

SETTLEMENT AGREEMENT

BETWEEN

**THE STATES OF MASSACHUSETTS,
CALIFORNIA, ILLINOIS, IOWA, MARYLAND, MINNESOTA, NEW JERSEY, NEW
YORK, NORTH CAROLINA, OREGON, PENNSYLVANIA, RHODE ISLAND,
VERMONT, AND THE DISTRICT OF COLUMBIA**

AND

LITTLE CAESAR ENTERPRISES, INC.

PARTIES

1. The States of Massachusetts, California, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, and Vermont, and the District of Columbia (the “Settling States”), by and through their Attorneys General (collectively, “the Attorneys General”), are charged with enforcement of, among other things, their respective state’s consumer protection and antitrust laws, and other related statutes and regulations.

2. Little Caesar Enterprises, Inc. (“Little Caesar”) is a Michigan corporation with its principal offices or place of business in Detroit, Michigan. Little Caesar is owned by Ilitch Holdings, Inc., a holding company headquartered in Detroit, MI. Little Caesar is a franchisor, and its corporate and franchisee-operated locations are in the business of offering pizza, among other food products, for sale to consumers.

DEFINITIONS

3. For purposes of this Settlement Agreement, “No-Poach Provisions” refers to any and all language contained within franchise or license agreements or any other documents which

restricts, limits or prevents any Little Caesar franchisee or Little Caesar-operated restaurant from hiring, recruiting or soliciting employees of Little Caesar and/or any other Little Caesar franchisee for employment. Such language includes, but is not limited to, any “no-solicitation,” “no-switching,” and/or “no-hire” provisions.

4. “Little Caesar” shall mean Little Caesar Enterprises, Inc. and shall include its directors, officers, managers, agents acting within the scope of their agency, and employees as well as its successors and assigns, controlled subsidiaries, and predecessor franchisor entities.

THE INVESTIGATION BY THE ATTORNEYS GENERAL

5. The Attorneys General undertook an investigation pertaining to certain No-Poach Provisions contained in Little Caesar’s franchise agreements or any other document which restricts franchisees from hiring or soliciting employees of Little Caesar and/or other Little Caesar franchisees for employment. As a result of the investigation, the Attorneys General determined:

- a. Little Caesar has independently-owned franchise locations in each of the Settling States;
- b. Until on or about August 2018, Little Caesar included No-Poach Provisions applicable to certain managerial-level employees in its franchise agreements; and
- c. Little Caesar’s use of No-Poach Provisions in its franchise agreements may have limited managers’ job opportunities, restricted their earning potential and upward job mobility, and deprived other franchisees of the opportunity

to hire managers with requisite skills and experience. The economic consequences of these restrictions may be significant.

6. The Attorneys General allege that this course of conduct may constitute a violation of the Settling States' antitrust laws. The Attorneys General further allege that these methods, acts, or practices may constitute unfair methods of competition and/or unfair or deceptive acts or practices in the conduct of trade or commerce in violation of the Settling States' consumer protection laws, and may violate other laws in some or all of the Settling States governing the free exercise of the right to contract for employment.

7. Little Caesar expressly denies that its use of the above-described No-Poach Provisions violated the Settling States' laws and denies that it took any action to enforce these provisions. Little Caesar also denies the allegations contained in Paragraphs 5.c and 6 above and denies that its No-Poach Provisions had any adverse effect on competition or on wages earned by its own or its franchisees' managerial-level employees.

8. Little Caesar enters into this Agreement for the purpose of resolving this investigation only, and this Agreement does not create any rights for any third party. Conversely, nothing in this Agreement shall preclude any private claims. However, no party to this Agreement intends for it to have any preclusive effect or work any collateral estoppel as to any matter addressed herein.

9. This Agreement is made without trial or adjudication of any issue of fact or law and without initiation of any legal proceedings against Little Caesar or any of its franchisees. Without

admitting to any violation of law, the parties have voluntarily and knowingly entered into this Agreement in order to avoid the time, expense, disruption, and uncertainty of litigation.

