FRANCHISE DISCLOSURE DOCUMENT
BROWN'S CHICKEN, LLC
An Illinois Limited Liability Company

55 E. Park Boulevard
Villa Park, Illinois 60181
Telephone: (630) 359-5358
Website: www.brownschicken.com
Email: timf@brownschicken.com

The franchise will engage in the business of owning and operating a Brown's Store (hereinafter referred to as a BROWN'S Store) specializing in the on-premises preparation and sale at retail of cooked chicken, pasta, sandwiches, and other food products.

The total investment necessary to begin operation of a Brown's Store is $366,000 to $2,699,000. This includes $25,000 that must be paid to the franchisor or 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 the 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 for you. To discuss the availability of disclosures in different formats, contact Tim Falconio at 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358.

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 this Disclosure Document to an advisor, like a lawyer or 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 ("FTC"). You can contact the FTC at 1-888-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at 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.

The Issuance Date of this Franchise Disclosure Document is April 17, 2024.

STATE COVER PAGES

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 Exhibits C and D.
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 A 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 BAB Systems 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 BROWN's franchisee?	Item 20 or Exhibits C and D list 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 J.

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. **<u>Out-of-State Dispute Resolution</u>.** The franchise agreement and area development agreement permit you to resolve disputes with the franchisor only by arbitration in the major city nearest where the franchisor's principal business address is then location. Currently, that would be Chicago, 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 the Chicago, Illinois area 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.

TABLE OF CONTENTS

EXHIBITS

Item 1
THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

The name of the franchisor is Brown’s Chicken, LLC (hereinafter referred to as "Brown" or "Brown's" or the "Franchisor"). Brown operates BROWN'S Stores under the trade names “BROWN’S,” "BROWN'S CHICKEN" and "BROWN'S CHICKEN & PASTA."

Brown is a limited liability company organized on October 22, 2010, under the laws of the State of Illinois. Brown's principal address is:

55 E. Park Boulevard
Villa Park, Illinois 60181

Brown's agents for service of process are listed in Exhibit B.

Brown does not have any parent or affiliates.

Brown’s predecessors are Brown’s Chicken & Pasta, Inc., an Illinois corporation (“BCP”) and POPGRIP, LLC (“POPGRIP”). On October 22, 2010, POPGRIP acquired substantially all of the assets of BCP in a Section 363 Bankruptcy sale (see Item 4 of this disclosure document). On October 22, 2010, POPGRIP assigned all of the assets it acquired from BCP to Brown.

BCP, from September 1964 to October 21, 2010, operated and franchised stores (“Brown’s Stores”) specializing in the preparation of and sale at retail of cooked chicken and other food products for on-premises or off-premises consumption. Beginning in 1991, BCP’s menu included Italian pasta products. Beginning in 2002, BCP’s menu included a line of sandwiches made “The Chicago Way” (including burgers, hot dogs, and Italian beef and sausage). BCP offered franchises for Brown’s Stores beginning in 1965. BCP did not offer franchises in any other line of business.

BCP ceased operations on October 21, 2010.

Popgrip has never conducted nor franchised any type of business.

Brown was formed to operate and franchise Brown’s Stores, which will offer all the standard chicken, pasta, and sandwich products.

Responding to dietary needs of a growing ethnic market, selected BROWN’S Stores in 2005 began offering its standard and aforementioned menu items certified as *100% Zabiha Halal*. In the Islamic religion, *Zabiha Halal* refers to a process by which animals and other food items are processed before cooking and consumption. The menu items being offered *Zabiha Halal* are not materially different, nor is their taste different, from those offered in other BROWN’S Stores. The raw products used for *Zabiha Halal* preparations, however, have been sourced from separate certified suppliers that adhere to strict codes for food processing practices as set forth by Islamic tradition. *Zabiha Halal* BROWN’S Stores adhere to the same business practices as other locations and operate under the same franchise agreements. A BROWN’S

Store that elects to offer *Zabiha Halal* must sell only *Zabiha Halal* products and may not also sell our standard menu. *Zabiha Halal* products cost more than our non-*Zabiha Halal* products, and will have a greater retail price.

BROWN'S Stores are normally free-standing structures or strip shopping center locations located in areas which meet Brown's site selection criteria and are operated in accordance with a substantially uniform business format. Brown intends generally to grant franchises in the future for free standing stores and strip shopping center stores with on-premises dining, but may grant franchises for units without seating capacity in appropriate markets. In this Franchise Disclosure Document, stores with over 25 seats for on premises dining are referred to as "Dine-In BROWN'S Stores." Stores with no seating or seating for up to 25 people are referred to as "Carry-Out BROWN'S Stores."

Brown is testing a food truck concept ("Tender Truck"), but it is not current offering it to franchisees as of the issuance date of this disclosure document. If and when Brown determines to make it available to franchisees, Brown may offer it to qualified franchisees via an Addendum to their franchise agreements.

Brown owns and uses, promotes and licenses certain trade names, trademarks, service marks and other commercial symbols, and certain associated logos which have gained and continue to gain public acceptance and goodwill (the "Marks"). Brown, by owning and operating BROWN'S Stores, has extensive experience in and the ability to provide assistance and guidance in connection with the operation of BROWN'S Stores. Brown grants to qualified persons ("Franchisee"), pursuant to the Brown's Standard Franchise Agreement (the "Franchise Agreement"), franchises (the "Franchise") to own and operate a BROWN'S Store (the "Store") selling products and services authorized and approved by Brown and utilizing Brown's business format, systems, methods, specifications, standards, operating procedures, operating assistance, advertising services and Marks. In this Franchise Disclosure Document, the word "you" is sometimes used to refer to the Franchisee.

Under certain circumstances, Brown will require franchisees to offer video gaming within their BROWN'S Stores. In that event, Brown and the Franchisee will enter into Rider G to the Franchise Agreement, the Video Gaming Rider.

BROWN'S Stores offer their products to the general public both for on-premises consumption (except for Carry-Out Stores) and for "carry-out," as well as providing delivery service and catering for parties, charitable functions, businesses, picnics and similar affairs.

You will compete with national or regional fast-food "chains" and local restaurant businesses which sell similar products, and to a lesser extent with restaurants and food service businesses selling other food products.

You must comply with municipal and county rules and regulations regarding health, food storage and handling, cleanliness, and the like. You must also comply with any and all nutrition labeling requirements imposed by federal, state or local law. As a seller of food and beverage items, your activities are regulated by, and you are solely responsible for complying with, at your own expense, the Food and Drug Administration ("FDA") and the United States Department of

Agriculture and those federal and state laws and regulations relating to food and nutrition labeling and claims, including the Federal Food, Drug and Cosmetic Act, 21 U.S.C.§101 et seq. (the "Act"), as amended by the Affordable Care Act of 2010 and the regulations promulgated thereunder, including the rule mandating nutrition labeling of menu items and calorie content on menus. You must also comply with any and all nutrition labeling requirements imposed by federal, state or local law which may be enacted after the issuance date of this disclosure document.

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Item 2
BUSINESS EXPERIENCE

President and Member of the Executive Board – Timothy R. Kennefick

Timothy Kennefick has been President and a member of the Executive Board of Brown's since December 16, 2010. From January 1990 to August 2010, he was Manager for Brown's Chicken & Pasta, Inc. in Elmhurst, Illinois.

Director, Secretary, and Brand Manager and Member of the Executive Board– Timothy M. Falconio

Timothy Falconio has been a Director of Brown's since December 16, 2010, and the Secretary and a Member of the Executive Board since January 1, 2017. From October 22, 2010 to the present, he has been Brand Manager of Brown's. From May 1989 to the present, he has been self-employed as a Commodities Broker for the Chicago Board of Trade in Chicago, Illinois.

Chief Financial Officer – Marianne Samborski

Ms. Samborski has been Chief Financial Officer of Brown's since December 16, 2010. From January 1995 to the present, she has been President of J C Technology Inc. in Arlington Heights, Illinois.

Director and Consultant– Thomas M. Kennefick Sr.

Mr. Kennefick has been a Consultant and Director for Brown's since December 16, 2010. Mr. Kennefick was one of the founders of the predecessor, Brown's Chicken & Pasta, Inc. From October of 1970 to March of 2007, he was Vice President and a Director of BCP.

Director – Brian Kennefick

Brian Kennefick has been a Director of Brown's since December 16, 2010. From February 2005 to the present, he has been an Account Executive for Lexis Nexis in Oakbrook, Illinois.

Director – Kevin J. Kennefick

Kevin Kennefick has been a Director of Brown's since December 16, 2010. From April of 1990 to the present, he has been self-employed in Williamstown, Massachusetts.

Director – Colleen M. Bernard

Ms. Bernard has been a Director of Brown's since December 16, 2010. From January of 2008 to the present, she has been Chief Operating Officer for Bella Baby Photograph in Naperville, Illinois.

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Item 3
LITIGATION

Pending Actions

None

Concluded Actions

Joan Portillo v. Bonnie Kennefick and Brown's Chicken, LLC, Circuit Court of the 18th Judicial Circuit, Illinois, Case No. 2013 CH 1098, filed on March 27, 2013. This is an action brought by Joan Portillo, a 25% shareholder of Highland Fling, Inc., which is a franchisee of Brown's, against Bonnie Kennefick, another 25% shareholder of Highland Fling, Inc., and against Brown's Chicken, LLC, the Franchisor. The Plaintiff alleges that Bonnie Kennefick breached her fiduciary duty to Plaintiff by: (a) entering into a Sublease with the son of Bonnie Kennefick for less money than the master lease; (b) selling the business without notice to the shareholders and without compensation; (c) arranging under the Master lease to have rent due from the Franchisor paid directly to the mortgagee; (d) taking of a corporate opportunity by entering into a sublease without the consent of the Board of Director or shareholders, with a business entity controlled by the son of Bonnie Kennefick for significantly less money than to cover the Master Lease payment, thereby putting Highland Fling in default of its rent payments; (e) failing to hold a meeting of the Board of Directors to vote on the Sublease; (f) failing to obtain shareholder approval for entering into the sublease, without notice to the shareholders; (g) failing to follow the by-laws of the corporation before entering into a sublease or sale of the business; and (h) otherwise failing to perform her duties fairly, honestly and openly with the corporation and/or the shareholders of the corporation. Plaintiff alleges that Brown's converted certain equipment of Highland Fling followed cessation of operations by Highland Fling, and that Brown's gained unauthorized and wrongful assumption of control, dominion or ownership of the corporate record books, equipment, computer systems, leasehold interests and other property of Highland Fling. Plaintiff seeks compensatory damages. On December 13, 2013, Bonnie Kennefick filed an Answer to the original complaint. On December 2, 2013, Brown's filed a Motion to Dismiss. In response to Brown's Motion to Dismiss, Plaintiff requested leave to file an amended complaint. The court granted Plaintiff until April 24, 2014 to file an amended complaint. On April 28, 2014, Plaintiff filed an amended complaint. On October 15, 2014 Bonnie Kennefick filed an Answer to the amended complaint. Following hearings, judgment was entered against the defendants and in favor of Brown's on July 28, 2015 in the amount of $185,283.22 plus judgment interest at the rate of 8%. In April of 2016, the parties entered into a Global Settlement Agreement and Mutual Release consolidating this case and the cases against Life A.B., LLC and Forty One, Inc. (the next 3 cases disclosed below). The terms of the settlement agreement are confidential and may not be disclosed by any party. Notice of Satisfaction of Judgment for all 3 cases was entered on April 27, 2016.

