to Sublicense. If the landlord does not require the security deposit, we or our designee will return the money to you.</p> |
| Menu Board Translites, Promotional and Operational Items               | <p>\$500 - \$750 for 4 – 6 menu board translites</p> <p>\$8,000 – \$14,000 for digital menu boards</p> <p>\$155/mo. digital menu board HaaS program</p> | <p>You must purchase your initial supply of menu board translites from us or SFAFT, unless we designate otherwise. The estimated cost for menu board translites is \$125. You must also buy decals and replacement menu board translites from us or SFAFT, and certain operational items from the supplier we designate. The estimated cost is less than \$600 and is nonrefundable.</p> <p>Once available, you may have the option to purchase digital menu boards typically consisting of four television screens, media players, HDMI cables, and menu content management services from us, an affiliate or a designated supplier. The estimated cost to purchase and install the digital menu boards are \$8,000 to \$14,000. Ongoing licensing fees and support fees may apply. Alternatively, you may opt to lease them through our approved supplier's Hardware-as-a-service program, currently \$155 per month. In the future, we may require you to purchase digital menu boards.</p>             |
| Training Cancellation Fee  | \$100   | If you register for and fail to attend the training program, or if you cancel a registration for the training program with less than 10 business days' notice, you must pay the nonrefundable cancellation fee.  |
| Purchase Price of a Company or Affiliate-Owned Restaurant <sup>4</sup> | Varies  | If you are purchasing a company or affiliate-owned restaurant, you must sign a Franchise Agreement and pay the initial franchise fee that applies to you. You must pay the purchase price in cash or by certified check. Financing is available for some of the purchase price.  |
| POS System Hardware Costs <sup>5</sup>                                 | \$57/mo.  | You are required to use a computer-based point-of-sale system (the "POS System") which must be obtained from an approved POS hardware vendor. Currently, our approved hardware vendor is Hewlett Packard ("HP"). We may change hardware vendors, or approve one or more additional hardware vendors in the future. You are required to enroll in the hardware-as-a-service component of our Restaurant Technology as a Service ("RTaaS") program with HP to obtain a POS System. We estimate the cost of the base package in the RTaaS program to be \$57 per month, exclusive of tax and shipping charges, which must be paid to us, our affiliate, designee or directly to HP, as we require.  |

| <i>Type of Fee</i>                 | <i>Amount</i>                             | <i>Description</i>  |
|------------------------------------|---|---|
| Payment Terminal Fees <sup>6</sup> | \$237.70 for the P400 payment terminal;   | You will pay this amount for the P400 payment terminal, or if you purchase a franchise location, the P400 payment terminal in the location should be part of the purchase.<br><br>All new and existing restaurants are required to purchase the P400 payment terminal from our approved vendor. |
|                                    | \$320 for the issued/configured terminal; | Certain non-traditional locations are required to use an SVS issued/configured terminal for processing gift card transactions only. There is a \$2.50 monthly maintenance fee payable to SVS.   |
|                                    | \$323.30 for the P400 kit                 | The kit includes the cables, power cord, and countertop cradle. These Payment Terminal Fees must be paid to us, our affiliate or designee.  |

Note 1:

The extension fee is due when you sign our then-current form of Franchise Agreement and is nonrefundable. If you are granted an extension, you will have an additional year to open your restaurant with no right to any further extensions. The term of your franchise will then be for the full number of years granted in the replacement Franchise Agreement and you will have no right to any additional extensions. This description of the extension fees also applies if you sign a Franchise Agreement Rider to open a satellite restaurant in a non-traditional location. We may change or eliminate the extension procedures in the future.

The extension fee does not apply to school lunch locations, satellite locations operating in locations other than non-traditional locations, or short-term satellite locations. These locations must be opened within the timeframes set forth in the Franchise Agreement Rider and will have no right to any extension.

Note 2:

For certain non-traditional locations, you may need to sign a concession or subconcession agreement. If your restaurant is a school lunch location, you may enter into the contract, license, or lease directly with the entity controlling the school.

Note 3:

You may experience delays and have higher costs if you seek approval to purchase directly from vendors or from vendors not currently approved. Supply chain challenges and escalating raw material and freight costs have caused material increases in the costs of Equipment, Furniture & Décor.

Note 4:

The purchase prices for these restaurants vary greatly in price. In 2023, we sold 79 restaurants ranging in price from \$1 to \$70,493.31 and our affiliates sold 25 restaurants ranging in price from \$1 to \$105,922.25. The purchase price does not represent your total initial investment for these restaurants and may only the costs of existing physical assets, such as leasehold improvements, equipment, signs, any security systems, inventory and supplies. You may have to purchase, finance, or lease required equipment that is not included in the purchase price. You may have to spend additional money to bring the restaurant into compliance with the Operations Manual. We may offer incentives to franchisees purchasing company- or affiliate-owned restaurants that we believe have below average sales. These incentives may include but are not limited to: 1) financing by us or an affiliate for all or a portion of the purchase price at variable terms; or 2) under certain conditions, an obligation in the purchase agreement for us or our affiliate to repurchase the restaurant from the franchisee if the franchisee chooses to terminate the transaction. Under these circumstances, we or our affiliate will not repurchase the restaurant unless it is in substantial compliance as defined in

the Operations Manual and the franchisee has maintained or exceeded the Average Unit Volume (AUV) of sales reported for the 12 months prior to our or our affiliate's acquisition of the restaurant from the previous owner.

Note 5:

Additional hardware and services may be added to this base package as the program evolves and/or the technology needs of the brand expand, which may result in additional costs. Additional packages at varying monthly rates may also be offered in the future. These charges do not include the costs to obtain the payment terminal to process credit and debit card payments as well as gift card and loyalty transactions, discussed below in this Item 5. Under the RTaaS program, we may act as collection agents for HP and collect fees you owe through your pre-authorized account. You will also be responsible for any costs you incur in connection with the transition from the current POS System you use to the POS System you obtain under the RTaaS program. All POS software required as of the date you obtain your POS System under the RTaaS program will be pre-installed on your POS System.

Note 6:

You must use the payment terminal and barcode reader we require for use with your POS System to participate in the required Subway® Gift Card Program, Remote Ordering Program and integrated credit/debit, contactless and mobile device payment options. Certain non-traditional locations are required to use an SVS issued/configured terminal for processing gift card transactions only.

Puerto Rico franchisees will instead participate in our Global Payment Program to obtain payment terminals. Fees for this program range from \$650 to \$850, and include terminals, 60 months of Overnight Replacement Servicing, and the Program Fee.

#### *Development Program*

If you participate in our multi-unit development program, with our approval, by executing a Development Agreement, and one or more Franchise Agreements or Multi-Unit Franchise Agreements, you must pay a development fee equal to the then-current standard initial franchise fee (or reduced initial franchise fee, if applicable), multiplied by the number of restaurants to be developed in accordance with the development schedule under your Development Agreement. You will not be required to pay a separate initial franchise fee under any Franchise Agreement or Multi-Unit Franchise Agreement, in each case executed in accordance with your Development Agreement. The development fee is uniformly imposed, fully earned by us when paid by you and non-refundable.

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We may collect taxes from you that the law requires you to pay. You will pay or reimburse use for payment of any Sales Tax or other tax imposed by law on the franchise fee, royalty, advertising fees, and any other amounts payable under the Franchise Agreement, whether assessed on you or on us. We will pass on to you taxes we must pay directly to any taxing authority.

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**Item 6  
OTHER FEES**

**OTHER FEES\***

| <b>Type of Fee</b>        | <b>Amount</b>   | <b>Due Date</b>   | <b>Remarks</b>   |
|---------------------------|---|---|--|
| Royalty                   | 8% of total gross sales   | Payable weekly  | See Note 1   |
| Advertising               | 4.5% of total gross sales   | Payable weekly  | See Note 2   |
| Audit                     | Overdue Amount  | After billing   | See Note 3   |
| Fees for Unpaid Balances  | Interest charge of 12% (or maximum rate allowed by law where your restaurant is located) per annum on amount you owe  | When payment is more than one week late   | See Note 4   |
|                           | Late fee of 10% or (or maximum rate allowed by law where your restaurant is located) per annum of amount you owe may be charged   | When payment is more than one week late   | See Note 4   |
|                           | \$50  | When you default on payments because you change banks without notice                                    | See Note 4   |
|                           | \$20  | Bounced check or pre-authorized draft   | See Note 4   |
|                           | Costs of collection, including lawyers' fees  | When we or our affiliate incur the expense  | See Note 4   |
| Renewal Fee               | 25% of our then-current franchise fee (currently \$3,750) for a standard renewal<br><br>25% of our then-current satellite franchise fee (currently \$1,250) for a satellite renewal<br><br>\$1,000 for a short-term satellite renewal |   |  |
| Transfer                  | 50% of our then-current franchise fee (currently, \$7,500), plus \$3,000 for any satellite  | When you submit your request to transfer  | See Note 5. Certain reductions may apply depending upon the nature of the transfer.                  |
| Location Rent/License Fee | \$1,000 - \$6,000 per month, estimated  | Payable monthly on 1st day of the month; security deposit on signing of Intent to Sublease or Intent to | Security deposit/Advance Fee paid to leasing affiliate or landlord (in our discretion); monthly rent |

| <b>Type of Fee</b>                      | <b>Amount</b>  | <b>Due Date</b>  | <b>Remarks</b>  |
|---|--|--|---|
|   |  | Sublicense or when required by landlord if leased directly.  | paid to leasing affiliate or landlord/licensor (in our discretion). See Note 6                    |
| Equipment Purchase and Freight Charges  | Cost of equipment plus buffer to cover freight charges, taxes, and other costs   | When you place order   | See <u>ITEM 5</u> and <u>ITEM 7</u>   |
| Insurance                               | \$1,000 - \$6,000 per year   | When you sign lease, license, Sublease or Sublicense   | See Note 7  |
| Indemnification                         | All liability, damages and costs, including lawyers' fees, incurred.   | When incurred by us or other indemnified party   | See <u>ITEM 7</u>   |
| Noncompete Violation                    | \$15,000 for each competing business plus 8% of its gross sales  | Upon competition   | See Note 8  |
| Confidentiality Violation               | Our damages  | Upon violation   | See Note 9  |
| Trademark Violation                     | \$250 per day  | Upon violation   | See Note 10   |
| Limited Time Offering and Auto Shipment | Costs vary, depending on the product to be shipped   | Varies   | At this time, payable to the IPC. See Note 11   |
| Dispute Resolution                      | Half of arbitration fee, except you will pay the whole fee plus costs, including lawyers' fees, management preparation time, and travel expenses if you withhold money from us or an affiliate   | Your share of the arbitration fee will be due upon invoicing from the third party  | See Note 12   |
|   | If you breach the provisions of the Franchise Agreement regarding mandatory arbitration, or restrictions on damages or against whom you can arbitrate, or the proper forum for an action, you will pay our expenses and the expenses of anyone you name improperly, including lawyers' fees; you will be liable for abuse of process | You will pay our expenses or the expenses of a person you name improperly when we request when you violate the provisions of the Franchise Agreement |   |
| Co-Brand Continuing Fee                 | 0%-8% of total gross sales of a co-brand concept   | Payable weekly   | See Note 13   |
| Fees Charged by Co-Brand Franchisor     | Fees and rates set by third party co-brand franchisor  | Payable weekly when your royalty to us is due  | We may act as collection agent for third party co-brand franchisor. See Note 13 and <u>ITEM 1</u> |

| <b>Type of Fee</b>                  | <b>Amount</b>  | <b>Due Date</b>  | <b>Remarks</b>   |
|-------------------------------------|--|--|--|
| Optional Restaurant Listing Service | \$100 for each 6-month period  | When you list your restaurant for sale with our Help Sell Program                      | We may waive this fee. Paid by pre-authorized check or electronic funds transfer   |
| Restaurant Technology Fees          | <u>Restaurant Technology Fee</u><br><br>\$75 per month, subject to future increases.   | Monthly  | FWH may withdraw these fees from your pre-authorized account with us. See Note 14  |
| Required Payment Options            | <u>Current Payment Processing Fees:</u><br><br>-Adyen Acquirer Fee per transaction: Authorization Fee is \$0.005; Capture Fee is \$0.005; Refund Fee is \$0.01, subject to future changes<br><br>-Network and Interchange Fees vary depending on card brand and type of transaction. Typical Network and Interchange fees for required credit card brands range from \$0.22 per transaction to 2.4% of the total transaction amount plus \$0.10; subject to future changes<br><br>- Chargeback Fee is \$1.50 per chargeback for transactions processed through Adyen | Varies, when a guest pays for products at your restaurant using a credit or debit card | Once you sign a Merchant Services Agreement with Adyen and receive the new P400 payment terminal, the Acquirer Fee will be paid to Adyen for card-present transactions (excluding scan and pay). Network and Interchange fees are paid to Adyen; Adyen passes the Network fee to the applicable Credit Card brand (Visa, MC, and Discover) and the Interchange fee to the card holder's bank. We may receive a referral fee. See Note 15 |

| Type of Fee                 | Amount  | Due Date   | Remarks   |
|-----------------------------|---|--|---|
|                             | <p><u>Payment Terminal Fees</u></p> <p>- P400 terminal kit is approximately \$323.30 (includes cable, power cord, countertop cradle, key injection and countertop stand; shipping and handling not included)</p> <p>-\$2.30 monthly terminal software fee</p>   | <p>-Available for purchase from our approved terminal vendor</p> |   |
| Subway® Gift Card Fees      | <p>Currently as follows:</p> <p>-Initial fee of approximately \$60 to \$140</p> <p>-Redemption Fee equal to 2.5% of each transaction amount that applies when Subway® Gift Card is redeemed</p> <p>-Additional Subway® Gift Card supply costs \$0.10 per card, \$.06 per envelope and \$20 per display</p> <p>-SVS issued/configured terminal fee of \$320 (for certain non-traditional locations only)</p> | As directed by SVS   | <p>Paid to SVS. See Note 15</p> <p>Fees are subject to reasonable increases as set forth in the ordering system pricing updated from time to time.</p>  |
| SVS Monthly Maintenance Fee | \$2.50  | Payable monthly  | <p>Payable to SVS. Includes access to technical support, terminal operating software and firmware updates as they become available, and application software updates as they become available. Currently, this fee only applies to non-traditional Restaurants.</p> |
| Subway® MVP Rewards Program | 1.9%, subject to any annual adjustments, of the gross sales,  | Payable weekly   | We or FWH will withdraw these fees from your DAL  |

| <b>Type of Fee</b>                           | <b>Amount</b>   | <b>Due Date</b>  | <b>Remarks</b>  |
|--|---|------------------|---|
|  | for each transaction made by a Subway® MVP Rewards program member at your restaurant  |                  | pre-authorized account. See Note 15   |
| POS System Hardware-as-a-Service Fees        | Approximately \$57 per month  | When you sign up | We may collect fees you owe to the vendor on behalf of the vendor. See RTaaS program discussed in <u>ITEM 5</u> , <u>ITEM 7</u> , <u>ITEM 10</u> and <u>ITEM 11</u> and Note 19   |
| Digital Menu Board Hardware-as-a-Service Fee | \$155 per month   | Payable monthly  | The digital menu board package includes four 49” professional grade high bright displays, dual media players for redundancy and high temperature, media player software license and upgrades, network hardware and security, shipping, professional installation by appointment during off-peak hours, project management and reporting, 24x7x365 support desk, and second business day field service and repair. |
| Digital Menu Board CapEx Option              | CapEx charges are as follows:<br><br>For a 4-Screen Indoor Digital Menu Board: \$8,200 per restaurant<br>For a 3-Screen Indoor Digital Menu Board: \$7,650 per restaurant<br>For a 2-Screen Indoor Digital Menu Board: \$7,150 per restaurant<br><br>In all cases: \$39 per month | Payable monthly  | For franchisees who do not qualify for credit terms or choose accordingly, they may purchase all components and software required for an indoor digital menu board, installation and operational services.  |
| Kount Fraud Protection Fee                   | Currently, \$0.0068 per digital transaction, subject to increase if vendor price increases  | Monthly          | This fee will be billed to your pre-authorized account and paid to our current vendor, Kount, to provide digital transaction fraud protection services.   |
| Other Technology and Digital Initiatives     | Varies as we implement various new technology and digital initiatives. Usually paid to a third party  | Varies           | We or FWH may withdraw fees from your DAL pre-authorized account on behalf of us or a third party.  |

| <b>Type of Fee</b>       | <b>Amount</b>   | <b>Due Date</b>  | <b>Remarks</b>   |
|--------------------------|---|--|--|
|                          |   |  | See Note 15  |
| Restaurant Design Charge | <p>Currently, as follows:</p> <p>Remodels: \$1,000 for 1 original plus one revision floor plan; \$250 for additional revisions</p> <p>New Restaurants and Relocations: \$1,000 for 1 original plus 2 revision floor plans; \$250 for additional revisions</p> | Varies   | <p>For remodels, the \$1,000 charge is waived if the remodel is completed within 6 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance.</p> <p>For new restaurants and relocations, the \$1,000 charge is waived if the buildout is completed within 12 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance.</p> <p>Note, you are still required to complete remodels and buildouts in accordance with the time period set forth in your franchise agreement, and failure to do so will be a default of the franchise agreement.</p> |
| Taxes and Other Fees     | Varies by State   | Payable when fee is due  | See Note 16  |
| ServSafe Certification   | \$50 every two years  | When you apply for and/or renew certification  | Fee paid directly to ServSafe or the National Restaurant Association. This certification is currently optional, but you and/or one of your employees may be required to have and maintain this certification in the future.  |
| Training Fee and Costs   | <p>No training fee for two persons; \$7,500 for any additional persons trained.</p> <p>On or after June 1, 2020, you must pay all costs for any of your restaurant employees or managers to complete certain required online training courses</p>             | <p>Payable at the time of training registration, if applicable.</p> <p>Payable when your employee attends the course</p> | Payable to us. See Note 17   |
| Catering                 | None; unless you participate in the online catering program   | Payable weekly when a guest places an order with   | Paid to a third party. See Note 18   |

| <b>Type of Fee</b>                       | <b>Amount</b>  | <b>Due Date</b>   | <b>Remarks</b>  |
|--|--|---|---|
|  | powered by ezCater in which case a commission, equal to approximately 5% for ezOrdering or 13% for ezCater Marketplace, of each catering order will be charged plus approximately 2.75% of each catering order will be allocated toward credit card processing | the call center or website to be fulfilled by your restaurant |   |
| Restaurant Excellence Visits Revisit Fee | \$136.59 per revisit, subject to increase by 3% per year<br><br>Effective January 1, 2025, the Revisit Fee will increase to \$140.69 per revisit (subject to increase by 3% per year).   | Varies  | Paid to a third party. See Note 20.   |
| Legacy Support Fee                       | \$200 per month of noncompliance   | Monthly, as assessed  | Paid to us or our affiliate to cover our cost of non-compliance 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. |

\*The table above and the following notes are a general summary only. You can only obtain a full understanding of the Subway® franchise system and the costs involved by reading all franchise documentation completely, and obtaining independent legal, accounting, and business advice in relation to your proposed investment. Certain State and Federal legislation may affect the respective rights and liabilities under the various agreements to which you and we are both party. We may collect taxes from you that the law requires you or us to pay. These imposed fees are nonrefundable, except we may refund the transfer fee in limited circumstances. They are payable to us or to others as noted. These fees are the same for all persons currently acquiring a franchise except as noted below.

Note 1. *Royalty Fee.* “Gross sales” includes all sales of every kind made from your restaurant. Gross sales do not include any amounts you collect for state or local sales taxes. If your restaurant is in a non-traditional or school lunch location and you are selling other items from the premises, the Franchise Agreement Rider may help define gross sales subject to the royalty. The royalty is the same for all persons currently acquiring a franchise. If you are operating a non-traditional location at an Airport Terminal, Train Station, or Captive Travel Plaza, we may reduce your royalty rate. These reduced rates will range from 6.5% to 8%. Certain multi-unit franchisees entering into a Development Agreement with us may be eligible for reduced royalty rates ranging from 7.5% to 8%. The royalty is payable to us and is nonrefundable. We may pay up to one-third of collected royalties to third parties who assist with the development of our franchise system, including Business Developers. The royalty is payable weekly and is due on or before the Friday following the close of the business week which is usually Tuesday. You must submit signed forms to allow us to deposit drafts against your bank account for the full amount of the weekly accruals of royalties, advertising fees, and other amounts you will owe us. We may establish a marketing assistance fund that may be used to conduct marketing analyses and related activities regarding specific restaurants located in the vicinity of certain

non-traditional locations. We may place a portion of the royalty fees received from Subway® restaurant locations developed by large companies operating 100 or more locations into this fund which will be administered jointly by us and the company developing the locations.

Note 2. *Advertising Fees.* You must pay us 4.5% of gross sales of your restaurant for advertising. The advertising fee is nonrefundable and we will deposit that money into SFAFT or such other marketing fund(s) as we shall designate from time to time. Under earlier forms of franchise agreement, many of which are still in effect, franchisees had the right to increase the advertising percentage temporarily or permanently by a 2/3 vote on the basis of one vote for each operating restaurant. At the time of issuance of this disclosure document, more than 2/3 of restaurant locations were governed by franchise agreements with this legacy provision. While unlikely, it is possible that the franchisees owning at least 2/3 of all restaurants could vote to increase the advertising percentage, but it would be among themselves only, and you would not be bound by any such increase because the current form of franchise agreement fixes the advertising fund contribution at 4.5%. Company- or affiliate-owned restaurants pay advertising fees and have a vote on advertising fund matters.

Certain satellite restaurants and other non-traditional restaurants, certain qualified Food Service Providers, and certain franchisees paying advertising fees under their leases, may each qualify to pay a reduced advertising fee ranging from 0.5% to 2% of gross sales.

Certain multi-unit franchisees entering into a Development Agreement with us may be eligible for reduced advertising contributions ranging from 2% to 3.5%.

The advertising fee is the same for anyone currently buying a franchise, except as stated above. Advertising fees are due weekly at the same time as the royalty fees.

Note 3. *Audit Fees.* If we determine, after conducting an audit, that you under-reported gross sales by more than 2% of your reported sales, you will pay us the royalty, advertising contributions and other charges due on the Gross Sales that were not reported, all costs provided in Section 16.E of the Franchise Agreement, plus interest and the late fees (the "Overdue Amount"). This charge covers the damages we suffer for your under-reporting, which is injurious and prejudicial to the Subway® system, the trademarks, and the goodwill associated therewith. If you fail to submit all of your information to be audited, we may estimate your Gross Sales and charge you based upon the estimate. However, we will not impose this charge if you can show that you fully completed all of our control sheets in an accurate manner each week and that your under-reporting was due solely to employee theft that could not be detected with our control systems. We may also terminate your Franchise Agreement if you fail to properly report Gross Sales for any calendar year.

Note 4. *Late Payment Fees.* We may change or eliminate these fees.

Note 5. *Transfer Fee.* A transfer is the sale or other conveyance of any portion of your rights under the Franchise Agreement to another party, including the addition or removal of an individual from the Franchise Agreement. You will pay the standard transfer fee of \$7,500. If you own a satellite restaurant, you must transfer the Franchise Agreement for the satellite restaurant to the same buyer who purchases the Base Restaurant and the Base Restaurant's Franchise Agreement. In limited circumstances, we may allow a transfer of only the satellite restaurant and satellite Franchise Agreement if in our determination there is a good business reason to do so. You must pay a transfer fee of \$3,000 for the transfer of the satellite Franchise Agreement (or \$1,000 if the satellite will be established for one year or less) and a separate transfer fee for the transfer of the Base Restaurant. The transfer fee is payable when you submit a request for transfer.

If you or the buyer cancels the transfer before we have issued the Consent-to-Transfer, we will refund the entire transfer fee. However, if the Consent-to-Transfer has already been issued and you or the buyer cancel the transfer at any point thereafter, or we cancel the transfer because you and the buyer failed to complete the transfer within 60 days after the Consent-to-Transfer was issued, the full transfer fee will be retained by us. We may allocate a portion of any refund of the transfer fee toward any past due amounts owed to us by the party that tendered the transfer fee under the terms of their Franchise Agreement.

Notwithstanding the above, if the transfer is cancelled for any reason and the buyer attended any portion of our training course, the full transfer fee will be retained by us as full and final payment for the training given to the buyer. Any transfer fee being refunded in connection with the foregoing will be refunded to the party that tendered the transfer fee.

If you and the buyer mutually wish to reactivate a transfer that was cancelled, and we approve the reactivation, in addition to the transfer fee, a \$1,500 US per restaurant reactivation fee (\$750.00 US per Satellite, if any) is required. We will apply any portion of the initial transfer fee paid which was not refunded or applied to outstanding amounts owed to us toward the transfer fee of the reactivated transfer. The transfer will not be reactivated until all monies and documents required to complete the transfer are received by us.

In limited circumstances, a reduction in the transfer fee may apply, as outlined below.

- Standard Transfers to new or existing franchisees: \$3,200
- Transfers to next of kin or in the context of divorce: \$200
- All other transfers (additions, deletions, entity conversion, entity change of ownership, and family transfers): \$2,000, unless a lower fee is stated in your franchise agreement.

We may change, modify or eliminate any reduction in the transfer fee at any time.

You must pay all related registration fees, taxes, and preparation costs for the filing, including lawyer's costs, to the extent we can require you to do so under local law. You must cancel, and then the buyer must obtain, or you must transfer to the buyer, any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the restaurant. We are authorized to cancel any permits, licenses, registrations, certifications or other consents that you do not cancel within a reasonable time. Any costs for cancellation will be borne by you.

Your final purchase agreement with the buyer for the location must meet our requirements. We will not become involved in the sale of any real estate included or contemplated in your sale terms. We will not be responsible for any loss or gain resulting from any sale, failure to sell or delay of the sale of the real estate. Any such loss or gain shall be incidental, consequential, contingent and not part of the transfer of your restaurant and the Franchise Agreement.

Note 6. *Location Rent.* You pay rent for your restaurant to our leasing affiliate or the landlord of the premises (at our discretion), under either, at our option, a Sublease you enter into with our designated affiliate or a direct lease you enter with the landlord. If you enter into the Sublease, it may contain a rental rate and terms different from the master lease between the landlord and our affiliate, and we or our leasing affiliate may keep the difference between the rent under the master lease and the sublease. Each of your owners will sign and deliver to our affiliate a guarantee of the payment obligations under the Sublease. Our leasing affiliate will require you to personally guarantee the Sublease. The landlord under a direct lease may also require you to personally guarantee the lease and may require a right of first refusal if you want to transfer your restaurant. Our affiliate may assess late payment fees and other costs arising from the administration of the Sublease. Our affiliate has the same rights as the landlord on default to charge you for certain fees, to carry out repairs and to recover costs. Any right of first refusal to purchase the restaurant property provided in the master lease shall remain with our affiliate or its assignee.

In order to lease directly from the landlord in lieu of a Sublease, you must request in writing and we must approve in writing the landlord's form of lease, including any modifications, amendments, renewals or extensions of the lease. In addition, you and the landlord must execute our Franchisor Lease Rider in a form substantially similar to Exhibit D-1. You will sign the lease directly with the landlord and you will pay all costs associated with the lease.

In limited instances, we may enter into master agreements granting us a master license with the right to sublicense to you the right to operate on the premises of a third-party licensor. Under this circumstance you would be required to enter into a Sublicense for the location instead of a Sublease. We may also require you to sign a license for your restaurant, in limited circumstances, where it would be inadvisable for you to sign a Sublease or where the premises for your restaurant can only be licensed. For example, we may require you to sign a license instead of a Sublease if petroleum products, controlled by another, are sold on the premises where your restaurant will be located. You will

pay the licensor either a fixed monthly fee or a fee based on the percentage of your gross sales depending upon the terms of the license.

For non-traditional locations such as truck stops and gas stations where there were or currently are fuel tanks or fuel pumps located on the property, the policy of ours and our leasing affiliate is to enter into a Concession Agreement, rather than a lease, to secure the location. A Concession Agreement may limit the liability of you, us and our leasing affiliate in the event of an environmental disaster caused by petroleum products, such as a tank leak or fire. Under this circumstance you would be required to enter into a Subconcession Agreement with our leasing affiliate for the location instead of a Sublease. You will pay the Concessionor a monthly concession fee plus all costs associated with the Concession Agreement.

In limited circumstances, our leasing affiliate may enter into a contract for premises, when required by the licensor of a non-traditional location. Under this circumstance, we may also require you to sign a Subcontract with our leasing affiliate and you will be required to pay all charges associated with the contract.

There are risks involved if your arrangements with a third party are short term. For example, if an oil company controls the premises and you have only a 3-year agreement to operate a service station, your Franchise Agreement with us could become valueless and you could lose your investment in the restaurant if the oil company does not renew its agreement with you at the end of the three year period.

In some circumstances, we and/or our affiliate may earn a profit from your Sublease or Sublicense. You may have to make payments directly to our affiliate for rent that is in excess of the cost of the lease as well as an initial fee to process the lease. We or our affiliate may also keep all or a portion of any landlord or government payment for early termination of the lease. This compensation may be partially attributed to lost royalties, loss of market penetration, extended down time, and other factors associated with the termination of the lease.

In certain circumstances, we may permit you to own the real estate for your restaurant directly.

Note 7. *Insurance.* Your insurance costs may be higher depending upon the geographic location, construction of your restaurant, insurance market and claims history. Insurance payments must be made through Electronic Funds Transfer (“EFT”) directly to the insurance carrier. If you are a school district, school board, or municipality buying a school lunch franchise and you are not allowed by law to provide the required insurance coverage or indemnification, you must notify us before you sign the Franchise Agreement. You must participate in any insurance program we specify. If you fail to meet our insurance requirements, you are in violation of your Franchise Agreement, and you will reimburse us for the costs we incur to enforce this obligation. These costs include, but are not limited to, insurance premiums, claims costs, mediation and arbitration fees, court costs, attorneys’ fees, management preparation time, witness fees, and travel expenses incurred by us or our agents or representatives.

Note 8. *Noncompete Violation.* You cannot have any direct or indirect association with a competitive business, as defined in the franchise agreement, located within 3 miles of any location where a Subway® restaurant operates or operated in the prior year during the term of your Franchise Agreement and for 1 year after the termination, expiration or transfer of your Franchise Agreement. These fees are nonrefundable. We modify these covenants for a non-traditional or school lunch location.

Note 9. *Confidentiality Violation.* You agree not to disclose our trade secrets and confidential information, including the contents of the Operations Manual.

Note 10. *Trademark Violation.* You agree to stop using the trademark Subway® and other marks and materials associated with a Subway® restaurant, and to return whichever form of the Operations Manual you have in your possession when your Franchise Agreement terminates or expires.

Note 11. *Limited Time Offering Promotions and Auto Shipments.* You may be required to carry certain ingredients, products, packaging or smallwares for Limited Time Offering (“LTO”) promotions, and to use the ingredients, products or packaging for these promotions until they are depleted at both the restaurant and distributor. Ingredients, products, packaging and/or smallwares necessary for LTOs may be automatically shipped to you one or more times throughout the duration of the LTO and you will be responsible for the costs of the shipment(s). In limited

circumstances, other required items may be automatically shipped with prior notice to you when necessary to provide the item(s) to restaurants quickly and efficiently, and you will be responsible for the cost of the item(s) as well as the shipment(s).

Note 12. *Dispute Resolution.* For fee information concerning arbitration, you can call your local office of the American Arbitration Association, American Dispute Resolution Center, or other arbitration agency (as applicable). You will also have to pay your own costs related to the proceeding, including the costs of your own lawyer or other advisors as well as travel expenses to Connecticut. You may also be liable to us for our collection costs, including lawyers' fees. You will pay our leasing company affiliate its costs for enforcing the Sublease or Sublicense, including lawyers' fees and legal costs, as additional rent/ licensing fees under the Sublease or Sublicense.

You will pay us a Probationary Case Management fee of \$500 if you breach the provisions of the Franchise Agreement and we settle with you and allow you to continue operation of your restaurant on the condition that you comply with the terms of our probationary agreement. You will pay us an extension fee of \$250 if we grant you an extension of the probationary agreement. You will pay us an Interim Order Case Management fee of \$250 if you breach the provisions of the Franchise Agreement and we settle with you after arbitration has been filed to allow you to continue operation of your restaurant on the condition that you comply with the terms of our interim order. You may also have to pay additional fees as part of a settlement. If we commence arbitration against you for failure to comply with the Operations Manual and we then approve the transfer of your restaurant, you may be required to pay us a Litigation Expense fee in an amount equal to 5% of the gross consideration you receive from sale of your restaurant, not to exceed \$5,000. These fees cover our costs to enforce your obligations to meet our system standards.

You should read Section 24 of the Franchise Agreement carefully. It contains other important provisions concerning dispute resolution including the requirement that arbitration be administered by the American Arbitration Association or its successor ("AAA") or the American Dispute Resolution Center or its successor ("ADRC") at the discretion of the party first filing a demand for arbitration. 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). The ADRC will administer the arbitration under its administrative rules (including, as applicable, the Rules of Commercial Arbitration or under the Rules for Expedited Commercial Arbitration). If both the AAA and ADRC are no longer in business, we and you will mutually agree upon an arbitration agency to administer the arbitration. If we and you cannot agree on the administrative arbitration agency, then a court of competent jurisdiction will select the agency. Section 24 of the Franchise Agreement also provides a limitation that you can only seek relief from us and not any of our affiliates or individuals associated with us or our affiliates. You must pay certain fees and costs for the arbitration. The provisions in the Franchise Agreement concerning arbitration and litigation do not apply to your Sublease, Sublicense or any other agreement with us or our affiliates. Our designated affiliate may terminate your Sublease or Sublicense without us also terminating your Franchise Agreement. This may render your Franchise Agreement valueless.

Section 24 also contains important provisions limiting your right to recover damages, including an exclusion for incidental, exemplary, contingent, punitive or consequential damages, except where prohibited by governing law.

Note 13. *Co-Brand Continuing Fee.* We may charge you a co-brand continuing fee on your gross sales from a third party franchisor. The fee will not be greater than 8% of gross sales from the third party franchisor, and will be the same for all franchisees entering into direct franchise agreements with the third party. The percentage may vary for each third party franchise concept. You will pay royalty and advertising fees due to a third party franchisor to us if the third party franchisor directs you to.