10. The Attorneys General have conferred in good faith with Little Caesar and its attorneys, and the parties have agreed to resolve the allegations through this Agreement.

ASSURANCES

11. Little Caesar agrees that it will not include No-Poach Provisions in any of its franchise agreements in the United States signed after the execution date of this Agreement.

12. Little Caesar agrees it will not enforce any No-Poach Provision in any of its existing franchise agreements in the United States and will not seek to intervene in any action brought by the Attorney General of any of the Settling States against a current or former franchisee that enforces or attempts to enforce an existing No-Poach Provision. Little Caesar may defend itself and its practices in any action in which it is named as a party.

13. Within 30 days of execution of this Agreement, Little Caesar will send a letter to all of its current franchisees with restaurants located in the Settling States, stating that Little Caesar, in accordance with an agreement with the Attorney General of the State in which the restaurant is located, is requesting that the No-Poach Provisions be removed from existing franchise agreements. The letter that Little Caesar will send to these franchisees will be substantially in the form of the letter attached hereto as Exhibit A. That letter will include the proposed amendment that Little Caesar is requesting that each of its franchisees in the Settling States sign, which will remove the No-Poach Provisions from the franchise agreements.

14. The proposed amendment that will be included with each letter will be substantially in the form of the amendment attached hereto as Exhibit B.

15. The letter to franchisees will also include a request to post, through December 31, 2020, a notice at the workplace in a location where it can easily be read to inform employees of this Agreement. A template of such notice in English and Spanish is attached hereto as Exhibit C. Little Caesar will post this notice through December 31, 2020 in the restaurants it operates in the Settling States.

16. If, after the 30-day period set forth in Paragraph 13, and before the deadline specified in Paragraph 19, Little Caesar becomes aware of a franchisee with a restaurant located in one of the Settling States attempting to enforce No-Poach Provisions, and Little Caesar is unable to persuade such franchisee to desist from enforcing or attempting to enforce such provision, Little Caesar will notify the Attorney General of the state in which the store is located and the Massachusetts Attorney General within thirty (30) days of learning of the attempted enforcement. Notice shall be provided by both United States Postal Service and email to the appropriate Settling States' signatory to this Agreement.

17. In addition to sending the letter to its current franchisees in the Settling States pursuant to Paragraph 13 above, Little Caesar will respond promptly to any inquiries from such franchisees regarding the request to amend the terms of the franchise agreement and will encourage its current franchisees in the Settling States to sign the proposed amendment. Within 180 days of execution of this Agreement, Little Caesar will provide: (a) a list of any current franchisees with restaurants in the Settling States that have not executed the proposed amendment, (b) a list of any

current franchisees with restaurants in the Settling States that have executed the proposed amendment; and (c) a copy of each executed amendments. Little Caesar will provide these materials to each the respective Attorney General of each Settling State and a copy to the Massachusetts Attorney General. However, Little Caesar is under no obligation to offer its franchisees any consideration – monetary or otherwise – in order to induce them to sign the proposed amendment or take any adverse action against such franchisees if they refuse to do so. A decision by a franchisee not to amend its franchise agreement, or not to do so within 180 days of this Agreement, shall not mean that Little Caesar has not complied with its obligations under this Agreement.

18. If Little Caesar learns that a current franchisee in a Settling State intends in good faith to sign the proposed amendment but is unable to do so within the time period specified in Paragraph 17, Little Caesar will notify the respective Attorney General of the Settling State in which the franchisee operates, and the Massachusetts Attorney General, to seek a mutually agreeable extension. During any such extension, the Attorneys General will not take further investigative or enforcement action against the franchisee for the use of No-Poach Provisions.

19. Within 180 days of execution of this Agreement, Little Caesar will submit a declaration to the Attorneys General, signed under penalty of perjury, stating whether all provisions of this Agreement have been satisfied by Little Caesar.