Brown's Chicken, LLC v. JOLI, INC., LIFE A.B., LLC, JUST TONI's, Toni Portilllo, and Joan Portillo, Circuit Court of the 18th Judicial Circuit, Illinois, Case No. 2011 CH002196, filed on May 6, 2011. This is an action brought by the Franchisor against a former Franchisee, including two principals of BCP, the predecessor to the Franchisor. The action is based on conduct by the Defendants in connection with a certain former Brown's restaurant located in Joliet, Illinois, both prior to and subsequent to expiration of the Franchise Agreement for said restaurant. Franchisor alleges that the Defendants: (a) breached the Franchise Agreement by failing and refusing to pay past due royalties and Advertising Fund fees; (b) committed trademark infringement by continuing to use Franchisor's Marks, trade dress, advertising, and phone number; and (c) violated the covenant not to compete. Franchisor seeks damages in the amount of $24,102.30 plus interest and costs of collection, and injunctive relief prohibiting Defendants from misusing Franchisor's Marks, and an injunction to enforce the covenant not to compete. The case had been pending the outcome in the Adversary Case pending in bankruptcy court, Popgrip, LLC v. BROWN'S CHICKEN & PASTA, INC. and HOWARD KORENTHAL, not individually but solely as Liquidating Trustee of Brown's Chicken and Pasta, Inc., JOLI, INC., LIFE A.B., LLC., and JUST TONI'S, Case No. 11-2395. This case was settled as part of the Global Settlement Agreement described above in the case between Joan Portillo v. Bonnie Kennefick and Brown's Chicken, LLC.

<u>Brown's Chicken, LLC v. FORTY ONE, INC. and JOAN PORTILLO,</u> Circuit Court of the 18th Judicial Circuit, Illinois, Case No. 2014 AR 000939, filed on June 10, 2014. This is an action brought by the Franchisor against a former Franchisee, including one principal of BCP, the predecessor to the Franchisor. The action is based on conduct by the Defendants in connection with a certain former Brown's restaurant located in Highland Park, Illinois. Franchisor alleges that the Defendants: (a) breached the Franchise Agreement by failing and refusing to pay past due royalties and Advertising Fund fees; and (b) after closing the Highland Park, Illinois store on or around February 2011, refused to return to Plaintiff the equipment at the Highland Park, Illinois store. Franchisor seeks damages in the amount of $75,390.48 for Royalty Fees; $58,900.00 for Advertising Fund Fees; $21,758.77 for conversion for the value of the equipment located at the store; for an amount to be termed by the arbitrator for the value of the breach of contract regarding the right of first refusal to sell the franchisee's interest in the premise in which the store was located; plus attorney's fees and costs of litigation. This case was settled as part of the Global Settlement Agreement described above in the case between Joan Portillo v. Bonnie Kennefick and Brown's Chicken, LLC.

<u>Brown's Chicken, LLC v. THE HIGHLAND FLING, INC. and Joan Portillo,</u> Circuit Court of the 18th Judicial Circuit, Illinois, Case No. 2011L000554, filed on May 17, 2011. This is an action brought by the Franchisor against a former Franchisee, including one of the principals of BCP, the predecessor to the Franchisor, alleging that Defendants breached their Franchise Agreement in connection with a certain Brown's restaurant located in Highland, Indiana. Franchisor alleges that the Defendants breached the Franchise Agreement by failing and refusing to pay past due royalties and Advertising Fund fees. Franchisor seeks damages in the amount of $192,879.59 plus interest and collection costs. On September 23, 2013, Default Judgment was entered against The Highland Fling, Inc. for $185,142.22. This case was settled as part of the Global Settlement Agreement described above in the case between Joan Portillo v. Bonnie Kennefick and Brown's Chicken, LLC.

Other than the above 4 matters, no other litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

On December 29, 2009, BCP, a predecessor of the Franchisor, filed under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court, Northern District of Illinois, case #09-49094. On October 22, 2010, the bankruptcy court conducted a Section 363 sale, at which POPGRIP, a predecessor of the Franchisor, purchased all the assets of BCP.

On November 14, 2011, POPGRIP filed an Adversary Case in this bankruptcy case, Case No. 11-02395, to recover payment for property purchased by POPGRIP but which was undelivered. POPGRIP claims it is entitled to either (a) certain equipment POPGRIP purchased, but which principals of BCP are using in another business, or (b) the sum of $59,565.22, the book value of those assets. On December 16, 2013, an Amended Judgment Order was entered in favor of POPGRIP.

On January 17, 2014, the Amended Judgment Order was recorded as a foreign judgment in the Twelfth Judicial Court, Will County, Illinois, Case No. 14 LM 128. This proceeding had been stayed by Life, A.B.'s Chapter 7 bankruptcy filing on February 21, 2014, Case NO. 14-5755. On March 23, 2015, the court entered a Turn Over Order directing Bank of America, as garnishee, to turn over to POPGRIP's attorney, up to $25,582.25.

Other than that matter, no bankruptcy information is required to be disclosed in this Item.

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Item 5
INITIAL FEES

Except as described below, Brown charges an initial franchise fee of $25,000, $15,000 of which is payable upon execution of the Preliminary Agreement. The balance is due and payable immediately prior to the opening of the Store.

Preliminary Agreement. You may, but are not required to, sign a Preliminary Agreement (attached as Exhibit E) and pay a $15,000 deposit for a Brown's franchise. You would sign it if you do not have a location for a Brown's Store and you want to locate your site prior to the execution of a Franchise Agreement. The Preliminary Agreement gives you a period of 60 days in which to locate a site. If a site is not located and approved within the 60 days, Brown will refund all but $3,000 of the deposit. If you locate a site and sign a Franchise Agreement, the $15,000 deposit will be applied toward the initial franchise fee. If you locate a site and it is approved by Brown within the 60 days but you fail to sign a Franchise Agreement within 10 days of the approval, Brown may terminate the Preliminary Agreement and you will not be entitled to any refund of the $15,000 deposit.

Video Gaming Rider. There is no initial franchise fee charged for the Video Gaming Rider.

The initial franchise fee is fully earned by Brown when paid and is non-refundable, with 2 exceptions. A portion of the deposit is refundable as described in the paragraph above. The second exception is if Brown elects to terminate the franchise due to your failure to complete satisfactorily the training program. In that event, Brown will refund to you any payments made of the initial franchise fee, less the expenses Brown incurred in connection with granting you the franchise and training you and your designees.

In its most recent fiscal year, Brown did not vary the franchise fee for any franchisee.

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Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee on food sales[1]	5% of Gross Sales[2] subject to modification as provided below.	Weekly	You must pay by automatic bank draft.
Video Gaming Royalty Fee	10% of gross sales from Video Gaming revenue.	Weekly	You must pay by automatic bank draft.
Advertising[1]	4% of Gross Sales[2]	Weekly	You must pay by automatic bank draft. See Item 11 regarding the Advertising Fund.
Advertising from Video Gaming Sales	4% of gross sales from Video Gaming	Weekly	You must pay by automatic bank draft. See Item 11 regarding the Advertising Fund.
Additional Training for Franchisee	As Brown determines from time to time. Will include reimbursement of Brown's expenses.	At the time such training is provided.	See Item 11.
Audit	Cost of audit including reimbursement of all of Brown's expenses.	At the time of audit.	If you do not provide reports or other information as required and it is necessary to inspect or audit your books and records, or if you understate Gross Sales by more than 2%, you must pay all audit costs including attorneys' and accountants' fees.
Assignment or Transfer	$5,000.	Prior to consummation of transfer.	You may not assign your interest without Brown's consent.
Additional Training for Assignee Trainee	20% of initial franchise fee.	Prior to consummation of transfer.	Any proposed assignee must be approved by Brown.
Renewal Fee	$5,000	Upon renewal of Franchise Agreement	
Interest	Maximum rate for open account business under applicable law, or if none, then at 1.5% per month.	As accrued.	All amounts due Brown including royalty fees, advertising and cost of products, will accrue interest after the due date if not paid in full.
Expenses of Enforcement	Actual expenses incurred by Brown including attorneys' fees.	On demand by Brown.	You must reimburse Brown for all expenses of enforcement of all agreements between you and Brown.

Type of Fee	Amount	Due Date	Remarks
Indemnification	All expenses incurred, including attorneys' fees and consequential damages.	On demand by Brown.	You must indemnify Brown and certain others against liability for claims arising out of operation of the Store.
Repairs or Insurance	All expenses incurred.	On demand by Brown.	If you fail or refuse to maintain the Store or obtain insurance coverage as required by Brown, Brown may effect necessary repairs and obtain insurance at your expense. The costs to do so will be withdrawn from your bank account via automatic bank draft.
Store Development and Set Up Fee	Up to $50,000[3]	When you sign the Franchise Agreement.	See Note 3 below.
Lease Surcharge	Up to 15% of the rent Brown pays	When lease payments are due	See Note 4 below.
Processing Fee	$50	On demand by Brown	Payable if your bank draft is dishonored for any reason
Penalty for Non-Compliance with Franchise Agreement	$100 per day	Upon demand	See Note 5 below.
Testing Fee	Our costs	Upon demand	If you request us to evaluate a supplier that we have not previously evaluated
Document Name Change Fee	$500	Upon demand	If you request us to alter, add or modify the name or identity of the Franchisee
Liquidated Damaged	$10,000	Upon demand	Payable only if you abandon your Store or transfer it without our consent

We waive royalties for one store that serves as our training facility. We also reduced the royalties for one store for a new franchisee, to assist them during their initial stage of operation. Otherwise, all the fees described in this Item 6 are non-refundable, are payable only to Brown and are imposed uniformly and collected solely by Brown.

1/ Periodically, as part of community service projects, Brown may reduce or not charge this fee.