Note 14. *Software Maintenance Fees.* You will pay a monthly Restaurant Technology Fee of approximately \$75. In addition to the SubwayPOS®, the Restaurant Technology Fee will cover other types of restaurant technology. This monthly Restaurant Technology Fee may be subject to change each year. We may withdraw these fees from your pre-authorized account with us. In addition to the Restaurant Technology Fee, we reserve the right to impose a Digital Technology Fee in the future 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.

When you use the SubwayPOS® software, you will be bound by the SubwayPOS® End User License Agreement in a form substantially similar to Exhibit A-3. We may make changes to this license agreement at any time in order to keep pace with advances in technology and other initiatives, and you may be required to agree to our then current form of SubwayPOS® End User License Agreement in order to access required software updates.

Support for the required software programs is available from our affiliate, FWH, for an additional fee. You are required to use support software we designate unless you request and are granted a waiver. Currently, this software is BigFix Endpoint Management Software (“BigFix”). We will use this software to remotely access your POS system with your consent in order to maintain system security, perform routine system maintenance, provide technical support, increase operational efficiency, install updates to software programs and/or applications, and install or remove software programs and/or applications. If you receive a waiver, we or our affiliate may not be able to provide you with proper software support, and we or our affiliate may charge you additional fees to provide you with any updates to the SubwayPOS® software through alternative means.

You are also required to use the Subway® Payment Manager (“SPM”) software in connection with offering integrated credit/debit, contactless and mobile device guest payment options, Subway® Gift Card Program and Subway® MVP Rewards Program. The initial license fee and any maintenance fees for the SPM software are included in the fees reflected in the chart above.

Note 15. *Required Guest Payment Options, Subway® Gift Card Program, Subway® MVP Rewards Program, and Other Technology and Digital Initiatives.* These fees represent the costs associated with the offering of integrated credit/debit, contactless and mobile device guest payment options to your guests and your participation in the required Subway® Gift Card Program and Subway® MVP Rewards Program. You will be required to participate in these programs and payment options for all of your new and existing restaurants, unless we grant you a waiver.

You are required to use the integrated payment solution we designate, which includes use of a designated acquirer and processor for payment processing services, in all of your new and existing restaurants, unless we grant you a waiver. We may require you to use a different integrated payment solution provider than the one designated in this Item 6. If we do so, you may be required to pay fees to the alternative provider (or to us or our affiliates on the provider’s behalf) that are different from the fees for “Required Payment Options” set forth in the table above.

You will be required to purchase the P400 payment terminal kit from a third party we designate for a one-time fee of \$323.30. If you have technical issues with your terminal, our approved supplier may replace the terminal. If you fail to return your terminal within a specified time (currently 25 days), then the supplier may charge us a fee (currently \$150), that we or our affiliate will pass on to you.

If you operate a non-traditional restaurant and are required to purchase an SVS issued/configured terminal, you must pay an initial fee of \$320. If you have technical issues with your terminal, SVS may replace the terminal. If you fail to return your terminal within a specified time (currently 30 days), then SVS may charge us a fee for shipping, installation, and file-building.

You must have a high-speed broadband connection that meets our standards and specifications to process card payments. You are required to accept the following credit card and debit card brands, unless we grant you a waiver: VISA, MasterCard, Discover and American Express. The Acquirer, Network, and Interchange fees will be charged for all credit and debit card purchases regardless of whether they are made remotely through the remote order website, Subway® mobile app or other payment app, or the catering call center (“Card Not Present Transactions”) or in-restaurant (“Card Present Transactions”). The Network and Interchange fees vary depending upon the credit card or debit card brand and type of transaction. These fees may be re-negotiated over time and are subject to change.

The Subway® Gift Card Program is a required program that allows guests to load money on a stored value account and redeem it for menu items. We estimate your total initial fees for the Subway® Gift Card Program to be approximately \$60 to \$140 (initial Subway® Gift Card inventory and envelopes). There may be additional costs for additional inventories of Subway® Gift Cards and envelopes. There may be additional fees for software/hardware support. Certain non-traditional locations that have been granted a waiver of the POS System requirement and/or integrated payment solution requirement must purchase an SVS issued/configured terminal to process gift card transactions.

You are required to participate in the Subway® MVP Rewards program administered by our affiliate, Subway MyWay, LLC, for all of your new and existing restaurants, including AAFES, NEXCOM and MCCS locations. As of the date of this Disclosure Document, your fees will be 1.9%, of the gross sales for each loyalty/reward transaction made by a Subway® MVP Rewards program member at your restaurant, subject to any annual adjustments as stated in the chart in this Item and below. You will be charged this fee on all loyalty/reward transactions made by a program member for all of your new and existing restaurants. By way of example, if a Subway® MVP Rewards program member spends \$10 at your restaurant, you will pay to us a fee of up to \$0.19. All Subway® MVP Rewards program fees will be paid to and administered by Subway MyWay, LLC or another affiliate we designate. You may also incur incidental charges for supplies associated with your participation in the program. For each loyalty/reward purchase in which a \$2 reward or a “Surprise Reward” reward is redeemed by a Subway® MVP Rewards program member, you will be reimbursed for 30.9% of the cash value of a \$2 Rewards and/or “Surprise Reward” redeemed for that purchase. By way of example, if a Subway® MVP Rewards program member redeems \$10 worth of \$2 Rewards or a “Surprise Reward” at the time of purchase, you will be reimbursed \$3.09.

All redemption costs for the Subway® MVP Rewards program will be paid by Subway MyWay, LLC or another affiliate we designate. The fees and reimbursement rates associated with the loyalty/reward program are based on an average cost of goods sold for the US. We will review the average costs of goods sold in the US on an annual basis. As a result, your fees and reimbursement rates for the loyalty/reward program may change annually.

We are developing new technology and digital initiatives to enhance the guest experience, improve the efficiency of restaurant operations, and promote the Subway® brand. We may require you to implement some or all of these programs and initiatives at your expense, within reasonable timeframes we impose. All requirements must be met by the compliance date we establish. In addition to the programs described above in this Note 15, you must provide us with a business email address and cellular phone number that you will use to receive electronic communications and calls from us or our affiliate. Below is a list of other the technology and digital initiatives you may be required to implement and/or invest in. This list is not exhaustive and will change as we and our affiliates expand and evolve our technology and digital programs.

- a cloud-based storage solution;
- acceptance of debit cards;
- Subway® Pay;
- SMS messaging or email campaigns;
- Social Media applications, software applications and payment applications;
- Mobile device management software;
- guest experience surveys;
- biometric devices;
- guest-facing WIFI;
- remote ordering kiosks;
- a personal computer;
- label printer;
- tablet or iPad;
- wireless internet router;
- hardware or software firewall;
- hand held devices;
- E-learning;
- Digital menu boards;
- Subway® Radio or other music; and
- Internet TV and LCD or plasma monitors.

You may be required to use a supplier we designate for any goods and services associated with these initiatives. We estimate fees for the wireless internet router to be \$15 to \$25 per month and fees to provide free internet to your guests to be \$75 per month. You may be able to purchase the wireless internet router outright for approximately \$600 to \$750. In the future, we may require you to invest in an internet and security package that will provide business class internet services, a hardware or software firewall security system, and guest-facing WIFI. We estimate that the digital menu boards will cost \$8,000 to \$14,000. We estimate that the purchase of a tablet, label printer and mobile device management software may cost \$700 to \$1,000. These fees may also vary by region and may be higher based on product availability and taxes. We cannot estimate the costs for other initiatives listed above as they are in the early stages of planning and costs cannot be estimated at this time.

These fees vary for Puerto Rico franchisees as part of our Global Payment Program, as follows: (1) Acquirer Fee per transaction ranging from \$0.00-\$0.10 subject to future changes; (2) Network and Interchange Fees vary depending on card brand and type of transaction, where typical Network and Interchange Fees for required credit card brands range from \$0.22 per transaction to 2.4% of the transaction total, subject to future changes; (3) fixed \$3 “Monthly Terminal

Fee” as well as the variable “Worldpay Rebate” based on transaction volume (both will be collected by the processor—Worldpay or Fiserv—and remitted to us; and (4) fixed \$10 Monthly Switching Fee collected by FreedomPay (collected by the processor—Worldpay or Fiserv—and remitted directly to FreedomPay).

Note 16. *Taxes and Other Fees.* You will pay or reimburse us for payment of any Sales Tax or other tax imposed by law on the Franchise Fee, Royalty, advertising fees, and any other amounts payable under your Franchise Agreement, whether assessed on you or on us. Taxes may be payable to your state, county, or town. We, or another entity to which you pay fees, will pass on to you the cost of any taxes we or the other recipient must pay directly to the taxing authority.

Note 17. *Training Fee.* There is no fee for two persons to attend the Training Program. A training fee of \$7,500 will be charged for any additional persons attending training. You must also pay all costs for any of your restaurant employees or managers to complete in-restaurant certain required online training courses.

Note 18. *Catering Program Fees.* There is no fee for the basic catering program. However, if you participate in the online catering program powered by ezCater, a fee of approximately 7.75% (for ezOrdering) or 15.75% (for ezCater Marketplace) of each catering order will be charged to cover commissions and includes credit card processing fees. This fee may change to reflect costs. We may make additional modifications to the program and you will be responsible for any costs or fees associated with those modifications.

Note 19. *POS System Hardware-as-a-Service Fees.* The amount in the chart represents the estimated cost of the base package in the RTaaS program, exclusive of tax and shipping charges for one POS System. Additional hardware and services may be added to this base package as the program evolves and/or the technology needs of the brand expand, which may result in additional costs. Additional packages at varying monthly rates may also be offered in the future.

Note 20. *Restaurant Excellence Visits.* Our third-party provider will perform Restaurant Excellence Visits periodically at your Restaurant to ensure compliance with our standards and specifications, to promote best practices and food safety execution, and to assist with keeping up with industry trends. Franchisees are not charged for periodic visits; however, if your Restaurant receives a “Fail” score from our provider, you will be charged the Revisit Fee. You will receive a revisit until a passing score is achieved, and you will be charged the Revisit Fee for each revisit.

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**Item 7**  
**ESTIMATED INITIAL INVESTMENT**  
**(Single Restaurant)**

| Type of Expenditure   | Lower<br>Amount        | Mid<br>Amount          | Higher<br>Amount       | METHOD<br>OF<br>PAYMENT | WHEN DUE  | TO WHOM<br>PAYMENT<br>IS TO BE<br>MADE    |
|---|------------------------|------------------------|------------------------|-------------------------|---|---|
| Initial Franchise Fee<br>(1)(10)  | \$ 15,000              | \$ 15,000              | \$15,000               | Lump sum                | When you sign<br>Franchise<br>Agreement   | Us  |
| Real Property (2)   | 2,000                  | 5,000                  | 12,000                 | Lump sum                | When you sign<br>Intent to<br>Sublease or<br>Sublicense, or<br>direct lease                             | Us, Landlord<br>or Licensor<br>See note 2 |
| Leasehold Improvements (3)<br><i>For a Non-Traditional Location</i>                       | 75,000<br>*40,900      | 150,000<br>*44,750     | 200,000<br>*77,000     | As incurred             | Pro rata during<br>construction   | Vendor                                    |
| Equipment, Furniture and Décor<br>(4)   | 106,785                | 157,532                | 208,845                | Lump sum                | When you place<br>order   | Us or Vendor                              |
| Optional Security System<br>(not including monitoring)                                    | 2,450                  | 2,850                  | 3,550                  | Lump sum                | When you<br>place order   | Vendor                                    |
| Freight Charges<br>(varies by location)<br><i>For a Non-Traditional Location</i>          | 8,000<br>*3,000        | 10,400<br>*3,800       | 14,000<br>*4,000       | Lump sum                | Prepaid when<br>you order or on<br>delivery   | Carrier                                   |
| Outside signage (10)<br><i>For a Non-Traditional Location</i>                             | 2,000<br>*1,600        | 4,000<br>*4,000        | 8,000<br>*8,000        | Lump sum                | When you place<br>order   | Vendor                                    |
| Opening Inventory   | 4,400                  | 5,225                  | 6,050                  | Lump sum                | Within 1 week of<br>opening   | Vendor                                    |
| Insurance (5)   | 1,000                  | 2,000                  | 6,000                  | As incurred             | Before we will<br>order equipment   | Vendor                                    |
| Supplies  | 500                    | 900                    | 1,300                  | As incurred             | Before opening  | Vendor                                    |
| Training Expenses (6)<br>(including travel & lodging)                                     | 2,500                  | 3,500                  | 4,500                  | As incurred             | During training   | Hotel, etc.                               |
| Legal and Accounting  | 1,000                  | 2,000                  | 3,500                  | Lump sum                | Before opening  | Vendor                                    |
| Grand Opening Advertising (9)<br>(10)   | 2,000                  | 3,250                  | 4,000                  | Lump sum                | Around initial<br>opening or after<br>relocation,<br>remodel, and/or<br>transfer to a new<br>franchisee | Vendor                                    |
| Miscellaneous Expenses (7)<br>(business licenses, utility<br>deposits, & small equipment) | 4,000                  | 6,000                  | 8,000                  | As incurred             | As required   | Vendor                                    |
| Additional Funds -<br>three months (8)  | 12,000                 | 26,000                 | 42,000                 | As incurred             | As required   | Note 8                                    |
| TOTAL (11)<br><i>For a Non-Traditional Location</i>                                       | \$238,623<br>\$199,135 | \$393,927<br>\$282,077 | \$536,745<br>\$403,745 |                         |   |   |

*All figures in this Item 7 are estimates only. Actual costs will vary for each franchisee and each location.*

Certain non-traditional locations and locations operating within Walmart stores may participate in a co-brand arrangement with AUNTIE ANNE'S® stores. If you are participating in one of these locations, there may be additional costs and your initial investment costs may be higher.

If you are offering our additional menu items under the Store/Marketwide Option Program described in Item 1, you will have additional costs. We provide these costs below.

#### NOTES:

Note 1. *Initial Franchise Fee.* The initial franchise fee is \$15,000. The initial franchise fee may be lower for additional franchises or if you qualify for a reduced fee. We currently offer a discount of the franchise fee for qualified US Veterans purchasing a franchise. We are currently waiving the initial franchise fee for satellite locations located in the same facility as the Base Restaurant and for oil company retailers who have at least 50 units and convert an existing sandwich business that they created, own and operate at their facility into a Subway® restaurant. The initial franchise fee for a satellite location is \$5,000 or \$1,000 if the satellite location will be in operation for a shorter term of one year or less.

Note 2. *Real Property.* We estimate this amount to be the deposit of 2 months' rent payable when you sign the Intent to Sublease or a direct lease with the landlord. This represents a security deposit of one month's rent and payment of one month's rent. You may pay a significantly higher security deposit if our affiliate leasing corporation cannot obtain a lease with a reduced security deposit or if you rent directly from a landlord under a direct lease rather than under a Sublease. You make direct payments to the master landlord for anything due under the Sublease and master lease terms; or, if you lease directly from the landlord, you will make direct payments to the landlord. This could vary if you use a portion of the premises for other than a Subway® restaurant. Each of your owners will sign and deliver to our affiliate a guarantee of the payment obligations under the Sublease. The master landlord under a Sublease, or landlord under a direct lease, may require you to personally guarantee the lease. You will also pay \$50 to our affiliate when you sign the Sublease as a nonrefundable fee for administrative costs to record the lease. In addition, you will be responsible for any additional costs associated with recording the lease. The \$50 nonrefundable fee and additional costs are estimated in the entry for Miscellaneous Expenses in this chart.

Under certain circumstances, your landlord or the licensor may require us or one of our affiliates to make rental payments for your restaurant to them on your behalf. All rental payments and related charges we pay on your behalf will be deducted from your pre-authorized account with us, which you agree to adequately fund for such payments when due. Review the terms of your Sublease for circumstances where your rental payment may be refunded. In some cases, you may sign a license or sublicense for your restaurant when the premises can only be licensed. Depending upon the terms of the license, you may be required to pay the licensor an advance fee when you sign the license.

Real estate costs vary widely, but we estimate the typical monthly rent expense runs from \$1,000 per month to a high of \$6,000 per month. The typical restaurant measures approximately 1,375 square feet, but some restaurants are as small as 300 square feet and others as large as 2,000 square feet. Restaurants are in a wide range of locations, including strip centers, enclosed malls, food courts, free standing buildings, downtown locations, and seasonal and non-traditional sites. Factors such as these will affect your costs, which may be higher than our estimates.

In certain circumstances, we may permit you to purchase the real estate for your restaurant. If you choose to do so, and if we permit you to do so, your initial real estate costs could be substantially higher, depending upon your financing arrangement, including the amount of any down payment.

Note 3. *Leasehold Improvements.* We estimate these costs to be the costs to build out your restaurant in accordance with the standards and specifications in the Operations Manual. Your local law may require use of a grease trap in your restaurant. This may increase your leasehold improvement costs between \$8,000 and \$12,000 depending upon the location of the grease trap.

We have recently unveiled a new restaurant décor design, “Fresh Forward”. The “Fresh Forward” décor is the required décor and equipment package for all new restaurants and relocations. Existing locations are required to remodel to the “Fresh Forward” décor and equipment package or an approved variation thereof, such as the “Fresh Start” décor and equipment package, in accordance with the timeframe established in the Operations Manual. The cost of construction and all décor elements and the cost of its installation in the restaurant shall be at your sole expense. This estimate does not include costs to ship required décor elements.

We are currently in the process of assessing costs to build-out a non-traditional location and a freestanding location with a drive thru in accordance with the Fresh Forward décor, but as we are in the initial stages of this process, costs cannot be estimated at this time. We anticipate that costs to build-out a non-traditional location will be higher than those indicated in the chart above in this Item 7 but lower than the additional costs incurred in connection with the build-out of a traditional location in accordance with the Fresh Forward décor. The costs to build out a free standing location with a drive thru may be substantially higher than those indicated in the chart for a traditional location. We exclusively reserve the right to modify any element of the Subway® restaurant décor and equipment package.

Note 4. *Equipment.* You must use an approved POS System in all of your new and existing restaurants, including satellite restaurants. We may waive this requirement in limited circumstances on a case-by-case basis. We have negotiated with Hewlett Packard (“HP”) and you are required to participate in the hardware-as-a-service component of the RTaaS program to obtain the POS System from HP. Under the RTaaS program, we may act as collection agents for HP and collect fees you owe through your pre-authorized account. We estimate the cost to obtain the POS System under the base package of the RTaaS program to be approximately \$57 per month, exclusive of tax and shipping charges. Additional hardware and services may be added to this base package as the program evolves and/or the technology needs of the brand expand, which may result in additional costs. Additional packages at varying monthly rates may also be offered in the future. This amount does not include the cost of the card reader or barcode reader. The required payment terminal costs are also not included, and will vary; the P400 payment terminal is \$237.70 (assuming you purchase it outright) and the SVS issued/configured terminal for certain non-traditional locations processing gift card transactions only is \$320. The barcode reader is an additional \$170 or \$180 if your restaurant has a drive-thru.

This estimate includes the cost of your initial supply of menu board translates. You must purchase your initial supply of menu board translites from us or SFAFT, unless we designate otherwise. The estimated cost for menu board translites is \$125. You must also buy decals and replacement menu board translites from us or SFAFT, and certain operational items from the supplier we designate. The estimated cost is less than \$600 and is nonrefundable.

You have the option to purchase digital menu boards typically consisting of four television screens, media players, HDMI cables, and menu content management services from us, an affiliate or a designated supplier. The estimated cost to purchase and install the digital menu boards are \$8,000 to \$14,000; however, this estimate is not included in the table above because we anticipate that most franchisees who choose to use digital menu boards will opt to lease them through our approved supplier’s Hardware-as-a-Service program, currently \$155 per month. Ongoing licensing fees and support fees may apply. In the future, we may require you to purchase digital menu boards.

Note 5. *Insurance.* You must purchase the insurance we specify for each of your restaurants, which presently includes statutory Workers’ Compensation and Employers Liability, as required by law, General Liability insurance, including products liability and completed operations coverage in the minimum amount of \$2,000,000 per occurrence/\$4,000,000 general aggregate, and Auto Liability insurance, including owned, non-owned and hired vehicle coverage, in the minimum amount of \$1,000,000. General liability coverage must be written on a per location basis. You must also purchase the insurance required by the Master Lease and state law. If you lease equipment from us, you must purchase property insurance and liability insurance covering the equipment and name us as loss payee. In addition to the foregoing requirements, if you are permitted to sell alcohol at your restaurant, you must carry liquor liability insurance in the minimum amount of \$1,000,000 per location. Your insurance coverage must be primary and non-contributory, and you must name us, our affiliates, [SIP Subway US IP Holder](#), the Business Developer, our agents, representatives, shareholders, directors, officers, employees, and those of our affiliates and the Business Developer, the tenant corporation named in your Sublease or Sublicense and your landlord as additional insureds unless otherwise directed. You must provide us with a copy of your Certificate of Insurance when you return your signed Sublease or Sublicense or finalize your Lease or License. Your insurance carrier must agree to give us prior written notice of termination, expiration, material modification, or cancellation of your policy, or cancellation of

us or any of the other entities or individuals in the preceding sentence as an additional insured. We may change or increase your insurance requirements due to changes in experience, and you must comply with the new requirements. The estimated cost is for one year for property, and general liability coverage, but does not include any Workers' Compensation, Employers Liability, Employment Practices Liability Insurance, health insurance, or other benefits, or Auto Liability. Your insurance costs may be higher depending upon the geographic location, construction of your restaurant, the insurance market, and claims history. You must defend and indemnify us, our affiliates, [SIP Subway US IP Holder](#), SFAFT, the Business Developer, our agents, representatives, shareholders, directors, officers, employees, and those of our affiliates and the Business Developer against any claims that arise in or in connection with the operation of your restaurant or , against any claim for which we and/or our affiliates have to indemnify the Master Landlord under the master lease for your restaurant, regardless of cause or any fault or negligence.

If you are a school board, school district, or municipality buying a franchise for a school lunch location, you must notify us before you sign the Franchise Agreement if the law prevents you from providing the required insurance coverage or indemnification. We may elect to amend your Franchise Agreement to delete the unlawful insurance coverage or indemnification requirements.

We have designated one or more approved insurance brokers and their associated carrier(s) from which you must buy your insurance under our Gold Standard Insurance Program for each of your restaurants. We have negotiated to provide an insurance package, including property, general liability, auto liability, statutory Workers' Compensation, business income, and additional forms of insurance coverage for Subway® franchisees. At the brokers' direction, the carriers will name all the additional insureds your Franchise Agreement and Sublease or Sublicense, if any, requires and will also provide insurance certificates to us and our real estate affiliate. You must make payments directly to your insurance carrier via EFT. If your insurable interest in the facility in which the restaurant is located is greater than the restaurant, subject to our written approval and your signing the Franchise Agreement Rider, Part I, you may maintain a program of self-insurance or buy your insurance through your local insurance broker or carrier. If you own another business operating on the premises where your restaurant is located, subject to prior written approval, we may allow you to buy your insurance from the broker or carrier, who places the insurance for the other business. In these cases, which we allow you to obtain your insurance from a source other than that approved under our Gold Standard Insurance Program, your broker or agency must meet our requirements relating to Errors & Omissions coverage, indemnification and reporting specifications and place your insurance with a carrier maintaining a rating of at least A-/IX in Best's Insurance Guide.

You must buy your insurance from the brokers and companies we designate and provide indemnification under our current language for all of your restaurants.

Neither we, nor our affiliates receive any income from placing insurance coverage or benefit plans with any insurance broker or carrier.

Note 6. *Training Expenses.* You do not pay us a training fee but you will be responsible for all personal expenses for the training, including transportation to the designated training restaurant, lodging, meals, wages, and benefits for any of your employees. We may substitute a shorter training program for school lunch franchisees but you may have travel costs depending on where you receive your training. We do not charge a separate training fee for school lunch franchises, but we may do so for franchises purchased in the future, if we are waiving the initial franchise fee at that time.

Note 7. *Miscellaneous Expenses.* You must pay the cost of all permits, licenses, registrations, certifications, utilities, or other consents required for leasing, constructing, or operating your restaurant. The \$50 nonrefundable fee and any additional costs associated with recording the lease that you pay to our affiliate are included in the total. You may have to pay data use charges in connection with any wireless internet service and a transmission fee to transmit data from your restaurant to our designated database. In addition to these expenses your municipality may assess impact fees on your Subway® restaurant location. Impact fees are charges assessed by your municipality against new development projects, such as your restaurant, in an attempt to recover the cost incurred by the municipality in providing the public facilities required to serve the new development. Impact fees may vary among municipalities; however, we estimate these fees to be between \$5,000 and \$25,000. These fees are nonrefundable.

In accordance with Nevada state law, you will be required to use an architect licensed in the state of Nevada for the preparation of site specific drawings to be used in the new construction, alteration, and remodel of a Subway® restaurant located in or contemplated in Nevada. If we do not designate your architect, the architect you use must be approved by us and will be required to sign a non-disclosure agreement. You will be required to utilize the architect's services for the design and construction of your restaurant. The Store Design Department of FWH will have the right to approve or disapprove any plans used in the construction of your restaurant. You will be solely responsible for all fees charged by the architect. We estimate these fees to be between \$1,500 and \$3,000.

Note 8. *Additional Funds.* This is an estimate only of the range of initial start-up expenses for 3 months. These expenses assume you lease your equipment from us, and include payroll costs but do not include royalty, advertising fees, or food costs or any allowance for an owner's draw. The actual amount of additional funds you will need to operate for three months depends on a variety of factors, including the size and location of your restaurant, your own management skill, economic conditions, competition in the area of your restaurant, the sales level reached during this period, and other factors. We cannot estimate the operating results of your restaurant. We disclaim that by providing these estimates of your costs we are making any representation that you will have any level of sales. The estimates are of your costs only and do not reflect any offsetting sales revenue you may earn from operations to help pay these costs. We do not make earnings claims. The estimate of Additional Funds for three months shown in the above chart is not an estimate of working capital you will need, but relates only to certain expenses for the time period stated. The time period of three months is not a representation of when you should expect to break even, if ever.

Note 9. *Opening Advertising.* You must hold a grand opening sale within 4 to 8 weeks after the opening your restaurant or a change in the ownership of your restaurant. In addition to new restaurants, this grand opening sale requirement applies to all restaurants that relocate, remodel, or transfer to a new franchisee. If the transfer consists of an addition or deletion of a name, the restaurant is not required to hold the sale. We recommend that you spend at least \$2,000 on the grand opening sale.

Note 10. *Outside Signs.* These costs do not apply to school lunch locations.

Note 11. *Total.* These figures are estimates of the complete investment for setting up a Subway® restaurant and operating it for three months. It is possible to significantly exceed in any of the areas listed. Your costs could also be substantially lower if you are purchasing a non-traditional, satellite or school lunch location. Some costs will vary in relation to the physical size of your restaurant. A lower cost restaurant is one that will require fewer leasehold improvements, less seating, and fewer equipment purchases. Moderate and higher cost restaurants may require extensive interior renovations, extensive seating, and additional equipment. It may not be possible for you to construct your restaurant at the location you selected at the lower or moderate total investment cost listed above. To avoid excessive construction costs, we strongly recommend you choose contractors carefully by obtaining several competitive bids before construction begins. The above figures do not include extensive exterior renovations or "key money" to the master landlord. We have relied on our own experience of over 50 years in the restaurant business to compile these figures.

This Item 7 presents the estimate initial investment to develop a new Subway® restaurant. If you purchase an existing restaurant, the purchase price you pay for the restaurant may vary from the estimates presented in this Item 7. In certain cases when you agree to buy an existing restaurant, we may require you to pay a deposit. The amount of the deposit is usually a certain percentage of the purchase price and will vary depending on the amount of the purchase price.

If you participate in our multi-unit development program, with our approval, you must pay a development fee equal to the then-current standard initial franchise fee (or reduced initial franchise fee, if applicable), multiplied by the number of restaurants to be developed in accordance with the development schedule under your Development Agreement, as described in Item 5. You will not be required to pay a separate initial franchise fee under any Franchise Agreement or Multi-Unit Franchise Agreement, in each case executed in accordance with your Development Agreement. Therefore, the estimated initial investment under the development program, which includes the estimated initial investment to develop your first new restaurant, plus the development fee to be paid under the Development Agreement, is as follows:

| Type of Expenditure  | Lower Amount           | Mid Amount             | Higher Amount          | METHOD OF PAYMENT | WHEN DUE                                | TO WHOM PAYMENT IS TO BE MADE |
|--|------------------------|------------------------|------------------------|-------------------|---|-------------------------------|
| Development fee for 2-10 Restaurants                                     | \$22,500               | \$52,500               | \$82,500               | Lump Sum          | When you sign the Development Agreement | Us                            |
| TOTAL UNDER DEVELOPMENT PROGRAM<br><i>For a Non-Traditional Location</i> | \$246,123<br>\$206,635 | \$431,427<br>\$319,577 | \$604,245<br>\$471,245 |                   |   |                               |

We anticipate that multi-unit developers will also often purchase existing Subway® restaurants. The estimated initial investment under the development program presented above does not take into account the purchase price or other initial investment associated with purchasing existing Subway® restaurants.

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Apart from: (1) entering into the master lease and subleasing the restaurant premises to you; and (2) loans in connection with a Subway® restaurant, we and our affiliates do not offer assistance or financing to you directly or indirectly. The above costs are not refundable, the location security deposit (depending upon the terms of the master lease), and utility deposits (depending on the terms set by each local utility), as long as you are in compliance.

*Additional Menu Items under the Marketwide Option Program.* If you offer additional menu items under the Marketwide Option Program described in Item 1, you will have additional investment costs. We estimate your additional investment costs below for adding our own menu options. If you enter into a franchise agreement or a license with a third party, the third party should provide you with the investment cost information for adding its products and concepts.

This chart is our estimate of your additional investment costs to offer our in-house additional menu programs. If your advertising fund market has approved a menu program we designate as a Marketwide Option Program, or approves the menu program in the future, you will have to make the investment associated with that menu program.

***Costs to Add Additional Menu Items Under the Marketwide Option Program***

|  | SOUP <sup>1</sup> | OMELET (Induction) |
|--|-------------------|--------------------|
| Leasehold Improvements (includes any outside signs)    | \$ -              | \$200              |
| Equipment (purchase not lease)                         | 0                 | 1,400              |
| Freight Charges  | 50                | 200                |
| Opening Inventory                                      | 260               | 200                |
| Supplies   | 100               | 100                |
| Opening Advertising (optional)                         | 2,000             | 2,000              |
| Miscellaneous Expenses                                 | 100               | 100                |
| Additional Funds-3 months (includes incremental labor) | 100               | 1,000              |
| TOTAL <sup>2</sup>                                     | \$2,610           | \$5,200            |

<sup>1</sup> Equipment for the soup program is optional.

<sup>2</sup> All costs are nonrefundable. See Item 10.

*Actual costs will vary for each franchisee and each location. This additional information concerning additional product lines is subject to the qualifications and notes mentioned above.*

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

**Approved Products and Services**

You will purchase all required food, equipment, beverages, and other products or services typically used in Subway® restaurants exclusively from an approved distribution center or another approved source, which could be us or our affiliate, as we may designate. If there is not a designated distribution center or other approved source, you must purchase or lease other food products, packaging materials, construction materials, equipment, items bearing the Subway® trademark, and other products and materials required for the operation of your restaurant in accordance with our specifications. We consider our criteria for approving suppliers to be a proprietary trade secret, and therefore we do not make them available to franchisees.

You may order your food and beverage products, smallwares, and other supplies through an approved web-based portal, where the list of approved suppliers and products available per Distribution Center is available. If there are cases where approved products or services you use in your restaurant are no longer available at the Distribution Center, Subway will coordinate for substitutions or provide waivers as needed, but franchisees are not allowed to independently source products. We may withhold approval for a substitute supplier for a legitimate business purpose, including identification of the system with one recognized brand, obtaining volume price benefits, or achieving uniform quality, procedures or systems.

We may change our specifications and supplier designations as a result of experience or changes in the marketplace or law. If you purchase a franchise for a school lunch location, you may have to modify the menu items with different specifications in order to satisfy nutritional requirements.

*Limited Time Offerings*

Your choice of products and supplies, however, may be limited by the market in which you are located under the Marketwide Option Program. You may be required to carry certain ingredients, products, packaging or smallwares for LTO promotions, and to use the ingredients, products or packaging for these promotions until they are depleted at both the restaurant and distributor. Ingredients, products, packaging and/or smallwares necessary for LTOs may be automatically shipped to you one or more times throughout the duration of the LTO and you will be responsible for the costs of the shipment(s). In limited circumstances, other required items may be automatically shipped with prior notice to you when necessary to provide the item(s) to restaurants quickly and efficiently, and you will be responsible for the cost of the item(s) as well as the shipment(s).

**Approved Supplier and Product Criteria and Alternative Supplier Approval**

We consider the manner in which we establish our standards and specifications, as well as our criteria for supplier approval, to be confidential, and have no established policy to provide this information to franchisees or other unapproved suppliers. The goal of establishing and approving a specification is to promote consistency across the Subway® system, regardless of the supplier. All food product suppliers must successfully complete an application process and may be required to submit product samples for examination and testing. Prospective equipment and supplies vendors must meet or exceed our specifications for the equipment or supplies. Equipment and supplies vendors may have to pay an application fee and submit samples. Standards and specifications for non-food products include minimum requirements for weight, delivery, performance, warranties, design, and quality control. Approved suppliers are required to pay any fees associated with any testing or auditing of their products, which may result in an upcharge on certain products. Suppliers may also pay all or part of the costs to test new products. These costs include market research, consumer interviews, the production of point-of-sale advertising materials and the production of television pieces.

Suppliers must successfully complete our application and approval process before start supplying any products across the Subway® System. To request approval of a supplier, franchisees must submit the request in writing to our Food Safety and Quality Department. We will advise you within a reasonable time whether the supplier is approved. The

amount of time it takes to receive approval from us may vary depending on the supplier, but generally ranges from two months to one year. We may re-inspect and re-evaluate the facilities and products of any previously approved supplier and may revoke its approval if we find the supplier fails to meet any of our standards and specifications at any time.

