

PIZZERIA UNO

12/30/2002

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Franchised Units: 76

Company-owned Units: 118

Total Units: 194

ITEM 19
EARNINGS CLAIMS

Except as described below, we make no representations or statements of actual, average, projected, or forecasted sales, profits, or earnings to franchisees or developers. We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual, average, projected, forecasted, or potential sales, costs, income or profits of your business.

We specifically instruct our sales personnel, agents, employees, and officers that they are not permitted to make such 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 franchisee's or developer's operation. We will not be bound by allegations of any unauthorized representations as to earnings, sales, profits, or prospects or chances for success.

Actual results vary from franchise to franchise, and we cannot estimate the results of a particular franchise. We recommend that prospective franchisees and developers make their own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement or the Development Agreement.

Analysis of Average Sales and Expenses
For Franchisor-Operated Full-Service Uno Restaurants

Bases and Assumptions

The sales information which follows was aggregated from affiliate-owned and franchised restaurants open for the entire fiscal year ended September 29, 2002. The expense information which follows was aggregated from affiliate-owned restaurants only, since expense data is not available for franchised restaurants. The table included in the analysis contains the number and percentage of affiliate-owned Uno restaurants which, during the period October 1, 2001 to September 29, 2002, reported annual gross sales of under \$2,100,000 and over \$2,100,000. This analysis was constructed using the arithmetic mean (average) annual sales and expenses of all 110 restaurants that were open and operated by our affiliates during the entire aforementioned period. However, certain charges which you will be required to pay to us under the Franchise Agreement (see Items 5 and 6) and other differences in the expenses of a franchised Uno restaurant are included in the table, as noted below. Our auditors, Ernst & Young LLP, have not

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performed any procedures on the financial information in the tables below, and assume no responsibility for that information.

The affiliate-owned restaurants used in this analysis are substantially similar to the franchised Uno restaurants. However, the amount of sales and expenses incurred will vary from restaurant to restaurant. In particular, the sales and expenses of your Restaurant will be directly affected by factors which include the Restaurant's geographic location; competition in the market; presence of other Uno restaurants; the quality of both management and service at the Restaurant; contractual relationships with lessors and vendors; the extent to which you finance the operation of a restaurant; your legal, accounting and other professional fees; federal, state and local income taxes, gross profits taxes or other taxes; cost of any automobile used in the business; other discretionary expenditures; accounting methods used and certain benefits and economies of scale which we may derive as a result of operating Uno restaurants on a consolidated basis. A NEW FRANCHISEE'S INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS DESCRIBED BELOW.

As of our 2002 fiscal year end, the average time in operation of the affiliate-owned restaurants included in this analysis is nine years. The restaurants included in this analysis are located in the following states:

	<u>Number of Restaurants</u>
Colorado	2
Connecticut	5
Florida	6
Illinois	7
Indiana	1
Maine	2
Maryland	7
Massachusetts	26
Missouri	2
New Hampshire	5
New Jersey	2
New York	19
North Carolina	1
Ohio	4
Pennsylvania	3
Rhode Island	2
Tennessee	1
Vermont	1
Virginia	12
<u>Washington, D.C.</u>	<u>2</u>
Total:	110

Statement of Average Sales (in thousands) for all Full-Service Restaurants for the Fiscal Year ended September 29, 2002		
1) Annual Sales Range	Under \$2,100	Over \$2,100

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2) Number of restaurants within the range/% of total affiliate-owned restaurants within the range	50 / 45.5%	60 / 54.5%
3) Number of domestic franchised restaurants within the range / % of total franchised restaurants within the range	32 / 55.2%	26 / 44.8%

Uno Restaurant Corporation Statement of Average Sales and Expenses of Affiliate-Owned Full Service Pizzeria Uno Restaurants for the Fiscal Year Ended September 29, 2002				
Profit & Loss Period Ended September 29, 2002 Consolidated Earnings Claims Disclosure Pro Forma Per Store Estimates				
(\$s IN THOUSANDS) (GROSS SALES LEVEL)	UNDER \$2,100,000		OVER \$2,100,000	
SALES				
(1) Net sales	1,654.1	100.0%	2,554.1	100.0%
COST OF SALES				
(2) Food and Beverage Costs	439.8	26.6%	655.1	25.6%
LABOR				
(3) Direct Labor	370.7	22.4%	493.6	19.3%
(4) Management Salary	155.9	9.4%	187.5	7.3%
(5) Payroll Taxes & Benefits	<u>98.9</u>	<u>6.0%</u>	<u>129.2</u>	<u>5.1%</u>
Total Labor	625.5	37.8%	810.3	31.7%
GROSS PROFIT	588.8	35.6%	1088.7	42.6%
CONTROLLABLE COSTS				
(6) Paper Goods	23.3	1.4%	34.7	1.4%
(7) Smallwares	12.8	0.8%	18.7	0.7%
(8) Other Controllables	<u>31.7</u>	<u>1.9%</u>	<u>39.7</u>	<u>1.5%</u>
Total Controllables	67.8	4.1%	93.1	3.6%
INCOME AFTER CONTROLLABLES	521.0	31.5%	995.6	39.0%
OTHER COSTS				
(9) Advertising & Promotion	37.5	2.3%	50.3	2.0%
(10) Royalties	82.7	5.0%	127.7	5.0%
(11) Legal & Accounting	5.0	0.3%	5.0	0.2%
(12) Repairs & Maintenance	58.3	3.5%	67.6	2.6%
(13) Utilities	66.2	4.0%	80.6	3.2%
(14) Other Noncontrollables	33.7	2.0%	40.7	1.6%
(15) Occ. Costs Excl. Rent & Taxes	<u>32.3</u>	<u>2.0%</u>	<u>44.1</u>	<u>1.7%</u>
Total Other Expenses	315.7	19.1%	416.0	16.3%