2/ As used in this item, the term "Gross Sales" shall mean the aggregate actual gross selling prices of all foods, beverages and other products and services (including entertainment/video gaming) sold and/or performed and/or offered by or for you or the Store, in, upon or from the premises, or through or by means of the business conducted therein or otherwise by the Store or Franchise, whether for cash or for credit, provided that in determining the amount of Gross Sales, there are excluded: (a) sales, use or excise taxes passed on as such to the customer and paid to the appropriate taxing authorities; (b) the amount of all refunds, adjustments, credits and allowances made by the Store; and (c) revenues of any fees paid by you to Third-Party Delivery Services, as determined by Brown and published in Brown’s Operating Manual or as promulgated in writing by Brown. A “Third-Party Delivery Service” is a company or business through which customers purchase menu items from the Store, that delivers the menu items to the customers at a location other than the Store. Third-Party Delivery Services typically charge you a fee for this service, which may be automatically deducted from the funds that are collected from the customer prior to disbursement of the funds by the Third-Party Delivery Service to you. Examples of Third-Party Delivery Services include, but are not limited to Grubhub, DoorDash, Uber Eats, ezCater, and Postmates.

3/ Brown may, from time to time, acquire possession of a site for a Store and sell or lease the site to you. In that event, Brown may charge you a store development and set up fee up to $50,000.

4/ Further, if Brown leases a site and subleases it to you, Brown reserves the right to charge you rent that is greater than the rental Brown pays, not to exceed 15%.

5/ You must pay a $100 per day penalty if you are in default of your Franchise Agreement, including failure to submit reports or pay fees when due, non-compliance with operating standards as set forth in the Operating Manuals, or other defaults. This penalty does not limit or serve as a waiver of Brown's other rights and remedies under the Franchise Agreement.

6/ Brown has negotiated royalty rates on a case by case basis, depending on the circumstances involved. Otherwise, all fees were uniform for each of the franchises offered.

Set-Off

You will not be allowed to set off amounts owed to us or other amounts due under the Franchise Agreement, against any monies owed to you, nor will you in any event withhold any amounts due to any alleged nonperformance by us hereunder, which right of set off is expressly waived by you. We are allowed to set off amounts owed to you against monies owed to us by you.

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Item 7
ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment

STORE WITH PURCHASE OF VACANT REAL ESTATE

Type of Expenditures	Range	When Due	To Whom Payments Are to be Made
Franchise Fee	$25,000	$15,000 when you sign the Preliminary Agreement, the balance when upon store opening.	Brown
Vacant Real Estate	$150,000 to $1,000,000	Time of purchase	Seller of Real Estate
Building – New	$250,000 to $750,000	Time of construction	Contractors, vendors
Equipment Costs (includes signage)	$150,000 to $500,000	Time of purchase	Brown, vendors
Build-Out for Video Gaming Area	$0 - $2,000	Time of construction	Contractor
Inventory for initial 2 weeks	$8,000 to $20,000	Time of purchase	Vendors
Additional Funds (3 month estimate)	$25,000 to $52,000	As incurred	Brown's insurance companies, vendors, utilities, governmental agencies, etc.
ESTIMATED TOTAL:	$608,000 to $2,349,000		

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STORE WITH PURCHASE OF REAL ESTATE WITH BUILDING

Expenditures	Range	When Due	To Whom Payments Are to be Made
Franchise Fee	$25,000	$15,000 when you sign the Preliminary Agreement, the balance when upon store opening.	Brown
Real Estate (land & Shell Building)	$200,000 to $1,500,000	Time of purchase	Seller of Real Estate
Remodeling Costs	$150,000 to $600,000	As incurred	Contractors, vendors
Build-Out for Video Gaming Area	$0 - $2,000	Time of construction	Contractor
Equipment Costs (includes signage)	$150,000 to $500,000	Time of purchase	Brown, vendors
Inventory for initial 2 weeks	$8,000 to $20,000	Time of purchase	Vendors
Additional Funds (3 month estimate)	$25,000 to $52,000	As incurred	Brown's insurance companies, vendors, utilities, governmental agencies, etc.
ESTIMATED TOTAL:	$558,000 to $2,699,000		

STORE WITH BUILD-TO-SUIT LEASE

Expenditures	Range	When Due	To Whom Payments Are to be Made
Franchise Fee	$25,000	$15,000 when you sign the Preliminary Agreement, the balance when upon store opening.	Brown
Rent & Security Deposit	$8,000 to $40,000	As negotiated with Landlord	Landlord
Buildout of Restaurant	$150,000 to $600,000	As incurred	Contractors, vendors
Buildout of Video Gaming Area	$0 - $2,000	As incurred	Contractor
Equipment Costs (includes signage)	$150,000 to $500,000	Time of purchase	Brown, vendors
Inventory for initial 2 weeks	$8,000 to $20,000	Time of purchase	Vendors
Additional Funds (3 month estimate)	$25,000 to $52,000	As incurred	Brown's insurance companies, vendors, utilities, governmental agencies, etc.
ESTIMATED TOTAL:	$366,000 to $1,239,000		

IN-LINE (STRIP CENTER) STORE WITH LEASE

Expenditures	Range	When Due	To Whom Payments Are to be Made
Franchise Fee	$25,000	$15,000 when you sign the Preliminary Agreement, the balance when upon store opening.	Brown
Remodeling Costs	$150,000 to $600,000	As incurred	Contractors, vendors
Build-Out for Video Gaming Area	$0 – $2,000	As incurred	Contractor
Equipment Costs (including signage)	$150,000 to $500,000	Time of purchase	Brown, vendors
Inventory for initial 2 weeks	$8,000 to $20,000	Time of purchase	Vendors
Additional Funds (3 month estimate)	$25,000 to $52,000	As incurred	Brown’s insurance companies, vendors, utilities, governmental agencies, etc.
ESTIMATED TOTAL:	$358,000 to $1,199,000		

<u>Store Development By Franchisee</u>.

You are required under the Franchise Agreement to do the following in connection with the development of the Store:

1. Prepare suitable architectural plans and specifications and a site survey for the Store at the Premises, in accordance with Brown's requirements for dimensions, exterior design, materials, parking area, interior layout, equipment, fixtures, furniture and signs and decorating of the Store and conforming to all applicable ordinances, building and zoning codes, permit requirements and lease requirements and restrictions, which plans must be submitted to and approved by Brown;

2. Obtain all required zoning changes and all required health, sanitation, building, utility, sign and business permits and licenses and any other required permits and licenses; purchase or lease and install all equipment, fixtures, furniture and signs required for the Store (including obtaining sanitation certification as required by your state, and having on duty at your Store a certified manager at all times); and

3. Construct all required improvements to and decorate the Premises in compliance with plans and specifications approved by Brown and with all applicable laws.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are not obligated to purchase or lease any product or service from Brown or from any designated source except as provided herein.

Equipment, Fixtures, Furniture and Signs.

Brown will provide you with a list of approved brands, types and/or models of equipment, fixtures, furniture and signs required for the Store. You must use in the operation of the Store only those brands, types and/or models of equipment for the preparation, dispensing, storage, display and delivery of food and beverages, cash registers, fax machine, computers, cameras, remote access, and other equipment, fixtures, furniture and signs that Brown has approved as meeting its specifications and standards. Our current approved supplier of video gaming equipment is Aceel Entertainment, of Burr Ridge, Illinois. Brown's specifications and standards may include minimum standards for design, appearance, function, performance, serviceability and warranties. Except for the POS System (see Item 11), you may purchase or lease approved brands, types and/or models of equipment, fixtures, furniture and signs from any source. Brown has in the past, and may in the future, sell at a reduced fee or lease, used equipment to Franchisees. Brown's ability to lease or sell such equipment is subject to the availability of such used equipment packages. If you propose to purchase or lease any brand, type and/or model of equipment, fixture, furniture or sign not then approved by Brown, you must first notify Brown in writing, and must submit to Brown upon its request sufficient specifications, photographs, drawings and/or other information or samples for a determination by Brown of whether such brand, type and/or model of equipment, fixture, furniture or sign meets its specifications and standards. Brown shall notify you within a reasonable time whether it approves such brand, type and/or model of equipment, fixture, furniture or sign. The time in which Brown will approve or disapprove the proposed brand, type and/or model of equipment, fixture, furniture or sign will be between 2 to 6 months, depending on the specific proposed equipment, fixture, furniture, sign or supplier, the speed with which the supplier responds to Brown's requests, and other factors.

Food And Beverage Products, Supplies and Materials.

All food and beverage products, cooking materials, containers, packaging materials, other paper and plastic products, glassware, utensils, uniforms, menus, forms, cleaning and sanitation materials, and other materials and supplies used in the operation of the Store must conform to the standards and requirements Brown establishes from time to time. Brown has approved and will periodically approve types and/or brands of such products that meet its specifications, and suppliers and distributors of the foregoing products that meet its standards and requirements for suppliers, including standards and requirements relating to quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Brown may from time to time modify its list of approved types and/or brands of products and of approved suppliers, and you must not (after receipt in writing of such modification) reorder any type or brand from any supplier which is no longer approved by Brown.

In order to obtain reduced margins, Brown has approved Wilkens Foodservice as the single distributor for all food, beverage, and dry goods products, other than bakery items. You must purchase all those items from Wilkens Foodservice. Wilkens Foodservice does not pay Brown any rebates or other payments based on franchisee purchases. The contract with Wilkens Foodservice does not have a term. Upon termination of the contract with Wilkens Foodservice, Brown may approve one or more other distributors. Brown's approval may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary, pending a further evaluation of such distributor or other supplier by Brown.

Other than under our arrangement with Pepsi, Dr. Pepper/Snapple, and the National Pork Board described below, we do not currently derive any revenue or other material consideration from your purchases or leases from designated or approved suppliers, although we reserve the right to do so in the future.

There are currently 3 purchasing arrangements for franchisees. One is with Pepsi, which is an approved fountain beverage product supplier. Under the Pepsi agreement, you will have the right to purchase Pepsi fountain syrups from Wilkens at then-current published chain account prices, which prices are subject to change from time to time. The Pepsi agreement provides that Pepsi will pay a rebate into the Brown Advertising Fund based on Franchisees' purchases of Pepsi products. During the fiscal year 2023, Pepsi paid Brown rebates totaling $5,824.00, which was retained by Brown in its general operating budget.

A second purchasing arrangement is with Dr. Pepper/Snapple, which is an approved fountain beverage product supplier. During the fiscal year 2023, Dr. Pepper/Snapple paid Brown rebates totaling $326.25, which was deposited into the Brown Advertising Fund.

The third purchasing arrangement is with The National Pork Board. During the fiscal year 2023, The National Pork Board paid Brown rebates totaling $0.00, which was deposited into the Brown Advertising Fund.

