

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
o. Advertising	Section 8 of Franchise Agreement	Items 6 & 11
p. Indemnification	Section 9.3 of Franchise Agreement, Section 7.4 of Diner 2.0-DA agreement, Section 8.4 of FLIP, Sections 12 and 13 of Purchase Agreement	Item 6
q. Franchisee's Participation /Management/Staffing	Sections 10 & 14 of Franchise Agreement	Items 11 & 15
r. Records/Reports	Section 7 of Franchise Agreement	Item 6
s. Inspection/Audits	Sections 7.8 & 15 of Franchise Agreement	Items 6 & 11
t. Transfer	Section 17 of Franchise Agreement, Section 8 of Diner 2.0-DA agreement, Section 9 of FLIP	Items 6 & 17
u. Renewal	Section 17 of Diner 2.0-DA agreement	Item 6
v. Post-termination Obligations	Section 19 of Franchise Agreement, Section 10 of Diner 2.0-DA agreement, Sections 12 of FLIP	Item 17
w. Noncompetition Covenants	Section 20 of Franchise Agreement, Section 17 of Diner 2.0-DA, Section 19 of FLIP	Item 17
x. Dispute Resolution	Section 21.10 of Franchise Agreement, Section 15 of Diner 2.0-DA agreement, Section 17 of FLIP, Section 14.D of Purchase Agreement	Item 17
y. Participation in an Advertising Cooperative	Section 8.3 of Franchise Agreement	Item 11
z. Franchisee Preview	N/A	Item 11
aa. Review of Financial statements	N/A	Item 19

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## Item 10

### FINANCING

#### Generally

We are not obligated to do so, but we occasionally offer to finance the purchase of POS systems and other items introduced into the Denny's System. We do not otherwise customarily accept notes or other instruments from franchisees and, accordingly, have not in the past sold, assigned, or discounted to a third party, in whole or in part, any note, contract, or other instrument executed by a franchisee. We have no present intent to sell, assign, or discount notes or instruments in the future to a third party.

Neither we nor our affiliates receive revenue or other benefits from any person or entity for the placement of financing.

#### Former Company Restaurant Financing

DI typically will not finance the purchase price, or the initial franchise fee. In limited circumstances, DI may finance a portion of the purchase price of a former company restaurant. If DI finances a portion of the purchase price of a former company restaurant, you must execute the form of Promissory Note ("Note") appearing as Exhibit H-1, along with a Security Agreement. Under the Denny's credit card program, all sales at the Restaurant paid with a credit card are remitted directly to DI. After receiving these credit card payments on your behalf, DI subtracts any payments which you may owe to us (including royalties, brand building fees, and any other periodic payments) as well as any amounts which you may owe to DI (including any payments due under a promissory note or sublease executed in connection with your purchase of a former company restaurant) and remits to you the balance, if any, remaining after subtracting such payments. DI does not practice nor does it intend to sell, assign, or discount to a third party all or part of the Security Agreement and/or Promissory Note.

The following table summarizes the financing we may offer you for the purchase a company Restaurant:

Source of Financing	Us
Amount Financed	Up to 40% of purchase price
Down Payment	Varies
Term (number of years)	Up to 5 years
Rate of Interest plus finance charge	Fixed rates will be determined at the time of funding, and will be the greater of 9% or current market rate for loans to small businesses. There is no separate finance charge.
Weekly Payment	Varies depending on amount financed
Prepayment Penalty	None
Security Required	Security interest in financed property (See Note 1)
Guaranty	Personal guaranty from your owners
Liability upon Default	See Note 2
Loss of Legal Rights Upon Default	None

1. DI will take a continuing security interest in the financed property (Section 1, Security Agreement), junior to any primary financing from a conventional lender funding the acquisition. Additionally, if DI provides financing to a corporation, partnership, limited liability company or other legal entity, DI will require stakeholders in such entity to execute personal guaranties of the Note.

2. If you default under the Note, DI may take actions, including: (1) declaring the entire debt immediately due and payable; (2) commencing a judicial foreclosure or other action; (3) taking physical possession of the premises of the Restaurant; and/or (4) securing the appointment of a receiver for the financed property. (Section 15, Security Agreement.) We may also terminate the Franchise Agreement for defaults under the Note. (Franchise Agreement 18.1.d.)

#### Waivers

Under the Note, you waive presentment for payment, demand, notice of non-payment, notice of intention to accelerate, and notice of protest. (Promissory Note.)