### **Approved Suppliers**

In any instances where we or our affiliate are an approved supplier, we or our affiliate, as applicable, may derive revenue from your purchases. Otherwise, we and our affiliates do not derive revenue or profit from your purchases or leases but reserve the right to do so in the future.

#### *Equipment*

IPC manages equipment ordering platforms and relationships with equipment suppliers.

Currently, Huntington Technology Finance, Inc. is the sole approved supplier of leasing services for certain leased equipment. To lease the equipment that is part of this program, you will be required to execute the Huntington Technology Finance Equipment Lease attached as Exhibit K-2.

#### *Real Estate*

If you do not own an approved location or lease an approved location directly, then we either designate a real estate leasing company affiliate to enter into the lease or license for the approved location and you sublet or sublicense from our affiliate or we or the real estate leasing company affiliate own the premises and directly lease or license the premises to you. If we or our affiliate act as landlord or licensor, we or our affiliate, as applicable, will derive rental revenues and may retain a profit. If we or our affiliate act as sub-landlord or sub-licensor, we or our affiliate, as applicable, may derive rental revenues and may retain a profit.

The Sublease and Sublicense impose all costs and obligations of the master lease or license on you (except that we reserve the right to earn a profit under the sublease by charging amount in excess of amounts payable under the master lease). We or our real estate leasing company affiliate may derive revenue from the charge of base rent, additional rent, premiums, late payment fees, and other assessment costs and charges and can exercise the same rights as a landlord, including, termination remedies and government payments. As of the issuance date of this Disclosure Document, we have not charged rent.

In accordance with certain state law, including Nevada, you may be required to use an architect licensed in the state of Nevada for the preparation of site-specific drawings to be used in the new construction, alteration, and remodel of Subway® restaurants located in or contemplated in Nevada. You may be required to use the licensed architects that we designate.

#### *POS System Hardware and Software*

Currently, there is only one approved supplier for your POS system hardware. You are required to enroll in the hardware-as-a-service component of our RTaaS program with HP to obtain a POS System.

We and our affiliate, FWHT, developed the SubwayPOS® software. FWHT is the only approved supplier and licenses it to you with various third party components. Currently, there is no monthly software maintenance fee if your restaurant will be located in the United States, but we may charge one in the future; however, if your restaurant is located in a United States territory (not a state), we will charge you a monthly maintenance fee.

Our affiliate, FWH, will provide full support for the SubwayPOS® software. We will receive revenue from the support FWH provides to Subway® franchisees worldwide through the FWH Technology Support Center.

The approved Subway® Payment Manager (“SPM”) software you must install and use to participate in the required Subway® Gift Card Program, and to offer the required integrated credit/debit, contactless and mobile device payment options is only available from us. We will license the SPM software to you.

You are required to participate in the Subway® MVP Rewards program administered by our affiliate, Subway MyWay, LLC, for all of your new and existing restaurants, including AAFES, NEXCOM and MCCS locations. You will be responsible for all costs associated with the program. As of the date of this Disclosure Document, your fees will be 1.9% of the gross sales, in addition to incidental charges and subject to any annual adjustments, for each loyalty/reward transaction made by a Subway® MVP Rewards program member at your restaurant.

The approved service provider you must use to participate in the required Subway® Gift Card Program is currently Select Value Services (“SVS”), a division of Comdata Inc. You must execute the Franchisee Participation Agreement attached as Exhibit A-11. We may change the approved service provider from time to time.

You must obtain and use the payment terminal we designate to participate in the required Subway® MVP Rewards Program, Subway® Gift Card Program, Remote Ordering Program and to offer the required integrated credit/debit, contactless and mobile device payment options, which you may acquire from any approved supplier so long as it conforms to our specifications. Currently, there is one approved acquirer and processor for payment processing services, Adyen. The P400 payment terminal must be purchased from the third-party vendor we designate. We may change the approved terminal and processor from time to time. If your restaurant has a drive-thru, you must purchase a barcode reader from our approved supplier.

Currently, we have one approved supplier for catering call center services.

In-Store Broadcasting Network (“IBN”) is the only approved vendor for Subway® Vision, an in-store media system which includes promotional materials for the Subway® brand, third party advertisements and other entertaining information for guests.

#### *Other Approved Suppliers*

We and IPC, on the one hand, entered into an agreement with Coca-Cola North America, a division of the Coca-Cola Company (“Coke”), on the other hand, designating Coke as the sole approved supplier of certain beverage products and the equipment for those beverage products to franchisees. Under this agreement, you are obligated to enter into a Participation Agreement with Coke, and serve only certain beverages licensed by Coke, subject to limited exceptions. Franchisees of certain non-traditional locations and co-brand locations are exempt from this requirement.

Beginning January 1, 2025, PepsiCo, Inc. will be the sole approved beverage supplier for most U.S. Subway® restaurants.

In addition to Coke products, we currently designate only one approved supplier for certain other food and beverage products, and other products and materials such as cleaning products, paper products, plates and plasticware.

If you have a school lunch location, you may have only one approved supplier for some food items.

We designate one or more approved insurance brokers and their associated carrier(s) under a Gold Standard Insurance Program and you must purchase your general liability and Workers’ Compensation insurance from one of these brokers and their associated carrier(s) unless permitted otherwise.

We designate suppliers for additional menu items and equipment offered under the optional Store Option Program and Marketwide Option Program. Some of the equipment items for these programs may only be available for purchase through us from time to time. Currently, there is one approved supplier for each of the following menu items and equipment for these programs: omelet (including induction burners, pans, custom cutting board, small-wares).

SubSource, LLC, is an approved supplier of web-based software and services used in Subway® restaurants.

You must use only approved suppliers for third party delivery services. You must provide delivery services in compliance with the Confidential Operations Manual and as we otherwise specify in writing from time to time, and you must pay any commissions charged for their services.

We do not currently, but may in the future, require you to purchase or lease digital menu boards from a sole approved supplier.

### **Interests in Required Suppliers**

One or more of our officers owns an interest in Schoox, our training platform, and publicly-traded stock in three of our required suppliers, PepsiCo, Inc., The Coca-Cola Company and Microsoft. In addition, some of our franchisees and our Business Developers may have interests in various required suppliers. Other than that, no current officers of DAL have any ownership interest in any required supplier that provides goods or services to Subway® franchisees.

### **Purchasing Cooperative, Rebates and Negotiated Prices**

The IPC is a purchasing entity that works with us and our affiliates to approve suppliers and negotiate prices, discounts, and other purchase and distribution arrangements for the benefit of Subway® franchisees throughout the system or in a particular region. The IPC will not have any exclusive rights for the purchase of approved products. The IPC may earn revenue in connection with the services it provides.

Upon signing the Franchise Agreement, IPC's charter documents provide that you are eligible to become a member of IPC that has voting rights on a representative board (a "Member") or an associate Member that benefits from Member activities without voting rights (an "Associate Member") of the IPC. To become a Member or Associate Member, you must complete a membership form prescribed by the board of the IPC. You may opt out of being a Member or Associate Member of the IPC by sending the IPC written notification, and purchase from other third-party vendors instead of from IPC. The IPC may amend its charter documents—changing these membership requirements—from time to time.

We and the IPC may negotiate agreements with approved suppliers, which may require contributions by the suppliers for national or local advertising, research and development, equipment, technology and digital initiatives and other uses benefiting franchisees. The amount of the contributions is usually determined as a specific amount of money per quantity of product purchased by franchisees, or sometimes as a percentage of the supplier's dollar sales to franchisees of the product. In some cases, these contributions are earmarked by a supplier for specific purposes, and we use the funds accordingly. By way of example, suppliers that contribute to funds which benefit franchisees in the United States are making contributions at approximately the following rates based on franchisee purchases: \$0.03 - \$0.10 per pound; \$0.18 - \$1.00 per case; \$0.052 per bag; \$0.97 - \$1.53 per gallon; or 2% to 37% of sales dollars. We and IPC reserve the right to negotiate these arrangements and administer the contributions. There may be an upcharge on certain products as a result of these arrangements.

We or SFAFT may allocate the advertising contributions to a specific region or market at our discretion and we and SFAFT have no obligation to allocate all of the supplier contributions for advertising to any particular market. We cannot quantify or guarantee any benefits to you as a result of any vendor contributions paid on your purchases from a vendor or otherwise.

Vendors and suppliers may also contribute money to our Franchisee Education Fund. This fund is to be used for Subway® franchisee educational and other purposes approved by us. The IPC will manage the solicitation of funds from vendors and suppliers that have been collected from franchisee product purchases, which may reflect a markup. We currently contribute any income, after expenses, from the annual Subway® convention into the Franchisee Education Fund.

Contributions from suppliers, including manufacturers and distributors, may be negotiated on a local level with the funds being used to promote advertising or some other use benefiting franchisees in the local market. We are not able to provide specific information on any such local programs, but we believe that these suppliers make contributions at rates similar to those previously discussed.

Suppliers may also pay booth fees, sponsorship fees and other fees to participate in franchisee trade shows or conventions. These payments may subsidize our or our affiliate's costs to hold a franchisee convention or field meeting.

We have an arrangement with a payment processing provider whereby we receive the following incentives based on payment processing volume through our provider's network at Subway® restaurants:

- For debit and prepaid transactions, we receive \$0.014 per transaction.
- For debit interchange reimbursement fees, we receive a 0.10% incentive.
- For debit prepaid interchange reimbursement fees, we receive a 0.25% incentive.

We may negotiate other arrangements with suppliers, vendors, manufacturers or distributors. We or our designee may receive the contributions we negotiate, or we may direct that any contributions we negotiate be placed into one or more funds to be used for the benefit of franchisees. We cannot guarantee that you will benefit directly from any of these contributions.

### **Overall Required Purchases**

The products or services we require you to purchase or lease from an approved supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 66.5% to 100% of all purchases and leases necessary to open your restaurant, and approximately 29.5% to 37.5% of your annual costs to operate your restaurant. These percentages will vary based on whether you lease or purchase equipment from us and whether you participate in optional programs listed below.

#### *Optional Program Required Purchases*

If you choose to offer the following programs at the restaurant, the Required Purchases are as follows:

*Soup:* The Required Purchases of soup represent 15% of your total purchases in connection with establishing this menu offering and 100% in continuing it.

*Omelet:* The Required Purchase of the required equipment package (including induction burners, pans, custom cutting board, smallwares) may represent almost 30% of your total purchases in connection with establishing this menu offering and 100 % in continuing it.

### **Derived Revenue**

We will derive revenue from purchases you must make in connection with the operation of the restaurant as follows:

1. From direct purchases or payments made to us (used equipment, leased equipment, rental revenue, premium charge, software licenses);
2. Rebates or purchase discounts from approved suppliers you must use.

We may designate ourselves as the sole approved supplier of any item in our discretion. During 2023, we derived \$15,211 in revenue from franchisee required purchases, which is approximately 0.002% of DAL's total revenues of \$971,919,000.

The basis for the rebates paid by approved suppliers varies but approved suppliers are generally making contributions at approximately the following rates based on required franchisee purchases: \$0.03 - \$0.10 per pound; \$0.18 - \$1.00 per case; \$0.052 per bag; \$0.97 - \$1.53 per gallon; or 2% to 37% of sales dollars.

We also derive revenue from voluntary and involuntary contributions to various strategic funds, market research and development, testing and equipment and purchase discounts from approved suppliers you are not required to use. We collect and administer the contributions in our sole discretion. During 2023, we derived \$100,530,813 in revenue from these various contributions and discounts.

Our affiliates will derive revenue, and have derived revenue during 2023, from purchases you must make in connection with the operation of the restaurant as follows:

1. FWHT, [our affiliate and prior owner of the SubwayPOS® software](#), received \$23,334,891 in revenue from franchisee required purchases [of the SubwayPOS® software](#).
2. FWH collected \$7,415 in voluntary fees, sponsorships and contributions made by vendors and suppliers that supply items to you.

Except as described above, we and our affiliates do not derive revenue or profit from your required purchases or leases but reserve the right to do so in the future.

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**Item 9**  
**FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Franchise and other Agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

| <b><i>Obligation</i></b>                                     | <b><i>Section in Agreement</i></b>  | <b><i>Item in Franchise Disclosure Document</i></b> |
|--|---|---|
| a. Site selection and acquisition/lease                      | Franchise Agreement (“FA”) Section 4;<br>Franchise Agreement Rider (“FAR”) Section I.D, II.D I.J, II.D, IV.F<br>Dual Location Test Rider (“DLTR”) Section D<br>Co-Brand Location Rider (“CBLR”) Section D<br>Multi-Unit Franchise Agreement (“MUFA”) Section 4                                | Items 1, 6, 7, 8, 11 and 12                         |
| b. Pre-opening purchases/leases                              | FA Section 5, 7, 10<br>FAR Section I.D, II.D, IV.F<br>DLTR Section D<br>CBLR Section D<br>MUFA Section 5, 7, 10   | Items 7, 8 and 10                                   |
| c. Site development and other pre- opening requirements      | FA Section 5, 6, 7, 10<br>FAR Section I.D, I.a.A, II.D, II.E, IV.F, IV.G<br>DLTR Section D<br>CBLR Section D<br>MUFA Section 5, 6, 7, 10  | Items 6, 7, 8, 11 and 17                            |
| d. Initial and ongoing training                              | FA Section 6, 10<br>FAR Section I.C, I.a.A, II.C, II.E, IV.F<br>MUFA Section 6, 10  | Items 11 and 15                                     |
| e. Opening   | FA Section 6, 10<br>FAR I.D, II.D<br>MUFA Section 6, 10<br>Development Agreement (“DA”) Section 4   | Items 7 and 11                                      |
| f. Fees  | FA Key Contract Data Page, Section 3, 4, 6, 10, 11, 13, 16, 18, 19, 20, 21, 22, 23, 24<br>FAR Section I.D, I.G., I.H. I.I., III.A, IV.C, IV.F, IV.K, IV.M, IV.N<br>DLTR Section C, D<br>CBLR Section D, E<br>MUFA Section 3, 4, 6, 10, 11, 13, 16, 18, 19, 20, 21, 22, 23, 24<br>DA Section 3 | Items 5, 6, 7, 10 and 17                            |
| g. Compliance with standards and policies /Operations Manual | FA Section 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 24<br>FAR Section I.D, II.D, II.K, IV.B, IV.E, IV.F, IV.G,<br>CBLR Section D<br>MUFA Section 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 24<br>DA Section 6  | Items 8, 16 and 17                                  |
| h. Trademarks and proprietary information                    | FA Section 5, 8, 15, 19, 23<br>CBLR Section D<br>MUFA Section 5, 8, 15, 19, 23<br>DA 2, 9, 15   | Items 6, 13, 14 and 17                              |
| i. Restrictions on products /services offered                | FA Section 9, 10, 11, 12, 14<br>FAR Section I.F, II.H, IV.B, IV.G,<br>CBLR Section D<br>MUFA Section 9, 10, 11, 12, 14  | Items 8 and 16                                      |
| j. Warranty and guest service requirements                   | FA Section 9, 10<br>MUFA Section 9, 10  | Items 8 and 16                                      |

| <b><i>Obligation</i></b>                               | <b><i>Section in Agreement</i></b>   | <b><i>Item in Franchise Disclosure Document</i></b> |
|--|--|---|
| k. Territorial development and sales quotas            | FA Section 4<br>MUFA Section 4<br>DA Section 4   | Item 12   |
| l. Ongoing product /service purchases                  | FA Section 5, 7, 9, 10, 11, 12, 14, 19, 21<br>FAR Section I.B, I.F, II.H, IV.B, IV.G<br>CBLR Section D<br>MUFA Section 5, 7, 9, 10, 11, 12, 14, 19, 21 | Item 8  |
| m. Maintenance, appearance and remodeling requirements | FA Section 5, 8, 9, 10, 12, 14, 19<br>MUFA Section 5, 8, 9, 10, 12, 14, 19   | Items 11 and 17                                     |
| n. Insurance   | FA Section 9, 12, 19, 21<br>FAR Section I.D, II.G, IV.H,<br>CBLR Section D<br>MUFA Section 9, 12, 19, 21   | Items 6, 7 and 8                                    |
| o. Advertising   | FA Section 5, 9, 10, 12, 13, 14, 19<br>FAR Section III, IV.I,<br>CBLR Section D<br>MUFA Section 5, 9, 10, 12, 13, 14, 19                               | Items 6, 7 and 11                                   |
| p. Indemnification                                     | FA Section 20, 24<br>FAR Section II.G<br>MUFA Section 20, 24<br>DA Section 11  | Items 6 and 7                                       |
| q. Owner's participation/ management/staffing          | FA Section 10<br>MUFA Section 10   | Items 11, 15 and 19                                 |
| r. Records and reports                                 | FA Section 16<br>FAR Section I.G, II.I<br>CBLR Section D<br>MUFA Section 16  | Item 6  |
| s. Inspections/audits                                  | FA Section 8, 10, 13, 16<br>FAR Section II.I<br>CBLR Section D<br>MUFA Section 8, 10, 13, 16   | Items 6 and 11                                      |
| t. Transfer  | FA Section 17, 18<br>FAR Section I.a.B, IV.M<br>CBLR Section D<br>Transfer Addendum, Exhibit G-2<br>MUFA Section 17, 18<br>DA Section 8                | Items 6 and 17                                      |
| u. Renewal   | FA Section 3<br>FAR Section II.K, IV.K<br>Renewal Addendum, Exhibit G-1<br>MUFA Section 3<br>DA Section 5  | Item 17   |
| v. Post-termination obligations                        | FA Section 8, 15, 19, 23<br>FAR Section I.F, II.H<br>MUFA FA Section 8, 15, 19, 23   | Items 6 and 17                                      |
| w. Non-competition covenants                           | FA Section 19<br>FAR Section I.F, II.H<br>MUFA Section 19  | Items 6, 15 and 17                                  |

| <i>Obligation</i>     | <i>Section in Agreement</i>                       | <i>Item in Franchise Disclosure Document</i> |
|-----------------------|---|--|
| x. Dispute resolution | FA Section 24<br>MUFA Section 24<br>DA Section 15 | Item 17                                      |

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**Item 10  
FINANCING**

**SUMMARY OF FINANCING OFFERED**

| Item Financed   | Source                                   | Down Payment   | Amount Financed                             | Term (Yrs)   | Interest Rate  | Monthly Payment (At Max. Loan)                    | Prepay Penalty  | Security Required (Note 1)                      | Liability Upon Default  | Loss of Legal Right on Default      |
|---|--|--|---|--|----------------|---|---|---|---|-------------------------------------|
| Leased Space Note 2   | (Our Designated Affiliate)               | Approx. \$2,000 to \$12,000 (See Item 7)   | Varies                                      | Varies   | Not Applicable | Approx. \$1,000 to \$6,000 per month (See Item 7) | Not Applicable  | See Down Payment<br>*Depends on master lease    | *Entire bal. due w/interest<br>*Costs and legal fees<br>*Termination of Sublease<br>*Default under FA                                     | *You lose right to enforce Sublease |
| Varies – in connection with a Subway® restaurant Notes 3, 4 | (Us)                                     | Negotiable<br><br>One-time fee of 1% of the loan amount for any loan guarantee we make on your behalf. | Negotiable                                  | Negotiable   | Negotiable     | Varies  | None  | Varies  | Same as Franchise Fee Above   | Same as Franchise Fee Above         |
| Equipment Leasing Note 5                                    | Huntington Technology Finance            | None   | Varies by piece of equipment                | 3 year Initial Term, with options to renew for two years | Not Applicable | Varies by piece of equipment                      | None; lessee may purchase equipment for fair market value | None, but lender keeps title to equipment       | *Payment of all lease payment due under the term of the lease<br>*Repossession of equipment<br>*Costs and legal fees<br>*Default under FA | Repossession without court order    |
| DAL Guaranty of RTaaS Payments Note 6                       | HP or other then-current approved vendor | None   | Then-current fee; currently, \$57 per month | Varies   | Not Applicable | Currently, \$57 per month                         | Not Applicable  | None, but HP keeps title to POS System hardware | *Liquidated Damages<br>*Repossession of equipment<br>*Costs and legal fees<br>*Default under FA   | Repossession without court order    |

Note 1. All shareholders or other equity holders must guarantee your obligations under any financing arrangements. See Item 15 and 17.

Note 2. If you enter into a Sublease or Sublicense for the restaurant premises, our designated affiliate will enter into the master lease or license with the landlord. The landlord is usually an unrelated third party. The Sublease or Sublicense (as applicable) incorporates the landlord’s form of lease or license, which will vary. You should read the master lease or license (as applicable) and the Sublease or Sublicense (as applicable) carefully. You may also want to review these documents with a lawyer. You must pay a security deposit, equal to two month’s rent, when you sign the Intent to Sublease. The landlord may also require you to pay “key money”.

Under the Sublease or Sublicense, the costs and obligations of the master lease or license between our affiliate and the landlord, are passed onto you, and we may earn a profit by charging you an amount in excess of these costs. When you enter into the Sublease or Sublicense, our affiliate is not relieved from its obligations under the master lease or license. Under a Sublease or Sublicense, you pay the rent or license fee for your restaurant to the landlord of the premises or to our designated affiliate, at our option. See Sublease, Section 3 or Sublicense, Paragraph 6 (as applicable) and the Franchise Agreement. You may have the right to prepay the lease without penalty; however, many lease agreements do not allow payments to be made more than 1 or 2 months in advance. Under certain circumstances, your landlord or the licensor may require us or one of our affiliates to make rental payments for your restaurant to them on your behalf. All rental payments and related charges we pay on your behalf will be deducted from your pre-authorized account with us, which you agree to adequately fund for such payments when due.

You may hold over at the end of the term of the Sublease only with the written consent of our affiliate. During such hold over tenancy your rent will increase to an amount equal to 200% of the rent amount that existed immediately prior to the expiration date of the Sublease. See Sublease Section 2.3.

Our leasing affiliate may earn a profit if you use a portion of the leased or licensed premises for any business other than a Subway® restaurant. We and our affiliated leasing companies have an interest in compensation which often may include, but is not limited to, lost royalties, loss of market penetration, extended down time and other factors associated with the termination of a lease. We or our affiliate may also keep all or a portion of any landlord or government payment for early termination of the lease. See Items 5 and 8 and Exhibits D and D-1. Our affiliate may assess late payment fees and other costs arising from the administration of the lease. Our affiliate has the same rights as the landlord on default to charge you for certain fees, to carry out repairs and to recover costs. You are responsible for all costs associated with making alterations to the premises to conform to our then current image of the Subway® brand. In connection with any such alterations exceeding \$20,000, our affiliate may require you to obtain a surety bond in the amount equal to the estimated cost of the alterations. You will be responsible for any costs associated with obtaining the surety bond.

Each of your owners will sign and deliver to our affiliate a guarantee of the payment obligations under the Sublease. The landlord may also require you to personally guarantee the lease or license.

The landlord may require a right of first refusal if you want to transfer your restaurant. The master lease may contain a right of first refusal to purchase the property in which your restaurant operates. Our affiliate will not include with your Sublease the ability to exercise this right to purchase the property. In the event your landlord elects to sell the property, any right of first refusal to purchase the property shall remain with our affiliate. Our affiliate may assign its right of first refusal to an assignee of its choosing, which may be an affiliate or your Business Developer. In the event our affiliate or its assignee exercises its right of first refusal and purchases the property where your restaurant is located, our affiliate or its assignee will become your landlord.

The individuals who sign the Franchise Agreement must also sign the Sublease and are personally liable for payments under the Sublease. If you default under the provisions of the master lease or license, our affiliate may terminate the Sublease on 10 days' written notice, and you must surrender and leave the premises. See Sublease, Sections 1 and 5 and Sublicense Paragraph 4. A default under the Sublease or Sublicense is a default under your Franchise Agreement (Franchise Agreement Section 22) and we may terminate your Franchise Agreement. Conversely, a default under your Franchise Agreement will be a default under your Sublease or Sublicense (as applicable). See Sublease, Section 8 and Sublicense Paragraph 4. In such case, our affiliate may evict you if you do not leave. Any action to enforce our affiliate's rights against you under the Sublease is not considered an arbitrable dispute under the Franchise Agreement, and is not subject to arbitration required under the Franchise Agreement. See Franchise Agreement, Section 24. Under the Sublicense, you and our affiliate waive trial by jury. See Sublicense, Paragraph 4. You will remain liable for payment of the balance of the rent or license fee due under the master lease or license, and you will be liable for attorneys' fees, other legal and court costs that our affiliate may incur in enforcing the Sublease or Sublicense. See Sublease, Section 8 and Sublicense, Paragraph 4. Our affiliate may charge you interest on all past due amounts at the rate provided in the Sublease, or in the master license if you sign the Sublicense. See Sublease, Section 3 and Sublicense Paragraph 4.

Note 3. The promissory note and security agreement permits us to declare the entire balance of the note due if you default. The promissory note and security agreement you execute will be substantially similar to Exhibit K-1. We may collect our reasonable costs of collection and lawyers' fees, calculated as 15% of the unpaid loan balance. A default under a note will also be a default under your Franchise Agreement and we may terminate your Franchise Agreement. See Promissory Note and Security Agreement, Paragraph 10 and Franchise Agreement, Section 22. You may prepay the note without penalty. You must pay the note in full if you wish to transfer your restaurant. See Franchise Agreement Section 18. The note includes a general release of claims and grants to us a security interest which will be at our discretion to determine and may be limited to the equipment or as much as all assets. You must execute pre-authorized draft forms for your note payments.

Note 4. We may lend money to franchisees in connection with a Subway® restaurant. The terms and purposes of these loans are negotiable and you will sign a promissory note and security agreement in the form of Exhibit K-1 and

described in Note 3 above. In addition, we may guarantee a commercial loan with a third-party lender for a franchisee in connection with a Subway® restaurant. There will be a one-time fee deducted from your pre-authorized account of 1% percent of the loan amount for any loan guarantee we make on your behalf.

Note 5. We have arranged for a leasing program with certain designated suppliers and lenders for bread ovens and speed ovens to be used in your restaurant. Huntington Technology Finance, Inc. is currently our designated lessor, and you will execute its form lease attached as Exhibit K-2.

Note 6. We have approved HP to offer POS hardware-as-a-service to franchisees under the RTaaS program described in Item 5. You will enter into an agreement directly with HP to obtain the approved hardware, and we will collect fees you owe to HP on HP’s behalf. We may approve other hardware vendors to lease the POS System hardware to you, or offer a similar type of arrangement in the future, and we may collect any fees under the lease or similar arrangement on behalf of the vendor. You will make payments directly to HP, and we will guaranty your payments to HP; however, we reserve the right again collect RTaaS fees and related fees directly from you on behalf of the vendor.

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We may change or eliminate these loan programs without any prior notice to franchisees. We and our affiliates did not discount or assign to anyone (other than an affiliate) any franchisee notes, or commercial paper, prior to January 1, 1998. When we and our affiliates do discount and assign the notes, and commercial paper to the third party, the third party may be immune under the law to claims or defenses you may have against us or our affiliate, or the equipment manufacturer.

Whether, and on what terms, you can obtain financing from third parties will depend on a variety of factors, including your own creditworthiness, the type of security you can offer, the policies of lending institutions, and the availability and cost of commercial credit generally. You may not be able to obtain a loan. Except for payments made to us or our affiliates under (i) Subleases or leases for constructed restaurants, and (ii) loans in connection with a Subway® restaurant, we and our affiliates do not receive payments for the placement of financing or providing financing. We may receive payments under the Sublease or Sublicense if you use a portion of the premises for any use other than a Subway® restaurant, or under the lease or license if the lease or license is terminated early by the landlord or the government. Except for the lease or license for your restaurant premises, we and our affiliates do not guarantee your obligations to third parties. Also, you may lose your defenses against us and others in a collection action on a loan that is assigned, as disclosed above. We do require you to sign a general release of claims as a condition of making a loan to you. The master lease or license for your restaurant may contain a waiver of notice, confession of judgment, or a waiver of defenses. Except as disclosed in this Item, we do not arrange financing from other sources.

**Franchisees of the Subway® system are eligible for expedited and streamlined SBA loan processing through the SBA’s Franchise Registry Program, [www.franchiseregistry.com](http://www.franchiseregistry.com).**

**Item 11**

**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

[As noted in Item 1, we are a party to the Management Agreement with the Managers for the provision of support and services to Subway® franchisees. The Managers will provide the training, support, marketing, and other services described in this Item 11 to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement, Multi-Unit Franchise Agreement and Development Agreement or other agreement you may enter with us. Though we have delegated our rights and responsibilities to the Managers, we remain ultimately responsible for all of the support and services required under the Franchise Agreement, Multi-Unit Franchise Agreement, and Development Agreement or other agreement you may enter with us. References to “we” or “us” in this Item 11 shall include and/or mean FWH on our behalf, as applicable.](#)

***Pre-Opening Obligations.***

1. Initial training, at times and locations we designate (Franchise Agreement and MUFA Section 6, Franchise Agreement Rider Section I.C, II.C, II.E, IV.F, IX).

2. Approval of the location of your restaurant. Under the Franchise Agreement, you must operate your restaurant only at a single site of which you and we both approve. You have sole responsibility for finding a location. You may not be able to locate in a territory we grant to a franchisee with limited exclusivity rights. We will not unreasonably withhold approval of a location you find. You must submit a location approval request describing the proposed location. We will accept or reject the location within a reasonable time, providing reasons if we reject the location. We have a site review procedure conducted at our sole option to address concerns regarding the positioning of restaurants. Depending upon the results of the procedure, we may approve or disapprove a location or suspend development. Our approval is not a guarantee of your success at the location. We consider the potential guest base in the area when deciding whether to approve the location. Other factors we consider in site evaluation include traffic patterns, proximity to strong population back-ups, visibility, and parking. In evaluating a site for a satellite location, we also consider proximity of a proposed satellite restaurant to the Base Restaurant to allow proper servicing of the satellite restaurant. See Franchise Agreement and MUFA, Section 4; Franchise Agreement Rider Section I.C, II.D IV.F, V, VI).

3. If you do not own an approved site or lease an approved site directly, then we provide assistance in the negotiation of a lease, sublease, license, or sublicense by our affiliate leasing company after you confirm the restaurant's location by signing an Intent to Sublease (Exhibit E). After you sign the Intent to Sublease or Intent to Sublicense, our leasing company affiliate assists us and you with negotiation of the lease or sublicense (as applicable) for your restaurant and will sign the lease or license with the landlord or licensor (as applicable). You will then sign a Sublease or Sublicense (as applicable) with our affiliate. The leasing and extension procedures vary or may not apply under our programs for purchase of a specific location under the Franchise Agreement Rider. Our leasing affiliate may terminate your Sublease if you breach the Sublease or materially breach the Franchise Agreement. See Franchise Agreement and MUFA Section 4; Franchise Agreement Rider Section I.C, II.D IV.F, V, VI). If our affiliate leasing entity enters into a license for the restaurant premises, you will be required to execute a Sublicense instead of a Sublease.

4. Standards and specifications for the layout, design, appearance, and equipment for your restaurant. See Franchise Agreement and MUFA Section 5. The Operations Manual contains the standards and specifications.

5. A representative or Business Developer whom you may consult for advice and guidance concerning the operation of your business, during their normal business hours. See Franchise Agreement and MUFA Section 6.

6. Use of the Operations Manual and other materials for the operation of your restaurant. See Franchise Agreement and MUFA Section 9. The Operations Manual and other materials are strictly confidential and their use is subject to Section 15 of the Franchise Agreement and MUFA.

The typical length of time between the time you sign the Franchise Agreement, we approve your location, and you open your business is 2 to 12 months. The factors that affect this time usually include difficulty of obtaining a satisfactory site; ability to obtain a lease, financing, or building permits; zoning and local ordinances; weather conditions; shortages; delivery and installation of equipment, fixtures, and signs; and your timetable.

***Obligations After Opening.*** During the operation of the franchised business we will provide:

1. A representative or Business Developer whom you may consult for advice and guidance during their normal business hours. See Franchise Agreement and MUFA Section 6.

2. A program of assistance, including: (a) periodic consultations with our representative or Business Developer in a location we designate and (b) written materials with new developments and techniques. See Franchise Agreement and MUFA Section 6.

***Advertising Programs.*** We develop advertising programs and materials to promote the Subway® brand. We create advertising programs designed to build restaurant sales and profits, promote the system's identity, and produce advertising materials for use by Subway® restaurant owners.

*Advertising Fee.* You will pay us the 4.5% advertising fee in accordance with the Franchise Agreement, except as noted below. We recommend you set aside, at your sole option, an additional minimum of 2.5% of gross sales to be used for advertising geared specifically to your restaurant. Any company or affiliate owned restaurants contribute to the Advertising Fund (defined below) on the same basis as franchisees.

The advertising fee is the same for anyone currently buying a franchise, except as stated in Item 6.

*Advertising Fund Administration.* We will deposit your 4.5% advertising contribution into an advertising fund, which contains all of the advertising contributions paid by franchisees in the United States, and which for accounting purposes, is not considered a restricted account (the “Advertising Fund”). We and our designee may negotiate programs and advertising contributions with suppliers, and specify that these advertising contributions be placed into the Advertising Fund to be used solely for advertising. In limited circumstances, we or our affiliates may request a vendor to forward its advertising contributions directly to advertising agencies or service providers for the purpose of providing advertising services to franchisees.

SFAFT currently administers the Advertising Fund through a Board of Trustees that we or our affiliates appoint. Those Trustees are all employees and/or officers of us or our affiliates, and the Board of Trustees does not consist of franchisees. The Board of Trustees will consist of 1 or more trustees; currently one. SFAFT BV administers the Advertising Fund in U.S. Virgin Islands. All disclosures in this Item 11 regarding SFAFT also apply to SFAFT BV.

SFAFT will disburse money from the Advertising Fund, including vendor contributions for advertising, to national and local markets solely for advertising related expenses for the benefit of franchisees in conformance with our published policies and procedures, except for the portion of vendor advertising contributions allocated to specific SFAFT promotions. SFAFT will prepare an unaudited annual accounting summary of the Advertising Fund, which will be available upon written request from a franchisee.

SFAFT was not formed to make a profit. If SFAFT has any income, SFAFT will use it solely for the collective advertising and promotional benefit of the Subway® franchisees, and no part will benefit solely us or any individual franchisee.