If you propose to purchase and use in the operation of the Store, or to offer for sale at or from the Store any type or brand of product which is not then approved by Brown as meeting its specifications and standards, or to purchase any product from a supplier that is not then an approved supplier, you must first notify Brown. If any product is offered by Wilkens, then during the 3 year contract term described above, we will not consider any other suppliers. As for products not offered by Wilkens, we may consider your request to purchase them from other suppliers. Upon request by Brown, you must submit the information, specifications, and samples as Brown requests for examination and/or testing or to otherwise determine whether such type or brand of product or such proposed supplier meets its specifications and standards. Brown will notify you, within a reasonable time, whether it approves such proposed type or brand of product or such proposed supplier. The time in which Brown will approve or disapprove the proposed type or brand of product or supplier will be between 2 to 6 months, depending on the product, the supplier, the speed with which the supplier responds to Brown's requests, and other factors. Brown may from time to time prescribe procedures for the submission of requests for approved types or brands of products or approved suppliers and obligations which approved suppliers must assume.

Food Delivery Services

You must offer your customers the option of purchasing your products through third party food delivery services. Brown will provide you with a list of approved third party food delivery services that you may use for the sale of your products. These delivery services must agree to comply with our standards and requirements for quality, speed, pricing, payment arrangements, and service. You may not use any outside food delivery service providers that have not been approved by us.

The cost of all goods and services you are required to purchase from Brown, from suppliers approved by Brown, and/or under Brown's specifications will represent approximately 80% to 90% of initially establishing your Store, and approximately 50% to 75% of the continuing cost of operating your Store each year.

Lease Or Leaseback Terms.

If you lease the premises of the Store, you must obtain Brown's prior consent to the lease terms. The lease must provide that: (1) Brown will receive notice of any default not less than 10 days prior to the commencement of any action to evict you from the Premises; (2) Brown will have, at its option, 10 days after receipt of notice to cure such default and be substituted for you as lessee under the lease; and (3) the lease shall be assigned to Brown, at Brown's option, upon the termination of the Franchise Agreement by Brown in accordance with its terms, or by you without cause as provided in Paragraph A of Section 20 of the Franchise Agreement. You must sign and have the lessor sign the Collateral Assignment of Lease attached to the Franchise Agreement as Rider B.

You must furnish Brown a copy of the signed lease for your Store's premises within 10 days after it is signed.

If you own the real estate on which the Store is located, we have the right to require you to enter into a lease with Brown. Brown will then sublease the Premises back to you upon the same terms and conditions as the lease. So long as you are in compliance with your Franchise Agreement, Brown will continue to sublease you the Premises. If you default under your Franchise Agreement, Brown has the right to terminate the sublease and take possession of the Premises or sublease them to another party.

Insurance.

During the term of the Franchise, you must maintain in force, under policies of insurance issued by carriers approved by Brown: (1) comprehensive public and product liability insurance and motor vehicle liability insurance (including but not limited to hired and non-owned coverage) against claims brought during or after the term of the Franchise for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Store or otherwise in conjunction with your conduct of business pursuant to the Franchise, under one or more policies of insurance containing minimum liability protection of $1,000,000 combined single limit; (2) general casualty insurance, including fire and extended coverage, vandalism, and malicious mischief insurance and plate glass and general theft insurance, for the replacement value of the Store and its contents; (3) Employment Practices Liability of no less than $500,000; (4) workmen's compensation insurance as required by law; and (5) business interruption insurance for a period adequate to reestablish normal business operations. Brown may from time to time increase the minimum limits of coverage required under such insurance policies and require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name Brown's Chicken, LLC 55 East Park Boulevard, Villa Park, Illinois 60181 as additional insured on a primary basis, and shall provide for 10 days prior written notice to Brown of any material modification, cancellation, or expiration of such policy.

Revenue.

The only revenue Brown derived in 2023 were the payments from Pepsi and Dr. Pepper/Snapple described above, which amounts were paid into the Brown Advertising Fund.

Brown does not derive any other revenue from any approved supplier as a result of a Franchisee's purchases. Except with respect to certain minor advertising supplies and used equipment, Brown does not provide or sell any equipment, inventory, or supplies to Franchisees and is not an approved supplier as to any such item. There are no purchasing or distribution cooperatives regarding this Franchise.

There are no approved suppliers in which any of our officers have an ownership interest.

BROWN does not provide any material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

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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.

Obligation	Section In Agreement	Item in Franchise Disclosure Document
(a) Site selection and acquisition/lease	4A, 4B, 4C and 6 of the Franchise Agreement; Standard Sublease (Exhibit G to the Franchise Disclosure Document)	Items 1, 6, 7, 8, 11 and 12
(b) Pre-opening purchases/leases	4A and 4C of the Franchise Agreement; Standard Sublease (Exhibit G to the Franchise Disclosure Document)	Items 7, 8 and 11
(c) Site development and other pre-opening requirements	4C, 5 and 10F of the Franchise Agreement	Items 7 and 11
(d) Initial and ongoing training	7A and 7B of the Franchise Agreement	Items 6 and 11
(e) Opening	8 of the Franchise Agreement	Items 7 and 11
(f) Fees	7A, 9A, 10F, 11A, 13B, 18, 19A, 19C, 19D, 19E, 21A, 21H, 22C, 23A, 23D, 23J and 24 of the Franchise Agreement; Standard Sublease (Exhibit G to the Franchise Disclosure Document)	Items 5 and 6
(g) Compliance with standards and policies/Operating Manual	5, 7B, 9B, 10A, 10C, 10D, 10E, 10F and 21B of the Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	10E, 10F, 10G, 14, 15, 17A, 17C, 17E, 21B and 21C of the Franchise Agreement	Item 13
(i) Restrictions on products/services offered	10C, 10D and 10E of the Franchise Agreement	Items 8, 11 and 16
(j) Warranty and customer service requirements	10E of the Franchise Agreement	Items 8 and 17
(k) Territorial development and sales quotas	3 of the Franchise Agreement	Item 12
(l) On-going product/service purchases	10H of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements[1]	4C, 5, 10A, 10B and 10E of the Franchise Agreement	Item 6

Obligation	Section In Agreement	Item in Franchise Disclosure Document
(n) Insurance	16 of the Franchise Agreement	Items 6 and 8
(o) Advertising	10E, 10F, 11A, 11B and 21C of the Franchise Agreement	Items 6, 8 and 11
(p) Indemnification	24 of the Franchise Agreement	Item 6
(q) Owner's participation/ management and staffing	10I of the Franchise Agreement	Item 15
(r) Records/reports	12A and 12B of the Franchise Agreement; Standard Sublease (Exhibit G to the Franchise Disclosure Document)	Item 6
(s) Inspections/audits	13A and 13B of the Franchise Agreement	Item 6
(t) Transfer	22B, 22C, 22D, 22E and 22G of the Franchise Agreement	Items 6 and 17
(u) Renewal	2B of the Franchise Agreement	Item 17
(v) Post-termination obligations	21A, 21B, 21C, 21D, 21E and 21F of the Franchise Agreement	Item 17
(w) Non-competition covenants	10I, 15 and 21E of the Franchise Agreement	Item 17
(x) Dispute resolution	23A and 23F of the Franchise Agreement	Items 6 and 17
(y) Other: Personal Guaranties	Guaranty and Assumption of Obligations (Rider E to the Franchise Agreement and Guaranty of Sublease – Exhibit G to the Franchise Disclosure Document)	

Item 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as stated below, Brown need not provide any assistance to you.

A. Before You Open Your Business, Brown Will Do the Following:

1. As described above in Item 6, Brown may secure and lease or purchase a site or premises acceptable to you for sublease or resale to you or will assist you in leasing or purchasing a suitable site, although Brown is not obligated by the Franchise Agreement or by any other document to do so (Paragraphs A and B of Section 4 of the Franchise Agreement).

2. Prior to the opening of the Store, Brown will furnish, and you (if you are a corporation or partnership, a shareholder or partner you designate), 1 co-manager, and 1 part-time manager must attend and complete to Brown's satisfaction, a mandatory training program in the operation of a BROWN's Store, which training program will last approximately 8 weeks as follows:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location of Training
Breading	6 Hours	40 Hours	All training will be held at a Brown’s restaurant at a location to be determined by Brown’s
Customer Service	6 Hours	40 Hours	Same as above
Food Preparation and Cooking	6 Hours	40 Hours	Same as above
Cooking and Cooker Operation	6 Hours	40 Hours	Same as above
Accounting	6 Hours	40 Hours	Same as above
Personnel	6 Hours	40 Hours	Same as above
Catering	6 Hours	40 Hours	Same as above
Troubleshooting and Situational Training	6 Hours	40 Hours	Same as above

You may enroll additional employees in the training program and will be charged an amount determined by Brown for training such additional employees. You are responsible for any salary and travel, living and other expenses incurred in connection with attendance at Brown's training programs by you and your employees. (Paragraph A of Section 7 of the Franchise Agreement.)

The training is conducted at a Brown's restaurant at a location to be determined by Brown and will consist of classroom and "on-the-job" training, plus such additional instruction as Brown deems appropriate with respect to other aspects of the business. The training materials include charts, training videos, and situational manuals. The training is conducted by Tim Kennefick, who has over 20 years operating Brown's restaurants (Paragraph A of Section 7 of the Franchise Agreement).

Although not obligated to do so by the terms of the Franchise Agreement, Brown may assist a new franchisee in the training of the Store's employees before the opening of the Store. Brown does not provide to an existing franchise assistance in the training of employees before the opening of the Store. You are responsible for the hiring and training all Store employees (Paragraph B of Section 7 of the Franchise Agreement).

B. <u>During Your Operation of The Business, Brown Will</u>:

1. Brown will maintain and administer an advertising fund (the "Advertising Fund") for such advertising as Brown may deem necessary or appropriate, in its sole discretion (Paragraph A of Section 11 of the Franchise Agreement).

The Franchise Agreement requires you to pay to the Advertising Fund 4% of your Gross Sales. You must pay Brown the Advertising Fund by electronic transfer or automatic bank draft. You must establish an account at a bank acceptable to Brown, execute all documents required by said bank and Brown's bank to effect such transfers, and pay all fees and charges assessed by said banks for such transfers.

Currently, the advertising contribution required is 4% for BROWN'S Stores. Generally, the Advertising Fund does not pay for radio and television advertising programs in a metropolitan or regional area unless the advertising contributions received from BROWN'S Stores in that area can reasonably support such advertising programs.

Brown will from time to time with the assistance of a local advertising agency, formulate, develop, produce and conduct regional advertising and promotion programs in such form and media as Brown determines, in its sole discretion, to be most effective.

Brown will direct all advertising programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used therein, and the geographic, market, and media placement and allocation thereof. There is no advertising council in connection with this Franchise. The Advertising Fund may be used to meet any and all costs of formulating, administering, maintaining, directing, preparing and producing regional, multi-regional or local advertising materials, programs and public relations activities, including, without limitation, the cost of producing video, audio and written advertising materials; administering multi-regional advertising programs; purchasing trade journal, direct mail and other media advertising; and employing advertising agencies; supporting public relations, market research and marketing activities; and providing advertising and marketing materials and menus to BROWN'S Stores. The Advertising Fund may be used to sponsor a Super Cup driver, whose car is emblazoned with Brown's registered trademarks and product pictures. The Super Cup is a classification of racecar driving. The Advertising Fund will furnish Franchisee with approved advertising materials at its direct cost of producing such advertising materials.