Except as described above, we do not offer financing for the establishment or operation of the Restaurant.

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## Item 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

**Except as listed below, we are not required to provide you with any assistance.** The assistance described in the sections titled "Pre-Opening Obligations" and "Continuing Obligations" below may be provided directly by us or through one or more of our affiliates. References in the sections titled "Pre-Opening Obligations" and "Continuing Obligations" below to "we", "us", "our" and the like, are inclusive of our affiliates.

#### Pre-Opening Obligations

We will provide the following pre-opening assistance:

- (1) Provide you with prototype plans and specifications, including interior layout and decor, equipment specifications and sign design. (Franchise Agreement, Section 5.3.)
- (2) We will provide to you the names of approved suppliers for any required equipment, signs, fixtures, opening inventory and supply. We provide written specifications for these items in the Manuals or otherwise upon your request. Generally, we do not deliver or install any of these items and you will receive them in the manner you arrange with the vendor.
- (3) Provide management training for you, your Managing Owner or Designated Operator, if applicable, and your managers at an approved training restaurant. (Franchise Agreement, Section 16.)
- (4) We will assess the training needs of the Restaurant. Where the highest level of support is required, we will send, at your expense, a training crew prior to opening to assist in the training and development of your employees in all areas of restaurant operation. Additional New Restaurant Opening (NRO) training beyond the type and amount which we typically schedule (see Item II, "New Restaurant Opening and Training Assistance," for a discussion of training which we typically schedule), is not available. The costs associated with the NRO training fee include salaries, lodging, meals, travel expenses, transportation, and other related expenses. Training must be scheduled at least 45 days prior to the opening date of your restaurant. The NRO Training Manager will arrive at your restaurant 13 days prior to the opening date of your restaurant, and the NRO training crew will arrive at your restaurant 11 days prior to the opening date of your restaurant. If you request that the NRO training be rescheduled within 45 days of the beginning training date (within 58 days of your opening date) you will be responsible for any additional fees we incur, including, but not limited to, salary, lodging, transportation, and meals. If the training is delayed after the NRO training crew is on site, you will be responsible for any additional costs we incur. The per diem cost of such training assistance, including salary and related benefits is approximately \$400 for a manager and \$400 per trainer. With our permission, your openings may be led by your own appropriate infrastructure including an approved NRO Manager (FNROM).
- (5) Provide access to our Brand Standards / HACCP Manual for each Denny's restaurant you operate through our Intranet. (Franchise Agreement, Section 11.)

## Continuing Obligations

We will provide the following assistance during your operation of the Restaurant:

- (1) Develop and engage in advertising, public relations and promotional campaigns designed to promote and enhance the value of all Denny's restaurants. (Franchise Agreement, Section 8.1.)
- (2) Protect and defend you against any claims or challenges arising out of your authorized use of our trademarks. (Franchise Agreement, Section 20.1.)
- (3) Periodically inspect your Restaurant and deliver to you a report of our evaluation. (Franchise Agreement, Section 15.2);
- (4) Train new Restaurant managers and replacement Managing Owners or Designated Operators at an approved training restaurant. If a Denny's, Inc., restaurant is not available for training, an approved franchise training restaurant may be used with the approval of the VP of Training and the VP of Franchise Operations. (Franchise Agreement, Section 16.)
- (5) Provide periodic guidance to you with regard to the System, including improvements and changes. (Franchise Agreement, Section 16.2.)
- (6) Periodically modify the Brand Standards / HACCP to reflect changes in standards, specifications and operating procedures. (Franchise Agreement, Section 11.1.)
- (7) For an additional fee, pursuant to your request, and subject to a separate agreement, provide menu maintenance and support for the Standard Enterprise Technology Platform (see Standard Enterprise Technology Platform Agreement).
- (8) Through December 31, 2020, we provided at our expense:
  1. procurement services for substantially all food, beverage and single-use supplies which we specify from time to time for use in the United States and that move through the distributor serving the greatest number of restaurants in the United States. This would not necessarily include:
    - a. items delivered directly to restaurants by the vendor, including without limitation produce, locally baked goods, and dairy.
    - b. furniture, fixtures, equipment
  2. oversight of one distributor (currently McLane) serving the greatest number of restaurants in the United States, to monitor the distributor's compliance with the terms of the contract under which it serves the Denny's system.

To the extent the SCOC determines that any of the procurement services which fall under this provision should be handled by a third party, or that any products which currently fall under subsection (A) should be purchased or distributed in a different manner, then in either such event, we will have no further obligation with respect to such services or products.