MISCELLANEOUS PROVISIONS

20. This Agreement shall be governed by and interpreted in accordance with the respective laws of the Settling State that is seeking to enforce the Agreement against Little Caesar or against which Little Caesar is seeking enforcement.

21. Little Caesar is represented by and has consulted with counsel in connection with the decision to enter into this Agreement.

22. This Agreement shall be binding upon Little Caesar, and any company or entity through which it does business, or which is under its control, or any of those companies' or entities' predecessors or successors in interest, parent corporations, holding companies, subdivisions, subsidiaries, affiliated entities, officers, directors, trustees, partners, agents, servants, employees, and contract workers, to the extent that those persons or entities are involved in the operation of the Little Caesar restaurant system in the United States.

23. This Agreement shall have the same effect as an Assurance of Discontinuance, Assurance of Voluntary Compliance, or a Stipulated Judgment, and it may be filed in court pursuant to the respective laws of each Settling State.¹

24. In the event that one or more of the Settling States contends that Little Caesar has breached this Agreement, then:

a. The Settling State will provide written notice of the alleged breach to Little Caesar by both United States Postal Service first class mail and email to the addresses below:

¹ With respect to California, this Agreement will only become effective once it has been entered as a stipulated judgment pursuant to California Code of Civil Procedure section 664.6.

Little Caesar Enterprises, Inc.
2211 Woodward Avenue
Detroit, MI 48201-3400
Attn: Legal Department
Kimberly.Riccobono@LCEcorp.com

b. Little Caesar will have forty-five (45) days following receipt of the written notice to cure any alleged breach.

25. If a court of competent jurisdiction determines that Little Caesar has materially breached this Agreement, then:

a. For each material breach of this Agreement that results in a refusal to hire, Little Caesar shall pay the Settling States an aggregate amount up to \$100,000, determined at the Settling States' discretion, unless Little Caesar establishes that (i) the breach was unintentional and (ii) that Little Caesar cured the breach within forty-five (45) days of receipt of written notice from the Settling State or, alternatively, that the Settling State failed to provide adequate notice as required by Paragraph 24.

b. For each material breach of this Agreement that does not result in a refusal to hire, Little Caesar shall pay the Settling States an aggregate amount up to \$10,000, determined at the Settling States discretion, unless Little Caesar establishes that (i) the breach was unintentional and (ii) Little Caesar cured the breach within forty-five (45) days of receipt of written notice from the Settling State, or, alternatively, that the Settling State failed to provide adequate notice as required by Paragraph 24; and

c. In the event that a payment is due under this Paragraph, Little Caesar shall also pay the reasonable fees and costs incurred by the Settling States in enforcing the terms of this

Agreement where such enforcement involves litigation, including without limitation reasonable attorneys' fees, expenses, and the costs of investigation and litigation, as determined by the court.

26. The Attorneys General agree not to proceed with or institute any civil or criminal action or any other enforcement action under their respective state's consumer protection and antitrust laws, and other related statutes and regulations against Little Caesar or any companies through which Little Caesar does business or which are under its direct or indirect control by any means, for the use of No-Poach Provisions prior to the execution of this Agreement. The Attorneys General further agree not to proceed with or institute any civil action or other proceeding under their respective state's laws, statutes, and regulations against any of Little Caesar's current franchisees, for the use of No-Poach Provision prior to the execution of this agreement, to the extent such franchisee timely executes the proposed amendment described in Paragraph 14, and posts the proposed notice as described in Paragraph 15. Notwithstanding this paragraph, nothing in this Agreement shall be construed as preventing the Attorneys General from investigating Little Caesar's conduct in the event of a suspected violation of this Agreement. Nothing in this Agreement serves to waive, release, or otherwise affect any claims or potential claims of individuals or classes of individuals not party to this Agreement, even if one or more of the Attorneys General could have brought those claims on their behalf.