*Allocation and Use of Advertising Fund Contributions.* The allocation of Advertising Fund contributions is determined by SFAFT with input from us and the franchisee advisory board, in conformance with SFAFT policies and procedures.

Generally, your contributions to the Advertising Fund are allocated to two main areas: overhead or administrative expenses, and national advertising. A portion of your advertising funds may also be used to fully or partially fund advertising and marketing related brand initiatives, such as the Subway® MVP Rewards Program. A small portion of the advertising funds are occasionally used for local and regional promotions. SFAFT does not use any portion of the advertising contributions to solicit new franchise sales. SFAFT plans to commit the advertising funds for advertising for the upcoming year by the end of the fiscal year. Excess funds may be used for media placements or promotions for the upcoming year.

During the last fiscal year of SFAFT ending on December 31, 2023, SFAFT spent approximately 73% of its total revenue in the United States on U.S. network media placement and other media-related expenses, 18% on production of advertisements, promotional materials, and marketing related activities such as loyalty programs and other technology initiatives, and 9% on administrative expenses. Total expenses for 2023 were approximately 105% of total revenues.

SFAFT may purchase advertising on radio and television, in newspapers, direct mail, free standing inserts, and other advertising and promotional vehicles, on the national and local level. Advertising expenditures at the local level are intended to benefit all franchisees within the local market and advertising expenditures at the national level are intended to benefit all franchisees in the US.

In the future, we or one of our affiliates may commission the production of advertising materials, including television commercials, which we or they will offer to franchisees on the national and local level. We and our affiliates do not

need permission from SFAFT to produce advertising materials. Generally, the costs for production of these materials are included in the portion of Advertising Fund contributions allocated to overhead or administrative expenses. However, in certain circumstances, we and our affiliates may charge a usage fee to franchisees to offset the costs of production, which will be paid from the portion of Advertising Fund contributions allocated to national or local advertising. Alternatively, we or our affiliates may allocate money from the vendor advertising contributions to a national advertising fund to pay for all or a portion of the costs for these materials.

Neither we nor SFAFT are obligated to advertise in the immediate vicinity of your restaurant; however contributions to the Advertising Fund will be used for the benefit of all Subway® franchisees. We cannot quantify or guarantee any benefits to you as a result of your contributions to the Advertising Fund or any vendor advertising contributions paid on your purchases from a vendor. Disbursements from the Advertising Fund for various advertising and marketing related brand initiatives may not benefit you in proportion to the amounts you contributed or that vendors contributed as a result of your purchases from the vendor.

*Franchisee Advisory Board.* Franchisees that meet certain qualifications have the opportunity to be appointed to a franchisee advisory board. The SFAFT US Advisory Board functions in an advisory capacity and consults with and advises us and SFAFT about advertising, marketing and promoting the Subway® brand nationally in the US.

All requirements, qualifications, and responsibilities with respect to Advisory Board Members are contained in the *Governance Manual* and are subject to change and may be amended by us at any time.

*Franchisee Created Advertising and Promotional Programs.* You may develop advertising materials for your own use at your own cost. Individual restaurant advertising includes but is not limited to internet coupons, point of purchase advertising materials, receipt advertising, fliers, billboards, team sponsorships, radio partnerships, cross promotions with other retailers, etc. All advertising materials you develop must be approved by us prior to distribution as provided in the Operations Manual. Any use of Social Media must comply with the Social Media Guidelines as amended and as set forth in the Operations Manual. We have the power to approve or disapprove of any use of the trademarks in advertising or developed by you. You must participate in, and comply with the requirements of, any sales, marketing, advertising, and promotional programs we implement, which may be implemented on a national, regional, or local basis, and you must use only the materials and media for these programs that we designate or otherwise expressly approve. As part of the overall marketing strategy, SFAFT may offer other promotions in which you may be required to participate at your cost, including by purchasing services from distributors we designate.

*Computer and Cash Register Systems.* You must use an approved computer-based point-of-sale system (“POS System”) in all of your new and existing restaurants, with required software. We may waive this requirement for some satellite restaurants, co-brand locations, and some non-traditional locations under certain circumstances. You must also provide us with a business email address and cellular phone number that you will use to receive electronic communications and calls from us or our affiliates. You must report and transmit sales and specified business information to us electronically at weekly or other intervals we direct for all new and existing franchises that you own. Data transmission requirements include but may not be limited to the following: all data generated at the point of sale, including detailed sales transactions; general time punch data without employee identifying information; inventory; and purchase orders for food distributors. You must also use our control systems to manage your business. We may have independent access to your POS information and related data described above, and you are required to connect your POS to our LiveIQ reporting system, which transmits transactional data to us in near real-time.

During the term of the Franchise Agreement, you will be entering into software license agreements and consenting to other technology programs/initiatives electronically in connection with the operation of your restaurant, if permitted by local law. If more than one individual signs the Franchise Agreement, any one individual may accept software license agreements and consent to technology programs/initiatives, like remote access to your POS System, on behalf of all individuals named as franchisee on the Franchise Agreement. By virtue of such acceptance or consent by one of you, all of you agree to be bound by it. You may delegate access to and configuration of your POS System to the manager of your restaurant to permit the manager to configure your POS system for updates on your behalf. However, some POS system updates may only be accessible by you.

You have a contractual obligation to upgrade or update your POS system to maintain full operational efficiency and to keep pace with changing technology and updates to our requirements. We may, from time to time, remotely access your POS System with your consent 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. In the event you wish to withdraw consent, you must follow the procedures set out in the Operations Manual. If you withdraw consent, we will not be able to provide you with the proactive support necessary to maintain the optimal functionality of your POS System, including your POS system software.

Your POS software must be upgraded within 3 months of receiving notice of a required software update from us. If you are using the SubwayPOS® software, updates will be sent and installed to your POS system automatically.

*Approved POS System Hardware and Software.* You are required to use a computer-based point-of-sale system (the “POS System”) which must be obtained from an approved POS hardware vendor. Currently, our approved hardware vendor is Hewlett Packard (“HP”). We may change hardware vendors, or approve one or more additional hardware vendors in the future. You are required to enroll in the hardware-as-a-service component of our Restaurant Technology as a Service (“RTaaS”) program with HP to obtain a POS System. We estimate the cost of the base package in the RTaaS program to be \$57 per month, exclusive of tax and shipping charges. Additional hardware and services may be added to this base package as the program evolves and/or the technology needs of the brand expand, which may result in additional costs. Additional packages at varying monthly rates may also be offered in the future. Under the RTaaS program, we may act as a collection agent for HP and collect fees you owe through your pre-authorized account. You will also be responsible for any costs you incur in connection with the transition from the current POS System you use to the POS System you obtain under the RTaaS program.

The POS System available from HP comes with Windows 10, Intel i5-6500 3.2GHz (quad-core) processor, 15” Projective Capacitive LCD Touch Screen, 32GB USB Flash Drive, 120GB Solid State Drive, 100/1000 Network Card, Integrated fingerprint reader, Integrated Customer Display, Epson TM-T88V Receipt Printer, Powered USB Cable, Media Cash Drawer with till insert and 2 keys, UPS Battery Backup, keyboard, mouse. We estimate that this system will cost approximately \$2,400 plus taxes and shipping. The report printer is a separate charge of \$135. Optional items are available at an additional cost and include USB modem, DVD/CD-ROM, and coin dispenser.

All HP POS systems include a 5 year on-site service warranty. The on-site service is available 7 days a week with a 4 hour response time once a problem is identified.

The specifications of the HP POS System will change as the manufacturer and software providers upgrade their products. Future hardware standards must be met on the compliance date we impose.

The approved POS software (discussed below) is an additional cost, as outlined below; it may come pre-installed on the approved POS hardware, or, you may be required to obtain it separately through us.

Currently, SubwayPOS® software is the only approved POS software. SubwayPOS® is the required POS software for all restaurants. The SubwayPOS® software is owned by our affiliate, [FWH Technologies, LLC \(“FWHT”\) Subway US IP Holder](#), and is licensed to you by us. We may derive revenue from doing so. If you use SubwayPOS® software, you will be bound by the SubwayPOS® End User License Agreement in a form substantially similar to Exhibit A-3. The SubwayPOS® End User License Agreement grants you the right to use the software on one or more POS Systems in one or more of your Subway® restaurants, but you acknowledge you must acquire a separate license to use the software on each POS system you operate. A license to use the SubwayPOS® software may not be shared or used concurrently on separate POS systems. You may transfer all or part of your rights under the SubwayPOS® End User License Agreement to another Subway® franchisee in good standing with us with our prior written consent. We may make changes to the SubwayPOS® End User License Agreement at any time in order to keep pace with advances in technology and other initiatives, and you may be required to agree to our then current form of SubwayPOS® End User License Agreement in order to access required software updates.

One individual listed on the Franchise Agreement or one representative on behalf of an approved entity franchisee may accept the SubwayPOS® End User License Agreement on behalf of all individuals or the approved entity identified as franchisee on the Franchise Agreement. You must consult with all such individuals or any necessary

representatives of an approved entity franchisee before accepting to be bound by the SubwayPOS® End User License Agreement.

The SubwayPOS® software is used in conjunction with several software programs and applications, including, but not limited to, front counter, Menu Manager, near-real time reporting (“Subway Live IQ™”), workforce management (“Live IQ - Labor”), business intelligence (“SubwayIQ”), Dashboard, Subway® Payment Manager software, Progress DBMS software, TeamViewer or other remote management software, remote access and software deployment application (“BixFix Endpoint Management Software” or “BigFix”), and antivirus software (Akamai Enterprise Threat Protector and VMware Carbon Black). One or more of the software programs and/or applications described above may only be used in conjunction with SubwayPOS® software. Also, one or more of these software programs and/or applications be owned by third parties and licensed to one or more of our affiliates with the right to sublicense it to you.

You will pay a monthly Restaurant Technology Fee of approximately \$75. In addition to the SubwayPOS®, the Restaurant Technology Fee will cover other types of restaurant technology. This monthly Restaurant Technology Fee may be subject to change each year. We may withdraw these fees from your pre-authorized account with us. In addition to the Restaurant Technology Fee, we reserve the right to impose a Digital Technology Fee in the future 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.

You must also install and use the approved Subway® Payment Manager (“SPM”) software which is only available from us. We will license the SPM software to you. If you use the SubwayPOS® software, your use of the SPM software is subject to the terms and conditions of the SubwayPOS® End User License Agreement. One individual listed on the Franchise Agreement or one representative on behalf of an approved entity franchisee may accept the agreement on behalf of all individuals identified as franchisee on the Franchise Agreement or the approved entity franchisee. You must consult with all such individuals or any necessary representatives of an approved entity franchisee before accepting to be bound by the Subway® Payment Manager Software End User License Agreement. The Subway® Payment Manager Software End User License Agreement grants you the right to use and install one copy of the software on a single POS System and may not be shared or used concurrently on separate POS Systems. You may transfer all or part of your rights under the Subway® Payment Manager Software End User License Agreement to another Subway® franchisee in good standing with us with our prior written consent. We may make changes to the Subway® Payment Manager Software End User License Agreement at any time in order to keep pace with advances in technology and other initiatives, and you may be required to agree to our then current form of Subway® Payment Manager Software End User License Agreement in order to access required software updates. We or an affiliate may earn a profit from the licensing of the SPM software.

You are required to participate in the Subway® Gift Card and Remote Ordering programs. To support the Subway® Gift Card Program, you must obtain card services from Comdata Inc. through its Stored Value Solutions division (“SVS”). In connection with this program, you must execute the Franchisee Participation Agreement attached as Exhibit A-11. You will pay SVS an initial fee of \$60 to \$140, which includes initial Subway® Gift Card inventory, envelopes and a Subway® Gift Card display. Additional Subway® Gift Card supply costs about \$0.10 per card, \$.06 per envelope and \$20 per display, plus shipping. Certain non-traditional locations must purchase an SVS issued/configured terminal to process gift card transactions. The cost of the payment terminal is \$320 plus shipping. You will pay SVS a redemption fee equal to 2.5% of each transaction amount in which the Subway® Gift Card was redeemed by a guest.

You are required to accept credit/debit, contactless and mobile device payments. You are required to use the integrated payment solution we designate, which includes use of a designated acquirer and processor for payment processing services and integration of your payment terminal and bar code reader into your POS system, in all of your new and existing restaurants, unless we grant you a waiver. We are in the process of transitioning to new payment terminals and a new integrated credit/debit payment processor. The P400 payment terminals is required for use in all locations, except certain non-traditional locations which are required to use an SVS issued/configured terminal for processing gift card transactions only.

All new and existing restaurants are required to purchase the P400 payment terminal from our approved supplier. Payment plans will vary depending on when you purchased the P400 payment terminal. You may be required to purchase additional payment terminals from us if you have more than one POS terminal at your restaurant.

We estimate the life cycle of a payment terminal is 5 years. You are required to update your payment terminal or transition to a new payment terminal as we require to maintain operational efficiency and to keep pace with changing technology and updates to our requirements or payment industry standards.

You will purchase the barcode reader from us for \$170 or \$180 if your restaurant has a drive-thru.

You are required to accept the following credit card brands, unless we grant you a waiver: VISA, MasterCard, Discover and American Express. To process card payments, you must have a high-speed broadband connection that meets our standards and specifications. If the transaction is processed through Adyen, you will pay Adyen an Acquirer Fee of approximately \$.010. You will also pay Adyen Network and Interchange Fees, which vary depending upon the credit card brand and type of transaction. Typical Network and Interchange fees for the required credit card brands range from \$.22 per transaction to 2.4% of the total transaction amount plus an additional \$.10 per transaction. Adyen will then forward the Network Fee to the applicable credit card brand and the Interchange fee to the guest's bank. The Acquirer, Network, and Interchange fees will be charged for all credit and debit card purchases whether they are made remotely through the remote order website, Subway® mobile app or other payment app, or the catering call center ("Card Not Present Transactions") or in-restaurant ("Card Present Transactions"). These fees may be re-negotiated over time and are subject to change.

In the future, we may approve additional hardware and software vendors. We may charge additional fees for any such future hardware and/or software that we require. You will be required to comply with such changes.

*Approved PC-based POS System Hardware and Software Support:* The FWH Technology Support Center ("Support Center") will provide limited hardware support, and SubwayPOS® software support. Hardware support available from the Support Center for franchisees using the HP POS Systems with a current warranty is limited to troubleshooting and/or an initial diagnosis of the hardware issue at which time you will be referred to HP Technical Support. Please do not contact HP directly for hardware support issues until you have been instructed to do so by the Support Center. The initial diagnosis of the hardware issue is provided free of charge for SubwayPOS® users. We reserve the right to change this fee structure at any time. Your fees for software support will be higher if you do not provide us with your consent to remotely access your POS System.

HP will provide hardware support to franchisees using an HP POS System during normal business hours from 9:00 AM local time to 5:00 PM local time. Extended hours may apply. You may contact HP technical support at the number listed on Subway® intranet site. Hardware support provided by HP is free of charge while the products are under warranty. If a product is no longer under warranty, franchisees will be responsible for the full cost to replace any defective parts.

We currently require all franchisees to use digital transaction fraud protection services provided by Kount. Service fees are currently \$0.0068 per digital transaction, subject to increase if vendor pricing increases.

**Subway® MVP Rewards Program.** You are required to participate in the Subway® MVP Rewards program administered by our affiliate, Subway MyWay, for all of your new and existing restaurants, including AAFES, NEXCOM and MCCS locations. In order to participate, you must have a high speed internet connection and the SubwayPOS® software. Guests who are members of the program will be able to earn and redeem points and rewards that may be used toward purchases made at Subway® restaurants. Points are earned through member purchases and bonus programs and promotions.

As of the date of this Disclosure Document, fees will be 1.9% of the gross sales, subject to any annual adjustments as stated below, for each loyalty/reward transaction made by a Subway® MVP Rewards program member at your restaurant. You will be charged this fee on all loyalty/reward transactions made by a program member for all of your new and existing restaurants. All Subway® MVP Rewards program fees will be paid to and administered by Subway MyWay, LLC or another affiliate we designate. You may also incur incidental charges for supplies associated with your participation in the program. For each loyalty/reward purchase in which a \$2 reward or a "Surprise Reward" is

redeemed by a Subway® MVP Rewards program member, you will be reimbursed for 30.9% of the cash value of a \$2 Rewards and/or “Surprise Reward” redeemed for that purchase. All redemption costs for the loyalty card/reward program will be paid by Subway MyWay, LLC. The fees and reimbursement rates associated with the loyalty/reward program are based on an average cost of goods sold for the US. We will review the average costs of goods sold in the US on an annual basis. As a result, your fees and reimbursement rates for the loyalty/reward program may change annually. Funds paid to Subway MyWay, LLC may be used for promotional costs, and to support Subway® MVP Rewards program innovation, technology & initiatives.

**Subway® Remote Ordering Program.** You are required to participate in the Subway® Remote Ordering Program to accept and process individual orders for Subway® menu items from guests. The online ordering website and the Subway® mobile application are managed by the FWH Technology Department and its subcontractors. Orders placed by guests online or with the Subway® mobile application will be routed to the guest’s chosen restaurant. To participate in the required Remote Ordering Program, you must review and download the Remote Ordering materials and ensure your POS System and remote order menus are current and by keeping local items up-to-date. You must also display the required signage and install external speakers for your POS hardware. Currently, there are no additional fees to participate; however, you will incur credit card processing fees on these transactions. These processing fees will be charged to you and collected by the credit card acquirer and processor we have designated on a monthly basis.

**Confidential Operations Manual.** You will have access to a copy of the Operations Manual in electronic form on the Subway® intranet website. This electronic version will be updated periodically. We do not normally issue the Operations Manual to prospective franchisees but will permit you to inspect the Operations Manual at FWH’s headquarters or at your Business Developer’s office or elsewhere, upon your request, before you purchase the franchise.

We may modify the Operations Manual, unilaterally at any time during the term of your Franchise Agreement under any condition and to any extent which we consider necessary, to meet competition, protect trademarks, service marks, copyrights or trade names, or improve the quality of the product or service provided by the Subway® restaurant, if modifications are applicable to all franchisees. We may have policies and procedures which apply only to certain programs, such as satellite, non-traditional, school lunch, catering or the breakfast program, and these policies and procedures do not apply to franchisees not participating in the program.

**Training Programs.** Before you open for business, you or your Designated Manager, and any other employees we require pursuant to the Operations Manual, must successfully complete the Franchisee Training Program (the “Training Program”) to our satisfaction. For most effectiveness, we recommend that you schedule your training as close to the restaurant opening as possible. If you are purchasing an existing restaurant through a transfer, we must approve your transfer before the Global Learning and Development Department of FWH will register you for training. You must attend training before the close of the transfer unless we permit otherwise.

You may request permission from us for your restaurant manager to complete the Training Program alongside you or your Designated Manager.

If you do not have a Designated Manager successfully complete the Training Program, then you must successfully complete it. Under these circumstances, you will be exempt from attending the Training Program if: 1) you are a current franchisee purchasing an additional Subway® restaurant and previously passed training, 2) you are a former Subway® franchisee but you passed training within the past 2 years, or 3) you are purchasing your first Subway® restaurant but you successfully completed the Training Program less than 2 years ago and after serving as a Designated Manager.

Other than as outlined above, you may apply for a waiver of the Training program if you pass a Training Equivalency Exam as detailed below and: 1) you are currently a franchisee purchasing an additional Subway® restaurant but have not previously attended training, or 2) you are a former franchisee and you have not owned or operated a restaurant in 12 months; or 3) you are purchasing your first Subway® restaurant but you successfully completed the Training Program more than 2 years ago, after serving as a Designated Manager, as described below. The Training Equivalency Exam must be proctored in person by your Business Developer or Subway Market Operations team. If we grant you an exemption and you pass the Training Equivalency Exam, you will be required to complete the

Sandwich Artistry Curricula and additional web-based training courses. These training courses are located in the University of Subway® section of our Subway® intranet website. If you fail the Training Equivalency Exam, you will be required to attend and successfully complete the Training Program.

If you sign the Franchise Agreement Rider, Part I.a, you or your Designated Manager and your Director of Food Services or an equivalent individual (if a different person), or, if you sign the Franchise Agreement Rider, Part II, you or your Designated Manager and your Manager of Cafeteria Services and the manager of the restaurant (if a different person) (in each case, the “Manager”), must successfully complete a training program before opening the restaurant. If the Manager is dismissed from the training program, you must appoint an individual to assume the position of the Manager to successfully complete the training program within 30 days after we give you notice. If you replace the Manager of the restaurant, the new manager must successfully complete the training program before assuming the position of manager, or at least within 30 days after the new manager replaces the prior Manager. We or a local Field Operations team member may conduct the training program locally. Training will be at a location or at locations selected by the person providing the training, which may include the city in which your restaurant will be located, or other Subway® restaurants, and may include web-based courses.

We do not charge a fee for the first two persons attending the Training Program prior to the transfer of ownership. However, we charge a cancellation fee if you fail to participate in your scheduled training or if you cancel your registration with less than 10 business days’ notice. For additional persons attending the Training Program, the training fee is \$7,500 per person. You are responsible for all of your personal expenses, and the personal expenses of your Designated Manager, Director, Manager and/or designee (as applicable), including lodging, meals and costs and transportation to and from the in-person and “on-the-job” training sites where you will train.

Your restaurant employees will be required to complete in the restaurant, the Sandwich Artistry 1 course and/or certain other training courses we designate from time to time. You will be responsible for all costs incurred in connection with this requirement.

As part of the Training Program and after you purchase your franchise, we may require you to work at an existing restaurant in your area for a minimum of 60 hours. You will be responsible for all personal expenses. Upon completion of this work, you may be required to successfully complete a test or a course on the University of Subway®, or some other assessment, as we direct. Your Business Developer or Subway Market Operations team will schedule your training shifts in an approved training restaurant. You must also complete and pass our web based training courses in order to progress in the Training Program, including, but not limited to: the Sandwich Artistry and Sandwich Artistry 2 Curricula located in the University of Subway® section of our Subway® intranet website, which will account for 10 hours of training; brand training, which will account for 1 hour of training; and global anticorruption training, which will account for 0.5 hours of training.

You or your Designated Manager may be required to pass all our assessments, business plan reviews, and other assignments during the training program, unless you are otherwise exempt. If you or your Designated Manager fails to fulfill these requirements, you or he/she will have the option to be reassessed, and, with respect to your Designated Manager, you may be required to send a replacement within 30 days. If you or he/she fail the reassessment or opt not to complete it, we may dismiss you from the Training Program, cancel your Franchise Agreement and refund one-half of your franchise fee.

In order to successfully complete the Training Program, you or your Designated Manager must have: (i) 100% participation in all components; (ii) an 80% final grade on all pre-requisite web-based training courses and the in-restaurant component of the course; and (iii) an 80% average on all assessments. You or your Designated Manager will be required to retake and successfully complete the Training Program if you or your Designated Manager fail to complete the program to our satisfaction. We will not reimburse you for any incurred expenses, including travel expenses.

Those attending training will be provided with a copy of the Code of Business Conduct (the “CBC”), which trainees must sign. The CBC requires that all staff, students and guests act in a professional manner at all times during the Training Program. Training attendees must adhere to the CBC while on our property, in training restaurants, at area hotels and while attending any of our functions, dinners and social gatherings which might be considered a Subway®

sponsored event. We may dismiss you from the Training Program and terminate your Franchise Agreement if you fail to act in accordance with the CBC. Your franchise fee will not be refunded under these circumstances. We may dismiss your Designated Manager, Director of Food Services or Manager of Cafeteria Services (as applicable) from the Training Program for failure to act in accordance with the CBC. In such an event, you will be required to appoint an individual to assume the position and satisfy our training requirements within 30 days after we give you notice. You or the Designated Manager that attends training must sign a confidentiality agreement.

We offer a portion of the Training Program by way of online webinars which are led by our FWH Trainers.. The “on-the-job” training site is a Subway® restaurant. You will be responsible for your own transportation to and from “on-the-job” training sites. Classroom work accounts for approximately 15 hours, and you will have approximately 60 hours of on-the-job training at nearby restaurants. You will also have from two to three hours of homework per evening. The full franchisee experience is a combination of virtual training, access through our University of Subway platform, in restaurant training and classroom coaching (currently classroom training is virtual).

We may modify the training courses from time to time. Any changes made to the training courses will be referenced in the Operations Manual. The Training Program uses the Operations Manual, a course workbook, and other written materials.

The Training Program is under the guidance of Nicole Misencik, Manager of Global Learning & Development department, accompanied by a full-time trainer who conducts training sessions and field engagement. Ms. Misencik has 10 years of total training experience, including 3 with us. The minimum educational and experience requirements for these individuals are a bachelor’s degree with training credentials or corporate training experience. Other members of FWH may assist in the Training Program. Franchisees of the training restaurants and their managers conduct the on-the-job training. All restaurant trainers must successfully complete a training program themselves and receive instruction in training methods.

The Training Program includes instruction in the following subjects:

### TRAINING PROGRAM

| Subject   | Hours of Prerequisite<br>Web-Based Training<br>Courses | Hours of<br>Facilitated<br>Training | Hours of<br>On-the-Job<br>Training |
|---|--|-------------------------------------|------------------------------------|
| Sandwich Artistry Curricula                       | 6.0  | -                                   | -                                  |
| Global Anti-Corruption                            | 1.0  | -                                   | -                                  |
| Sandwich Artistry 2 Curricula                     | 4.0  | -                                   | -                                  |
| SubwayPOS™  | 7.0  | -                                   | -                                  |
| Control Sheets Introduction, Mechanics & Analysis | 0.5  | -                                   | -                                  |
| Guest Experience & Thru-Put                       | 2.5  | -                                   | -                                  |
| Leadership  | 0.5  | 2.0                                 | -                                  |
| Scheduling Restaurant Employees                   | 1.0  | -                                   | -                                  |
| WISR Introduction, Mechanics & Analysis           | 1.0  | 2.0                                 | -                                  |
| Goal Setting & Growth Mindset                     |  | 2.0                                 |                                    |
| Great Teams: Recruiting & Hiring                  | 1.0  | 1.0                                 | -                                  |
| Great Teams: Developing Your Staff                | -  | 0.5                                 | -                                  |
| Great Teams: Motivating and Inspiring Employees   | 1.0  | 0.5                                 | -                                  |
| Incident Management                               | 1.0  | -                                   | -                                  |
| Subway Reporting & LiveIQ                         | 1.0  | -                                   | -                                  |
| Food Ordering                                     | 1.0  | -                                   | -                                  |
| Store Marketing & Strategies for Business Growth  | -  | 2.0                                 | -                                  |
| In-restaurant Training                            | -  | -                                   | 60.0                               |
| Assessments                                       | 5.0  | -                                   | -                                  |
| <b>Total Hours</b>                                | <b>33.5</b>  | <b>10.0</b>                         | <b>60.0</b>                        |

\* Time spent on quizzes for web-based prerequisite training courses is accounted for in the appropriate subject listed above.

Note 1. Trainers rotate so you may have any one of them for a given subject.

Note 2. On-the-job training in local Subway® restaurants consists of 60 hours of instruction. On-the-job training allows you to gain first-hand experience in sandwich preparation, restaurant maintenance and restaurant operations. There is no specific time allocation by subject because this varies with the needs of each training group.

After you purchase your restaurant and successfully complete training, you and your staff may also be required to complete additional courses on the University of Subway®. You will be notified when additional courses become required.

We and our affiliates have offered in the past, and may offer in the future, additional training courses dealing with management, paperwork, advertising systems, and multi-unit ownership. Additional educational materials are available to you and your employees on the University of Subway® and other sources.

**Manager Training Opportunities for Non-Traditional Franchisees.** If you are an institutional-type or other franchisee signing the Franchise Agreement Rider, we may grant you permission to provide your own manager training program which your Managers may complete in lieu of the Training Program. If you sign the Franchise Agreement Rider, the option to train your Manager applies only to a second or subsequent franchise purchase; both the Director and Manager must complete the Training Program in connection with your first franchise purchase. Your Manager must successfully complete the Training Program before the restaurant opens.

If we determine in our reasonable judgment you are not operating your restaurant up to our standards set out in the Operations Manual, we may required your current manager for your restaurant to complete remedial training within thirty (30) days after we give you notice.

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## **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 we control.

You will not receive 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 do not presently intend to establish other franchises or company- or affiliate-owned outlets selling similar products or services under a different trade name or trademark, but we reserve the right to do so. In the future, we may offer our own branded product lines under a separate license. We may charge an additional license fee. We may establish units as separate franchises not located within a Subway® restaurant. We and our affiliates have unlimited rights to compete with you and to license others to compete with you. 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, 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. We may use methods of distribution other than through a Subway® restaurant location, including, but not limited to, a centralized call center, the Internet, catalog sales, telemarketing and other direct marketing. You will not receive any compensation from us in connection with any such production, distribution or 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.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, affiliates of our parent, UPL, and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes affiliates of UPL that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the affiliates of UPL are not direct competitors of our franchise network given the products or services they sell, although some are. All of the businesses that UPL's affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and UPL's affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Your franchise entitles you to operate only at and from one location you select and we approve. In limited circumstances, due to difficulties in negotiating a lease with the landlord, the location you select may not be available to us or you and, therefore, we will not provide approval for the location. In such an event, we may approve the landlord to operate at that location. We will not grant you any options, rights of first refusal or similar rights to acquire additional franchises within a particular market area or contiguous areas.

You may solicit and accept orders for approved products offered in your restaurant which may compete with other Subway® restaurants. You may use Internet couponing, billboards and point of purchase advertising materials as a method of direct marketing, but only with our prior written approval prior to distribution.

If the lease for your Restaurant 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. We consider the same factors in evaluating any relocation site as we do in evaluating your initial site.

You have only 6 months to relocate and reopen a satellite restaurant under Part IV of the Franchise Agreement Rider. If the satellite will be in operation for one year or less, you are not permitted to relocate the satellite restaurant under Part IV of the Franchise Agreement Rider. If you purchase a school lunch franchise, you can relocate your restaurant only within the same school or the same school district under Part II of the Franchise Agreement Rider. Under Section 24.H of the Franchise Agreement, if the landlord terminates the lease or license (as applicable) for the premises and an arbitrator or court determines you did not breach the Sublease or Sublicense (as applicable) but it was our fault or our affiliate’s fault the landlord terminated the lease, then our obligation to you will be limited to the cost of your leasehold improvements less depreciation using a 5-year life under the straight-line method. We will pay you this amount after you relocate and reopen your restaurant. If the landlord terminates the lease and an arbitrator or court determines you breached the Sublease or Sublicense or it was not our fault or our affiliate’s fault, then we will not have any obligation to you relating to termination of the lease.

### Item 13 TRADEMARKS

~~Prior to January 1, 2016, we were the owner of the System and the marks. Pursuant to a transfer agreement dated January 1, 2016, we assigned all rights, title and interest in and to the System, including the marks, to our affiliate, SIP. On January 1, 2016, SIP~~ On June 20, 2024, in connection with the US Securitization Transaction, Subway US IP Holder entered into a license agreement with us to use the System and the marks, and to license others to use the System and the marks to develop Subway® restaurants in the US (the “IP License Agreement”). The IP License Agreement’s term is 99 years for which we pay a royalty. Subway US IP Holder may terminate the IP License Agreement if we breach its terms and fail to cure such breach within the applicable cure period, subject to the prior written consent of a control party related to the US Securitization Transaction. In addition, the parties may agree to terminate the IP License Agreement, with or without cause, if (a) the control party provides its prior written consent or (b) in the event of the issuance of additional notes in connection with a subsequent secured financing transaction, if certain conditions with respect to those notes are satisfied. If the IP License Agreement terminates, we must cease all use of the marks. Under the Franchise Agreement, we grant you the right and license to use the name and mark Subway® which is owned by SIP Subway US IP Holder, and other marks we designate. The term “marks” means trade names, trademarks, service marks, and logos used to identify your restaurant or the goods or services you offer. You may only use marks we designate for use with your restaurant, and you may use them only in the manner we authorize and permit. The following is a list of the primary marks we may authorize you to use. SIP Subway US IP Holder owns all of the marks listed below. This list does not include all of the marks SIP Subway US IP Holder owns. We may add or subtract from this list. ~~SIP has~~ We, Subway IP LLC, and/or Subway US IP Holder have registered these marks and other marks with the United States Patent and Trademark Office on the Principal Register, and ~~has~~ have filed all required affidavits and renewals.

| <u>TRADEMARKS AND/OR SERVICE MARKS</u>   | <u>REGISTRATION NUMBER</u> | <u>DATE</u> |
|--|----------------------------|-------------|
| Subway®                                  | 1174608                    | 10/20/1981  |
| Subway®                                  | 1307341                    | 11/27/1984  |
| Subway® Logo (Contour Letter with color) | 3774480                    | 04/13/2010  |
| Subway® Logo (Contour Letter no color)   | 3869196                    | 11/02/2010  |
| Subway® Logo (New Vis no color)          | 5358208                    | 12/19/2017  |
| Subway® Logo (New Vis yellow & white)    | 5358207                    | 12/19/2017  |
| Subway® Logo (New Vis yellow & green)    | 5373029                    | 01/09/2018  |
| Choice Mark Logo                         | 5419414                    | 03/06/2018  |
| Choice Mark (white & yellow)             | 5703803                    | 03/19/2019  |
| Choice Mark (green & yellow)             | 5532005                    | 07/31/2018  |
| Choose Your Canvas®                      | 5519719                    | 07/17/2018  |
| Color It With Flavor®                    | 5519720                    | 07/17/2018  |
| Our Ingredients. Your Masterpiece.®      | 5519721                    | 07/17/2018  |
| Subway MyWay®                            | 5476371                    | 05/22/2018  |
| Subway MyWay® Rewards Logo               | 5487732                    | 06/05/2018  |

If you offer approved additional menu items you will have the right and license under the Franchise Agreement to use any trademarks and service marks we may designate for the menu items and product lines. The right and license to use any additional trademarks and service marks will terminate if we discontinue your right to participate in the program or if we or [SIP Subway US IP Holder](#) discontinue or modify the marks. We and [SIP Subway US IP Holder](#) may require a separate license for the marks in the future, which will terminate if we or [SIP Subway US IP Holder](#) discontinue or modify the marks. We cannot guarantee you will have the right to use the mark “Subway” in the US, or that you will not have to share use of the mark with third parties in the US. If we lose the right to use or license, or both, the mark “Subway” or have to share use with a third party, we will have the option and right to modify or discontinue use of the mark “Subway” and to adopt substitute marks. Our liability to you in this case will be limited to your cost to replace signs and store advertising materials. We expressly disclaim all implied warranties.

