

FOOTNOTES:

These proformas are based on the adjusted costs of 143 affiliate-owned Papa Gino's Restaurants that sold the standard Papa Gino's menu and which have been in operation for at least our entire fiscal year ending February 25, 2007.

As described in Item 1, we have developed a New Design restaurant for the Papa Gino's concept. This New Design restaurant features a new logo, a warm and inviting "pizzeria" looking exterior, larger interior footprint, prominently displayed pizza preparation and baking area (space permitting), upgraded booths, tables and chairs, wood flooring, and an overall contemporary and upscale design. Since we had opened only 6 Restaurants under the New Design for the Papa Gino's concept as of February 25, 2007, and none of them had been open for a full year, these 6 Restaurants have been excluded from the proforma. Accordingly, the sales, expenses, and EBITDA associated with the New Design may differ materially from those shown on the accompanying profit and loss statement.

Some of the expense information provided in the proforma has been adjusted to reflect differences in the expected cost structures of affiliate-owned and franchised Restaurants, and such changes are discussed in the footnotes to the proforma. The information shown on the accompanying profit and loss statement is based, in part, on the actual results of the existing affiliate-owned Papa Gino's Pizzeria Restaurants.

¹ The sales information provided in Table A represents an average of the sales of the 36 highest grossing affiliate-owned Restaurants described above. The sales information provided in Table B represents an average of the sales of the 72 highest grossing affiliate-owned Restaurants described above. The sales information provided in Table C represents an average of the sales of the 143 affiliate-owned Restaurants described above.

² Represents the average food and paper cost of affiliate-owned Restaurants net of any manufacturer purchase rebates.

³ Payroll: "Management" represents an average of affiliate-owned restaurant payroll expenses for all salaried management. Low sales volume shops may only have a General Manager while high sales volume shops will generally have a General Manager and one or more Managers. Typically, single Restaurant Franchisee owners who operate the Restaurant do not employ a General Manager. "Crew" represents an average of affiliate-owned restaurant payroll expenses for all hourly employees, including shift supervisors, full-time employees, part-time employees, and trainees.

Payroll cost has been reduced by eliminating all employee fringe benefits, including vacations and management bonuses. The cost of affiliate-owned group insurance policies is not representative of the cost of similar benefits to individual franchisees. Furthermore, the level of salaries and the fringe benefits an individual franchise owner wishes to provide its employees is an individual management decision and may be different than the level of salaries and fringe benefits provided to employees

of affiliate-operated Restaurants. Additionally, franchise owners may require continuous employment for one year or some such eligibility period before providing fringe benefits. Franchise owners should make their own determination of the cost of fringe benefits to be provided to their employees. Individual franchise owners operating one Restaurant may not have a General Manager on the payroll.

⁴ Represents the average payroll taxes for affiliate-owned Restaurants. Payroll taxes vary by State, so prospective Franchise owners should calculate the payroll taxes for their location.

⁵ Represents the average Workers' Compensation Insurance costs for affiliate-owned Restaurants. Workers' Compensation Insurance rates vary by state, so prospective franchise owners should calculate the Workers' Compensation Insurance cost for their location.

⁶ "Royalty" reflects the 6% of gross sales royalty fee that is required under the Franchise Agreement each week during the term of the Franchise Agreement.

⁷ Advertising expense reflects the 3% of gross sales Advertising Contribution that is required under the Franchise Agreement to be contributed to the Advertising Fund during the term of the Franchise Agreement.

⁸ Occupancy Cost: This figure represents an estimate of current occupancy costs in New England. Occupancy cost represents rent, real-estate taxes, and common area maintenance (CAM). We have projected the rent figure of \$78,000 per year, plus CAM of \$4,500 per year, and real estate taxes of \$7,500 per year, for a typical location of 3,000 square feet. Prospective franchisees should determine their actual cost for rent, CAM, and real estate taxes based upon current costs at the sites at which they are considering locating a Restaurant. Occupancy costs for free standing locations may be higher than for strip shopping center locations.

⁹ Represents the average utilities cost for affiliate-owned Restaurants and includes electricity, gas, water, and sewer. Utilities costs vary by State, so prospective Franchise owners should calculate the utilities rates for their location.

¹⁰ Represents the average repair costs for affiliate-owned Restaurants and includes all repairs, such as building, equipment, HVAC, refrigeration, telephone, plumbing, septic, electrical, grease trap cleaning, and exhaust system cleaning. Repairs to building and equipment which are covered by initial warranties have been reduced by 50% during the first year.

¹¹ Represents the average maintenance costs for affiliate-owned Restaurants and includes alarm system maintenance, preventative maintenance, landscaping, snow removal, and pest control.

¹² Represents the average operating expenses for affiliate-owned Restaurants and includes cash short, bank charges, rubbish removal, uniforms, credit card processing fees,

smallwares, cleaning supplies, administrative supplies, telephone, personal property taxes, and premiums and local marketing expenses.

¹³ Represents the average contracts costs and fees for affiliate-owned Restaurants and includes equipment rental, truck rental, police detail, help wanted advertisements, licenses, fees, POS system hardware maintenance support costs payable to third parties, and the POS system software maintenance and support fees payable to us or our affiliate as described in Item 6, and annual credit card processing software maintenance and support fee payable to a third party.

¹⁴ This figure does not represent an average of affiliate-owned Restaurants' insurance policies since affiliate-owned Restaurants are covered by group insurance policies. We have estimated the annual insurance cost to be \$6,000 per Restaurant. A prospective franchisee should determine the actual insurance costs available in the marketplace for policies that will satisfy the requirements of its lease or purchase agreement, franchise agreement and financing agreement, if any.

¹⁵ Professional Fees: This figure does not represent an average of affiliate-owned Restaurants. Professional fees for affiliate-owned Restaurants have been estimated because many professional services are conducted by employees of our affiliate and are not charged to affiliate-owned Restaurants. Thus, professional fees for affiliate-owned Restaurants are likely to be lower than they are for franchised units. We have estimated that professional fees of \$4,000 will cover the cost of an accountant's preparation of the profit and loss statements and balance sheets required under the Franchise Agreement and of a payroll service to provide weekly payroll checks and file quarterly tax reports. A prospective franchisee should determine the actual cost of accounting services in the marketplace.

¹⁶ Various overhead accounts of our affiliate, which do not pertain to franchisees, have been deleted.

¹⁷ EBITDA represents earnings before interest, taxes, depreciation, and amortization. EBITDA does not provide for any principal or interest payments of loans.

Substantiation of the data used in preparing these proformas will be made available to a prospective franchisee upon request. A FRANCHISEE'S INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS SHOWN IN THESE PROFORMAS. YOU SHOULD NOT RELY ON THIS INFORMATION AND SHOULD CONSULT WITH PROFESSIONAL ADVISORS BEFORE DECIDING WHETHER TO INVEST.

Except as specified above, we specifically instruct our sales personnel, agents, employees, and officers that they are not permitted to make claims or statements as to the earnings, sales, or profits, or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a Restaurant's operation. We cannot be held responsible for any unauthorized representations as to earnings, sales, profits, or prospects or chances for success.

We recommend that prospective Franchisees make their own independent investigation to determine whether or not the Papa Gino's Restaurant may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement.

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