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Earnings before rent, depr. & interest	205.3	12.4%	579.6	22.7%
Number of Stores	50	45.5%	60	54.5%

Each of the 110 affiliate-owned Uno restaurants utilized a uniform accounting system and the data pertaining to such restaurants was prepared on a basis consistent with generally accepted accounting principles during the covered period. The information contained in this analysis has generally not been audited. The following notes should assist in interpretation of the foregoing table of results.

1. Net Sales (Line 1). The net sales are based on the average volume of the restaurants that fall into each revenue range.
2. Total Cost of Sales (Line 2). You will have the opportunity to take advantage of volume discounts on particular items negotiated by us; however, availability of such volume discounts is generally limited to geographic areas in which our affiliates currently operate Uno restaurants. The cost of items such as produce, which are often purchased locally, may vary according to the location of the Restaurant. Additionally, freight and shipping costs and the amount of mark-up imposed by suppliers will also vary.
3. Direct Labor (line 3). Labor for a Restaurant generally necessitates a range of 40-80 employees, including both full-time and part-time workers.
4. Management Salary (line 4). This category assumes one designated general manager, 1 manager and 1 assistant manager and includes an amount for bonuses.
5. Payroll Taxes and Benefits (line 5). This category includes amounts for worker's compensation, group insurance expenses, payroll taxes, and vacation pay. The amounts stated reflect administrative costs incurred by Uno restaurants and exclude all other general and administrative costs incurred for payroll matters which are handled by our corporate or regional office. The costs of labor and related payroll expenses may vary substantially depending on the geographic location of the Restaurant.
6. Other Controllables (line 8). Other controllable expenses include the following costs: janitorial service; office supplies; entertainment; laundry; telephone; cash shortages; and miscellaneous.
7. Advertising and Business Coop (line 9). These expenses represent the advertising and business coop contributions you are required to pay to us as described in Item 6. Specifically, you are required to pay a monthly fee of up to 1% of Gross Revenues, for business coop services. This fee includes your share of costs that are incurred by us for the benefit of the Business System. Article 7 of the Franchise Agreement further details and explains this expense. You are also required to expend a minimum of 2% of Gross Revenues on local marketing as described in Item 6. We have not accounted for the impact of a System Wide Marketing and Media Fund Fee of up to 1 % of Gross Revenues, because the fee has never yet been actually implemented.

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8. Royalties (line 10). You will be required to pay a continuing royalty fee equal to the greater of 5% of Gross Revenues or \$4,000 per month as described in Item 6.

9. Other Non-Controllables (line 14). This category of expenses includes amounts for bank processing charges, dues, licenses, subscriptions, menus, guest checks, and recruitment.

10. Occupancy Costs excluding Rent and Taxes (line 15). This category includes insurance, security, trash services, and extermination. We may have derived a benefit in the form of lower premiums for insurance based on the number of Uno restaurants owned by our affiliates and our loss control programs. You should inquire about the cost of insurance, which may vary substantially depending on the geographic location of the Restaurant.

11. Other Information. We are also presenting in the following paragraphs a comparison of certain financial information received from our franchisees along with the average financial results of the 110 affiliate-owned Uno restaurants. However, while we suggest that our franchisees utilize a uniform accounting system in reporting, which is consistent with generally accepted accounting principles, it should be expressly noted that we cannot attest to (i) the accuracy of the information received from our franchisees or (ii) whether such information was actually prepared in accordance with generally accepted accounting principles.

The numbers and percents indicated in the first table in lines (2) and (3) relate to the 110 affiliate-owned restaurants and 58 domestic franchised restaurants open during all of fiscal year 2002 (October 2, 2001 to September 30, 2002). In addition, the average annual sales volume for all affiliate-owned restaurants as described above was \$2,145,009. This sales volume was attained or surpassed by 58 (or 52.7%) of the affiliate-owned restaurants and 25 (or 43.1%) of the franchised restaurants.

The highest annual sales volume of an affiliate-owned restaurant was \$3,615,527. The lowest annual sales volume of an affiliate-owned restaurant was \$1,186,752. The highest annual sales volume of a domestic franchised restaurant was \$3,850,307. The lowest annual sales volume of a domestic franchised restaurant was \$1,276,746.

Substantiation of the data used in preparing the earnings claim described above will be made available to you on reasonable request.