There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court in the United States or its territories concerning the material marks. There are no pending infringement, opposition, or cancellation actions concerning the material marks in the United States or its territories. There is no pending material litigation involving the material marks in the United States or its territories. There are no agreements currently in effect which significantly limit our right to use or license the use of any mark in a manner material to the franchise. We do not know of any infringing uses that could materially affect your use of the marks in any state.

We do not entitle you, at any time, either by implication or otherwise, to [register](#) the Subway® marks or any other marks associated with the system. You will not establish title by use, registration, or other means to similar or related names and marks, including those you and all other franchisees generate while conducting business under the Subway® name. You will not assist any third party or organization to register any Subway® marks or any marks associated with the system. You have limited and temporary rights and you agree you will not, after expiration or termination of your Franchise Agreement, use the marks we licensed to you, directly or indirectly, for any purpose. If you violate this provision, you may be liable to us for \$250 per day. You will not contest the validity or ownership of any marks associated with the system, and you may not register them. **You must display the following notice in a prominent place in your restaurant: “The Subway® trademarks are owned by Subway [US IP Holder](#) LLC and the independent franchised operator of this restaurant is a licensed user of these trademarks.”**

You will not register an Internet domain name containing the word “Subway” unless it complies with our Domain Name Policy, as amended and as set forth in the Operations Manual. You will not establish a Social Media site unless it complies with our Social Media Guidelines as amended and set forth in the Operations Manual. We may require you to cancel or assign to us or [SIP Subway US IP Holder](#) registration of your domain name or Social Media site if you fail to adhere to these guidelines or we or [SIP Subway US IP Holder](#) later determine that your domain name or Social Media site creates consumer confusion regarding the marks or Subway® name. See Section 8 of the Franchise Agreement. “Social Media” as used in this Disclosure Document means Internet-based applications which allow for the creation and exchange of user-generated content including, but not limited to: blogs, microblogs, social networks, and photo and video sharing sites. At our request, you must have any information we deem inappropriate and not to be in the best interest of the System removed from any website or Social Media site.

You will use the marks in connection with your restaurant only as we permit and as provided in this Disclosure Document, the Franchise Agreement or in the Operations Manual. You will not use the marks in a manner that degrades, diminishes, or detracts from the goodwill associated with the marks nor will you use the marks in a manner which is scandalous, immoral, or satirical. You agree to promptly change the manner of such use upon our request. You may not use the word “Subway” as part of a corporate or other business name. If you no longer have a valid franchise agreement with us, you must remove the word “Subway” from any corporate or other business name. Any sign face bearing the name Subway® will remain [SIP’s Subway US IP Holder’s](#) property even though you may have paid a third party to make the sign face. We will have the right to physically remove any signage from your restaurant if we believe its removal is necessary to protect the goodwill associated with the marks. You will not use, offer or sell to other franchisees any software applications or other technology products or services which use the marks unless we approve in writing.

You may not dilute the marks in any way by engaging in advertising or improper behavior that may lessen the Subway® system’s reputation. You will not make, publish, or endorse, directly or indirectly, any disparaging, libelous, or defamatory statement or representation about us, our shareholders, officers, directors, employees, agents, our

Affiliates, business developers or the Subway® brand in any public or private forum. “Private forum” shall not include a private forum open only to Subway® franchisees, business developers, and/or our shareholders, officers, directors, employees, agents or Affiliates. At our request, you must remove or retract any disparaging, libelous or defamatory statement or representation. However, you are not prohibited from sharing information in good faith with any prospective franchisees.

You must notify us immediately when you learn about an infringement of or challenge to your use of any mark. While we do not have to defend you against a claim arising because of your use of the marks, we will reimburse you for your liability if you used the marks in compliance with the Franchise Agreement. To receive reimbursement, you must notify us of the proceeding promptly after you learn about it, cooperate with us and ~~SIP~~[Subway US IP Holder](#) to defend the proceeding, and allow us or ~~SIP~~[Subway US IP Holder](#) to control the defense of the proceeding. We, ~~SIP~~[Subway US IP Holder](#) and any third party owner of the mark will have the exclusive right to pursue any claims of trademark infringement against third parties. All the above referenced materials are owned by ~~SIP~~[Subway US IP Holder](#) and are licensed to us for use in the United States.

You must modify or discontinue the use of a mark within a reasonable time after our notice to you of the modification or discontinuance of the mark. If we modify or discontinue the use of a mark, whether in response to a third party’s claim of infringement or otherwise, our only obligation will be to reimburse you for liability as described above. We are not responsible for any other costs or expenses incurred by you in connection with the modification or discontinuance of a mark, including your costs to replace signs and paper goods.

**Item 14**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or pending patents that are material to the franchise.

We and [SIP Subway US IP Holder](#) claim rights under copyright laws for various works, including printed matter, art work, menu boards, advertising and promotional materials, instructional operating manuals, and the like, some of which we have filed or registered copyrights for and other we have not. We do not consider any of these filed or registered copyrights material to the franchise.

[SIP Subway US IP Holder](#) owns proprietary rights to information related to the Subway® franchise system and the operation of a restaurant. We license the Operations Manual from [SIP Subway US IP Holder](#). We will provide you, on loan, one copy of the confidential Operations Manual in electronic form. [SIP Subway US IP Holder](#) has not filed an application for registration of copyright in the Operations Manual but does claim a copyright in its own works and we, [SIP Subway US IP Holder](#), and our affiliates treat the information in the Operations Manual as proprietary and confidential trade secrets. The Operations Manual contains the components, requirements, duties, standards, procedures, policies, and specifications pertaining to the Subway® franchise system and the operation of a restaurant. You must treat the Operations Manual and the information in it, as well as other information we make available to you, as highly confidential, in accordance with the Franchise Agreement. We make this information available to you only because of the franchisor-franchisee relationship.

You must maintain all of ours, [SIP's Subway US IP Holder's](#), and our affiliates' confidential or proprietary information as confidential, both during and after the term of the Franchise Agreement. You may not at any time disclose the information you receive from us to any person except individuals involved in the operation of your restaurant who have a need to know the information. If you do disclose confidential or proprietary information in violation of the Franchise Agreement, you will be liable to us for damages and we will seek injunctive relief. We do not represent or guarantee that all aspects of the Subway® franchise system are exclusive to us or unique.

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, will be owned solely by us. Your employees and contractors will be 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 the Innovations, you will agree to assign all right, title and interest in and to the Innovations to us. To that end, you will be required to execute, verify, and deliver any documents (including, without limitation, assignments) and perform any other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing our ownership rights in and to the Innovations, and the assignment of them. 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 paragraph, you will irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment will be coupled with an interest and will be 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 paragraph with the same legal force and effect as if executed by you. The obligations described in this paragraph will survive any expiration or termination of the Franchise Agreement.

We may, but are not obligated to, protect any patents or copyrights, to defend you against claims arising from your authorized use of patented or copyrighted items. We may, but are not obligated to, take affirmative action if you notify us of any infringement. If we do take any affirmative action, we solely retain the right to control any litigation. We may, but are not obligated to, indemnify you for any expenses or damages resulting from a proceeding involving a patent, patent application, or copyright used in the System. Any action described in this paragraph that we take is not contingent upon your modifying or discontinuing the use of the subject matter covered by the patent or copyright. Unless we choose to indemnify you as described in this paragraph, you are solely responsible for any damages and

costs associated with any modification or discontinuance of the use of any subject matter covered by the patent or copyright.

## **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your restaurant shall at all times be under your direct, on-premises supervision or that of 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 your restaurant. You must, upon our request, keep us informed at all times of the identity of your Designated Managers. We will make training available, as is necessary in our judgment, for all managers who you designate. The Designated Manager is not required to own an equity interest in the franchise entity.

We may deal with the Designated Manager on the day-to-day operations of, and reporting requirements for the restaurant. You must hire all personnel for your restaurant and are solely responsible for the terms of their work, training, compensation, management, and oversight.

Your Designated Manager’s day-to-day tasks could include supervising employees, checking inventories, reviewing sales and food costs, bookkeeping, and making reasonable efforts to ensure smooth and efficient operations. You must keep your restaurant open within the hours specified in the Operations Manual, subject to local regulations, unless we approve different hours in writing. If you operate a satellite restaurant, you may have more limited hours of operation. We and you will agree to the hours and restaurant operation plan for a satellite location.

Even if you choose to employ a Designated Manager to supervise your restaurant, we strongly recommend you personally devote a substantial amount of time to the franchised business.

You agree not to, and you agreed to cause your Designated Manager not to, disclose our confidential or proprietary information during or after the term of the Franchise Agreement. You also agree, and your Designated Manager must agree, not to have any direct or indirect association with a Competitive Business, as defined in the Franchise Agreement, during the term of the Franchise Agreement and for 1 year after termination, expiration or transfer of the Franchise Agreement within a three mile radius of where a Subway® restaurant operates or operated within the prior year. The reference to a geographic area does not give you any territorial or other exclusive rights. Your principal owners must sign a personal guaranty, guarantying all obligations you owe to us. The Designated Manager is not required to sign this personal guaranty unless the Designated Manager is also your principal owner.

## **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must operate the restaurant in strict compliance with all required methods, procedures, policies, standards and specifications of the Subway® system in the Operations Manual and in other writings we issue. You must use the restaurant premises only for the operation of a Subway® restaurant and you may not operate any other business at or from the location without our prior written consent. You must offer and sell only those goods and services we have approved. If your restaurant is in a non-traditional location like a convenience store or a school lunch location, the Franchise Agreement Rider will clarify your Franchise Agreement to reflect that you sell other items.

You must offer all goods and services we designate as required for all franchisees. The Operations Manual states you must at a minimum offer the basic Subway® menu. We must approve additional menu items. If you operate a school lunch location, your menu will probably be more limited, as we and you will agree, and you may have to modify the food items you offer and buy food products specially approved for the school lunch program to satisfy nutritional requirements. We may authorize tests of new products or methods at company- or affiliate-owned or franchised restaurants. Based upon the results of these tests, we may make changes in our menu. We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. There are no limits on our right to do so. You must comply with our new requirements. If you establish a third party franchisor’s concept, you will sign the Co-Brand Location Rider (Exhibit A-9). We may modify or stop any co-branding opportunities at any time. If both of us approve your co-brand location, you will operate the other concept as a direct franchisee of the other franchisor. You will receive a Disclosure Document from the other franchisor and enter into a direct franchise agreement with the other franchisor. You will sign a license or sublicense

with the third party allowing you to offer a third party's branded products. You may have to sign a test agreement to offer our additional menu items that are under test. We do not have to permit all franchisees to offer the additional menu items that are under test. We also designate some goods and services as optional programs for qualified franchisees. Current optional programs include catering call center and local menu items. To offer optional goods or services, you must be in compliance with your Franchise Agreement and the Operations Manual and meet any additional requirements we may have for the program, including state or local licenses, training, marketing, and insurance. The Operations Manual and other written or electronic materials we distribute contain written lists and requirements for optional programs.

We adopted the Marketwide Option Program (MOP), and Store Option Program (SOP) to promote consistency of items offered for sale, including methods of preparation and presentation, throughout an advertising fund market or region. You will make the decision for your restaurant on certain options categorized as SOP items. You will have to follow the decision made for the market on items categorized as MOP, unless we grant you a waiver. Your lease may contain restrictions or you may have space or other limitations that prevent you from participating in a program approved for your market. If the investment cost to implement the item is less than \$100 (not including the cost of product inventory), the decision on MOP items will be made for the market by the favorable votes of both the local advertising advisory board or SFAFT US Advisory Board and the Business Developer (or the Business Developers representing at least two-thirds of the restaurants in the market or region). If the investment cost is \$100 or more, the decision on the MOP items will be made by the franchisees in the market. Certain MOP items have default selections. If a MOP item is not approved by the market within 30 days of the introduction of the product, the default selection will become a required item until the market makes a decision. If a MOP item does not win approval for the market, you may not implement the item in your restaurant unless we grant you a waiver. If a program is under test however, the restaurants in the markets approving the program will each need approval to implement the program. We permit exceptions to allow restaurants to continue offering the program if it is not approved by their market. In the future, we may implement a Region Option Program and you will be responsible for all costs, but as of the date of this Disclosure Document, details on any such program are still forthcoming.

We do not impose any restrictions or conditions that limit your access to guests, but you may not sell any goods or services to another vendor for resale without our consent. You may not sell goods or services except from your approved location without our prior written consent. Under our school lunch program, you can sell only to students, faculty, staff, and normal visitors, and not to the general public.

### Item 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. The provisions of the Franchise Agreement ("FA") (Exhibit A) apply for any location, except as modified by the Franchise Agreement Rider ("FAR") (Exhibit A-1).

### THE FRANCHISE RELATIONSHIP

| <u>Provision</u>                | <u>Section in FA or FAR</u> | <u>Summary</u>   |
|---------------------------------|-----------------------------|--|
| a. Length of the franchise term | FA Section 3; 18.C          | Term is 20 years. We may terminate your Franchise Agreement if we do not approve your location within 6 months after you sign your Franchise Agreement.  |
|                                 |                             | However, if you purchase your restaurant in connection with a transfer, your initial term will be the remaining term under the existing franchise agreement. See Transfer Addendum, Exhibit G-2. |
|                                 | MUFA Section 3              | The term of the MUFA expires with respect to each applicable Restaurant as set forth on Exhibit B to the MUFA.   |
|                                 | FAR Part I or II            | If Part I or II of the Franchise Agreement Rider applies, the term is 20 years, but you must open for business within 2  |

years or franchise terminates. We may grant you an extension. We may terminate if we do not approve your location within 90 days after you sign your Franchise Agreement.

FAR Part II

Term for a school lunch location is 5 years but you must sign contract, license, or lease (if applicable) and open for business within 2 years of franchise purchase or franchise terminates with no right to any extension.

FAR Part IV

Term for a satellite restaurant is from the date of the satellite Franchise Agreement until the expiration or termination of the Franchise Agreement for the Base Restaurant. You must sign Sublease or Sublicense within 90 days of satellite franchise purchase or the satellite Franchise Agreement expires, with no right to any extension. If we allow you to operate a satellite restaurant pursuant to Part I or II of the Franchise Agreement Rider, you must open for business within 2 years after you sign the satellite Franchise Agreement. The satellite Franchise Agreement will automatically terminate, regardless of the length of term remaining on the Franchise Agreement for the Base Restaurant, if the lease for the satellite restaurant or Base Restaurant expires or terminates. Either party may terminate the satellite Franchise Agreement by notice if we or our designee is not able to offer a Sublease or disapproves the location within 90 days of franchise purchase.

Term for the satellite restaurant is for 1 year from the date of the Franchise Agreement Rider for a Short Term Satellite Restaurant or until the expiration or termination of the Franchise Agreement for the Base Restaurant, whichever occurs sooner. You must sign Sublease or Sublicense within 90 days of satellite franchise purchase or the satellite Franchise Agreement expires, with no right to any extension. The satellite Franchise Agreement will automatically terminate, regardless of the length of term remaining on the Franchise Agreement for the Base Restaurant, if the lease for the satellite restaurant or Base Restaurant expires or terminates. Either party may terminate the satellite Franchise Agreement by notice if we or our designee is not able to offer a Sublease or disapproves the location within 90 days of franchise purchase.

Dual Location Test Rider

Term is 20 years, but you must sign the Sublease for the Dual Location Test Site within 30 days after we or our designee offers it or your Franchise Agreement expires with no right to any extension. If we or our designee is not able to offer a Sublease or disapproves the location after 1 year of franchise purchase, we or you may terminate the Franchise Agreement. We will refund the franchise fee unless it was your fault we disapprove the location or we or our designee cannot offer you a Sublease.

- b. Renewal or extension of the term

FA and MUFA Section 3

You will have the right to renew for an additional 20-year term provided that you meet certain criteria described below.

FAR Part II

If you are in full compliance, you may renew for five years.

FAR Part IV

Your franchise will automatically renew for additional in line with the Base Restaurant Franchise Agreement term. We have the right to refuse to renew if you are not in full compliance. If you dispute our notice of intent not to renew, you must request to arbitrate the decision. Refer to Item 17.u. for arbitration procedures.

Your franchise may be renewed for an additional 1 year term by mutual agreement of the parties, provided you send written notice at least 60 days prior to the expiration of the initial 1 year term. We have the right to refuse to renew if you are not in full compliance. If you dispute our notice of intent not to renew, you must request to arbitrate the decision. Refer to Item 17.u. for arbitration procedures.

- |    |  |  |   |
|----|--|--|---|
| c. | Requirements for franchisee to renew or extend | FA and MUFA Section 3                    | In order to renew, you must (1) have complied with all material provisions of the Franchise Agreement; (2) maintain possession of the premises; (3) provide written notice of intent to renew at least 12 months, but not more than 18 months, prior to expiration of the term; (4) have satisfied all monetary obligations; (5) you agree to execute our then-current form of franchise agreement and pay the renewal fee; (6) comply with our then-current qualifications and training; (7) execute a Renewal Addendum in the form substantially similar to Exhibit G-1; and (8) execute a general release. |
| d. | Termination by franchisee                      | None                                     | You do not have the right to terminate the Franchise Agreement, but if we do not cure a default within 60 days, you can seek arbitration. See Section 22 of the Franchise Agreement.  |
|    |  | FAR Part I, II                           | You may stop operating a school lunch location or a non-traditional location at any time after 30 days' notice.   |
| e. | Termination by franchisor without cause        | None                                     | We may terminate only for good cause.   |
|    |  | FAR Part I                               | We may terminate the Franchise Agreement for a non-traditional location for any reason within 30 days after you sign the Franchise Agreement.   |
| f. | Termination by franchisor with cause           | FA and MUFA Section 22                   | We can terminate if you default. See u. below.  |
| g. | “Cause” defined-curable defaults               | DA Section 7<br>FA and MUFA Section 22.C | You have 10 days to cure: failure 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  |

You have 30 days to cure: failure to comply with any other

agreement with us or one of our affiliates; or failure to comply with any other provision of the Franchise Agreement, or any specification, standard or operating procedure prescribed in the Confidential Operations Manual or otherwise in writing by us.

DA Section 7.3

You have 10 days to cure: failure to make payments of any amounts due to us or our affiliates; failure to comply with applicable laws

FAR Part IV

A default under the Base Restaurant Franchise Agreement will be a default under the satellite Franchise Agreement.

h. "Cause" defined-  
non-curable defaults

FA and MUFA Section  
22.B

The Franchise Agreement will terminate automatically upon delivery of notice of termination to you, if you (or any of your owners, officers, or key employees): (1) Fail to develop, decorate, equip or open your restaurant within the time period required by, or fail to satisfactorily complete the training program; (2) have made any material misrepresentation or omission in your application for the franchise or in any report, claim, request for reimbursement, impact survey or other similar document submitted to us; (3) are convicted of or plead 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 any unauthorized use, disclosure or duplication of any portion of the Confidential Operations Manual or duplicate or disclose or make any unauthorized use of any trade secret or Confidential Information provided to you by us; (5) Abandon or fail or refuse to actively operate your restaurant for 2 business days in any 12 consecutive month period, unless your restaurant has been closed for a purpose approved by us or due to an act of God, or fail to relocate to an approved premises within an approved period of time following expiration or termination of the lease for the premises; (6) Surrender or transfer control of the operation of your restaurant, make an unauthorized direct or indirect assignment of the franchise or an ownership interest in you or fail or refuse to assign the franchise or the interest in you of a deceased or disabled controlling owner thereof as herein required; (7) Submit to us at any time during the Term any reports or other data, information or supporting records which understate by more than 3% the royalty fee for any period of, or periods aggregating, 3 or more weeks, and you are unable to demonstrate that such understatement resulted from inadvertent error; (8) Become insolvent, is adjudicated as bankrupt or insolvent, or become subject to similar proceedings; (9) materially misuse or make 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 on 3 or more separate occasions within any 12 consecutive month period to comply with the Franchise Agreement, or fail on 2 or more separate occasions within any 6 consecutive month period to comply with the same obligation under this the Franchise Agreement; (11) Violate any health, safety or sanitation law, ordinance or regulation or operate the Restaurant in a manner that presents

a health or safety hazard to your customers or the public and do not begin to cure the violation immediately and correct the violation within seventy 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 or allow 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 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 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.

DA Section 7.1 and 7.2

Become insolvent, is adjudicated as bankrupt or insolvent, or become subject to similar proceedings; fail to meet obligations under development schedule; any franchise agreement between you and us is terminated; you are in breach of any of your franchise agreements on 3 or more occasions in any 12-month period.

FAR Part IV

The satellite Franchise Agreement will automatically terminate, regardless of the length of term remaining on the Franchise Agreement for the Base Restaurant, if the lease for the satellite restaurant or Base Restaurant terminates or expires.

- |    |   |  |  |
|----|---|--|--|
| i. | Franchisee's obligations on termination/non-renewal | FA and MUFA Section 23   | Obligations include de-identification (if you receive our written approval to close the restaurant); return of Operations Manual; automatic assignment of telephone numbers, cancellation of any Social Media accounts, domain names, internet addresses, any permits, registrations, certifications or other consents; and you must obtain a mutual release of the lease from the landlord and pay all associated costs. Also see q. and Note 2 below, and Item 15. Your franchise rights revert to us if you abandon or if we revoke the agreement. If we or our affiliate terminate your Sublease, you must quit and surrender the restaurant premises to your sublandlord, but you will be liable for the balance of the rent due under the Sublease and the master lease. |
| j. | Assignment of contract by franchisor                | FA and MUFA Section 18   | No restriction on our right to assign.   |
| k. | "Transfer" by franchisee -definition                | DA Section 8.1<br>FA and MUFA Section 18<br><br>DA Section 8.2 | "Transfer" shall 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) the Franchise Agreement; (2) the ownership of you, (3) the Restaurant owned by you, or (4) substantially all of the assets of your Restaurant. An assignment, sale or other transfer shall include   |



|    |  |                          |  |
|----|--|--------------------------|--|
| n. | Franchisor's right of first refusal to purchase franchisee's business  | FA and MUFA Section 18.D | We can match any offer for your business within 30 days of your written offer to us. We will assign to a franchisee with limited exclusivity rights to a territory the first opportunity to exercise our option. If we and any franchisee with limited exclusivity rights do not accept, you can sell to a third party, subject to our transfer requirements, but you cannot sell at a lower price or on better terms than what you offered to us.   |
|    |  | FAR Part IV              | The option to repurchase applies to the Base Restaurant and any satellite restaurant together. See m. above.   |
|    |  | CBLR Section D           | The right of first refusal applies to the restaurant and the third party franchisor's concept. See m. above.   |
| p. | Death or disability of franchisee                                      | FA and MUFA Section 18.E | Upon your death or permanent disability or, if you are a corporation, limited liability company or partnership, the owner of 50% or more of the equity or voting control of you, the executor, administrator, conservator or other personal representative of such person will assign this Agreement or interest in you to a third party approved in writing by us. This disposition of the interest in you must be completed within a reasonable time, not to exceed 12 months from the date of death or permanent disability, and will be subject to all the terms and conditions applicable to assignments contained in Section 18 and elsewhere in the Franchise Agreement. Failure to dispose of the Franchise Agreement or interest in you within the required period of time will constitute a breach of the Franchise Agreement. Pending disposition, we will have the right to approve the management of the restaurant owned by you. |
| q. | Non-competition covenants during the term of the franchise             | FA and MUFA Section 19   | No direct or indirect association with a competitive business anywhere; if you breach you must pay \$15,000 for each business and 8% of gross sales and we may seek termination of your Franchise Agreement, an injunction and/or damages. You may not disclose any confidential or proprietary information to any unauthorized person or we may seek an injunction, damages or both.  |
|    |  | FAR Part I and II        | No direct or indirect association with a competitive business at your Facility or School, as applicable.   |
| r. | Non-competition covenants after the franchise is terminated or expires | FA and MUFA Section 19   | No direct or indirect association with a competitive business for 1 year after termination, expiration or transfer of the Franchise Agreement within a 3 mile radius of where a Subway® restaurant operates or operated within the prior year; if you breach you must pay \$15,000 for each business and 8% of gross sales and we may seek an injunction and/or damages. You may not disclose any confidential or proprietary information to any unauthorized person or we may seek an injunction and/or damages.  |
|    |  | FAR Part I and II        | No direct or indirect association with a competitive business for 1 year after termination, expiration or transfer of the Franchise Agreement within your Facility. If you operate a School Lunch Program Subway® restaurant, you may operate  |

a competitive business in a different school after termination provided that you do not operate the competitive business as a full retail outlet open to the public.

- |    |  |   |   |
|----|--|---|---|
| s. | Modification of the agreement                  | FA and MUFA Section 24.R<br><br>DA Section 13 | The Franchise Agreement may be modified only by written agreement signed by both you and us. However, you acknowledge and agree that we may modify the Confidential Operations Manual and System Standards from time to time, subject to the terms of the Franchise Agreement.  |
| t. | Integration/merger clause                      | FA and MUFA Section 24.N<br><br>DA Section 13 | Only the terms of the Franchise Agreement are binding (subject to state law), however, nothing in the Franchise Agreement is intended to disclaim or waive any representations in this Disclosure Document. Any other promises may not be enforceable.  |
|    |  |   | No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. |
| u. | Dispute resolution by arbitration or mediation | FA and MUFA Section 24.K<br><br>DA Section 15 | Except for certain claims we may bring, you must arbitrate in the forum noted in v. below, all disputes under the Franchise Agreement. Your claims are limited under Sections 24.G and 24.H (Section 15.3 of the DA). The Franchise Agreement, MUFA and DA contain other important provisions concerning dispute resolution.  |
| v. | Choice of forum                                | FA and MUFA Section 24.J<br><br>DA Section 15 | Arbitration and any litigation will be held in the state of our principal place of business (currently Connecticut), subject to state law. The Franchise Agreement allows us to bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Franchise Agreement, MUFA or DA concerning use of the trademarks, or confidentiality, or the covenants not to compete. You may not bring litigation in court under the Franchise Agreement, MUFA or DA.                                |
| w. | Choice of law                                  | FA Section 24.J<br><br>DA Section 15          | Florida law applies, except the United States Arbitration Act governs the arbitration provisions, subject to state law. This provision will apply to any existing Franchise Agreement you have.   |

A provision in the Franchise Agreement that terminates your franchise upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C., Sections 101 and following).

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**Item 18**  
**PUBLIC FIGURES**

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

You do not have the right to use the name of a public figure in your promotional efforts or advertising without prior written approval from us.

**Item 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting: the Franchise Development Team at 1-800-888-4848 or email [franchise@subway.com](mailto:franchise@subway.com). You may also contact the Federal Trade Commission and the appropriate state regulatory agencies.

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**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System wide Outlet Summary for years 2021 to 2023

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of<br>the Year | Column 4<br>Outlets at the End of<br>the Year | Column 5<br>Net Change |
|-------------------------|------------------|---|---|------------------------|
| U.S. Franchised         | 2021             | 22,190  | 21,147  | -1,043                 |
|                         | 2022             | 21,147  | 20,576  | -571                   |
|                         | 2023             | 20,576  | 20,133  | -443                   |
| U.S. Company Owned      | 2021             | 0   | 0   | 0                      |
|                         | 2022             | 0   | 0   | 0                      |
|                         | 2023             | 0   | 0   | 0                      |
| U.S. Total Outlets      | 2021             | 22,190  | 21,147  | -1,043                 |
|                         | 2022             | 21,147  | 20,576  | -571                   |
|                         | 2023             | 20,576  | 20,133  | -443                   |

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Table No. 2  
 Transfer of Outlets from Franchisees to New Owners  
 (other than the Franchisor)  
 For years 2021 to 2023

| Column 1<br>State    | Column 2<br>Year | Column 3<br>Number of Transfers |
|----------------------|------------------|---------------------------------|
| Alabama              | 2021             | 18                              |
|                      | 2022             | 35                              |
|                      | 2023             | 37                              |
| Alaska               | 2021             | 0                               |
|                      | 2022             | 6                               |
|                      | 2023             | 0                               |
| Arizona              | 2021             | 15                              |
|                      | 2022             | 42                              |
|                      | 2023             | 52                              |
| Arkansas             | 2021             | 24                              |
|                      | 2022             | 37                              |
|                      | 2023             | 25                              |
| California           | 2021             | 117                             |
|                      | 2022             | 117                             |
|                      | 2023             | 171                             |
| Colorado             | 2021             | 21                              |
|                      | 2022             | 35                              |
|                      | 2023             | 18                              |
| Connecticut          | 2021             | 12                              |
|                      | 2022             | 14                              |
|                      | 2023             | 15                              |
| Delaware             | 2021             | 0                               |
|                      | 2022             | 0                               |
|                      | 2023             | 1                               |
| District of Columbia | 2021             | 4                               |
|                      | 2022             | 1                               |
|                      | 2023             | 4                               |
| Florida              | 2021             | 54                              |
|                      | 2022             | 80                              |
|                      | 2023             | 103                             |
| Georgia              | 2021             | 56                              |
|                      | 2022             | 42                              |
|                      | 2023             | 48                              |
| Guam                 | 2021             | 0                               |
|                      | 2022             | 1                               |
|                      | 2023             | 0                               |
| Hawaii               | 2021             | 11                              |
|                      | 2022             | 8                               |
|                      | 2023             | 8                               |
| Idaho                | 2021             | 17                              |
|                      | 2022             | 12                              |
|                      | 2023             | 1                               |
| Illinois             | 2021             | 26                              |
|                      | 2022             | 50                              |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
|                   | 2023             | 70                              |
| Indiana           | 2021             | 35                              |
|                   | 2022             | 65                              |
|                   | 2023             | 75                              |
| Iowa              | 2021             | 23                              |
|                   | 2022             | 24                              |
|                   | 2023             | 28                              |
| Kansas            | 2021             | 1                               |
|                   | 2022             | 3                               |
|                   | 2023             | 5                               |
| Kentucky          | 2021             | 35                              |
|                   | 2022             | 23                              |
|                   | 2023             | 32                              |
| Louisiana         | 2021             | 21                              |
|                   | 2022             | 34                              |
|                   | 2023             | 33                              |
| Maine             | 2021             | 18                              |
|                   | 2022             | 23                              |
|                   | 2023             | 21                              |
| Maryland          | 2021             | 33                              |
|                   | 2022             | 18                              |
|                   | 2023             | 38                              |
| Massachusetts     | 2021             | 11                              |
|                   | 2022             | 38                              |
|                   | 2023             | 21                              |
| Michigan          | 2021             | 50                              |
|                   | 2022             | 49                              |
|                   | 2023             | 82                              |
| Minnesota         | 2021             | 84                              |
|                   | 2022             | 52                              |
|                   | 2023             | 29                              |
| Mississippi       | 2021             | 17                              |
|                   | 2022             | 22                              |
|                   | 2023             | 15                              |
| Missouri          | 2021             | 23                              |
|                   | 2022             | 24                              |
|                   | 2023             | 22                              |
| Montana           | 2021             | 6                               |
|                   | 2022             | 4                               |
|                   | 2023             | 2                               |
| Nebraska          | 2021             | 10                              |
|                   | 2022             | 20                              |
|                   | 2023             | 9                               |
| Nevada            | 2021             | 5                               |
|                   | 2022             | 13                              |
|                   | 2023             | 13                              |
| New Hampshire     | 2021             | 16                              |
|                   | 2022             | 6                               |
|                   | 2023             | 3                               |
| New Jersey        | 2021             | 6                               |
|                   | 2022             | 4                               |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
|                   | 2023             | 5                               |
| New Mexico        | 2021             | 13                              |
|                   | 2022             | 12                              |
|                   | 2023             | 7                               |
| New York          | 2021             | 38                              |
|                   | 2022             | 63                              |
|                   | 2023             | 53                              |
| North Carolina    | 2021             | 57                              |
|                   | 2022             | 47                              |
|                   | 2023             | 74                              |
| North Dakota      | 2021             | 4                               |
|                   | 2022             | 4                               |
|                   | 2023             | 6                               |
| N Mariana Islands | 2021             | 0                               |
|                   | 2022             | 0                               |
|                   | 2023             | 0                               |
| Ohio              | 2021             | 42                              |
|                   | 2022             | 41                              |
|                   | 2023             | 67                              |
| Oklahoma          | 2021             | 16                              |
|                   | 2022             | 13                              |
|                   | 2023             | 7                               |
| Oregon            | 2021             | 18                              |
|                   | 2022             | 34                              |
|                   | 2023             | 26                              |
| Pennsylvania      | 2021             | 39                              |
|                   | 2022             | 43                              |
|                   | 2023             | 46                              |
| Puerto Rico       | 2021             | 2                               |
|                   | 2022             | 5                               |
|                   | 2023             | 15                              |
| Rhode Island      | 2021             | 6                               |
|                   | 2022             | 1                               |
|                   | 2023             | 1                               |
| South Carolina    | 2021             | 18                              |
|                   | 2022             | 23                              |
|                   | 2023             | 28                              |
| South Dakota      | 2021             | 1                               |
|                   | 2022             | 12                              |
|                   | 2023             | 9                               |
| Tennessee         | 2021             | 17                              |
|                   | 2022             | 41                              |
|                   | 2023             | 40                              |
| Texas             | 2021             | 58                              |
|                   | 2022             | 108                             |
|                   | 2023             | 208                             |
| Utah              | 2021             | 13                              |
|                   | 2022             | 13                              |
|                   | 2023             | 19                              |
| Vermont           | 2021             | 0                               |
|                   | 2022             | 2                               |

| Column 1<br>State   | Column 2<br>Year | Column 3<br>Number of Transfers |
|---------------------|------------------|---------------------------------|
|                     | 2023             | 0                               |
| Virgin Islands U.S. | 2021             | 0                               |
|                     | 2022             | 0                               |
|                     | 2023             | 0                               |
| Virginia            | 2021             | 44                              |
|                     | 2022             | 55                              |
|                     | 2023             | 83                              |
| Washington          | 2021             | 28                              |
|                     | 2022             | 29                              |
|                     | 2023             | 48                              |
| West Virginia       | 2021             | 2                               |
|                     | 2022             | 5                               |
|                     | 2023             | 18                              |
| Wisconsin           | 2021             | 35                              |
|                     | 2022             | 50                              |
|                     | 2023             | 20                              |
| Wyoming             | 2021             | 0                               |
|                     | 2022             | 2                               |
|                     | 2023             | 3                               |
| TOTAL               | 2021             | 1,220                           |
|                     | 2022             | 1,505                           |
|                     | 2023             | 1,764                           |

Attached as Exhibit B-1 is a list of the outlets which changed ownership two or more times during the same fiscal years 2021 to 2023. In the list, a Business Developer Buy Back indicates that an outlet was purchased from a franchisee by the Business Developer with a waiver of the franchise fee and a mutual release. A Company Store Transfer indicates that an outlet was re-purchased by the company and then sold to a new or different franchisee. An Out Right Sale indicates that an outlet was sold directly from one Business Developer or franchisee to another franchisee. Additions/Deletions to Contract indicates that a franchisee has been added to or deleted from the Franchise Agreement for that outlet. Similarly, a Divorce Deletion indicates the deletion of one of the franchisees from the Franchise Agreement specifically due to a divorce. Ownership Change – Divorce means the ownership of an outlet has changed entirely, also as the specific result of a divorce. Next of Kin indicates that ownership of that outlet has passed from a franchisee to his/her next of kin upon the franchisee’s death.