The Advertising Fund will be accounted for separately from the other funds of Brown and will not be used to defray any of Brown's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Brown may incur in activities reasonably related to the administration of the Advertising Fund and its advertising programs (including, without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Advertising Fund). Brown may spend in any fiscal year an amount greater or less than the aggregate contribution of BROWN'S Stores to the Advertising Fund in that year and the Advertising Fund may borrow from Brown or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. You authorize Brown to collect for remission to the Advertising Fund any advertising monies or credits offered by any supplier to you based upon your purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. A statement of monies collected and costs incurred by the Advertising Fund will be prepared annually by Brown and will be reviewed with you upon written request.

The Advertising Fund is intended to maximize recognition of the Marks and patronage of BROWN'S Stores. Although Brown will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and to place advertising in a manner that will benefit all BROWN'S Stores, Brown undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Advertising Fund by BROWN'S Stores operating in that geographic area or that any BROWN's Store will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in the Franchise Agreement, Brown assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Advertising Fund. Brown has no fiduciary obligation to you or any other BROWN'S Store in connection with the establishment of the Advertising Fund or the collection, control or administration of monies paid into the Advertising Fund. (See Paragraph A of Section 11 of the Franchise Agreement, and Items 6, 8, and 9 of this Franchise Disclosure Document.)

In the latest fiscal year (2023), the Advertising Fund was expended as follows:

Uses of the Funds	%
Direct Mail	51%
Production/Printing	16%
Catering Program	3%
Media/Radio/TV	13%

Website	2%
Outside Ad Agency	0%
Administrative, Overhead	15%
Total	100%

We will not use Advertising Fund contributions to create or place any advertisement that is principally a solicitation for new franchises, but we may include in all advertising prepared from Advertising Fund contributions (including Internet advertising) information concerning franchise opportunities, and a portion of Advertising Fund contributions may be used to create and maintain one or more interior pages on our website devoted to advertising franchise opportunities and identifying and screening requirements and applications submitted by franchise candidates.

You must list and advertise the Store in each of the classified telephone directories distributed within your territory, in such business classifications as Brown prescribes from time to time and utilizing Brown's standard form of classified telephone directory advertisement. Prior to your use, samples of all local advertising and promotional materials not prepared or previously approved by Brown must be submitted to Brown for approval. If you do not receive written disapproval within 15 days from the date of Brown's receipt of such materials, Brown will be deemed to have given the required approval. Promotional material includes material provided by you on a website. You may not use any advertising or promotional materials that Brown has disapproved. Except as specifically provided, you may not use your own advertising material. (See Items 6 and 11 for more detailed information about the advertising fund and your contributions.)

2. Brown will furnish you such operating assistance in connection with the operation of the Store as you may reasonably require from time to time. Operating assistance will consist of advice and guidance with respect to: (a) methods for the preparation, packaging, sale and delivery of food and other products authorized for sale by BROWN'S Stores; (b) specifications, standards, methods and operating procedures utilized by BROWN'S Stores; (c) additional food and beverage products and services authorized for sale by BROWN'S Stores; (d) purchasing approved equipment, furniture, furnishings and signs; (e) selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; (f) developing and implementing advertising and promotional programs; (g) the establishment and operation of administrative, bookkeeping, accounting, inventory control, sale and general operating and management procedures for BROWN'S Stores; and (h) hiring employees and establishing and conducting employee training programs.

Such guidance will, in the discretion of Brown, be furnished in the form of Brown's Operating Manual (as described below), bulletins, written reports and recommendations, other written materials and/or telephonic consultations or consultations at the offices of Brown or at the Store. In addition, training videos and the Purchasing News will be available at the Brown’s Communication Portal available on the internet. If you request, Brown will furnish additional guidance and assistance concerning the operation of the Store at per diem fees and charges established from time to time by Brown. (Paragraph A of Section 9 of the Franchise Agreement.)

3. Brown will permit you to use, during the term of the Franchise, 1 or more copies of an operating manual, which may consist of one or more manuals and other written materials (the "Operating Manual") for BROWN'S Stores. The Operating Manual will contain mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Brown for BROWN'S Stores. The Operating Manual may be modified from time to time by Brown to reflect changes in authorized products and services, and specifications, standards and operating procedures of BROWN'S Stores. You must keep your copy of the Operating Manual current, and in the event of a dispute about the contents of the Operating Manual, the master copies maintained by Brown at its principal office will be controlling. You may not at any time copy any part of the Operating Manual. A copy of the table of contents to the Operating Manual is attached to the Franchise Disclosure Document as Exhibit H (See Paragraph B of Section 9 of the Franchise Agreement.) As of January 2011, the Operating Manual consists of 360 pages, broken down as follows:

Topic	**# Pages**
Breading Procedures	31
Customer Service Procedures	41
Cooking Procedures	63
Accounting Procedures	38
Personnel Procedures	44
Catering Procedures	101
Trouble Shooting Procedures	18
Chicago Way Sandwich Procedures	24
Total	360

We may delegate to a third party some or all of our pre-opening and ongoing services/obligations as described in this Item 11.

C. Selection Of Store Location.

In determining a suitable location for a BROWN's Store, Brown considers such factors as the nature of and proximity to competing stores, traffic patterns, and amount of rent and/or cost of site. You are expected to conduct your own investigation respecting the potential site, including the demographics of the area. You and Brown must agree on a suitable location for a BROWN's Store before you enter into a Franchise Agreement with Brown. Brown will not enter into a Franchise Agreement with you until a suitable location has been agreed upon.

D. Store Opening.

Brown estimates that the length of time between the signing of the Agreement and the opening of the Store will generally range from 60-300 days, depending on the time required to secure and/or develop suitable premises, complete training and other factors. The Franchise Agreement requires you to open the Store for business within 15 days after the later of Brown's determination that the Store is in suitable condition to open or your completion of the initial training. Brown may terminate the Franchise Agreement if the Store is not open within 300 days from the date the Franchise Agreement is signed (in which event the Franchise Fee is not refunded).

E. Pricing Guidance.

Brown may from time to time advise or offer guidance to you relative to prices for the products and services offered for sale by the Store or by BROWN'S Stores, that in Brown's judgment constitute good business practice. Brown may from time to time set maximum prices on products and services offered from the Store. If Brown has imposed such a maximum price on a particular item, you may charge any price for such item up to and including the maximum price set by Brown. (Paragraph J of Section 10 of the Franchise Agreement.)

F. Computer and Electronic Equipment

You must obtain and maintain an operational fax machine, lap-top computer, point of sale system (POS System), cameras, and remote access. The fax machine and lap-top computer are necessary in order to receive and send communications with us and your suppliers. You may obtain your fax machine and lap-top computer from any source; the cost is included in the estimates in Item 7 under Equipment Costs.

You must obtain and record all sales on a POS System and credit card processing from a vendor we approve. Currently our approved vendor is Square, Inc. The POS System and credit card transactions are all processed through an iPad and cash register meeting the Square configuration.

The following are the components for the Square POS System: (1) an iPad; (2) a Square Stand; (3) A Square Contactless and Chip Reader; (4) a Compatible Receipt printer, and (5) a Compatible Cash Drawer. Brown incurs the costs of the Square equipment and furnishes it to you for no charge. You must pay us the monthly processing fee, which is for the time card and employee permissions online ordering. The amount, estimated at between $50 and $200 per month, depends on the actual volume of transactions you process on the Square system.

Brown reserves the right to access information and data pertaining to your Store produced by and/or stored on your computer system. The information and data we may access includes that of any Third-Party Delivery Service companies through which customers purchase menu items from your Store.

The POS System records and processes all cash transactions in your Store. We do not require that you upgrade or update your POS System. Square will provide you ongoing support, which is included in the monthly processing fee. You are solely responsible for protecting the POS and computer systems from viruses, computer hackers, and other computer-related and technology-related problems.

You must also use Square for your credit card processing. The fees for your credit card processing will be based on the amount of the dollar volume you generate through credit card purchases.

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Item 12
TERRITORY

Under the Franchise Agreement Brown grants you the right to operate a BROWN'S Store at a specific location. You will receive an exclusive territory (the "Territory") that will be described in an exhibit to the Franchise Agreement, unless you are located in a shopping mall food court, in which event you will not have an exclusive territory. The site of your Store and the Territory will be inserted in the Franchise Agreement before you sign it. Typically, a franchisee's territory is an area which is approximately equivalent to the area within a one-mile radius of the Store, and is defined by boundary streets and roads. Except as described below, if you are in full compliance with the Franchise Agreement, Brown will not operate or grant a franchise for the operation of a BROWN's Store within the Territory.

The territorial protection granted under the Franchise Agreement is not dependent upon any sales achievement or any other contingency.

Location and Relocation of Store.

The Franchise Agreement provides that you may operate the Store only at the location and on the Premises or a substitute location and/or premises subsequently approved by Brown. If your lease for the Premises expires or terminates without your fault, or if the Premises is destroyed, condemned or otherwise rendered unusable, or if in the judgment of Brown and you there is a change in character of the location of the Store sufficiently detrimental to its business potential to warrant its relocation, Brown will grant permission for relocation of the Store to a location and premises approved by Brown in its sole discretion. Any such relocation will be at your sole expense. So long as your substitute location is open and operating within 18 months of the closing of the Store at the Premises, and such substitute location is owned and operated by you or your immediate family members, Brown will consider such relocation to be under the same Franchise Agreement. Otherwise, Brown reserves the right to require you to enter into a new Franchise Agreement and to pay an additional initial franchise fee upon relocation.

Except as limited by your Franchise Agreement, Brown retains all rights with respect to BROWN's Stores, the Marks, and the sale of goods and services including the right to operate or grant to others the right to operate BROWN'S Stores anywhere outside the Territory regardless of its proximity to your Store and on such terms as we deem appropriate.

BROWN (on behalf of itself and its affiliates) retains the right, in its sole discretion:

(1) to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Territory using our principal trademarks;

(2) to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Territory under trademarks different from the ones you will use under the franchise agreement.

(3) You will receive no compensation for such sales in the Territory by BROWN.

(4) to acquire or be acquired by a company establishing businesses identical or similar to the Store, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including in close proximity to the Store.

As a quality and service control, Brown policy will permit you to deliver products only if such products can be delivered to the customer within 45 minutes of completion of the frying process and within 20 minutes of leaving the Store.