27. Notwithstanding Paragraph 26, the Attorneys General reserve the right to take further investigative or enforcement action against any current franchisee in any Settling State that does not sign the proposed amendment described in Paragraph 14 within the time provided by this Agreement or any agreed extension, or fails to post the proposed notice described in Paragraph 15.

Neither the failure of any franchisee to sign the proposed amendment nor the failure of any franchisee to post the proposed notice shall constitute a breach by Little Caesar.

28. Nothing in this Agreement shall be construed as relieving Little Caesar of a duty to comply with all applicable federal, state and local laws, regulations, rules, and permits. The Settling States are not required to provide notice in advance of taking any enforcement action if necessary to protect the health, safety or welfare of the public.

29. This Agreement contains the complete agreement between the Attorneys General and Little Caesar related to the conduct at issue. No promises, representations, or warranties other than those set forth in this Agreement have been made by the Attorneys General or by Little Caesar. This Agreement supersedes all prior communications, discussions, or understandings regarding No-Poach Provisions between the Attorneys General and Little Caesar, whether oral or in writing. This Agreement can only be modified or supplemented by a written document signed by Little Caesar and the Attorney General of the Settling State for which a modification would be effective.

30. The Attorneys General and Little Caesar agree and represent that any persons signing this Agreement are authorized by proper authorities to execute this Agreement on their behalf. By signing below, the parties agree to comply with all of the terms of this Agreement.

31. Execution of this Agreement does not constitute an approval by the Settling States of any of Little Caesar's business acts or practices.

32. Little Caesar may petition the Attorneys General of any Settling State to modify or terminate the Agreement on the basis of material changes in fact, law, rule, regulation, judicial or administrative decision or interpretation.

AGREED TO AND APPROVED BY:

LITTLE CAESAR ENTERPRISES, INC.



Erin Martin
Vice President and General Counsel
Little Caesar Enterprises, Inc.

FOR THE SETTLING STATES:

MASSACHUSETTS



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BY: 

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IOWA



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EXHIBIT A

SAMPLE NOTICE TO FRANCHISEES

Dear [Franchisee Name]:

In July 2018, the Attorneys General of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, and the District of Columbia (the "States") requested information from Little Caesar regarding our franchise agreements. In particular, the States objected to franchise agreement provisions known as "No-Poach Provisions" that restrict the hiring or solicitation of managers between Little Caesars and/or its franchisees. Such provisions appear in some Little Caesar franchise agreements.

We believe the franchise system's interests are best served by resolving the matter without costly and protracted litigation, and so have entered into a Settlement Agreement (attached), while denying that Little Caesar or its franchisees have violated any law or regulation or acted improperly in any respect.

Under the Settlement Agreement, Little Caesar will not enforce provisions in any of our existing franchise agreements in the United States that restrict a franchisee from hiring or soliciting a manager from another Little Caesar location. Moreover, Little Caesar will not include any such provisions in any future franchise agreements.

Please be advised that should you attempt to enforce any such provision against another franchisee, Little Caesar will not intervene or help to enforce it and your actions may be subject to further investigation or enforcement by the States.

PLEASE NOTE: The Settlement Agreement requires that we ask you, as a franchisee with a location in at least one of the States, to amend your existing franchise agreements to remove the No-Poach Provisions, and to provide notice to your employees of this Agreement. Enclosed for your signature is: an amendment to your franchise agreement(s) with Little Caesar to remove the No-Poach Provision. Also enclosed is a notice to your employees to be posted in your restaurants provided by the States in English and Spanish.

Please review the amendment with your attorney. To the extent that you agree to this amendment to your franchise agreement and post the enclosed employee notice through December 31, 2020 in a location where it can easily be read by your employees, the States have committed to not pursue any suit, or take any investigative or enforcement action against you for conduct relating to the No-Poach Provision of your franchise agreement, up to and including the date you sign the amendment.