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Table No. 3  
Status of Franchised Outlets  
For years 2021 to 2023

| Column 1<br>State       | Column 2<br>Year | Column 3<br>Outlets at Start<br>of Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Terminations <sup>2</sup> | Column 6<br>Non-Renewals | Column 7<br>Reacquired By<br>Franchisor | Column 8<br>Ceased<br>Operations –<br>Other Reasons <sup>2</sup> | Column 9<br>Outlets at the<br>End of the Year |
|-------------------------|------------------|---|---|---------------------------------------|--------------------------|---|--|---|
| Alabama                 | 2021             | 399                                     | 15                                      | 0                                     | 0                        | 0                                       | 26   | 384   |
|                         | 2022             | 384                                     | 13                                      | 0                                     | 0                        | 1                                       | 14   | 381   |
|                         | 2023             | 381                                     | 10                                      | 0                                     | 0                        | 2                                       | 9  | 380   |
| Alaska                  | 2021             | 55                                      | 2                                       | 0                                     | 0                        | 0                                       | 9  | 48  |
|                         | 2022             | 48                                      | 5                                       | 0                                     | 0                        | 0                                       | 5  | 48  |
|                         | 2023             | 48                                      | 4                                       | 0                                     | 0                        | 0                                       | 2  | 50  |
| Arizona                 | 2021             | 404                                     | 5                                       | 0                                     | 0                        | 0                                       | 19   | 389   |
|                         | 2022             | 389                                     | 7                                       | 0                                     | 1                        | 3                                       | 7  | 388   |
|                         | 2023             | 388                                     | 5                                       | 0                                     | 2                        | 0                                       | 8  | 383   |
| Arkansas                | 2021             | 254                                     | 21                                      | 0                                     | 0                        | 1                                       | 14   | 244   |
|                         | 2022             | 244                                     | 6                                       | 0                                     | 0                        | 0                                       | 4  | 246   |
|                         | 2023             | 246                                     | 6                                       | 0                                     | 1                        | 0                                       | 5  | 245   |
| California              | 2021             | 2,227                                   | 35                                      | 0                                     | 1                        | 9                                       | 156  | 2,098   |
|                         | 2022             | 2,098                                   | 41                                      | 2                                     | 1                        | 13                                      | 107  | 2,018   |
|                         | 2023             | 2,018                                   | 32                                      | 0                                     | 2                        | 11                                      | 103  | 1,934   |
| Colorado                | 2021             | 376                                     | 9                                       | 0                                     | 0                        | 0                                       | 23   | 358   |
|                         | 2022             | 358                                     | 3                                       | 0                                     | 0                        | 2                                       | 19   | 342   |
|                         | 2023             | 342                                     | 9                                       | 0                                     | 0                        | 0                                       | 22   | 329   |
| Connecticut             | 2021             | 285                                     | 12                                      | 0                                     | 0                        | 1                                       | 17   | 277   |
|                         | 2022             | 277                                     | 0                                       | 0                                     | 0                        | 3                                       | 15   | 262   |
|                         | 2023             | 262                                     | 4                                       | 0                                     | 0                        | 0                                       | 11   | 255   |
| Delaware                | 2021             | 23                                      | 3                                       | 0                                     | 0                        | 0                                       | 2  | 21  |
|                         | 2022             | 21                                      | 2                                       | 0                                     | 0                        | 0                                       | 1  | 22  |
|                         | 2023             | 22                                      | 2                                       | 0                                     | 0                        | 0                                       | 0  | 22  |
| District of<br>Columbia | 2021             | 54                                      | 4                                       | 0                                     | 0                        | 0                                       | 3  | 55  |
|                         | 2022             | 55                                      | 4                                       | 0                                     | 0                        | 0                                       | 2  | 57  |
|                         | 2023             | 57                                      | 2                                       | 0                                     | 0                        | 0                                       | 2  | 56  |
| Florida                 | 2021             | 1,260                                   | 58                                      | 0                                     | 1                        | 3                                       | 79   | 1,219   |
|                         | 2022             | 1,219                                   | 37                                      | 0                                     | 1                        | 11                                      | 60   | 1,191   |
|                         | 2023             | 1,191                                   | 21                                      | 0                                     | 1                        | 4                                       | 55   | 1,152   |
| Georgia                 | 2021             | 743                                     | 17                                      | 0                                     | 0                        | 2                                       | 45   | 713   |
|                         | 2022             | 713                                     | 18                                      | 0                                     | 1                        | 3                                       | 22   | 703   |
|                         | 2023             | 703                                     | 13                                      | 0                                     | 1                        | 5                                       | 22   | 688   |
| Guam                    | 2021             | 15                                      | 10                                      | 0                                     | 0                        | 0                                       | 1  | 15  |
|                         | 2022             | 15                                      | 0                                       | 0                                     | 0                        | 0                                       | 1  | 14  |
|                         | 2023             | 14                                      | 0                                       | 0                                     | 0                        | 0                                       | 0  | 14  |
| Hawaii                  | 2021             | 99                                      | 2                                       | 0                                     | 0                        | 1                                       | 6  | 95  |
|                         | 2022             | 95                                      | 4                                       | 0                                     | 0                        | 0                                       | 10   | 89  |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start<br>of Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Terminations <sup>2</sup> | Column 6<br>Non-Renewals | Column 7<br>Reacquired By<br>Franchisor | Column 8<br>Ceased<br>Operations –<br>Other Reasons <sup>2</sup> | Column 9<br>Outlets at the<br>End of the Year |
|-------------------|------------------|---|---|---------------------------------------|--------------------------|---|--|---|
|                   | 2023             | 89                                      | 3                                       | 0                                     | 0                        | 0                                       | 5  | 87  |
| Idaho             | 2021             | 123                                     | 2                                       | 0                                     | 0                        | 0                                       | 1  | 124   |
|                   | 2022             | 124                                     | 1                                       | 0                                     | 0                        | 0                                       | 7  | 118   |
|                   | 2023             | 118                                     | 1                                       | 0                                     | 0                        | 0                                       | 3  | 116   |
| Illinois          | 2021             | 981                                     | 44                                      | 0                                     | 0                        | 5                                       | 74   | 942   |
|                   | 2022             | 942                                     | 28                                      | 0                                     | 2                        | 6                                       | 69   | 886   |
|                   | 2023             | 886                                     | 37                                      | 0                                     | 0                        | 13                                      | 31   | 879   |
| Indiana           | 2021             | 583                                     | 8                                       | 0                                     | 0                        | 0                                       | 34   | 555   |
|                   | 2022             | 555                                     | 12                                      | 0                                     | 2                        | 1                                       | 13   | 551   |
|                   | 2023             | 551                                     | 5                                       | 0                                     | 0                        | 1                                       | 9  | 546   |
| Iowa              | 2021             | 280                                     | 5                                       | 0                                     | 0                        | 2                                       | 16   | 267   |
|                   | 2022             | 267                                     | 4                                       | 0                                     | 0                        | 0                                       | 9  | 260   |
|                   | 2023             | 260                                     | 6                                       | 0                                     | 0                        | 2                                       | 5  | 259   |
| Kansas            | 2021             | 233                                     | 6                                       | 2                                     | 0                        | 0                                       | 33   | 203   |
|                   | 2022             | 203                                     | 4                                       | 0                                     | 0                        | 0                                       | 8  | 199   |
|                   | 2023             | 199                                     | 7                                       | 0                                     | 0                        | 0                                       | 2  | 204   |
| Kentucky          | 2021             | 371                                     | 9                                       | 0                                     | 0                        | 2                                       | 21   | 359   |
|                   | 2022             | 359                                     | 10                                      | 0                                     | 0                        | 2                                       | 13   | 356   |
|                   | 2023             | 356                                     | 4                                       | 0                                     | 0                        | 0                                       | 9  | 351   |
| Louisiana         | 2021             | 428                                     | 16                                      | 0                                     | 0                        | 1                                       | 39   | 405   |
|                   | 2022             | 405                                     | 18                                      | 0                                     | 0                        | 2                                       | 16   | 406   |
|                   | 2023             | 406                                     | 8                                       | 0                                     | 1                        | 1                                       | 13   | 399   |
| Maine             | 2021             | 103                                     | 0                                       | 0                                     | 0                        | 0                                       | 3  | 100   |
|                   | 2022             | 100                                     | 6                                       | 0                                     | 0                        | 0                                       | 2  | 100   |
|                   | 2023             | 100                                     | 5                                       | 0                                     | 0                        | 4                                       | 4  | 97  |
| Maryland          | 2021             | 407                                     | 12                                      | 0                                     | 0                        | 2                                       | 25   | 393   |
|                   | 2022             | 393                                     | 13                                      | 0                                     | 2                        | 1                                       | 20   | 380   |
|                   | 2023             | 380                                     | 14                                      | 0                                     | 0                        | 4                                       | 11   | 379   |
| Massachusetts     | 2021             | 319                                     | 10                                      | 0                                     | 0                        | 0                                       | 32   | 297   |
|                   | 2022             | 297                                     | 13                                      | 0                                     | 0                        | 2                                       | 22   | 280   |
|                   | 2023             | 280                                     | 13                                      | 0                                     | 0                        | 8                                       | 11   | 274   |
| Michigan          | 2021             | 784                                     | 21                                      | 0                                     | 0                        | 1                                       | 70   | 734   |
|                   | 2022             | 734                                     | 28                                      | 0                                     | 0                        | 2                                       | 32   | 726   |
|                   | 2023             | 726                                     | 27                                      | 0                                     | 1                        | 4                                       | 28   | 720   |
| Minnesota         | 2021             | 416                                     | 10                                      | 0                                     | 0                        | 2                                       | 16   | 408   |
|                   | 2022             | 408                                     | 6                                       | 1                                     | 0                        | 1                                       | 12   | 400   |
|                   | 2023             | 400                                     | 3                                       | 0                                     | 0                        | 1                                       | 9  | 393   |
| Mississippi       | 2021             | 280                                     | 9                                       | 0                                     | 0                        | 0                                       | 15   | 272   |
|                   | 2022             | 272                                     | 11                                      | 1                                     | 0                        | 0                                       | 7  | 273   |
|                   | 2023             | 273                                     | 3                                       | 0                                     | 0                        | 2                                       | 9  | 265   |
| Missouri          | 2021             | 484                                     | 10                                      | 0                                     | 0                        | 0                                       | 50   | 444   |
|                   | 2022             | 444                                     | 10                                      | 0                                     | 0                        | 0                                       | 20   | 434   |
|                   | 2023             | 434                                     | 8                                       | 0                                     | 1                        | 0                                       | 15   | 426   |
|                   | 2021             | 76                                      | 1                                       | 0                                     | 0                        | 0                                       | 4  | 73  |

| Column 1<br>State    | Column 2<br>Year | Column 3<br>Outlets at Start<br>of Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Terminations <sup>2</sup> | Column 6<br>Non-Renewals | Column 7<br>Reacquired By<br>Franchisor | Column 8<br>Ceased<br>Operations –<br>Other Reasons <sup>2</sup> | Column 9<br>Outlets at the<br>End of the Year |
|----------------------|------------------|---|---|---------------------------------------|--------------------------|---|--|---|
| Montana              | 2022             | 73                                      | 0                                       | 0                                     | 0                        | 0                                       | 2  | 71  |
|                      | 2023             | 71                                      | 0                                       | 0                                     | 0                        | 0                                       | 1  | 70  |
| Nebraska             | 2021             | 184                                     | 3                                       | 0                                     | 0                        | 0                                       | 14   | 173   |
|                      | 2022             | 173                                     | 5                                       | 0                                     | 0                        | 0                                       | 8  | 170   |
|                      | 2023             | 170                                     | 3                                       | 0                                     | 0                        | 0                                       | 5  | 168   |
| Nevada               | 2021             | 182                                     | 6                                       | 0                                     | 0                        | 1                                       | 13   | 175   |
|                      | 2022             | 175                                     | 6                                       | 0                                     | 0                        | 0                                       | 9  | 172   |
|                      | 2023             | 172                                     | 6                                       | 0                                     | 0                        | 0                                       | 6  | 172   |
| New Hampshire        | 2021             | 86                                      | 4                                       | 0                                     | 0                        | 0                                       | 9  | 80  |
|                      | 2022             | 80                                      | 1                                       | 0                                     | 0                        | 0                                       | 3  | 78  |
|                      | 2023             | 78                                      | 2                                       | 0                                     | 0                        | 0                                       | 0  | 80  |
| New Jersey           | 2021             | 193                                     | 6                                       | 0                                     | 0                        | 0                                       | 18   | 180   |
|                      | 2022             | 180                                     | 3                                       | 0                                     | 0                        | 4                                       | 18   | 165   |
|                      | 2023             | 165                                     | 0                                       | 0                                     | 0                        | 0                                       | 10   | 155   |
| New Mexico           | 2021             | 156                                     | 5                                       | 0                                     | 0                        | 0                                       | 11   | 150   |
|                      | 2022             | 150                                     | 4                                       | 0                                     | 0                        | 2                                       | 6  | 148   |
|                      | 2023             | 148                                     | 2                                       | 0                                     | 0                        | 0                                       | 6  | 144   |
| New York             | 2021             | 855                                     | 21                                      | 1                                     | 1                        | 13                                      | 81   | 785   |
|                      | 2022             | 785                                     | 24                                      | 0                                     | 1                        | 11                                      | 52   | 754   |
|                      | 2023             | 754                                     | 10                                      | 2                                     | 0                        | 2                                       | 43   | 717   |
| North Carolina       | 2021             | 738                                     | 15                                      | 0                                     | 0                        | 0                                       | 55   | 698   |
|                      | 2022             | 698                                     | 13                                      | 0                                     | 0                        | 0                                       | 38   | 668   |
|                      | 2023             | 668                                     | 14                                      | 0                                     | 0                        | 5                                       | 24   | 653   |
| North Dakota         | 2021             | 66                                      | 1                                       | 0                                     | 0                        | 0                                       | 3  | 64  |
|                      | 2022             | 64                                      | 0                                       | 0                                     | 0                        | 0                                       | 1  | 63  |
|                      | 2023             | 63                                      | 1                                       | 0                                     | 0                        | 0                                       | 2  | 62  |
| N Mariana<br>Islands | 2021             | 2                                       | 0                                       | 0                                     | 0                        | 0                                       | 0  | 2   |
|                      | 2022             | 2                                       | 0                                       | 0                                     | 0                        | 0                                       | 0  | 2   |
|                      | 2023             | 2                                       | 0                                       | 0                                     | 0                        | 0                                       | 0  | 2   |
| Ohio                 | 2021             | 1,031                                   | 8                                       | 0                                     | 0                        | 12                                      | 60   | 976   |
|                      | 2022             | 976                                     | 18                                      | 2                                     | 2                        | 7                                       | 40   | 948   |
|                      | 2023             | 948                                     | 6                                       | 0                                     | 0                        | 2                                       | 28   | 924   |
| Oklahoma             | 2021             | 345                                     | 9                                       | 0                                     | 1                        | 7                                       | 33   | 318   |
|                      | 2022             | 318                                     | 6                                       | 0                                     | 1                        | 0                                       | 20   | 301   |
|                      | 2023             | 301                                     | 5                                       | 0                                     | 1                        | 2                                       | 7  | 296   |
| Oregon               | 2021             | 268                                     | 4                                       | 0                                     | 0                        | 3                                       | 11   | 259   |
|                      | 2022             | 259                                     | 4                                       | 0                                     | 0                        | 0                                       | 6  | 257   |
|                      | 2023             | 257                                     | 1                                       | 0                                     | 0                        | 0                                       | 7  | 251   |
| Pennsylvania         | 2021             | 701                                     | 18                                      | 0                                     | 0                        | 7                                       | 54   | 664   |
|                      | 2022             | 664                                     | 16                                      | 0                                     | 1                        | 5                                       | 58   | 621   |
|                      | 2023             | 621                                     | 10                                      | 0                                     | 0                        | 0                                       | 30   | 601   |
| Puerto Rico          | 2021             | 168                                     | 0                                       | 0                                     | 0                        | 1                                       | 12   | 155   |
|                      | 2022             | 155                                     | 9                                       | 0                                     | 0                        | 0                                       | 5  | 159   |
|                      | 2023             | 159                                     | 4                                       | 0                                     | 0                        | 0                                       | 5  | 158   |

| Column 1<br>State    | Column 2<br>Year | Column 3<br>Outlets at Start<br>of Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Terminations <sup>2</sup> | Column 6<br>Non-Renewals | Column 7<br>Reacquired By<br>Franchisor | Column 8<br>Ceased<br>Operations –<br>Other Reasons <sup>2</sup> | Column 9<br>Outlets at the<br>End of the Year |
|----------------------|------------------|---|---|---------------------------------------|--------------------------|---|--|---|
| Rhode Island         | 2021             | 64                                      | 1                                       | 0                                     | 0                        | 1                                       | 1  | 64  |
|                      | 2022             | 64                                      | 2                                       | 0                                     | 0                        | 0                                       | 4  | 60  |
|                      | 2023             | 60                                      | 1                                       | 0                                     | 0                        | 2                                       | 4  | 55  |
| South Carolina       | 2021             | 359                                     | 11                                      | 0                                     | 0                        | 8                                       | 24   | 346   |
|                      | 2022             | 346                                     | 9                                       | 0                                     | 1                        | 2                                       | 9  | 345   |
|                      | 2023             | 345                                     | 0                                       | 1                                     | 0                        | 0                                       | 8  | 335   |
| South Dakota         | 2021             | 86                                      | 3                                       | 0                                     | 0                        | 0                                       | 6  | 83  |
|                      | 2022             | 83                                      | 3                                       | 0                                     | 0                        | 0                                       | 4  | 82  |
|                      | 2023             | 82                                      | 3                                       | 0                                     | 0                        | 0                                       | 4  | 81  |
| Tennessee            | 2021             | 566                                     | 16                                      | 0                                     | 0                        | 1                                       | 33   | 548   |
|                      | 2022             | 548                                     | 14                                      | 0                                     | 1                        | 0                                       | 16   | 545   |
|                      | 2023             | 545                                     | 7                                       | 0                                     | 1                        | 0                                       | 13   | 538   |
| Texas                | 2021             | 1,942                                   | 49                                      | 0                                     | 0                        | 4                                       | 114  | 1,876   |
|                      | 2022             | 1,876                                   | 37                                      | 1                                     | 0                        | 5                                       | 85   | 1,825   |
|                      | 2023             | 1,825                                   | 47                                      | 0                                     | 4                        | 2                                       | 59   | 1,807   |
| Utah                 | 2021             | 193                                     | 5                                       | 0                                     | 0                        | 0                                       | 7  | 191   |
|                      | 2022             | 191                                     | 2                                       | 0                                     | 0                        | 0                                       | 8  | 185   |
|                      | 2023             | 185                                     | 3                                       | 0                                     | 0                        | 0                                       | 3  | 185   |
| Vermont              | 2021             | 45                                      | 1                                       | 0                                     | 0                        | 0                                       | 2  | 43  |
|                      | 2022             | 43                                      | 1                                       | 0                                     | 0                        | 0                                       | 1  | 43  |
|                      | 2023             | 43                                      | 2                                       | 0                                     | 1                        | 0                                       | 3  | 41  |
| Virginia             | 2021             | 617                                     | 12                                      | 0                                     | 0                        | 1                                       | 26   | 603   |
|                      | 2022             | 603                                     | 16                                      | 0                                     | 0                        | 0                                       | 36   | 582   |
|                      | 2023             | 582                                     | 10                                      | 0                                     | 0                        | 1                                       | 17   | 574   |
| Virgin Islands<br>US | 2021             | 7                                       | 0                                       | 0                                     | 0                        | 0                                       | 1  | 6   |
|                      | 2022             | 6                                       | 0                                       | 0                                     | 0                        | 0                                       | 0  | 6   |
|                      | 2023             | 6                                       | 0                                       | 0                                     | 0                        | 0                                       | 0  | 6   |
| Washington           | 2021             | 515                                     | 21                                      | 0                                     | 0                        | 2                                       | 26   | 509   |
|                      | 2022             | 509                                     | 18                                      | 0                                     | 0                        | 0                                       | 30   | 496   |
|                      | 2023             | 496                                     | 6                                       | 0                                     | 2                        | 1                                       | 24   | 475   |
| West Virginia        | 2021             | 170                                     | 4                                       | 0                                     | 0                        | 1                                       | 11   | 161   |
|                      | 2022             | 161                                     | 3                                       | 0                                     | 0                        | 0                                       | 3  | 161   |
|                      | 2023             | 161                                     | 0                                       | 0                                     | 0                        | 0                                       | 6  | 155   |
| Wisconsin            | 2021             | 530                                     | 4                                       | 0                                     | 0                        | 1                                       | 45   | 488   |
|                      | 2022             | 488                                     | 8                                       | 1                                     | 1                        | 0                                       | 16   | 478   |
|                      | 2023             | 478                                     | 1                                       | 0                                     | 0                        | 0                                       | 14   | 465   |
| Wyoming              | 2021             | 59                                      | 1                                       | 0                                     | 0                        | 3                                       | 2  | 58  |
|                      | 2022             | 58                                      | 3                                       | 0                                     | 0                        | 1                                       | 0  | 61  |
|                      | 2023             | 61                                      | 0                                       | 0                                     | 0                        | 0                                       | 1  | 60  |
| TOTAL                | 2021             | 22,190                                  | 584                                     | 3                                     | 4                        | 98                                      | 1,505  | 21,147  |
|                      | 2022             | 21,147                                  | 529                                     | 8                                     | 18                       | 90                                      | 995  | 20,576  |
|                      | 2023             | 20,576                                  | 396                                     | 3                                     | 19                       | 79                                      | 733  | 20,133  |

<sup>1</sup>Numbers provided in Column 4 include restaurants that were closed temporarily in a previous year and reopened in the applicable fiscal year. For the most recent fiscal year, reopens account for approximately 63% of outlets reported in this column.

<sup>2</sup>Numbers provided in Columns 5 and 8 include locations that may have been closed temporarily as of the fiscal year end. Many of these locations will re-open in a subsequent fiscal year.

Table No. 4  
 Status of Company-Owned Outlets  
 For years 2021 to 2023

| Column 1<br>State       | Column 2<br>Year | Column 3<br>Outlets at Start of<br>Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Outlets Reacquired<br>from Franchisee | Column 6<br>Outlets Closed <sup>2</sup> | Column 7<br>Outlets Sold to<br>Franchisee | Column 8<br>Outlets at End of the<br>Year |
|-------------------------|------------------|---|---|---|---|---|---|
| Alabama                 | 2021             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                         | 2022             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
|                         | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Alaska                  | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Arizona                 | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                         | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Arkansas                | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| California              | 2021             | 0                                       | 0                                       | 5   | 0                                       | 5   | 0   |
|                         | 2022             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
|                         | 2023             | 0                                       | 0                                       | 11  | 0                                       | 11  | 0   |
| Colorado                | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 5   | 0                                       | 5   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Connecticut             | 2021             | 0                                       | 0                                       | 5   | 0                                       | 5   | 0   |
|                         | 2022             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Delaware                | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| District of<br>Columbia | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Florida                 | 2021             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                         | 2022             | 0                                       | 0                                       | 17  | 0                                       | 17  | 0   |
|                         | 2023             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
| Georgia                 | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                         | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                         | 2023             | 0                                       | 0                                       | 5   | 0                                       | 5   | 0   |
| Guam                    | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Hawaii                  | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Idaho                   | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                         | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at Start of<br>Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Outlets Reacquired<br>from Franchisee | Column 6<br>Outlets Closed <sup>2</sup> | Column 7<br>Outlets Sold to<br>Franchisee | Column 8<br>Outlets at End of the<br>Year |
|-------------------|------------------|---|---|---|---|---|---|
|                   | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Illinois          | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2022             | 0                                       | 0                                       | 9   | 0                                       | 9   | 0   |
|                   | 2023             | 0                                       | 0                                       | 13  | 0                                       | 13  | 0   |
| Indiana           | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                   | 2023             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
| Iowa              | 2021             | 0                                       | 0                                       | 6   | 0                                       | 6   | 0   |
|                   | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                   | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Kansas            | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Kentucky          | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Louisiana         | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
| Maine             | 2021             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
| Maryland          | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2023             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
| Massachusetts     | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 8   | 0                                       | 8   | 0   |
| Michigan          | 2021             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
|                   | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2023             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
| Minnesota         | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                   | 2023             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
| Mississippi       | 2021             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                   | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                   | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Missouri          | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Montana           | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Nebraska          | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                   | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |

| Column 1<br>State    | Column 2<br>Year | Column 3<br>Outlets at Start of<br>Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Outlets Reacquired<br>from Franchisee | Column 6<br>Outlets Closed <sup>2</sup> | Column 7<br>Outlets Sold to<br>Franchisee | Column 8<br>Outlets at End of the<br>Year |
|----------------------|------------------|---|---|---|---|---|---|
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Nevada               | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| New Hampshire        | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| New Jersey           | 2021             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| New Mexico           | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| New York             | 2021             | 0                                       | 0                                       | 7   | 0                                       | 7   | 0   |
|                      | 2022             | 0                                       | 0                                       | 8   | 0                                       | 8   | 0   |
|                      | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| North Carolina       | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 5   | 0                                       | 5   | 0   |
| North Dakota         | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| N Mariana<br>Islands | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Ohio                 | 2021             | 0                                       | 0                                       | 4   | 0                                       | 4   | 0   |
|                      | 2022             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                      | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Oklahoma             | 2021             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                      | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                      | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Oregon               | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Pennsylvania         | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Puerto Rico          | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Rhode Island         | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| South Carolina       | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |

| Column 1<br>State    | Column 2<br>Year | Column 3<br>Outlets at Start of<br>Year | Column 4<br>Outlets Opened <sup>1</sup> | Column 5<br>Outlets Reacquired<br>from Franchisee | Column 6<br>Outlets Closed <sup>2</sup> | Column 7<br>Outlets Sold to<br>Franchisee | Column 8<br>Outlets at End of the<br>Year |
|----------------------|------------------|---|---|---|---|---|---|
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| South Dakota         | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Tennessee            | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Texas                | 2021             | 0                                       | 0                                       | 7   | 0                                       | 7   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
| Utah                 | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Vermont              | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Virginia             | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
| Virgin Islands<br>US | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Washington           | 2021             | 0                                       | 0                                       | 3   | 0                                       | 3   | 0   |
|                      | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                      | 2023             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
| West Virginia        | 2021             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2022             | 0                                       | 0                                       | 2   | 0                                       | 2   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Wisconsin            | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 1   | 0                                       | 1   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| Wyoming              | 2021             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2022             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
|                      | 2023             | 0                                       | 0                                       | 0   | 0                                       | 0   | 0   |
| TOTAL                | 2021             | 0                                       | 0                                       | 67  | 0                                       | 67  | 0   |
|                      | 2022             | 0                                       | 0                                       | 82  | 0                                       | 82  | 0   |
|                      | 2023             | 0                                       | 0                                       | 79  | 0                                       | 79  | 0   |

<sup>1</sup>Any numbers provided in Column 4 reflect restaurants that were previously owned by a franchisee, were reacquired and closed temporarily by the franchisor, and then reopened in conjunction with the resale of that outlet to a new franchisee. We do not currently intend to open any company-operated restaurants, but reserve the right to do so in the future.

<sup>2</sup>Numbers provided in Column 6 include locations that may have been closed temporarily as of the fiscal year end. These locations may reopen in subsequent years in conjunction with the resale of the outlet to a new franchisee, at which point they will be reported in Column 4.

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Table No. 5  
Projected Openings as of December 31, 2023

| Column 1<br>State    | Column 2<br>Franchise Agreements Signed But<br>Outlet Not Opened | Column 3<br>Projected New Franchised Outlet<br>in the Next Fiscal Year | Column 4<br>Projected New Company-Owned<br>Outlet in the Next Fiscal Year |
|----------------------|--|--|---|
| Alabama              | 3  | 7  | 0   |
| Alaska               | 0  | 0  | 0   |
| Arizona              | 2  | 3  | 0   |
| Arkansas             | 1  | 5  | 0   |
| California           | 13   | 20   | 0   |
| Colorado             | 0  | 4  | 0   |
| Connecticut          | 0  | 1  | 0   |
| Delaware             | 0  | 0  | 0   |
| District of Colombia | 0  | 0  | 0   |
| Florida              | 3  | 8  | 0   |
| Georgia              | 7  | 10   | 0   |
| Guam                 | 0  | 0  | 0   |
| Hawaii               | 0  | 0  | 0   |
| Idaho                | 0  | 0  | 0   |
| Illinois             | 6  | 6  | 0   |
| Indiana              | 1  | 2  | 0   |
| Iowa                 | 0  | 0  | 0   |
| Kansas               | 2  | 3  | 0   |
| Kentucky             | 1  | 3  | 0   |
| Louisiana            | 4  | 5  | 0   |
| Maine                | 0  | 0  | 0   |
| Maryland             | 3  | 2  | 0   |
| Massachusetts        | 0  | 0  | 0   |
| Michigan             | 1  | 3  | 0   |
| Minnesota            | 2  | 3  | 0   |
| Mississippi          | 0  | 3  | 0   |
| Missouri             | 0  | 2  | 0   |
| Montana              | 0  | 0  | 0   |
| Nebraska             | 0  | 0  | 0   |
| Nevada               | 2  | 6  | 0   |
| New Hampshire        | 0  | 0  | 0   |
| New Jersey           | 1  | 2  | 0   |
| New Mexico           | 0  | 4  | 0   |
| New York             | 5  | 8  | 0   |
| North Carolina       | 3  | 8  | 0   |
| North Dakota         | 0  | 0  | 0   |
| N Mariana Islands    | 0  | 0  | 0   |
| Ohio                 | 2  | 2  | 0   |
| Oklahoma             | 5  | 3  | 0   |
| Oregon               | 0  | 1  | 0   |

|                          |     |     |   |
|--------------------------|-----|-----|---|
| Pennsylvania             | 1   | 2   | 0 |
| Puerto Rico              | 0   | 0   | 0 |
| Rhode Island             | 0   | 0   | 0 |
| South Carolina           | 0   | 1   | 0 |
| South Dakota             | 0   | 0   | 0 |
| Tennessee                | 13  | 14  | 0 |
| Texas                    | 16  | 38  | 0 |
| Utah                     | 0   | 1   | 0 |
| Vermont                  | 0   | 0   | 0 |
| Virginia                 | 2   | 1   | 0 |
| Virgin Islands US        | 0   | 0   | 0 |
| Washington               | 1   | 1   | 0 |
| West Virginia            | 1   | 1   | 0 |
| Wisconsin                | 0   | 1   | 0 |
| Wyoming                  | 0   | 0   | 0 |
| State Not Yet Determined | 0   | 0   | 0 |
| TOTAL                    | 101 | 184 | 0 |

During the last three fiscal years, we have signed confidentiality clauses with current or former franchisees which restrict them from speaking openly with you about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Attached as Exhibit B are the names, addresses, and telephone numbers of all operating franchisees in the United States and its territories as of December 31, 2023. In order to comply with privacy laws, we have omitted the personal information of these franchisees in this portion of Exhibit B.

Attached as Exhibit B-2 is the name, city, state, and business or home telephone number for every franchisee who had an outlet permanently terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year 2023 or who has not communicated with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If your name is included in this Disclosure Document and you notice an error, or if you notice an error in any other franchisee's information, please send notice by registered mail to: Doctor's Associates LLC in care of Franchise World Headquarters, LLC, 1 Corporate Drive, Suite 1000, Shelton, CT 06484.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with the Subway® franchise system. The following independent franchisee organization has asked to be included in this Disclosure Document: North American Association of Subway Franchisees, Inc., 357 Commerce Drive, Unit #320955, Fairfield, CT 06825; Telephone: (203) 579-7779; Email: [iberecz@naasf.org](mailto:iberecz@naasf.org); Website: [www.naasf.org](http://www.naasf.org).

***\*Please Note: To comply with privacy laws, we have excluded the personal information of our franchisees referenced in this Item 20 that we are not required by law to disclose.***

**Item 21**  
**FINANCIAL STATEMENTS**

Attached as Exhibit C to this Disclosure Document are our audited financial statements, for the fiscal years ended December 31, 2023, 2022, and 2021, and our unaudited balance sheet as of March 31, 2024 and statement of income and expenses for the period ended March 31, 2024 [\(including a Subsequent Event Footnote describing the US Securitization Transaction\)](#).