## Franchise Preview

As a franchise candidate you must complete a two-day (16 hours) franchise preview of the operation of a Denny's company restaurant. The franchise preview will allow you to observe and evaluate the demands of our 24-hour operations. We do not compensate you for your time or any work performed during the franchise preview and completing the franchise preview does not guarantee that you will be approved as a Denny's franchisee.

## Site Selection

If you execute a development agreement, you must submit for our approval a site within a designated geographical area according to the development schedule or in time to meet the required opening dates. If you have independently obtained a site for the Restaurant, then before execution of the Franchise Agreement, you must present to us for approval a restaurant site proposal, including a site description and analysis, containing traffic and other demographic information in the format we require. We will consider this information, the locations of other family style or fast-food restaurants in the vicinity of the proposed site and other items as may be part of our standard site criteria in determining whether to approve a site. We will notify you within four months with our decision about a site.

The success of the Restaurant depends on a number of factors including your operational abilities, site location, consumer trends and such other factors that may or may not be within your direct control.

We may offer to franchise former company restaurants for a variety of reasons, including: location in an area not currently targeted by DI in its business plan, length of time remaining on the lease, and restaurant sales volumes or operating profits.

The length of time between executing the Franchise Agreement and opening the Restaurant is difficult to estimate if you have independently obtained a site for the Restaurant. After you secure the Restaurant site, design, permit receipt, construction or remodeling, and furnishing of the Restaurant could take approximately three to eighteen months, with twelve months being typical. However, if you fail to open the Restaurant for business within 24 months from the date of the Franchise Agreement, we may terminate the Franchise Agreement. If you franchise former company restaurant(s), you will typically execute the Franchise Agreement when you take possession of the restaurant. Prior to signing the Franchise Agreement, you will receive a letter of intent for a former company restaurant. The time between the letter of intent and transferring the company restaurant for business varies widely. Factors affecting this length of time include obtaining financing, scheduling of your initial training and transferring or obtaining any applicable licenses, permits and the like for the operation of the Restaurant. We may require you to enter into a development agreement with us as part of your purchase of the company restaurant(s). If you enter into a development agreement with us, you must open the number of Denny's Restaurants as required by the mutually agreed upon development schedule set out in the agreement.

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## Management Training

### **TRAINING PROGRAM<sup>1</sup>**

<u>Subjects Taught<sup>2</sup></u>	<u>Hours of Classroom Training</u>	<u>Hours of On-The-Job Training</u>	<u>Location</u>
Franchisee Manager - in- Training (FMIT) <sup>3,4</sup>		50 days	Approved STAR Training Restaurants <sup>5</sup>
New Restaurant Opening (NRO) and Training Assistance <sup>6</sup>	See Note 6	See Note 6	Your new Restaurant
Food Safety Training and Certification <sup>7</sup>	8 – 16 depending on state requirements		On-line

1. Unless otherwise noted, all the Required Training is conducted under the supervision of Ms. Fasika Melaku-Peterson, Senior Vice Human Resources & Chief Learning Officer. See Item 2 for specific positions held by Ms. Melaku-Peterson.
2. Unless otherwise noted, we do not charge for the required initial training. However, you will be responsible for all salaries and any travel related costs which you incur in connection with you and your employee's completion of our required training programs. If you and your employees complete the training programs at a company-owned training restaurant, we will require that you have the necessary insurance in place for worker's compensation and other employment-related claims. In addition, we will require that you indemnify us for any claims which may be made in connection with you and your employee's training at a company-owned restaurant and that you and your employees sign waivers relating to our liability.
3. For all subjects, the Franchisee, Managing Owner, and Designated Operator must attend. Restaurant managers must attend: Franchisee Manager-in-Training and Food Safety Training and Certification. All Persons-in-Charge must attend Food Safety Training and Certification. Where "Franchisee" is required, this means the individual franchisee who is personally responsible for the day-to-day operations of the Restaurant. (See Item 15.)
4. This Restaurant Manager in Training Program (MIT) is a comprehensive training program designed to equip both company and franchise managers with the necessary culinary, hospitality and restaurant management knowledge and skills to be a successful Restaurant Manager at Denny's. The training program is divided into 5 modules:
  1. Orientation
  2. Passion for Culinary Management
  3. Obsessed with Hospitality Management
  4. Restaurant Management
  5. Transition Process

Each module gives life to The Denny's Way through activities that provide hands-on demonstration of supporting behaviors.