Please sign and return the amendment to Kim Riccobono at kim.riccobono@lcecorp.com as soon as possible but in no event later than [date]. If you decide not to sign the enclosed amendment by [date] or fail to post the employee notice through December 31, 2020, the States have indicated that they will reserve the right to investigate you and/or pursue enforcement actions against you relating to the contractual provisions described above. Thus, while you should consult

with your attorney, we encourage you to sign the proposed amendment in order to avoid potential enforcement action by the States.

If you have any questions or concerns, please contact Kim Riccobono at (313) 471-6275.

If you receive any media inquiries, please refer them to Kim Riccobono, as well.

Sincerely,

Erin Martin
Vice President and General Counsel

EXHIBIT B

**AMENDMENT TO
LITTLE CAESARS® FRANCHISE AGREEMENT**

The Little Caesar Enterprises, Inc. ("Little Caesar") Franchise Agreement(s) between Little Caesar ("We") and the undersigned franchisee ("You") listed in Exhibit A hereto (as amended, the "Franchise Agreement(s)") shall be amended in accordance with the following terms.

1. Background. We and You are parties to each Franchise Agreement and You operate one or more franchised restaurants in California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, or the District of Columbia under the Franchise Agreement(s). We have determined that it is in the best interests of the franchise system to not enforce Section 15.2.3. The purpose of this Amendment to your Franchise Agreement(s) is to document this change. All initial capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Franchise Agreement(s).

2. Modification of Terms. As of the Effective Date (defined below) of this Amendment, You and We agree that Section 15.2.3 is hereby deleted from each Franchise Agreement, as shown in Appendix A attached hereto, and is of no further force or effect.

3. Miscellaneous. Except as specifically modified by this Amendment, the provisions of the Franchise Agreement(s) shall remain in full force and effect. This document is an amendment to, and forms a part of, each Franchise Agreement. If there is an inconsistency between this Amendment and any Franchise Agreement, the terms of this Amendment shall control. This Amendment constitutes the entire agreement between the parties hereto, and there are no other oral or written representations, understandings or agreements between them, relating to the subject matter of this Amendment. This Amendment inures to the benefit of the parties hereto and their respective successors and assigns and will be binding upon the parties hereto and each of their respective successors and assigns. This Amendment may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective as of _____, 2019 (the "Effective Date").

LITTLE CAESAR ENTERPRISES, INC. **FRANCHISEE (Franchise #_____)**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C

EMPLOYEE NOTICE
(post through December 31, 2020)

In July 2018, the Attorney General of your state asked Little Caesar to stop using or enforcing No-Poach Provisions in its Franchise Agreements. The Attorney General believes that No-Poach Provisions may have prevented some employees from getting a job at another Little Caesar's location.

Little Caesar does not believe that it acted improperly in any way, and denies that it violated any law. Little Caesar cooperated with the Attorney General and agreed to stop using or enforcing these provisions.

You are allowed to be recruited or hired by another Little Caesar franchisee, if you so desire.

If you have any questions or concerns, please contact Little Caesar and your state Attorney General's Office.

AVISO A LOS EMPLEADOS
(publicar hasta el 31 de diciembre de 2020)

En julio del 2018, el Fiscal General de su estado le pidió a Little Caesar que dejara de usar o hacer cumplir las cláusulas en contra del reclutamiento y contrato de talento en sus acuerdos de franquicia. El Fiscal General cree que las cláusulas en contra del reclutamiento y contrato de talento pueden haber impedido que algunos empleados obtengan trabajo en otra locación de Little Caesar.

Little Caesar no cree que haya actuado incorrectamente de ninguna manera, y niega haber violado ninguna ley. Little Caesar cooperó con el Fiscal General y acordó dejar de usar o hacer cumplir estas cláusulas.

Si lo desea, puede ser reclutado o contratado por otro franquiciado de Little Caesar.

Si tiene cualquier pregunta o duda, por favor comuníquese con Little Caesar y a la Oficina del Fiscal General de su estado.

Kimberly Riccobono
Legal Services Manager
Little Caesar Enterprises, Inc.
(313) 471-6275

[STATE AG CONTACT INFO]