**Item 22**  
**CONTRACTS**

The following contracts are attached to this Disclosure Document:

|  |               |
|--|---------------|
| Franchise Agreement.....   | Exhibit A     |
| Franchise Agreement Rider.....   | Exhibit A-1   |
| Owner’s Statement .....  | Exhibit A-2   |
| Subway® POS End User License Agreement .....                             | Exhibit A-3   |
| Walmart® Rider.....  | Exhibit A-4   |
| Sub-Sublease Form for Walmart® .....                                     | Exhibit A-4-2 |
| Auntie Anne’s® Rider .....   | Exhibit A-5   |
| NEXCOM Rider .....   | Exhibit A-6   |
| AAFES Rider .....  | Exhibit A-7   |
| MCCS Rider .....   | Exhibit A-8   |
| Co-Brand Location Rider .....  | Exhibit A-9   |
| Dual Location Test Rider .....   | Exhibit A-10  |
| Franchisee Participation Agreement (SVS) .....                           | Exhibit A-11  |
| Development Agreement .....  | Exhibit A-12  |
| Multi-Unit Franchise Agreement .....                                     | Exhibit A-13  |
| Sublease.....  | Exhibit D     |
| Franchisor Lease Rider .....   | Exhibit D-1   |
| Lease Amendment .....  | Exhibit D-2   |
| Sublicense.....  | Exhibit D-3   |
| Subconcession Agreement.....   | Exhibit D-4   |
| Sub Contract.....  | Exhibit D-5   |
| Franchisee Acceptance of Renegotiation.....                              | Exhibit D-6   |
| Lease and Sublease Termination Agreement.....                            | Exhibit D-7   |
| Intent to Sublease.....  | Exhibit E     |
| Pre-Authorized Bank Form.....  | Exhibit F     |
| Renewal Addendum .....   | Exhibit G-1   |
| Transfer Addendum .....  | Exhibit G-2   |
| DAL Promissory Note and Security Agreement .....                         | Exhibit K-1   |
| Huntington Technology Finance Equipment Lease .....                      | Exhibit K-2   |
| Subway Global Privacy Statement.....                                     | Exhibit M     |
| General Release .....  | Exhibit O     |
| State Addenda (including state-specific Franchise Agreement Riders)..... | Exhibit P     |

**Item 23**  
**RECEIPTS**

Attached as the last page to this Disclosure Document is a detachable Receipt for you to sign and give to us acknowledging you received this Disclosure Document. You should keep the other copy of the Receipt.



**EXHIBIT A**  
**FRANCHISE AGREEMENT**

FRANCHISE \_\_\_\_\_

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

FRANCHISE AGREEMENT

DOCTOR'S ASSOCIATES LLC

with

\_\_\_\_\_  
\_\_\_\_\_

**KEY CONTRACT DATA**

**Name of Franchisee:** \_\_\_\_\_

**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

**Additional Fees:**

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

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

**Royalty Fee:** \_\_\_ 8% or \_\_\_ % of Gross Sales (check one)

**Advertising Contributions:** \_\_\_ 4.5% or \_\_\_ % of Gross Sales (check one)

**Approved Location:** \_\_\_\_\_

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

**Your email address:** \_\_\_\_\_

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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 Delaware limited liability company with a principal office in Shelton, 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 US IP Holder LLC (“**SIP Subway US IP Holder**”) 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<sup>®</sup>, which operate with a uniform business format, specially designed equipment, methods, procedures, and designs (the “**System**”). The System includes the trademark Subway<sup>®</sup>, other trademarks, trade names, service marks, commercial announcements (slogans) and related insignia (logos) owned by SIP Subway US IP Holder (the “**Marks**”). The System was developed spending considerable money, time, and effort. The System also includes confidential information and goodwill. SIP Subway US IP Holder 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<sup>®</sup> restaurants (“**Subway<sup>®</sup> Restaurants**”). Subway<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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. An Approved Lease must contain a fully-executed lease rider in the form that we require (the “**Franchisor Lease Rider**”). If you execute an Approved Lease, and not a Sublease, it is your sole responsibility to obtain a fully executed Franchisor Lease Rider in connection with executing the Approved Lease. The Franchisor 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 Franchisor 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 Franchisor 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 Franchisor Lease Rider in the form that we require, and it is your sole responsibility to obtain it and deliver a counterpart to us. The Franchisor 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 Franchisor 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 Franchisor Lease Rider for any reason.

I. You must pay to us a Restaurant Design charge, related to remodeling or relocation of your Restaurant, as follows: (1) for remodels: currently, \$1,000 for 1 original floor plan plus one revision floor plan and \$250 for each additional revision floor plan; (2) for new Restaurants and relocations: \$1,000 for 1 original floor plan plus 2 revision floor plans, and \$250 for additional revision floor plan. For remodels, the \$1,000 charge is waived if the remodel is completed within 6 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance. For new Restaurants and relocations, the \$1,000 charge is waived if the buildout is completed within 12 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance. Nothing in this paragraph is intended to modify your requirement to otherwise timely complete the construction and/or relocation of your Restaurant, as applicable, in accordance with this Agreement, and failure to perform in accordance with such requirements is a material breach of this Agreement. We may increase this charge from time to time.

## 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 [SHP's Subway US IP Holder'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 Field Operation Team member; 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, [SIPSubway US IP Holder](#), 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 [SIPSubway US IP Holder](#) 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 [SIPSubway US IP Holder](#) 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 Subway US IP Holder](#), and our or their counsel in connection with any such infringement, challenge, or claim. We and [SIP Subway US IP Holder](#) shall have the right to take such action as we and/or [SIP Subway US IP Holder](#) 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 Subway US IP Holder's](#) counsel, be necessary or advisable to protect and maintain the interests of us or [SIP Subway US IP Holder](#) 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 Subway US IP Holder](#) 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, Business Developers (“BDs”, f/k/a Business Development Agent or “BDA”), 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 (including online 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 \$7,500.

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 \$136.59 (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, 2025, the Revisit Fee will increase to \$140.69 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 \$75 per month, payable per Restaurant. This cost covers development and maintenance of the Software for each POS system terminal in the Restaurant as well as other restaurant technology. 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 DMB 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 the average weekly (or other periodic) Gross Sales of your Restaurant for the previous eight (8) weeks, increasing by 10% for each 3-week period that such statements remain unsubmitted. 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<sup>®</sup> 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 US IP Holder 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) (or, as follows: (a) standard transfer to a new or existing Subway® franchisee, \$3,200; (b) if you are transferring an interest to your spouse or child, or in the context of a divorce, \$200; or (c) all other transfers, \$2,000), plus \$3,000 for any satellite Restaurant you transfer) (excluding any promotions or discounts) (or, \$1,000 for any satellite Restaurant that has been established for one year or less); (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 pay a reduced transfer fee of \$200. 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. 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.

I. 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 understatements 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 SFAFT, 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, 1 Corporate Drive, Suite 1000, Shelton, CT 06484, 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® Restaurant.

B. No employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Subway® franchise purchase with exception of those payments or loans provided in the Franchise Disclosure Document.

C. 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.

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

E. 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.

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. You acknowledge that you are a citizen or permanent resident of the United States of America and that you have provided us with valid proof of your citizenship or permanent residency unless otherwise approved in limited circumstances for cross-border development upon presentation of a valid work visa.

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.

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

*[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: \_\_\_\_\_

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## 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 \_\_\_\_\_ ("**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.

9. Each GUARANTOR agrees that in the event any provision of this Guaranty is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and shall be enforced as amended.

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: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

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

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

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

*(If holding company)*

\_\_\_\_\_

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

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

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

**EXHIBIT A-12**  
**DEVELOPMENT AGREEMENT**

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

DEVELOPMENT AGREEMENT

DOCTOR'S ASSOCIATES LLC

with

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Ex. A Development Schedule

Ex. B Ownership Schedule

DOCTOR'S ASSOCIATES LLC  
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “**Agreement**”) is made and entered into on the date shown on the cover page hereof (the “**Agreement Date**”), by and between Doctor’s Associates LLC, a Delaware limited liability company with a principal office in Shelton, Connecticut (hereinafter “**DAL**”, “**Franchisor**”, “**we**,” “**us**” or “**our**”); and \_\_\_\_\_ a \_\_\_\_\_ with their principal business address at the address set forth in Exhibit A (the “**Developer**,” “**you**” or “**your**”).

RECITALS:

A. Our affiliate, Subway US IP Holder LLC (“**SIP Subway US IP Holder**”) 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 Subway US IP Holder** (the “**Marks**”). The System was developed spending considerable money, time, and effort. The System also includes confidential information and goodwill. **SIP Subway US IP Holder** 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**” or “**Restaurants**”). Subway® Restaurants are operated by persons meeting our qualifications to whom we have granted franchises.

In consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, the parties agree as follows:

**1 SCOPE AND PURPOSE**

- 1.1 This Agreement only governs your development of new Restaurants, relocation of existing Restaurants and closure of existing Restaurants with our approval. Any Restaurant so developed or purchased in accordance with this Agreement will be operated pursuant to the then-current form of franchise agreement we determine appropriate, consisting of either: (1) our then-current form of single-unit Franchise Agreement for each such Restaurant in the case of a purchase or development of one Restaurant (in each case, a “**Single-Unit FA**”); or (2) our then-current form of Multi-Unit Franchise Agreement in the case of a purchase or development of multiple Restaurants (in each case, a “**MUFA**”), which will govern all Restaurants subject to the MUFA, all as more specifically set forth herein. The term “**Franchise Agreement**” may be used in this Agreement to refer to either a Single-Unit FA, a MUFA, or both, as the context requires. Any Restaurant developed under a Franchise Agreement will be located and operated at a specified location that we designate and approve (a “**Site**”).
- 1.2 Under any Franchise Agreement for one or more existing Restaurants, we may require you to remodel and upgrade these Restaurants, including without limitation by upgrading certain equipment, to bring these Restaurants into compliance with our then-current System Standards. You acknowledge that any such remodels, upgrades or updates will be set forth on a transfer addendum to the Franchise Agreement applicable to such Restaurant, and in all cases such remodels, upgrades or updates must be completed within 6 months of the effective date of your acquisition of the Restaurant (unless otherwise specified in the transfer addendum).
- 1.3 If we deem appropriate, we may determine that the development, opening and operation of one or more new Restaurants, or the operation of one or more existing Restaurants that you purchase, be governed by an existing MUFA by amending such existing MUFA to add the newly-purchased or newly-developed

Restaurant to the schedule of Restaurants governed by the existing MUFA. For the avoidance of doubt, we may require you to remodel or upgrade any such Restaurant as set forth in Section 1.2.

- 1.4 This Agreement amends, modifies, and supersedes the terms of, and is an integral part of each of the Franchise Agreements related to any Restaurant developed hereunder. Capitalized terms in this Agreement which are not otherwise defined in this Agreement have the same meanings as defined in our form of Franchise Agreement. Except as otherwise indicated in this Agreement, all other terms and conditions of any Franchise Agreement remain unmodified and in full force and effect. Terms of the Recitals are integral parts of this Agreement.

## 2 GRANT

- 2.1 *Rights, Obligations.* We grant to you the right, and you accept the obligation, pursuant to the terms and conditions of this Agreement, to acquire the cumulative number of Restaurants, either by developing the specific number of new Subway® Restaurants, relocating existing Restaurants or closing existing Restaurants with our approval in strict accordance with the time schedules (the “**Development Obligations**”), in each case as set forth in your Development Schedule in **Exhibit A** (the “**Development Schedule**”). *Our Reserved Rights.* We retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein:

- 2.1.1 Own, acquire, establish, and/or operate and license others to establish and operate, Subway® Restaurants under the System at any location, notwithstanding such location’s proximity to the Site of any Subway® Restaurant you operate, or its actual or threatened impact on sales at any Subway® Restaurant you operate;
- 2.1.2 Own, acquire, establish, and/or operate, and license others to establish and operate, Subway® Restaurants under the Marks at Reserved Facilities (as defined below) at any location. As used in this Agreement, “**Reserved Facilities**” must mean: airports; department stores; supermarkets; cultural institutions (examples include, but are not limited to, theaters, museums, art centers and educational facilities); casinos; military bases; sports and entertainment venues and stadiums; and business and industrial complexes and offices at which the food service is managed by service providers with national or international operations;
- 2.1.3 Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products and services bearing the Marks from any location to any business or customer, including without limitation through restaurants, cafes, retail kiosks, grocery or convenience stores or other retail outlets, and any other distribution channels (including, without limitation, through retail, wholesale, mail order, toll free numbers, the Internet, or delivery by Restaurants located anywhere); and
- 2.1.4 We and/or our affiliates have the unrestricted right to engage, directly or indirectly, through our or their employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, in the production, distribution, and sale of products and services bearing the Marks licensed under any Franchise Agreement or other names or marks included as part of the System.
- 2.1.5 Upon your purchase of one or more existing Restaurants under common closing date, we reserve the right to amend the Development Schedule to increase your Development Obligations, as mutually agreed between the parties, taking into consideration the number of existing Restaurants purchased at that time.

2.2 *Not a Franchise Agreement.* This Agreement is not itself a Franchise Agreement, and only sets the framework for the parties to enter into each of the Franchise Agreements in accordance with the Development Schedule. This Agreement does not grant to Developer any right to use in any manner our Marks or System separate from the rights granted under each Franchise Agreement. Developer has no right under this Agreement to license others to use in any manner the Marks or System.

### 3 DEVELOPMENT FEE

The Development Fee is \$\_\_\_\_\_ (the “**Development Fee**”), which is equal to 100% of the combined initial franchise fees required to be paid under each Franchise Agreement related to the Restaurants contemplated by the Development Schedule. The Development Fee is fully earned by us when paid by you and non-refundable. For any Restaurant timely opened or purchased in strict accordance with the Development Schedule, a portion of the Development Fee will be credited to the full amount of initial franchise fee owed under the applicable Franchise Agreement for such Restaurant. However, for any Restaurant not timely opened or purchased in strict accordance with the Development Schedule, no portion of the Development Fee will be credited to the initial franchise fee applicable to such Restaurant, and you will instead be required to pay the full initial franchise fee in accordance with the applicable Franchise Agreement.

### 4 DEVELOPMENT OBLIGATIONS

4.1 *Compliance with Development Schedule.* Your failure to meet the Development Obligations Development Obligations in any given year on the Development Schedule (each, a “**Development Year**”) will be deemed an “**Annual Shortfall**,” and your failure to comply with the Development Obligations cumulatively as of any given Development Year will be deemed a “**Cumulative Shortfall**.” Annual Shortfalls and Cumulative Shortfalls together may be referred to as “**Shortfalls**.” Likewise, your exceeding the Development Obligations in any given Development Year will be deemed an “**Annual Excess**,” and your exceeding the required Development Obligations cumulatively as of any given Development Year will be deemed a “**Cumulative Excess**.” Annual Excesses and Cumulative Excesses together may be referred to as “**Excesses**.” The following will apply to any Shortfall or Excess, as applicable:

4.1.1 If you achieve an Annual Excess, we will provide an initial franchise fee credit per Restaurant in excess of the required number of Restaurants to be developed or opened in the applicable Development Year. This credit may be applied toward any new Restaurant that you open in the Development Year immediately following the Development Year of the Annual Excess. For the avoidance of doubt, this credit is not redeemable for a cash payment from us and is forfeited if not used in accordance with this section.

4.1.2 If there is no Shortfall of the Development Obligations when you purchase an existing Restaurant(s), the term of any Franchise Agreement for the existing Restaurant(s) that you purchase during this time will be 20 years (instead of the term remaining on the transferee’s franchise agreement).

4.1.3 Any Shortfall may be deemed a default in accordance with Section 7. For the avoidance of doubt, any Annual Shortfall may be deemed a default notwithstanding the contemporaneous occurrence of a Cumulative Excess.

4.2 *Affiliates.* We, in our sole discretion, may approve you to use Affiliates to enter into Franchise Agreements contemplated under this Agreement. The term “**Affiliate**” means any corporation, limited liability company or other business entity of which Developer or one or more of its majority owners who

are approved by us owns at least fifty-one percent (51%) of the total authorized ownership interests, and Developer or such owner(s) have the right to control the entity's management and policies.

## 5 TERM

This Agreement terminates in its entirety on the earlier of: (a) the date that the last Restaurant to be opened, closed or relocated under the Development Schedule is opened, closed or relocated, as applicable; (b) termination due to your breach of this Agreement or any of your Franchise Agreements; or (c) the five (5) -year anniversary of the Agreement Date. You will have no right to renew this Agreement.

## 6 DUTIES OF THE PARTIES

6.1 *Our Obligations.* For each Subway® Restaurant developed under this Agreement, our obligations are as provided in the Franchise Agreement signed for such Subway® Restaurant.

6.2 *Your Obligations.* In addition to your obligation to strictly adhere to the Development Schedule, you accept the following obligations:

6.2.1 You must employ a director of operations (the “**Director of Operations**”), approved by us, to oversee all Restaurants you operate. Within 12 months of the Agreement Date, you must employ a district manager (a “**District Manager**”), approved by us, to oversee day-to-day operations of your Restaurants. Beginning on the 2-year anniversary of the Agreement Date, you must employ at least one (1) full-time District Manager for every 10 Restaurants you operate to oversee operations. For the avoidance of doubt, you, and not us, will be the employer of the Director of Operations and the District Manager, and we will not dictate the day-to-day activities of the Director of Operations or the District Manager.

6.2.2 Notwithstanding anything in any Franchise Agreement to the contrary, we may perform quarterly Restaurant evaluations, at our cost, to ensure compliance with our System standards, and your development and remodel obligations.

6.2.3 You will use your best efforts to negotiate with landlords, and cooperate with us in such negotiations, to terminate subleases among you, our affiliate Subway Real Estate, LLC, and the applicable landlord, and to replace such subleases with direct leases between you and the applicable landlord.

## 7 DEFAULT AND TERMINATION

7.1 *Automatic.* You will be deemed to be in default under this Agreement, and all rights granted herein will automatically terminate without notice to you, if you become insolvent or makes a general assignment for the benefit of creditors; or if you file a petition in bankruptcy or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian of your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Subway® Restaurant Site or equipment

is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Subway® Restaurant is sold after levy thereupon by any sheriff, marshal, or constable.

- 7.2 *With Notice.* You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you, upon the occurrence of any of the following events:
- 7.2.1 You fail to meet your obligations under the Development Schedule;
  - 7.2.2 A Franchise Agreement for any Subway® Restaurant operated by you (or an Affiliate) contemplated in the Development Schedule is terminated; or
  - 7.2.3 You (and one or more Affiliates, if applicable) is in breach of your or its Franchise Agreement(s) on three (3) or more occasions in any twelve (12)-month period, regardless of whether such breaches are under the same Franchise Agreement and whether such breaches are cured.
- 7.3 *With Notice and Ten Day Opportunity to Cure.* Upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement by giving written notice to you of termination, stating the nature of the default, at least ten (10) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the ten (10) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to you, effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.
- 7.3.1 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due;  
or
  - 7.3.2 If Developer fails to comply with applicable laws.
- 7.4 *With Notice and Thirty Day Opportunity to Cure.* Except as otherwise provided in Sections 7.1, 7.2 and 7.3, above, upon any other default by you of your obligations hereunder, we may terminate this Agreement by giving written notice of termination to you, setting forth the nature of such default, at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Subway® Restaurants) will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.
- 7.5 *Modification of Development Rights.* In lieu of termination, we may modify the Development Schedule. If we exercise any of these rights, we will not have waived our right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.
- 7.6 *Damages.* In addition to other remedies that we may have, if we terminate this Agreement as a result of your default of this Agreement, you must pay to us all costs and expenses we may incur related to such default and termination.

- 7.7 *Effect of Termination.* Upon termination or expiration of this Agreement, you will have no right to establish or operate any Subway® Restaurants for which a Franchise Agreement has not been executed by us at the time of termination.
- 7.8 *Cross-Default.* No default under the Development Schedule under this Agreement will constitute a default under any Franchise Agreement between the parties hereto. However, a default or breach of any of the Franchise Agreements contemplated under the Development Schedule is a breach and default under this Agreement, and any default under Section 8.2 or Section 9 of this Agreement constitutes a default under each of the Franchise Agreements.
- 7.9 *Non-Exclusive Rights.* No remedy herein conferred upon or reserved to us is exclusive of any other remedy provided or permitted by law or equity.

## **8 TRANSFERS**

- 8.1 *By Us.* We may transfer, assign, and delegate all or any part of our rights and obligations under this Agreement to any person or entity we deem appropriate. Such transfer, assignment, or delegation will effect a complete novation as to the right or obligation transferred, assigned, or delegated. After such transfer, assignment, or delegation, you must look solely to the transferee, assignee, or delegatee, and not to us, for the satisfaction of any obligation transferred, assigned, or delegated. We may also, without your consent, transfer, assign, or otherwise alter any or all of the ownership in us.
- 8.2 *By You.* Our prior written consent is a necessary condition precedent to the sale, assignment, delegation, transfer, conveyance, gift, pledge, mortgage, encumbrance, or hypothecation (collectively, the “**Transfer**”) of any direct, indirect, or beneficial interest of (a) you; (b) this Agreement; or (b) your rights and obligations under this Agreement. As a condition to our consent to a Transfer, we may require that (a) the proposed Transfer under this Agreement is made in conjunction with a simultaneous transfer of any or all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement as we determine appropriate; (b) you pay to us the transfer fee for all Restaurants to be transferred; (c) you comply with the right of first refusal under each applicable Franchise Agreement; and (d) you have satisfied any and all of the conditions and requirements for transfers set forth in each Franchise Agreement, as applicable, that we deem applicable to a proposed Transfer under this Agreement. Any change in your ownership structure as set forth in **Exhibit B** shall be deemed a Transfer subject to this Section 8.
- 8.3 *Consent to Transfer.* Our consent to a transfer does not constitute a waiver of any claims we may have against the transferring party arising prior to the Transfer, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor with respect to any claims prior to the Transfer or transferee thereafter.

## **9 COVENANTS**

- 9.1 *Best Efforts.* Developer covenants that during the term of this Agreement, except as otherwise approved in writing by us, you (and your Director of Operations and District Managers) must devote full time and best efforts to the management and operation of the business contemplated hereunder.
- 9.2 *Confidentiality.* For each breach of the confidentiality provisions set forth in any Franchise Agreement between you and us (or your and our respective Affiliates), you will pay to us the greater of: (a) our actual damages; or (b) \$20,000. Each unauthorized disclosure of confidential information shall be considered a unique breach for the purposes of this Section. The parties agree that these damages are a reasonable estimate of the actual damages that we might incur as a result of a breach of your

confidentiality obligations, is not intended to be, nor is, a penalty. Nothing in this Section 9.5 is intended to limit our rights under Section 9.8.

## 10 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 following email address: [bharat@kkcorp.com](mailto:bharat@kkcorp.com), 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, 1 Corporate Drive, Suite 1000, Shelton, CT 06484, and to you at the following address: [bharat@kkcorp.com](mailto:bharat@kkcorp.com), 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.

## 11 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

- 11.1 *Independent Contractor Relationship.* It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that you are an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.
- 11.2 *Notice of Status.* At all times during the term of this Agreement, you must hold yourself out to the public in connection with the Subway® Restaurants and the business described in this Agreement as an independent contractor operating the business pursuant to this Agreement with us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place within your offices, the content of which we reserve the right to specify.
- 11.3 *No Contracts in Our Name.* Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will we be liable by reason of any act or omission of you in your operations hereunder, or for any claim or judgment arising therefrom against you.
- 11.4 *Indemnification.* You must indemnify and hold the DAL Parties (as defined below) harmless against any and all Damages (as defined below) arising directly or indirectly from any Asserted Claim (as defined below) as well as from any breach of this Agreement by you. Your indemnity obligations survive the expiration or termination of this Agreement.
- 11.5 *Definitions.* As used in Section 11.4 above, the following terms must have the following meanings:
- 11.5.1 “**Asserted Claim**” means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations hereunder (including but not limited to any claim associated with your development of the Subway® Restaurants or otherwise), notwithstanding any claim that any DAL Party was or may have been negligent.

11.5.2 “**DAL Parties**” means DAL, DAL’s current and former shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, employees, and agents.

11.5.3 “**Damages**” means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers’ fees incurred for any indemnified party’s primary defense or for enforcement of its indemnification rights).

## **12 APPROVALS AND WAIVERS**

12.1 *Request for Approval.* Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefor, and such approval or consent must be obtained in writing.

12.2 *No Warranties or Guarantees.* You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

12.3 *No Waivers.* No delay, waiver, omission, or forbearance on the part of us to exercise any right, option, duty, or power arising out of any breach or default by you under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute a waiver by us to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder or under any other agreement will not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement.

## **13 ENTIRE AGREEMENT AND AMENDMENT**

This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between us and you concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the most recent franchise disclosure document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## **14 SEVERABILITY AND CONSTRUCTION**

14.1 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such must not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter must continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions must be deemed not to be a part of this Agreement.

- 14.2 *No Third-Party Rights.* Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, us, and such of your and our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 8 hereof, any rights or remedies under or by reason of this Agreement.
- 14.3 *Construction.* You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.
- 14.4 *Definition of Terms.* All capitalized terms not defined herein have the meaning ascribed to them in the applicable Franchise Agreement.
- 14.5 *Headings.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption must be deemed to affect the meaning or construction of any provision hereof.
- 14.6 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, must so survive the expiration and/or termination of this Agreement.

## **15 APPLICABLE LAW AND DISPUTE RESOLUTION**

- 15.1 *Governing Law.* This Agreement 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.**
- 15.2 *Arbitration.*
- 15.2.1 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.

- 15.2.2 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.
- 15.2.3 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.
- 15.2.4 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.
- 15.2.5 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.
- 15.2.6 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.
- 15.2.7 A party will be in default of this Agreement if it (a) 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 (b) 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.

15.2.8 Subject to federal or state law, if a party defaults under Section 15.3, 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.

15.2.9 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 15.3 and is enforceable under applicable law.

### 15.3 *Waivers.*

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

15.3.2 **Waiver of Punitive, Exemplary and Consequential Damages and Jury Trial. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS, 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.**

15.4 *No Limitation.* No right or remedy conferred on or reserved to us or you by this Agreement is intended to be, nor must be deemed, exclusive of any other right or remedy set forth in this Agreement or by law or equity provided or permitted, but each must be cumulative of every other right or remedy.

15.5 *Injunctive Relief.* Nothing set forth in this Agreement contained will bar our right to obtain injunctive relief against threatened conduct that must cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

- 15.6 *Cost 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.
- 15.7 *Joint and Several Liability.* Each individual or entity signing this Agreement as the Developer will be jointly and severally liable.

## 16 ACKNOWLEDGMENTS

- 16.1 *No Conflicting Obligations.* Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.
- 16.2 *Your Responsibility for the Choice of Subway® Restaurant Sites.* You acknowledge that you have sole and complete responsibility for the choice of the sites at which Subway® Restaurants will be operated; that we have not (and will not be deemed to have, even by our acceptance of the sites that will become the locations at which Subway® Restaurants will be operated) given any representation, promise, or guarantee of your success at the locations; and that you are solely responsible for your own success within the Subway® Restaurants.
- 16.3 *Your Responsibility for Operation of Your Subway® Restaurants.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Subway® Restaurants contemplated hereunder, you retain the right and sole responsibility for the day-to-day management and operation of the Subway® Restaurants and the implementation and maintenance of System standards at the Subway® Restaurants contemplated hereunder.
- 16.4 *Different Offerings to Others.* You acknowledge and agree that we may modify the offer of our development rights to other parties in any manner and at any time, which offers and agreements may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.
- 16.5 *No Waiver.* No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

**DOCTOR'S ASSOCIATES LLC**

**DEVELOPER:** \_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT A**  
**DEVELOPMENT SCHEDULE**

Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below:

|                        |  |
|------------------------|--|
| <b>Summary</b>         |  |
| New Development        |  |
| Relocations            |  |
| Closure, No Relocation |  |

| <b>Restaurant Count</b>  | <b>Development Year 1 (2024)</b> | <b>Development Year 2 (2025)</b> | <b>Development Year 3 (2026)</b> | <b>Development Year 4 (2027)</b> | <b>Development Year 5 (2028)</b> | <b>Total</b> |
|--------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------|
| Base Units               |                                  |                                  |                                  |                                  |                                  |              |
| New Development          |                                  |                                  |                                  |                                  |                                  |              |
| Relocations              |                                  |                                  |                                  |                                  |                                  |              |
| Closure, No Relocation   |                                  |                                  |                                  |                                  |                                  |              |
| <b>Units At Year End</b> |                                  |                                  |                                  |                                  |                                  |              |

Development Year 1 commences on the Agreement Date and ends on December 31<sup>st</sup> of the same year. Each subsequent Development Year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each Development Year. Strict compliance with the Development Schedule is the essence of this Agreement.

As set forth in Section 2.1.5 of this Agreement, the Development Schedule is subject to change upon your purchase of one or more existing Restaurants with a common closing date.

**EXHIBIT B**  
**OWNERSHIP SCHEDULE**

If Developer is a corporation, limited liability company or partnership, set forth below are the names and addresses of each shareholder, member or partner in Developer:

| NAME | ADDRESS | NUMBER OF SHARES OR<br>PERCENT INTEREST |
|------|---------|---|
|      |         |   |
|      |         |   |
|      |         |   |

**EXHIBIT A-13**

**MULTI-UNIT FRANCHISE AGREEMENT**

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

MULTI-UNIT FRANCHISE AGREEMENT

DOCTOR'S ASSOCIATES LLC

with

\_\_\_\_\_

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DOCTOR'S ASSOCIATES LLC  
FRANCHISE AGREEMENT

This Multi-Unit 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 Delaware limited liability company with a principal office in Shelton, Connecticut (“**Franchisor**”, “**we**”, “**us**”, or “**our**”), and the party identified as Franchisee on the Signature Page at the end of this Agreement (“**Franchisee**”, “**you**” or “**your**”).

1. **Background Information.**

A. Our affiliate, Subway [US IP Holder](#) LLC (“**SIP Subway US IP Holder**”) 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<sup>®</sup>, which operate with a uniform business format, specially designed equipment, methods, procedures, and designs (the “**System**”). The System includes the trademark Subway<sup>®</sup>, other trademarks, trade names, service marks, commercial announcements (slogans) and related insignia (logos) owned by [SIP Subway US IP Holder](#) (the “**Marks**”). The System was developed spending considerable money, time, and effort. The System also includes confidential information and goodwill. [SIP Subway US IP Holder](#) 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<sup>®</sup> restaurants (“**Subway<sup>®</sup> Restaurants**”). Subway<sup>®</sup> 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 the Subway<sup>®</sup> Restaurants set forth on **Exhibit B** utilizing the Marks, each solely at the applicable Approved Location (as defined below) 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 the Subway<sup>®</sup> Restaurants 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<sup>®</sup> 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 (“**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 the Subway<sup>®</sup> Restaurants listed on **Exhibit B** (each, the “**Restaurant**” and collectively, the “**Restaurants**”) 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.

Wherever the singular form of “**Restaurant**” is used throughout this Agreement, it shall be deemed to refer to each Restaurant set forth on **Exhibit B**, and you agree and acknowledge that the terms of this Agreement apply to each and every one of such Restaurants separately and as a group. Similarly, we may exercise any and all of our rights and remedies separately on an individual Restaurant or group of Restaurants, in addition to any rights or remedies we have as to any or all of them.

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, with respect to each Restaurant, on the expiration date set forth next to such Restaurant on **Exhibit B**, 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 each Restaurant as stated on **Exhibit B** for one (1) additional successive term of twenty (20) years, provided that all of the following conditions have been fulfilled with respect to the applicable Restaurant:

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

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 as it pertains to the applicable Restaurant, and the applicable Restaurant will no longer be governed by this Agreement; the terms of such renewal Franchise Agreement 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 to the then-current form of Franchise Agreement to cover the applicable Restaurant; 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 each Restaurant only at a location that we approve (in each case, an “**Approved Location**”). If we have already approved a location at the time of executing this Agreement, then the Approved Location is specified on **Exhibit B**. 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. We may require you to executed one or more riders related to any Restaurant, each of which will be specified on Exhibit B and included as **Exhibit C**.

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. 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. An Approved Lease must contain a fully-executed lease rider in the form that we require (the “**Franchisor Lease Rider**”). If you execute an Approved Lease, and not a Sublease, it is your sole responsibility to obtain a fully executed Franchisor Lease Rider in connection with executing the Approved Lease. The Franchisor 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 Franchisor 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 Franchisor Lease Rider for any reason.

D. 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.

E. 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.

F. 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.

G. 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 Franchisor Lease Rider in the form that we require, and it is your sole responsibility to obtain it and deliver a counterpart to us. The Franchisor 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 Franchisor 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 Franchisor Lease Rider for any reason.

H. You must pay to us a Restaurant Design charge, related to remodeling or relocation of your Restaurant, as follows: (1) for remodels: currently, \$1,000 for 1 original floor plan plus one revision floor plan and \$250 for each additional revision floor plan; (2) for new Restaurants and relocations: \$1,000 for 1 original floor plan plus 2 revision floor plans, and \$250 for additional revision floor plan. For remodels, the \$1,000 charge is waived if the remodel is completed within 6 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance. For new Restaurants and relocations, the \$1,000 charge is waived if the buildout is completed within 12 months from the date the last floor plan was provided. Additional revision charges will not be waived under any circumstance. Nothing in this paragraph is intended to modify your requirement to otherwise timely complete the construction and/or relocation of your Restaurant, as applicable, in accordance with this Agreement, and failure to perform in accordance with such requirements is a material breach of this Agreement.

## 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~~ [Subway US IP Holder'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. Within \_\_\_ days of the Agreement Date, we will train your Designated Manager(s), as that term is defined in this Agreement, on establishing and independently operating a Subway® Restaurant. The training program will be at a location we choose and may include web-based courses. We may waive this obligation, in our discretion, for Designated Managers who have successfully completed the training program prior to the Agreement Date.