You may not solicit or accept orders from consumers outside your territory, except under our centralized catering ordering system. You may not use alternative channels of distribution (including use of a toll-free number, catalog, telemarketing, web site, or the Internet, or any other computer on-line service) to make sales anywhere, including outside your territory. You may not utilize Third-Party Delivery Services, except through the applicable Third-Party Delivery Service group account established and controlled by Brown, of which Brown designates.

We do not operate, franchise or have plans to operate or franchise a business under a different trademark, which business sells or will sell goods or services similar to those you will offer.

The remainder of this page is left blank intentionally.

Item 13
TRADEMARKS

The following trademarks ("T.M.") and service marks ("S.M.") were originally registered by Brown's predecessor, BCP, with the United States Patent and Trademark Office ("USPTO") on the Principal Register. As noted in Item 1, Brown acquired all the trademarks owned by BCP in October of 2010. The assignments of all of the following trademarks have been filed with the USPTO on February 8, 2011.

Mark	Registration Numbers	Registration Date
CHICKEN DESIGN (S.M.)	1,014,269	06/24/75
"BROWN'S" (T.M.)	1,027,461	12/16/75
CHICKEN DESIGN (S.M.)	1,027,585	12/16/75
CHICKEN DESIGN (T.M.)	1,027,460	12/16/75
"BROWN'S" (S.M.)	1,060,138	02/22/77
"BROWN'S" (S.M.)	1,066,903	05/31/77
"BROWN'S" (S.M.)	1,377,729	01/07/86
"IT TASTES BETTER" (Tagline)	2,389,063	09/26/00
"IT TASTES BETTER" (Tagline)	2,384,554	09/12/00
"BEEF SAUSAGE DOGS MADE THE CHICAGO WAY"	3,128,757	8/15/06

All affidavits of use which were required to be filed with respect to the above Marks have been filed or will be timely filed.

On November 14, 2000 Brown obtained a registration with the State of Illinois for the service mark "The Chicago Way," registration number 086314. On October 12, 2000, Brown filed a registration application with the USPTO based on its intent to use the design mark "The Chicago Way," serial number 76,147,524. Brown has since abandoned its efforts to obtain federal trademark registration of "The Chicago Way." By not having a federally registered trademark for either "The Chicago Way," we do not have certain presumptive legal rights granted by a registration.

Proceedings, Infringing Uses and Agreements.

There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, any pending interference, opposition, or cancellation proceedings involving any of the above-referenced Trademarks. There are no other agreements currently in effect that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to you. There are no infringing uses or superior previous rights known to us that can materially affect your use of the Trademarks in this state of any other state in which the franchised business is to be located.   There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark.

Use of Marks.

You must use the Marks only in full compliance with rules Brown prescribes from time to time. You may not use any Mark (1) as part of any corporate name or with any prefix, suffix, or other modifying terms; (2) in connection with the sale of any unauthorized product or service; (3) as part of the domain name or other electronic address of any website; or (4) in any other manner not explicitly authorized in writing by Brown.

In the event of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, you must immediately notify Brown. Brown will have sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation or proceeding arising out of any such infringement or claim or otherwise relating to any Mark.

If it becomes advisable at any time in the sole discretion of Brown to modify or discontinue use of any Mark and/or use one or more additional or substitute Marks, you must do so. In the event that you are required to discontinue use of the Mark, you will be responsible for all costs in connection with the modification or discontinuation of the use of the Mark and/or the substitution of a trademark or service mark for a discontinued Mark.

Ownership of Marks.

Brown is the owner of all Marks licensed to you, and your right to use the Marks is derived solely from the Franchise Agreement, and all usage and any goodwill established thereby will benefit Brown exclusively. You are prohibited, after the termination or expiration of the Franchise, from directly or indirectly in any manner identifying yourself or any store, business or premises as a BROWN'S Store, a former BROWN'S Store, a franchisee or other associate of Brown, and from directly or indirectly using any Mark in any manner or for any purpose.

Indemnification.

While Brown is not required by the Franchise Agreement to defend you against any infringement, unfair competition or other claim respecting your use of any Mark, Brown is obligated to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark, in compliance with the Franchise Agreement 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 notified Brown of any such claim or proceeding in compliance with the Franchise Agreement, as described above.

The remainder of this page is left blank intentionally.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Brown does not own any patents or copyrights which are material to the Franchise.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement provides that the Store must at all times be under your direct, on-premises supervision or, if permitted by Brown, a manager you designate who has satisfactorily completed Brown's training program. You must keep Brown informed at all times of the identity of any employee(s) acting as manager(s) of the Store. Brown does not require you to impose any special restrictions on an employee who serves as manager.

Brown does not require, but does recommend, that managers or co-managers of the Store have an equity interest in the Store.

Your manager must sign a confidentiality and noncompetition agreement in a form satisfactory to us, to maintain confidentiality of the trade secrets and to conform with the covenants not to compete.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Only such food, beverages and other categories of products and services that Brown from time to time authorizes may be sold at the Store, and you may not use the Premises for any purpose other than the operation of the Store.

You may not solicit or accept orders from consumers outside your territory, except under our centralized catering ordering system. You may not use alternative channels of distribution (including use of a toll-free number, catalog, telemarketing, web site, or the Internet, or any other computer on-line service) to make sales anywhere, including outside your territory. You must apply and sign-up to participate in any Third-Party Delivery Service platform as required by us. You may not utilize any Third-Party Delivery Services except through a Third-Party Delivery Service group account that Brown designates and is established and controlled by Brown.

If we require you, or consent to allow you to offer video gaming in your Store, you will be subject to additional restrictions, as set forth in Rider G to the Franchise Agreement, the Video Gaming Rider. You will be required to have a license to sell alcoholic beverages in order to obtain and maintain a video gaming license. You will be restricted from selling alcoholic beverages to and from allowing access to the video gaming area of your Store for persons who are under age 21 years.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provision of the Preliminary Agreement and the Franchise Agreement. You should read these provisions in the agreement attached to this Franchise Disclosure Document.

A. PRELIMINARY AGREEMENT

Provision	**Provision in Preliminary Agreement**	**Summary**
a. Length of the Preliminary Agreement Term	Paragraph 3	60 days
b. Renewal or extension	Paragraph 8	Extended upon mutual agreement of parties
c. Termination by Franchisee	Paragraphs 3, 5	You may withdraw your application for a franchise during term of agreement
d. Termination by Franchisor	Paragraph 4	If you fail to sign a franchise agreement within 10 days of Brown's approval of your site, Brown may terminate the agreement
e. Assignment by Franchisee	Paragraph 7	You may not assign agreement

B. FRANCHISE AGREEMENT

Provision	**Section in Agreement**	**Summary**
(a) Length of the franchise term	2A	Approximately 15 years, subject to earlier termination as provided in the Franchise Agreement.
(b) Renewal or extension of the term	2B	If you are in compliance with the Franchise Agreement and give 6 months' notice of your intent to renew prior to the end of the term, Brown will renew the franchise for a 1 year (minimum) or 5 year term (maximum).

Provision	Section in Agreement	Summary
(c) Requirements for Franchisee to renew or extend	2B	Compliance with Franchise Agreement and any other agreements, including leases; remodel and update; sign new franchise agreement; pay $5,000 renewal fee. The renewal agreement may contain materially different terms and conditions than your original contract, but the royalty fee will not be greater than the royalty fee that we then impose on similarly-situated renewing franchisees
(d) Termination by Franchisee	20A	Only if you are in compliance with the Franchise Agreement and Brown fails to cure its own material breach within 30 days of written notice.
(e) Termination by Franchisor without cause	None	No specific provision.
(f) Termination by Franchisor with cause	20B and 21D	Brown can terminate the Franchise if you default under any agreement; upon termination of the Franchise, any sublease from Brown will terminate, and you may be required to assign your lease to Brown.
(g) "Cause" defined – curable defaults	20B	Upon notice as provided in the Franchise Agreement, the following defaults may be curable: failure to complete training, failure to secure a site or retain or develop it according to Brown's specifications, non-payment of fees (unless repeated), failure to operate the Store in compliance with Brown's standards. For Illinois franchisees, Brown must give you a reasonable time franchise to cure, which need not be more than 30 days. If the time frame is less than 30 days, the causes must be related to health and safety.
(h) "Cause" defined –non-curable defaults	20B	Non-curable defaults include: filing bankruptcy or making an assignment for the benefit of creditors, abandonment, repeated defaults even if cured, repeated filing of false reports, making unauthorized transfer of franchise, conviction of crime, making material misrepresentations, making unauthorized use of proprietary information, competition with Brown.
(i) Franchisee’s obligations on termination/non-renewal	21A-F	Payment of all sums due Brown; must stop use of proprietary information, no competition.
(j) Assignment of contract by Franchisor	22A	Fully assignable by Brown.
(k) "Transfer" by Franchisee --defined	22B and 22E	Any type of transfer, including change in ownership.
(l) Franchisor's approval of transfer by Franchisee	22B	No transfer without Brown's approval.
(m) Conditions for Franchisor’s approval of transfer by Franchisee	22C and 22D	Full compliance with all agreements, Brown's approval of proposed new franchisee, transfer fee must be paid, new franchisee must execute all agreements.
(n) Franchisor's right of first refusal to acquire Franchisee’s business	22G	Franchisee must give Brown 30 days’ notice of terms of proposed sale; Brown may purchase on same terms; Brown's right of first refusal renews if sale to proposed transferee is not consummated within 6 months from date of first notice.

Provision	Section in Agreement	Summary
(o) Franchisor's option to purchase Franchisee's business	21G	Brown has the right to purchase Franchisee's assets upon expiration or termination of the Franchise agreement
(p) Death or disability of Franchisee	22E	Subject to same conditions as other transfers; must be accomplished within 6 months.
(q) Non-competition covenants during the term of the franchise	10I and 15	No involvement by the Franchisee and certain related persons in any competing business.
(r) Non-competition covenants after the franchise is terminated or expires	21E	No competition within a 5 mile radius of any BROWN's Store for 18 months.
(s) Modification of the agreement	23B and 23M	Modifiable only in writing signed by you and Brown; however, Brown may add to or otherwise modify the Operating Manual unilaterally from time to time.
(t) Integration/merger clause	23H	The Franchise Agreement, its exhibits and other agreements referred to therein constitute the entire agreement. However, nothing disclaims the representations made in this FDD.
(u) Dispute resolution by arbitration or mediation	None	Not applicable
(v) Choice of forum	23F	Illinois courts (subject to state law)
(w) Choice of law	23F	Except to the extent governed by United States trademark law, governed by laws of state of Illinois.
(x) Pledge of Assets	23J and Rider D	As security for your payment of amounts owed to Brown and for your performance of your obligations, you grant Brown a security interest in your assets. You may not permit another interest to be recorded against the same assets.