#### **MODULE 1 – ORIENTATION**

The Orientation module provides an overview of our guiding principles and operating tenets, which serve as the foundation of our organization. In addition, the manager will learn about the training

restaurant and receive an introduction to this training program. By the end of the first two days, the foundation will be set for the rest for the Restaurant Manager training.

## **MODULE 2 – PASSION FOR CULINARY MANAGEMENT**

The focus of the Culinary Management module is to provide the manager with an in-depth understanding of all processes, systems, and behaviors necessary to lead culinary excellence at Denny's. In addition, they will learn about all Back-of House employee positions. During this time, their goal is to gain a solid understanding of the skills and competencies necessary in each position. Additionally, they will develop a thorough awareness of food philosophy and specifications and techniques while gaining a solid understanding of our hourly employee training standards. At the end of each week, they will complete a quiz over content introduced that week. At the end of this module, they will complete a comprehensive culinary test to substantiate their skill development and knowledge retention. They must successfully pass the test prior to moving on to the next module.

## **MODULE 3 – OBSESSED WITH HOSPITALITY MANAGEMENT**

The focus of the Hospitality Management module is to understand Denny's Obsessed with Hospitality philosophy of Delight and Make It Right. Managers will learn the management behaviors necessary to train, maintain and nurture this philosophy within our restaurants. Floor management, service training, staffing standards, guest relations, and labor planning are all included in this module. In addition, they will learn about all Front-of-House employee positions. During this time, their goal is to gain a solid understanding of the skills and competencies necessary in each position. At the end of each week, they will complete a quiz over content introduced that week. At the end of this module, they will complete a comprehensive hospitality test to evaluate their skill development and knowledge retention. They must successfully pass the test prior to moving on to the next module.

## **MODULE 4 – RESTAURANT MANAGEMENT**

The focus of the Restaurant Management module is to give managers the opportunity to put into practice everything they have learned in the first three modules. During this important time, the manager has an opportunity to safely practice key Denny's operational and management behaviors and activities, over and over, for the purpose of mastering it and developing consistent routines or practices to run great restaurants. They will also gain a deeper understanding of financial statements, inventories, ordering, receiving, facility maintenance and safety and sanitation procedures. At the end of each week, they will complete a quiz over content introduced that week. At the end of this module, they will complete a final exam. Exams and validations are key to demonstrating that the manager has successfully completed the Denny's Manager Training Program.

## **MODULE 5 – TRANSITION PROCESS**

The Transition Process module is the final step of the training program. Unlike the other modules, this module occurs in the restaurant that the trainee will lead as a manager. The objective is to ensure that the manager is successfully acclimated and welcomed into their new restaurant and has the support system in place to help them be successful.

If you and your employees attend training conducted by us, the training will be conducted by STAR Trainers that have been approved by us to conduct our initial training program. Instructional materials for our initial training program include a Franchise Manager-in-Training Manual, program evaluations, and program validations. All managers must pass the module tests and final exam. You must have at least three managers at all times who have successfully completed Denny's FMIT program.

5. The training will be conducted at one of numerous geographically dispersed Denny's restaurants designated by us for training. If you already operate a Denny's restaurant, you may take advantage of the same training which we offer to franchisees opening their first restaurant. However, you may also apply to us to have any Denny's restaurant which you already own and operate approved as a training restaurant for the training of restaurant managers. If you are successful in obtaining approval of a Denny's restaurant you own and operate as a training restaurant, you may conduct your own initial training of managers for any additional Denny's restaurants which you may establish. In addition, you may also conduct at a training-approved restaurant any ongoing training of managers if you need to replace management employees. The criteria used to determine whether a Denny's restaurant qualifies for approval as a Denny's training restaurant include: (1) the management staffing levels and management development at the restaurant; (2) the training qualifications of key employees at the restaurant, including eLearning complete training manager testing of at least 90% score on the eLearning Mid-Term and Final test; (3) the training materials and equipment on the premises of the restaurant and in use in the restaurant; and (4) the restaurant's historical performance including: Brand Protection Review scores, guest count growth, guest satisfaction scores, guest complaints and maintaining Denny's brand standards.