B. 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 any fees paid by you to us, 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 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, [SIPSubway US IP Holder](#), 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 [SIPSubway US IP Holder](#) 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 [SIPSubway US IP Holder](#) 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, [SIPSubway US IP Holder](#), and our or their counsel in connection with any such infringement, challenge, or claim. We and [SIPSubway US IP Holder](#) shall have the right to take such action as we and/or [SIPSubway US IP Holder](#) 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 [SIPSubway US IP Holder's](#) counsel, be necessary or advisable to protect and maintain the interests of us or [SIPSubway US IP Holder](#) 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 Subway US IP Holder](#) 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 must bring all Restaurants into compliance with our System Standards on or before the Remodel Due Date set forth on Exhibit B (in each case, a “**Remodel Due Date**”). You may identify certain Restaurants for relocation, subject to our approval. If a Restaurant is identified for relocation and approved by us before its Remodel Due Date, that Restaurant will be considered remodeled as of the Remodel Due Date; *provided that*, you, to our satisfaction, relocate and re-open the identified Restaurant to our specifications within 18 months of our approval. No later than ninety (90) days after the Agreement date, you agree to upgrade or replace any equipment in accordance with the equipment requirements set forth in the Confidential Operations Manual. The parties agree that time is of the essence with respect to your equipment obligations.

D. In our sole discretion, we may permit you to close certain Restaurants operated by you under this Agreement. You must provide us with 60 days' prior written notice of your desire to close a Restaurant, which shall include an explanation of the reasons for the closure for our consideration. If we permit you to close the Restaurant, you must comply with all post-termination obligations set forth in this Agreement as they apply to the closed Restaurant, and you must cooperate with us or our designee during the closure process, including with respect to matters such as disidentification. Our failure to respond to your notice of your desire to close a Restaurant shall be deemed our disapproval of such closure. Any Restaurant closed in accordance with this paragraph shall be deemed remodeled and upgraded on or before the Remodel Due Date.

E. 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.

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

G. 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 (including online catering), on-line/electronic and any other types of orders, including but not limited to advertising and marketing promotions.

H. 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.

I. 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.

J. 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).

K. 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.

L. The Restaurants shall at all times be under the on-premises supervision of a trained and competent employee acting as full-time manager. Since you will operate more than one franchise and will not be in a position to devote your full time to directly operating each Restaurant business, we 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.

M. 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 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.

N. 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.

O. 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.

P. 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.** You are not required to pay us our standard initial franchise fee. The parties acknowledge that the transfer fee of up to \$7,500 per Restaurant must have been paid by the transferor and received by us prior to the effectiveness of this Agreement.

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 \$136.59 (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, 2025, the Revisit Fee will increase to \$140.69 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 \$75 per month, payable per Restaurant. This cost covers development and maintenance of the Software for each POS system terminal in the Restaurant as well as other restaurant technology. 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, per Restaurant. 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 per Restaurant. DMB HaaS includes service, installation, maintenance and help-desk support for digital menu boards in your Restaurant. We reserve the right to increase the DMB 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 the average weekly (or other periodic) Gross Sales of your Restaurant for the previous eight (8) weeks, increasing by 10% for each 3-week period that such statements remain unsubmitted. 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 [US IP Holder](#) 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, any 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 subject to the purported transfer, 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) any 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) with respect to the transferred Restaurant, 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 for the transferred Restaurant as set forth on **Exhibit B**, and the transferred Restaurant shall no longer be governed by 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) (or, as follows: (a) standard transfer to a new or existing Subway® franchisee, \$3,200; (b) if you are transferring an interest to your spouse or child, or in the context of a divorce, \$200; or (c) all other transfers, \$2,000), plus \$3,000 for any satellite Restaurant you transfer (excluding any promotions or discounts) (or, \$1,000 for any satellite Restaurant that has been established for one year or less); (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) with respect to the transferred Restaurant, 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 this Agreement; and (10) the transferee executes 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, any Restaurant or a group of Restaurants, 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, or if we exercise our right of first refusal only with respect to less than all Restaurants subject to the offer, you or your owners may complete the sale (or partial sale, as applicable) 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 pay a transfer fee of \$200. 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, as it applies to any given Restaurant, 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 applicable 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 would irreparably harm us, and that, notwithstanding the payment requirements herein, we have a right to injunctive relief to enforce the provisions of this Section.

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 this Agreement 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, either with respect to an individual Restaurant or group of Restaurants or in its entirety as it applies to all Restaurants, as we determine, 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 understatements 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, either with respect to an individual Restaurant or group of Restaurants or in its entirety as it applies to all Restaurants, as we determine, 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 applicable 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 per Restaurant 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 (including if it is terminated as it applies to any Restaurant but remains in effect for other Restaurants), 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 SFAFT, 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 (including upon termination or expiration as this Agreement applies to any one Restaurant), this Agreement and all rights granted hereunder to you shall forthwith terminate either in their entirety or as applied to a specific Restaurant, as the case may be, 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. Except with respect to Restaurants that you have the right to continue to operate under this Agreement or another franchise agreement, 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 on the Signature Page 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, 1 Corporate Drive, Suite 1000, Shelton, CT 06484, 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® Restaurant.

B. No employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Subway® franchise purchase with exception of those payments or loans provided in the Franchise Disclosure Document.

C. 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.

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

E. 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.

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. You acknowledge that you are a citizen or permanent resident of the United States of America and that you have provided us with valid proof of your citizenship or permanent residency unless otherwise approved in limited circumstances for cross-border development upon presentation of a valid work visa.

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.

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

*[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: \_\_\_\_\_

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

Email: \_\_\_\_\_

## EXHIBIT A

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

In consideration of, and as an inducement to, the execution of the above Multi-Unit 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 \_\_\_\_\_ ("**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: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

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

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

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

*(If holding company)*

\_\_\_\_\_

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

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

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_



**EXHIBIT P**

**STATE SPECIFIC ADDENDA FOR THE FOLLOWING STATES:**

**CALIFORNIA  
HAWAII  
ILLINOIS  
MARYLAND  
MINNESOTA  
NORTH DAKOTA  
NEW YORK  
RHODE ISLAND  
VIRGINIA  
WASHINGTON**



ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR CALIFORNIA

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024, amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at [www.dbo.ca.gov](http://www.dbo.ca.gov).

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Add the following disclosure to Item 1:

Your business may be subject to wage and hour laws and regulations, including the laws enacted under California Assembly Bill 1228 (“AB 1228”).

Item 2

BUSINESS EXPERIENCE

Add the following disclosure to Item 2:

The franchisor, individuals named in Item 2 of this Franchise Disclosure Document, and our Business Developers, are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 16 U.S.C.A. 78a et.seq., suspending or expelling such persons from membership in such association or exchange.

Item 5

INITIAL FEES

Add the following disclosure to Item 5:

We do not charge any initial fees related to AB 1228 initial training and any safety or security measures specific to AB 1228’s requirements and standards.

Item 6

OTHER FEES

Add the following disclosure to Item 6:

We do not charge any other fees related to AB 1228 ongoing training and any safety or security measures specific to AB 1228’s requirements and standards.

Item 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Add the following disclosure to Item 11:

We do not provide any AB1228 ongoing training or any safety or security measures specific to AB 1228's requirements and standards.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Add the following after the heading THE FRANCHISE RELATIONSHIP:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be unenforceable under federal bankruptcy law (11 U.S.C.A. Sec. 10 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

You must sign a general release if you transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

The franchise agreement requires binding arbitration. The arbitration will occur at Connecticut with the costs being borne equally by the parties, except as otherwise provided in the Franchise Agreement. See Paragraph 24 of the Franchise Agreement.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

EXHIBIT AFRANCHISE AGREEMENT

Add the attached Franchise Agreement Addendum.

**FRANCHISE AGREEMENT ADDENDUM FOR STATE OF CALIFORNIA**

This Addendum (“**Addendum**”) dated \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**”, “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “**Agreement**”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

**RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the California Franchise Investment Act (“**Franchise Act**”). The parties are signing this Addendum, in part, to comply with the Franchise Act. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the Franchise Act, the parties will further modify the Franchise Agreement so that it will be in compliance.

**AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

I. If we give you ten (10) days’ written notice, we may, at our option and without prejudice to any of our other rights or remedies provided under this Agreement, terminate this Agreement if: (i) you abandon the Restaurant for five (5) or more consecutive days; (ii) you fail to pay any money you owe us, our Affiliates, the landlord of the premises under this Agreement or any other Franchise Agreement you have with us, or you fail to pay any amounts we may become liable to pay because of your action or omission; (iii) you are evicted from the Restaurant location for non-payment of rent or related charges; or (iv) you use the Restaurant or the Restaurant location for any unauthorized use that we believe is injurious or prejudicial to the System, the Marks or goodwill. The notice will specify the default and provide you ten (10) days to remedy the default from the date of delivery of the notice.

II. If we give you ninety (90) days’ written notice, we may, at our option and without prejudice to any of our other rights or remedies provided under this Agreement, terminate this Agreement if: (i) you do not substantially perform all of the terms and conditions of this Agreement; (ii) you lose possession of the premises where the Restaurant is located; (iii) you become(s) insolvent, make(s) an assignment for the benefit of creditors or seek(s) bankruptcy relief either through reorganization or liquidation, in any court, legal or equitable; (iv) you lose any permit or license you need to operate the Restaurant; (v) you fail to comply with your duties under this Agreement or the Operations Manual; (vi) you fail to obtain from us or the BD approval to open the Restaurant or to re-open the Restaurant after a relocation; (vii) you fail to properly report gross sales as provided in this Agreement; (viii) you fail to complete any transfer or assignment of the Restaurant in accordance with this Agreement, as applicable; or (ix) you violate the covenant not to compete. The notice will specify the default and provide you sixty (60) days to remedy the default from the date of delivery of the notice. If you cure the default within sixty (60) days, the notice will be void.

III. We may, at our option and without prejudice to any of our other rights or remedies provided under this Agreement, terminate this Agreement without an opportunity to remedy the default unless prohibited by law if: (i) you fail to comply with all civil and criminal laws, ordinances, rules, regulations and orders of public authorities; (ii) you intentionally under-report gross sales, falsify financial data, make a material misrepresentation to us (such as altering an impact survey) or otherwise commit an act of fraud; (iii) you are convicted of or plead guilty or “nolo contendere” to a felony, a crime of violence, moral turpitude, an indictable offense, unfair or deceptive trade practices, or any other crime or offense that is injurious or prejudicial to the System, the Marks or goodwill; (iv) you use the Restaurant or

the Restaurant location for any illegal use which would present an imminent danger to the health or safety of the general public; (v) we are prohibited from doing business with you under any anti-terrorism law enacted by the US Government, including but not limited to the USA PATRIOT Act or Executive Order 13224; (vi) you are dismissed from the training program for engaging in any conduct which is illegal or is injurious or prejudicial to the System, the Marks or goodwill; (vii) you engage in any behavior which would present an imminent danger to the health and safety of an employee or representative of DAL, its Affiliate or a BD; or (viii) you engage in intentional or negligent conduct which would constitute an offense under applicable Anti-Corruption Law in relation to your operation of the Restaurant; or (xi) you operate the franchised business in violation of laws, rules, or regulations intended to protect public health or safety.

After the second notice of a default, any subsequent default in the following twelve (12) month period will be good cause for a final termination without providing you an opportunity to remedy the default, even if you remedy the default.

IV. Upon termination or expiration of this Agreement, we will purchase from you, at the value of the price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased from us and our approved suppliers under the terms of this Agreement or any other ancillary agreement which are reasonably required to operate the franchised business (collectively referred to as “**Items**”). You must be in possession of all Items and able to deliver clear title to them. Depreciation shall be based on a five (5) year life using the straight-line method. We are not required to purchase any personalized Items. This provision shall not apply if: 1) you decline our bonafide offer to renew; 2) we allow you to retain control of the Restaurant premises; 3) we completely withdraw from all franchised activity within the geographic market of in which the Restaurant is located; or 4) all parties to this agreement mutually agree in writing to terminate or not renew this Agreement. We will not be required to purchase any Items sold by you between the date of the notice of termination and cessation of operation of your Restaurant. We will offset any amount owed to you under this Subparagraph by any amount you owe to us under the terms of this Agreement. You will be responsible for our costs to remove and transport the Items.

V. You may only transfer the Restaurant with this Agreement with our prior written approval provided: (i) you first offer, in writing, to sell the Restaurant to us on the same terms and conditions offered by a bona fide third party purchaser, we fail to accept the offer within thirty (30) days, and your purchase agreement meets our requirements; (ii) each purchaser meets our written qualifications to purchase a franchise, which have been provided to you, and has been otherwise approved by us to own a franchise; (iii) each purchaser passed our standardized test (if not already a Subway® franchisee); (iv) each purchaser successfully completed our training program before the completion of the transfer, unless we permit otherwise; (v) each purchaser receives the required disclosure document, signs the then current form of Franchise Agreement which will amend and replace this Agreement and may contain terms, including financial terms, that differ from this Agreement, and signs the then current form of the Sublease for the Restaurant; (vi) you pay in full all money you owe us and our Affiliates for all your Subway® restaurants and you are not otherwise in default under this Agreement; (vii) you pay us \$7,500 (or \$3,750 if you transfer to, or transfer by adding, your spouse or child) plus any applicable Sales Tax for legal, accounting, training, and other expenses we incur in connection with the transfer; (viii) you deliver a general release in favor of us, the BD and our Affiliates, and agents, representatives, shareholders, partners, directors, officers, and employees of ours, of the BD and of our Affiliates, signed by you and each purchaser; (ix) you transfer the Operations Manual for the Restaurant to the purchaser (on the date of transfer); and (x) at or prior to the time of the transfer you bring the Restaurant into full compliance with our then-current standards set forth in the Operations Manual. You must deliver to us by courier or receipted mail written notice of your desire to transfer the Restaurant with this Agreement. The notice must include the name and address of each proposed purchaser, copies of all agreements related to the transfer, and each purchaser’s application, financial disclosures, and any other additional information necessary to evaluate their application. All transfer documents will be in English in a form satisfactory to us. Transfers shall be approved or denied within (60) sixty days. We will not unreasonably withhold our consent to a transfer. If the transfer is disapproved, you will receive written notice setting forth the reasons for disapproval.

A transfer is the sale or other conveyance of any portion of your rights under this Agreement to another party, including the addition or removal of an individual from this Agreement. You may not sell more than one restaurant in the same sale contract, unless we grant you written permission. You agree that the terms of sale will not include any

real estate. You acknowledge that we shall have no liability for any gain (or loss) from the sale or attempted sale of real estate related to the Restaurant.

VI. Sections 25.A through 25.G of the Franchise Agreement are hereby deleted in their entirety.

VII. The Franchise Agreement, as amended and supplemented by this Addendum, contains the entire understanding of the parties. The parties can amend the Franchise Agreement further only in a signed writing. The provisions of the Franchise Agreement, as amended and supplemented by this Addendum, are ratified and affirmed.

VIII. You acknowledge you read and understand this Addendum and the Franchise Agreement and consent to be bound by all the terms and conditions of the Franchise Agreement, as amended and supplemented by this Addendum.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DAL-CA 04/24 amended 06/24



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR HAWAII**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024 amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

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

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

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

The Registered Agent in the State of Hawaii authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, 335 Merchant St., Room 203, Honolulu, HI 96813.

Pursuant to Hawaii Administrative Rules, Section 37-4(b) (19)

- A. This registration is effective in the following states: None
- B. The States in which a proposed registration or filing is or will be shortly on file:  
  - CA, HI, IL, IN, MI, MN, MD, ND, NY, OR, RI, SD, VA, WA & WI
- C. No state has refused, by order or otherwise, to register these franchises: None
- D. The states that have revoked or suspended the right to offer franchises: None
- E. Source of Funds for Establishing Franchises

The franchisor has a self-liquidating franchise fee that enables it to fulfill its obligations to its franchisees. This fee is \$15,000.00 per unit and compensates the franchisor for its selling, administrative and training expenses. The franchisor believes that the franchise fee of \$15,000.00 approximates its costs to fulfill its obligations to the franchisee prior to the opening of the franchisee's unit. To the extent that said sum is insufficient, the franchise has sufficient working capital, if needed, to draw upon to fulfill its commitments.

The franchisor estimates that its approximate pre-opening expenditures to fulfill its commitments on each sale are: selling - \$3,750, training - \$3,750; site assistance - \$3,750; administrative - \$3,750. It is emphasized that the foregoing estimate of expenditures is approximate.



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR ILLINOIS**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024 amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

**”SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE” PAGE**

Replace Risk Factor 1. on the State Cover Page, Special Risks to Consider About *This* Franchise, with the following:

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

**Item 17**

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

At page 101, replace entry v. with the following:

|                    |                              |   |
|--------------------|------------------------------|---|
| v. Choice of forum | FA Paragraphs 10.a, 10.b.,13 | Arbitration must be held in Connecticut, subject to state law, and any litigation will be held in Illinois. The Franchise Agreement allows us to bring an action for injunctive relief in any court in the state of Illinois having jurisdiction if you breach the provisions of the Franchise Agreement concerning use of the trademarks, or confidentiality, or the covenants not to compete. If a court determines the arbitration clause is unenforceable, you may only sue us in a court of competent jurisdiction in the state of Illinois. |
|--------------------|------------------------------|---|

At page 101, replace entry w. with the following:

|                  |                             |  |
|------------------|-----------------------------|--|
| w. Choice of law | FA Paragraphs 10.f., 13, 14 | Illinois law applies, except the Federal Arbitration Act governs the arbitration provisions, subject to state law. |
|------------------|-----------------------------|--|

**EXHIBIT AFRANCHISE AGREEMENT**

Add the attached Franchise Agreement Addendum.

Franchise: \_\_\_\_\_

## FRANCHISE AGREEMENT ADDENDUM FOR STATE OF ILLINOIS

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “**Agreement**”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

### **RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *Illinois Franchise Disclosure Act* (“**Franchise Act**”). The parties are signing this Addendum, in part, to comply with the *Franchise Act*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Act*, the parties will further modify the Franchise Agreement so that it will be in compliance.

### **AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

- I. The conditions under which this Agreement can be terminated may be affected by the Illinois Franchise Disclosure Act. If any of the provisions above which permit us to terminate the franchise violate your state law, if it applies, such state law relating to termination will prevail over the offending provisions.
- II. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.
- III. Notwithstanding the arbitration clause in the Franchise Agreement, we may bring an action for damages, injunctive relief, or both in any court in the state of Illinois having jurisdiction to enforce our trademark or proprietary rights or the restriction on disclosure of Confidential Information in order to avoid irreparable harm to us, our affiliates and the System as a whole. If a court determines the arbitration clause is unenforceable, you may only sue us in a court of competent jurisdiction in the state of Illinois.
- IV. **GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the substantive laws of the State of Illinois. The parties agree that any franchise law or business opportunity law of the State of Illinois, now in effect, or adopted or amended after the date of this Agreement, will not apply to franchises located outside of Illinois, unless the franchisee is domiciled in the State of Illinois. This Agreement, including the Recitals and all exhibits, contains the entire understanding of the parties and supersedes any prior written or oral understandings or agreements of the parties relating to the subject matter of this Agreement provided that nothing in this Agreement is intended to disclaim or waive any representations made to you in the Disclosure Document. Any amendments to this Agreement must be made only by a written agreement, except we may amend the Operations Manual from time to time as provided in this Agreement.
- V. **ARBITRATION WILL BE HELD IN BRIDGEPORT, CONNECTICUT. EACH PARTY AGREES THAT IF THE ARBITRATION CLAUSE IS UNENFORCEABLE, ALL LITIGATION SHALL TAKE PLACE IN A COURT OF COMPETENT JURISDICTION IN ILLINOIS.**
- VI. **PURSUANT TO SECTION 41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, “ANY CONDITION, STIPULATION, OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE**

TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OR ANY OTHER LAW OF ILLINOIS IS VOID”.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR’S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IL 04/24 amended 06/24



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR MARYLAND**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024, amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

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

**Item 17**

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

**THE FRANCHISE RELATIONSHIP:**

The franchise agreement provides for termination upon bankruptcy. This provision may not be unenforceable under federal bankruptcy law (11 U.S.C.A. Sec. 10 et seq.).

Add the following after the last sentence of the second paragraph in entry m.

The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Add the following after the last sentence in entry u.

No provision in this Agreement shall act to reduce the three (3) year statute of limitations afforded to you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Your claims are limited under the Franchise Agreement. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Replace entry v. with the following:

Arbitration and any litigation will be held in Connecticut. The Franchise Agreement allows us to bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Franchise Agreement concerning use of the trademarks, or confidentiality, or the covenants not to compete. You may bring a lawsuit in Maryland only for claims arising under the Maryland Franchise Registration and Disclosure law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**EXHIBIT AFRANCHISE AGREEMENT**

Add the attached Franchise Agreement Addendum.

**FRANCHISE AGREEMENT ADDENDUM FOR STATE OF MARYLAND**

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “Agreement”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

**RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *Maryland Franchise Registration and Disclosure Law* (“**Franchise Law**”). The parties are signing this Addendum, in part, to comply with the *Franchise Law*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Law*, the parties will further modify the Franchise Agreement so that it will be in compliance.

**AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

- I. YOU ACKNOWLEDGE ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS DESCRIBED IN THE FRANCHISE AGREEMENT, WILL BE ARBITRATED IN CONNECTICUT OR MARYLAND, IF NOT OTHERWISE RESOLVED.
- II. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- III. Pursuant to the *Franchise Law*, any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded under the *Franchise Law*. You may bring a lawsuit in Maryland for any claims arising under the *Franchise Law*.
- IV. Any acknowledgment or representation by you disclaiming the occurrence and/or acknowledging the non-occurrence that would constitute a violation of the *Franchise Law* are not intended nor shall they act as a release, estoppels, or waiver of any liability incurred under the *Franchise Law*. No provision in this Agreement shall act to reduce the three (3) year statute of limitations afforded to you for bringing a claim arising under the *Franchise Law*.
- V. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.
- VI. The general release shall exclude any alleged breach under the *Franchise Law*.
- VII. ANY WAIVER IN THE FRANCHISE AGREEMENT DOES NOT PROHIBIT YOU FROM BRINGING A LAWSUIT IN THE STATE OF MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW. ANY CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW MUST BE BROUGHT WITHIN THREE (3) YEARS AFTER THE GRANT OF YOUR FRANCHISE.
- VIII. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor,

franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT B DEVELOPMENT AGREEMENT**

Add the attached Development Agreement Addendum.

## DEVELOPMENT AGREEMENT ADDENDUM FOR STATE OF MARYLAND

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Development Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “Agreement”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

### **RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *Maryland Franchise Registration and Disclosure Law* (“**Franchise Law**”). The parties are signing this Addendum, in part, to comply with the *Franchise Law*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Law*, the parties will further modify the Development Agreement so that it will be in compliance.

### **AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Development Agreement and is herein incorporated by reference in the Development Agreement, and notwithstanding any provisions of the Development Agreement to the contrary, the parties agree to amend and supplement the Development Agreement as follows:

1. YOU ACKNOWLEDGE ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS DESCRIBED IN THE DEVELOPMENT AGREEMENT, WILL BE ARBITRATED IN CONNECTICUT OR MARYLAND, IF NOT OTHERWISE RESOLVED.
2. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The general release shall exclude any alleged breach under the *Franchise Law*.
3. Pursuant to the *Franchise Law*, any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the three (3) year statute of limitations afforded under the *Franchise Law*. You may bring a lawsuit in Maryland for any claims arising under the *Franchise Law*.
4. Any acknowledgment or representation by you disclaiming the occurrence and/or acknowledging the non-occurrence that would constitute a violation of the *Franchise Law* are not intended nor shall they act as a release, estoppels, or waiver of any liability incurred under the *Franchise Law*. No provision in this Agreement shall act to reduce the three (3) year statute of limitations afforded to you for bringing a claim arising under the *Franchise Law*.
5. Sections 16.1 through 16.5 of the Development Agreement are hereby deleted in their entirety.
6. ANY WAIVER IN THE DEVELOPMENT AGREEMENT DOES NOT PROHIBIT YOU FROM BRINGING A LAWSUIT IN THE STATE OF MARYLAND FOR CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW. ANY CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW MUST BE BROUGHT WITHIN THREE (3) YEARS AFTER THE GRANT OF YOUR FRANCHISE.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor,

franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**DEVELOPER:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MD 04/24 amended 06/24



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR MINNESOTA**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024, amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

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

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

Add the following after the last sentences for entries e.-h.:

Minnesota Law provides franchisees with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14, subd. 3,4,5 require, except in certain specified cases, that a franchisee be given ninety (90) days of notice of termination (with sixty (60) days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.

Add the following after the last sentence in entry u.:

According to Minn. Stat. Sec. 2860.4400, subd. D "it shall be unfair and inequitable for any person to: require a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes. This section shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota.”

Add the following after the last sentence in entry v.

This section shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota.

**EXHIBIT AFRANCHISE AGREEMENT**

Add the attached Franchise Agreement Addendum.

Franchise: \_\_\_\_\_

## FRANCHISE AGREEMENT ADDENDUM FOR STATE OF MINNESOTA

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “**Agreement**”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

### **RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *Minnesota Franchise Act* (“**Franchise Act**”). The parties are signing this Addendum, in part, to comply with the *Franchise Act*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Act*, the parties will further modify the Franchise Agreement so that it will be in compliance.

### **AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

I. Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, subd. 3,4,5 require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of this Agreement.

II. We will reimburse you for all damages for which you are held liable in any proceeding arising out of the use of any trade or service mark in compliance with this Agreement.

III. According to Minn. Stat. Sec. 2860.4400, subd. D "it shall be unfair and inequitable for any person to: require a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.”

IV. SECTION 24 SHALL NOT IN ANY WAY ABROGATE OR REDUCE ANY RIGHTS OF THE FRANCHISEE AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS IN MINNESOTA.

V. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.

[VI. 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](#)

IN WITNESS WHEREOF, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MN 04/24 amended 06/24



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR NORTH DAKOTA**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024, amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

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

Add the following after the last sentence in entry i.

Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require North Dakota Franchisees to consent to termination penalties.

Add the following after the last sentence in entry q.

Pursuant to Section 9-08-06 of the N.D.C.C. covenants not to compete are unenforceable in the State of North Dakota. Also, it is unfair, unjust and inequitable to require North Dakota Franchisees to consent to liquidated damages or termination penalties.

Add the following after the last sentence in entry r.

Pursuant to Section 9-08-06 of the N.D.C.C. covenants not to compete are unenforceable in the State of North Dakota. Also, it is unfair, unjust, and inequitable to require North Dakota Franchisees to consent to liquidated damages or termination penalties.

Add the following after the last sentence in entry u.

Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require that North Dakota Franchisees must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee's business.

Add the following after the last sentence in entry v.

Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require that North Dakota Franchisees must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee's business or consent to the jurisdiction of courts outside of North Dakota.

Add the following after the last sentence in entry w.

Pursuant to North Dakota Law, It is unfair, unjust, and inequitable to require that the applicable laws of a Franchise Agreement be governed by the laws of a state other than North Dakota.

**EXHIBIT A  
FRANCHISE AGREEMENT**

Add the attached Franchise Agreement Addendum.

**FRANCHISE AGREEMENT ADDENDUM FOR STATE OF NORTH DAKOTA**

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “Agreement”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

**RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *North Dakota Franchise Investment Law* (“**Franchise Law**”). The parties are signing this Addendum, in part, to comply with the *Franchise Law*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Law*, the parties will further modify the Franchise Agreement so that it will be in compliance.

**AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

- I. PURSUANT TO NORTH DAKOTA LAW, IT IS UNFAIR, UNJUST, AND INEQUITABLE TO REQUIRE THAT NORTH DAKOTA FRANCHISEES MUST AGREE TO THE ARBITRATION OF DISPUTES AT A LOCATION THAT IS REMOTE FROM THE SITE OF THE FRANCHISEE’S BUSINESS.
- II. Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require North Dakota Franchisees to consent to liquidated damages or termination penalties.
- III. Pursuant to Section 9-08-06 of the N.D.C.C. covenants not to compete are unenforceable in the State of North Dakota. Also, it is unfair, unjust and inequitable to require North Dakota Franchisees to consent to liquidated damages or termination penalties.
- IV. Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require that North Dakota Franchisees must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee's business.
- V. It is unfair, unjust, and inequitable to require North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.
- VI. Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require that North Dakota Franchisees must agree to the arbitration of disputes at a location that is remote from the site of the Franchisee's business.
- VII. It is unfair, unjust or inequitable to require North Dakota Franchisees to consent to a waiver of exemplary and punitive damages.
- VIII. Pursuant to North Dakota Law, it is unfair, unjust, and inequitable to require that the applicable laws of a Franchise Agreement be governed by the laws of a state other than North Dakota.
- IX. IT IS UNFAIR, UNJUST, AND INEQUITABLE TO REQUIRE NORTH DAKOTA FRANCHISEES TO CONSENT TO A WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES AND CONSENT TO THE JURISDICTION OF COURTS OUTSIDE OF NORTH DAKOTA.

X. IT IS UNFAIR, UNJUST, AND INEQUITABLE TO REQUIRE NORTH DAKOTA FRANCHISEES TO CONSENT TO A WAIVER OF A TRIAL BY JURY.

XI. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ND 04/24 amended 06/24



## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR NEW YORK

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024, amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

### Cover Page

On the Franchise Disclosure Document cover page, delete the third paragraph and replace with the following:

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at the earlier of the first personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

### Item 17

#### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Add the following to the last sentence in entry “d. Termination by franchisee”:

If your franchise is located in the state of New York, you may terminate the Franchise Agreement on any ground available by law.

Add the following to the last sentence in entry “j. Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who, in the good faith and judgment of the franchisor, is willing and financially able to assume the franchisee’s obligations under the agreement.

Add the following to the last sentence in entry “w. Choice of law”:

The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of New York.

#### EXHIBIT AFRANCHISE AGREEMENT

Add the attached Franchise Agreement Addendum.

Franchise: \_\_\_\_\_

## FRANCHISE AGREEMENT ADDENDUM FOR STATE OF NEW YORK

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “Agreement”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

### **RECITALS:**

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *New York Franchise Act* (“**Franchise Act**”). The parties are signing this Addendum, in part, to comply with the *Franchise Act*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Act*, the parties will further modify the Franchise Agreement so that it will be in compliance.

### **AGREEMENT:**

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

- I. However, no assignment will be made except to an assignee who, in the good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the agreement.
- II. If your franchise is located in the state of New York, you may terminate the Franchise Agreement on any ground available by law.
- III. The choice of law provision in the Franchise Agreement should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the *Franchise Act*.
- IV. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

NY 04/24 amended 06/24



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR RHODE ISLAND**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024 amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

**Item 17**

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

Add the following after “w. Choice of law”:

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



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR VIRGINIA**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” April 25, 2024 amended June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

**Item 17**

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

Add the following after the last entry “w. Choice of law”:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without “reasonable cause”, as defined in the Virginia Retail Franchising Act or the laws of Virginia, or to use undue influence to induce a franchisee to surrender any right given to them under the franchise agreement.

If any grounds for default or termination stated in a provision of the franchise agreement do not constitute “reasonable cause”, the provision may not be enforceable.

If any provision of the franchise agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to them under the franchise, the provision may not be enforceable.



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR WASHINGTON**

This Addendum amends and supplements the “Franchise Disclosure Document for Prospective Franchisees as Required by the Federal Trade Commission” dated April 25, 2024 June 21, 2024 (the “Franchise Disclosure Document”) issued by Doctor’s Associates LLC (“DAL”).

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

Replace entry v. with the following:

- |                    |                                 |  |
|--------------------|---------------------------------|--|
| v. Choice of forum | FA Paragraphs 10.a,<br>10.b.,13 | Arbitration must be held in Washington, or at a location mutually agreeable to the parties or as determined by the arbitrator, if not otherwise resolved subject to state law. Litigation must take place in a court of competent jurisdiction in Connecticut. We may bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Franchise Agreement concerning use of the trademarks, or confidentiality, or the covenants not to compete. You may not bring litigation in court under the Franchise Agreement. |
|--------------------|---------------------------------|--|

Add the following after “w. Choice of law”:

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per

year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

#### **EXHIBIT A FRANCHISE AGREEMENT**

Add the attached Franchise Agreement Addendum.

Franchise: \_\_\_\_\_

## FRANCHISE AGREEMENT ADDENDUM FOR STATE OF WASHINGTON

This Addendum (“**Addendum**”) dated \_\_\_\_\_ (the “**Effective Date**”) amends and supplements the Franchise Agreement of the same date between Doctor’s Associates LLC, a Delaware limited liability company, with a principal office in Shelton, Connecticut (“**we**” or “**us**” or “**DAL**”), and \_\_\_\_\_ (“**you**”). The Franchise Agreement, as amended by this Addendum, will be called this “**Agreement**”. Capitalized terms used in this Rider that are defined in the Franchise Agreement will have the meanings given to them in the Franchise Agreement.

### RECITALS:

A. The parties agree it is their intent and desire to amend this Agreement to comply with the requirements set forth in the *Washington Franchise Investment Protection Act* (“**Franchise Act**”). The parties are signing this Addendum, in part, to comply with the *Franchise Act*. The parties agree that if it is later believed by a party or otherwise determined that the Franchise Agreement fails to comply with the *Franchise Act*, the parties will further modify the Franchise Agreement so that it will be in compliance.

### AGREEMENT:

Acknowledging and agreeing to Recital above, which is added to the Recitals of the Franchise Agreement and is herein incorporated by reference in the Franchise Agreement, and notwithstanding any provisions of the Franchise Agreement to the contrary, the parties agree to amend and supplement the Franchise Agreement as follows:

I. YOU ACKNOWLEDGE ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS DESCRIBED IN THE FRANCHISE AGREEMENT, WILL BE ARBITRATED IN WASHINGTON OR IN A PLACE MUTUALLY AGREED UPON BY THE PARTIES OR AS DETERMINED BY THE ARBITRATOR, IF NOT OTHERWISE RESOLVED.

II. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

III. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IV. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

V. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

VI. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of

or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington. The parties agree the arbitration shall be held before a single arbitrator, not a panel.

VII. In the event of a conflict of laws, the provisions of the *Franchise Act*, Chapter RCW 19.100 shall prevail.

VIII. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

IX. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

X. Sections 25.A through 25.F of the Franchise Agreement are hereby deleted in their entirety.

**IN WITNESS WHEREOF**, the parties have executed this Addendum, as of the Effective Date.

**FRANCHISOR:**

**DOCTOR'S ASSOCIATES LLC**

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

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

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

**FRANCHISEE:**

*If an entity*

\_\_\_\_\_

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

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

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

*If individual(s)*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DAL WA 04/24 amended 06/24