C. VIDEO GAMING RIDER G

Provision	Provision in Preliminary Agreement	Summary
d. Termination by Franchisor	Paragraph 18	If you violate any provision of the Illinois Gaming Act, of or your franchise agreement, or of the Video Gaming Rider G, Brown may terminate the Video Gaming Rider G upon 10 days' notice
e. Assignment by Franchisee	Paragraph 22	You may not assign the Video Gaming Rider G even if you assign the Franchise Agreement

Item 18
PUBLIC FIGURES

Brown does not use any public figure to promote its Franchise. You are not granted any right to use the name of a public figure in your promotional efforts or advertising. No public figure is involved in the actual management or control of Brown.

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 franchised 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-owed or franchised outlets. We also do not authorize our employees or representatives to make the representations either orally or in writing. If you are purchasing an existing outlet, however, 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 our management by contacting Tim Falconio, at 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358, the Federal Trade Commission and any appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

The figures in tables 1-4 are as of December 31.

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

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	18	21	3
	2022	21	21	0
	2023	21	21	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	18	21	3
	2022	21	21	0
	2023	21	21	0

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Illinois	2021	**0**
	2022	**0**
	2023	**0**
Totals	2021	**0**
	2022	**0**
	2023	**0**

Table No. 3

Status Franchised Outlets
For years 2021 to 2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of the Year
Illinois	2021	18	3	0	0	0	0	21
	2022	21	0	0	0	0	0	21
	2023	21	0	0	0	0	0	21
Totals	2021	18	3	0	0	0	0	21
	2022	21	0	0	0	0	0	21
	2023	21	0	0	0	0	0	21

Table No. 4

Status of Company-Owned Outlets
For years 2021 to 2023

Col.1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Illinois	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table 5
PROJECTED OPENINGS IN 2024
BEGINNING JANUARY 1, 2024

State	Franchise Agreements Signed But Store Not Opened as of Jan. 1, 2024	Projected Franchised New Stores through Dec. 31, 2023	Projected Company Owned Stores Opening Through Dec. 31, 2023
Illinois	0	2	0
Indiana	0	0	0
Totals	0	2	0

Attached as Exhibit C is a list of the names, addresses and telephone numbers of all BROWN'S Stores as of December 31, 2023 (21 franchised).

Listed on Exhibit D are the franchisees (0) who in fiscal 2023 had a Store terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or failed to communicate with Brown's within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There have been no agreements containing confidentiality clauses signed with franchisees in the last 3 fiscal years. We have not created, sponsored, or endorsed any franchisee associations. There are no franchisee associations that have asked to be disclosed in our Disclosure Document.

Item 21
FINANCIAL STATEMENTS

Attached hereto as Exhibit A is Brown's audited balance sheet as of December 31, 2023, December 31, 2022, and December 31, 2021, and the Statement of Operations, Statement of Changes in Members' Equity, and Statement of Cash Flows for the years then ended.

<u>Item 22</u>

CONTRACTS

Attached are copies of the following documents you will sign:

Exhibit E. Preliminary Agreement
Exhibit F: Franchise Agreement

Rider A	Territory
Rider B	Collateral Assignment of Lease
Rider C	Bank Draft Form
Rider D	Security Agreement and Financing Statement
Rider E	Guaranty and Assumption of Obligations under Franchise Agreement
Rider F	Authorization to Accountant
Rider G	Video Gaming

Exhibit G: Sublease and Guaranty and Assumption of Obligations under Sublease

Exhibit I: Franchisee Disclosure Questionnaire

Exhibit J: State Addendum (if applicable)

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 23. <u>RECEIPT</u>

The last page of this Franchise Disclosure Document is a detachable receipt of the Franchise Disclosure Document by you.

The remainder of this page is left blank intentionally.

<u>EXHIBIT A</u>

FINANCIAL STATEMENTS

Attached hereto as Exhibit A is Brown's audited balance sheet as of December 31, 2023, December 31, 2022, and December 31, 2021, and the Statement of Operations, Statement of Changes in Members' Equity, and Statement of Cash Flows for the years then ended.

BROWN’S CHICKEN, LLC
AUDITED FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

BROWN'S CHICKEN, LLC
CONTENTS OF FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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CATALANO, CABOOR & CO.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS 101 West 22nd Street, Suite 207, Lombard, IL 60148
P: 630.261.0550
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Steven J. Borucki, CPA
Ronald E. Jachim, CPA
Anthony E. Ozzauto, CPA
Maria Kelly, CPA
Jeff Hansen, CPA
Christine A. Fitch, CPA

INDEPENDENT AUDITORS' REPORT

To Management
Brown's Chicken, LLC
Villa Park, Illinois

Opinion

We have audited the accompanying financial statements of Brown's Chicken, LLC which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brown's Chicken, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brown's Chicken, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Brown's Chicken, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brown's Chicken, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brown's Chicken, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Catalano, Caboor & Co.

Catalano, Caboor & Co.
Lombard, IL

March 31, 2024

BROWN'S CHICKEN, LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 78,676	$ 60,971
Cash - VIE	65,330	42,971
Accounts Receivable (Net of Allowance for Doubtful Accounts of $7,999 in 2023 and $8,588 in 2022)	43,420	45,891
Accounts Receivable - VIE (Net of Allowance for Doubtful Accounts of $0 in 2023 and $0 in 2022)	24,810	19,649
Uniform & Equipment Inventory	4,968	4,373
Prepaid Expenses	6,750	1,952
Total Current Assets	223,954	175,807
PROPERTY AND EQUIPMENT:		
Equipment	44,834	44,834
Vehicles	121,465	110,801
Subtotal	166,299	155,635
Less Accumulated Depreciation	(143,072)	(131,359)
Net, Property and Equipment	23,227	24,276
OTHER ASSETS:		
Goodwill	398,986	398,986
Total Other Assets	398,986	398,986
TOTAL ASSETS	$ 646,167	$ 599,069

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND MEMBERS' EQUITY

	2023	2022
CURRENT LIABILITIES:		
Accounts Payable	$ 16,968	$ 11,819
Accounts Payable - VIE	5,356	3,334
Accrued Payroll	3,411	3,342
Notes Payable, Current	-	4,446
Total Current Liabilities	25,735	22,941
NON-CURRENT LIABILITIES:		
Notes Payable, Non-Current	-	-
Total Non-Current Liabilities	-	-
Total Liabilities	25,735	22,941
EQUITY:		
Members' Equity (Page 5)	533,296	512,892
Non-Controlling Interest (Page 5)	87,136	63,236
Total Members' Equity	620,432	576,128
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 646,167	$ 599,069

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED STATEMENTS OF
CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
MEMBERS' EQUITY:		
BALANCE, BEGINNING OF YEAR	$ 512,892	$ 497,937
Net Earnings for the Year (Page 6)	68,404	92,955
Distributions to Members	(48,000)	(78,000)
BALANCE, END OF YEAR	$ 533,296	$ 512,892
NON-CONTROLLING INTEREST:		
BALANCE, BEGINNING OF YEAR	$ 63,236	$ 17,056
Net Earnings for the Year (Page 6)	23,900	46,180
BALANCE, END OF YEAR	$ 87,136	$ 63,236

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023 Amount	2023 %	2022 Amount	2022 %
REVENUE:				
Royalties	$ 403,743	52.54	$ 399,453	50.60
Initial Franchise Fees	1,200	0.16	-	-
Advertising	357,273	46.50	377,481	47.82
Vendor Promo Allowance	6,150	0.80	12,454	1.58
Total Revenue	768,366	100.00	789,388	100.00
DIRECT EXPENSES:				
Advertising and Promotions	165,302	21.51	155,293	19.67
Employee Benefits	510	0.07	-	-
Franchising Expenses	13,499	1.76	10,302	1.31
Payroll Taxes	15,721	2.05	14,164	1.79
Salaries	193,807	25.22	173,789	22.02
Total Direct Expenses	388,839	50.61	353,548	44.79
Gross Profit	379,527	49.39	435,840	55.21
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	287,223	37.38	296,705	37.59
NET EARNINGS FOR THE YEAR	92,304	12.01	139,135	17.62
NON-CONTROLLING INTEREST	23,900	3.11	46,180	5.85
NET EARNINGS ATTRIBUTABLE TO BROWN'S CHICKEN LLC	$ 68,404	8.90	$ 92,955	11.77

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHIKEN, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings	$ 92,304	$ 139,135
Adjustments to Reconcile Net Earnings to Net Cash Flows Provided (Used) By Operating Activities:		
Non-Cash Items		
Allowance for Bad Debts	-	-
Depreciation and Amortization	11,713	26,333
Loss on Disposal of Fixed Assets	-	-
(Increase) Decrease in		
Accounts Receivable	(2,690)	12,661
Uniform & Equipment Inventories	(595)	(2,018)
Prepaid Expenses	(4,798)	(834)
Increase (Decrease) in		
Accounts Payable	7,171	(47,999)
Accrued Payroll	69	171
Accrued Expenses	-	(49,622)
Deferred Revenue	-	-
Total Adjustments	10,870	(61,308)
Net Cash Provided (Used) By Operating Activities	103,174	77,827
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From the Disposal of Other Assets	-	-
Payments Received on Loans to Franchisees	-	-
Purchase of Property and Equpment	(10,664)	(34,933)
Due From Related Party	-	-
Net Cash Provided (Used) By Investing Activities	(10,664)	(34,933)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable	(4,446)	(5,676)
Distributions to Members	(48,000)	(78,000)
Net Cash (Used) By Financing Activities	(52,446)	(83,676)
Net Increase (Decrease) In Cash	40,064	(40,782)
Cash at Beginning of The Year	103,942	144,724
Cash at The End of The Year	$ 144,006	$ 103,942

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - DESCRIPTION OF BUSINESS

Brown's Chicken, LLC, located in Villa Park, Illinois, was organized in October 2010, under the laws of the State of Illinois. The Company is a franchisor of the Brown's Chicken & Pasta chain of restaurants located in Illinois and Indiana. The Company also manages an advertising fund for the benefit of the franchise stores, which provides advertising for the Brown's Chicken & Pasta chain of restaurants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Brown's Chicken, LLC and Brown's Chicken, LLC – Series A (Advertising Fund). All material intercompany transactions have been eliminated in consolidation.

In January 2003, the Financial Accounting Standards Board (FASB) issued guidance on consolidating variable interest entities, including the identification of and financial reporting for entities for which control is achieved through means other than voting rights. Such entities are referred to as variable interest entities (VIEs). The members of Brown's Chicken, LLC – Series A are also the members of Brown's Chicken, LLC. ASC 810 requires that a company that holds variable interests in an entity consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, if they occur. In such cases, the company is the primary beneficiary of the VIE. The issuance of this accounting pronouncement, which interpreted an existing generally accepted accounting principle, caused Brown's Chicken, LLC to consider whether it should continue to issue separate financial statements or whether instead it should include the consolidated financial results of Brown's Chicken, LLC – Series A in its financial statements. Because of the common control and the fact that the Company will absorb a majority of the expected losses and/or receive a majority of the expected residual returns of Brown's Chicken, LLC – Series A, it was concluded that consolidation better presents the financial information.