#### Shift Leader Training Program

The Shift Leader Training Program is built to support the development of current hourly employees to become first-time Leaders at Denny's. The goal of this program is to develop Shift Leaders capable of running effective shifts. The program is administered in the employees' home restaurant under the direction of the General Manager (GM) and Restaurant Manager (RM). It's self-paced learning that is structured, yet flexible, where employees developing for the Shift Leader role can work through the content at a pace that allows them to practice new skills. A blended learning approach is utilized, including eLessons, videos, and the Shift Leader Training Program Guide. The program is made up of four modules: (1) Orientation, (2) Excelling as a First-Time Leader, (3) Leading a Delight & Make It Right Culture, (4) Operating a Denny's Way Shift. At the conclusion of each module, the employee takes a quiz to validate learning has taken place and engages in a conversation with their Managers to review progress. At the end of the program, the employee completes a Final Exam, receives a Shift Management Review, and completes their final validation process with their Managers and Multi-Unit Leader. The Shift Leader Training Program Guide can be ordered through Denny's Distribution. This is the only approved program utilized at Denny's to train a Shift Leader.

#### Development Program for General Managers

The Development Program for General Managers is built to support the development of all current GMs at Denny's. The goal of the program is to ensure every GM grows with intention, fosters high-performing restaurants, and leads with purpose to run Breakthrough Restaurants. This program has something for everyone; individuals who are promoted to a GM, GM's who are transitioning to a new restaurant, or GM's in position who can simply benefit from developing their skills.

This program has eight modules and is aligned with The Denny's Way. The program begins with Orientation and Transition. Each of the remaining modules focuses on implementing a specific aspect of The Denny's Way. The most robust module is Drive for Results with content around managing the big three of your P&L: Sales, Food, and Labor. The program is structured, yet flexible, allowing new, transitioning, and existing GMs to grow by using a one-size-fits-all approach where everyone can find value in a journey that will allow them to grow in each aspect of The Denny's Way. The Development Program for General Managers Guide can be ordered through Denny's Distribution.

6. The NRO team will consist of one NRO Manager and up to seven additional trainers, depending upon the number of Denny's restaurants which you own and operate. Unlike other manager training programs, you must pay a set fee for the NRO team, which varies depending on the level of training you receive (see below).

1. If you are opening your first or second Denny's restaurant, we will coordinate the full NRO team.
2. If you are opening your third or subsequent restaurant and you have opened another restaurant within two years, you may supply your own approved trainer(s).
3. If you would otherwise qualify for a smaller NRO team, but you have not opened a restaurant within two years, you will receive our full NRO team.

Our full NRO team consists of 1 NRO manager who will be at the restaurant for 21 days (13 days before, and 8 days after the restaurant opens), and 7 trainers that will be at the restaurant 18 days (11 days before and 7 days after the restaurant opens, plus 1 travel day). Please note that this schedule is a guide and is flexible to allow us to best serve the needs of the Franchise. For example, we may elect to stagger the arrival of trainers in order to provide more support for a longer period of time once the restaurant opens.

Beginning with your third restaurant, if you have opened a restaurant within two years, you may provide up to two trainers and reduce your NRO fee by \$5,000 per trainer you provide. Beginning with your fifth restaurant, if you have opened a restaurant within two years, you may provide up to six trainers and reduce your NRO fee by \$5,000 per trainer you provide. Your training may also be shorter, approximately 11 days, 10 days before the restaurant opens ("pre") and the day the restaurant opens. Trainers should be evenly divided between the front of the house and the back of the house. Beginning with your fifth restaurant, you may also consider doing your own NRO training, with our approval. This will require the appropriate infrastructure including an approved Franchisee NRO Manager (FNROM). Your own NRO training requires the consent of your Franchise Business Coach (FBC). Your FNROM must complete all training (including eLearning modules) and reporting responsibilities required by our Director of NRO and receive yearly supplemental NRO training. You are responsible for the cost associated with the yearly training. If you lose your approved FNROM, you will need to certify another candidate and that candidate must have the approval of the FBC. Regardless of our NRO support, if we provide assistance beyond that which we believe necessary for opening the restaurant, you will be required to reimburse all costs we incur for such additional assistance. The NRO team will assist you in the opening of the restaurant according to the following schedule:

<u>Number of Denny's Restaurants</u>	<u>NRO support</u>	<u>Fee*</u>	<u>NRO Team</u>	<u>NRO Assistance**</u>
1-2	Full	\$36,000	Denny's provides: 1 NRO Manager 7 Trainers	21 days (13 pre/8 post) 18 days (11 pre/7 post)
3-4	Reduced by two	\$26,000	Denny's provides: 1 NRO Manager	21 days (13 pre/8 post) 18 days (11 pre/7 post)