CASH

The Company occasionally will have amounts on deposit at financial institutions that exceed the FDIC insurance limit. The Company believes there is no significant risk with respect to these deposits. The uninsured bank balances were $0 at both December 31, 2023 and 2022.

ACCOUNTS RECEIVABLE

Management closely monitors outstanding accounts receivable, expensing any balances that are determined to be uncollectible and establishing an allowance for doubtful accounts. Based on these factors, there is a provision for doubtful accounts of $7,999 and $8,588 as of December 31, 2023 and 2022, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost. For tax return purposes, property and equipment is depreciated by use of the modified accelerated cost recovery system (MACRS). The MACRS method of depreciation allows for the cost of eligible property to be recovered over a 3, 5, or 7-year period depending on the type of property.

For financial statement purposes, property and equipment is depreciated using the straight-line method of depreciation over 5 to 10 years. Depreciation expense for book purposes was $11,712 and $36,738 for the years ended December 31, 2023 and 2022, respectively.

Property and equipment at December 31, 2023 consist of the following:

	Cost	Accumulated Depreciation
Equipment	$ 44,834	$ 41,840
Vehicles	121,465	101,232
	$ 166,299	$143,072

Property and equipment at December 31, 2022 consist of the following:

	Cost	Accumulated Depreciation
Equipment	$ 44,834	$ 38,578
Vehicles	110,801	92,781
	$ 155,635	$131,359

GOODWILL

Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets are not amortized but are reviewed at least annually for impairment and whenever there is an impairment indicator, using a fair-value based approach. The Company conducts its annual impairment evaluation in the fourth quarter of each year. No impairment was indicated for the years ended December 31, 2023 and 2022. The recoverability of goodwill is measured using a two-step process. Step one of the test compared the fair value of each reporting unit to its book value. Step two, which compares the book value of the goodwill to its implied fair value, was not necessary since there were no indicators of potential impairment from step one.

INCOME TAXES

As a limited liability company, the Company's federal taxable income or loss is allocated to members in accordance with their respective ownership percentage. The State of Illinois assesses a replacement tax on all partnership earnings. The income tax provision reflects this state tax.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ADVERTISING
Advertising, marketing, and promotional costs are charged to operations when incurred. Advertising, marketing, and promotional expenses were $165,302 and $153,061 for the years ended December 31, 2023 and 2022, respectively.

STATEMENT OF CASH FLOWS DISCLOSURES
For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

During the Year Ended December 31, 2023, The Company Paid Interest of	$ 155
During the Year Ended December 31, 2023, The Company Paid Income Taxes of	$ 0
During the Year Ended December 31, 2022, The Company Paid Interest of	$ 489
During the Year Ended December 31, 2022, The Company Paid Income Taxes of	$ 0

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS
In accordance with Topic 606, revenue is recognized when performance obligations under the terms of a contract with customers are satisfied; generally, this occurs with the transfer of control of products or services. Revenue is measured as the amount of consideration expected to be received in exchange for transferring products or providing services. Certain customers may receive cash and/or non-cash incentives, which are accounted for as variable consideration. To achieve this core principle, the Organization applies the following five steps:

1. Identify the contract with a customer
A contract with a customer exists when (i) the Organization enters into an agreement with a customer that defines each party's rights regarding the products or services to be transferred and identifies the payment terms related to these products or services, (ii) both parties to the contract are committed to perform their respective obligations, (iii) the contract has commercial substance, and (iv) the Organization determines that collection of substantially all consideration for products or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Organization applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including historical payment information.

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS - Continued

2. Identify the performance obligations in the contract
Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Organization, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract.

2. Identify the performance obligations in the contract - Continued
To the extent a contract includes multiple promised products or services, the Organization must apply judgment to determine whether promised products or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised products or services are accounted for as a combined performance obligation. The Organization has elected to account for shipping and handling activities as a fulfillment cost as permitted by the standard.

3. Determine the transaction price
The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for transferring products or services to the customer. To the extent the transaction price is variable, determining the transaction price may require significant judgment. revenue is recognized at an amount equal to the consideration to which the Organization expects to be entitled. This estimate includes customer sales incentives which are accounted for as a reduction to revenue and estimated primarily using the expected value method.

The Organization does not offer extended payment terms to customers or other financing arrangements related to accounts receivable.

4. Allocate the transaction price to performance obligations in the contract
If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless a portion of the variable consideration related to the contract is allocated entirely to a performance obligation. The Organization determines standalone selling price based on the price at which the performance obligation is sold separately.

5. Recognize revenue when or as the Organization satisfies a performance obligation
The Organization generally satisfies performance obligations at a point in time. Revenue is recognized based on the transaction price at the time the related performance obligation is satisfied by transferring a promised product or service to a customer. The impact to revenue related to prior period performance obligations in the twelve months ended December 31, 2023 is immaterial.

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS - Continued

COSTS TO OBTAIN OR FULFILL A CONTRACT

The Organization does not incur costs to obtain a contract since contracts are established at the point of sale. Incidental items that are immaterial in the context of the contract are recognized as expense as incurred. The Organization has elected to recognize any costs incurred for transportation of products to customers as a component of cost of goods sold.

BAD DEBT EXPENSE

The organization incurred bad debt expense of $0 and $2,006 for December 31, 2023 and December 31, 2022 respectively.

SALES TAX AND INDIRECT TAXES

The Organization is not subject to certain indirect taxes in certain jurisdictions including but not limited to sales tax, value added tax, excise tax and other taxes collected concurrent with revenue-producing activities that are excluded from the transaction price, and therefore, excluded from revenue.

DISAGGREGATION OF REVENUE

The following table presents disaggregated revenues by revenue source for the years ended:

	December 31, 2023	December 31, 2022
Royalties	$ 403,743	$ 399,453
Initial Franchise Fees	1,200	-
Advertising	357,273	377,481
Vendor Promo Allowance	6,150	12,454
Total	$ 768,366	$ 789,388

NOTE 4 - INITIAL FRANCHISE FEES

The Company executes franchise agreements that set terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and payment of renewal fees, a franchisee may generally renew its agreement upon its expiration. Direct cost of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred.

Revenue from sales of individual franchises is generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the company have been performed. Services provided by the Company include assistance in site selection, personnel training, and implementation of accounting and quality control systems. In situations where revenue from franchise sales is collectible over an extended period of time, and collectability is not reasonably certain, revenue is recognized on the installment method as amounts are collected. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense.

NOTE 5 - INSTALLMENT NOTES PAYABLE

	December 31, 2023	December 31, 2022
Ally Bank (Vehicle) – Payable in monthly installments of $504 including interest at 4.97% (collateralized by an automobile)	$ -	$ 4,446
Total	-	4,446
Less, Current Maturities	-	4,446
Net, Long-Term Portion	$ -	$ -

The installment note was paid off on September 6, 2023.

NOTE 6 - LEASE COMMITMENTS

The Company leased its office space in Villa Park, Illinois under a lease that expired December 31, 2023 and was renewed through December 31, 2024. The lease required a base rental of $1,118 per month, increased to $1,300 for the renewed lease. The Company had agreed to pay for all utilities, taxes and maintenance costs.

NOTE 7 - RELATED PARTIES

The Company recognized $6,000 and $8,349 of royalty income and $0 and $6,537 of advertising income from related parties for the years ended December 31, 2023 and 2022, respectively. The Company had accounts receivable from related parties of $456 and $287 net of an allowance for doubtful accounts of $0 and $0 as of December 31, 2023 and 2022, respectively.

NOTE 8 - INCOME TAXES

The Company evaluated its tax positions at December 31, 2023 and 2022, in accordance with FASB ASC 740. Based on this evaluation, the Company determined that it does not have any tax positions for which an unrecognized tax benefit must be recorded. The Company files both Federal and Illinois income tax returns. Generally, a company's tax returns are no longer subject to federal and state income tax examinations by tax authorities three years after the due date of the tax return or the date the tax return is actually filed, whichever is later. As of the date of this report, the Company has not filed its 2023 tax return. The Company's tax returns from 2019 through 2023 are open to examination by tax authorities as of the date of this report.

The Company's policy is to record interest and penalties in the statement of operations in the period incurred. The Company has not incurred interest or penalties for the years ended December 31, 2023 and 2022.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2024, which is the date the financial statements were available to be issued.

BROWN'S CHICKEN, LLC
AUDITED FINANCIAL REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

BROWN'S CHICKEN, LLC
CONTENTS OF FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Maria Kelly, CPA
Jeff Hansen, CPA
Christine A. Fitch, CPA

INDEPENDENT AUDITORS' REPORT

To Management
Brown's Chicken, LLC
Villa Park, Illinois

Opinion

We have audited the accompanying financial statements of Brown's Chicken, LLC which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brown's Chicken, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brown's Chicken, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Brown's Chicken, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brown's Chicken, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brown's Chicken, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Catalano, Caboor & Co.

Catalano, Caboor & Co.
Lombard, IL

June 13, 2023

BROWN'S CHICKEN, LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 60,971	$ 46,514
Cash - VIE	$ 42,971	98,210
Accounts Receivable (Net of Allowance for Doubtful Accounts of $6,582 in 2022 and $8,780 in 2021)	$ 45,891	60,227
Accounts Receivable - VIE (Net of Allowance for Doubtful Accounts of $0 in 2022 and $0 in 2021)	$ 19,649	17,974
Uniform & Equipment Inventory	$ 4,373	2,355
Prepaid Expenses	$ 1,952	1,118
Total Current Assets	175,807	226,398
PROPERTY AND EQUIPMENT:		
Equipment	$ 44,834	43,667
Vehicles	$ 110,801	77,035
Subtotal	155,635	120,702
Less Accumulated Depreciation	$ (131,359)	(105,026)
Net, Property and Equipment	24,276	15,676
OTHER ASSETS:		
Goodwill	$ 398,986	398,986
Total Other Assets	398,986	398,986
TOTAL ASSETS	$ 599,069	$ 641,060

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

LIABILITIES AND MEMBERS' EQUITY

	2022	2021
CURRENT LIABILITIES:		
Accounts Payable	$ 11,819	$ 8,416
Accounts Payable - VIE	$ 3,334	54,736
Accrued Payroll	$ 3,342	3,171
Accrued Expenses	$ -	49,622
Notes Payable, Current	$ 4,446	5,676
Total Current Liabilities	22,941	121,621
NON-CURRENT LIABILITIES:		
Notes Payable, Non-Current	$ -	4,446
Total Non-Current Liabilities	-	4,446
Total Liabilities	22,941	126,067
EQUITY:		
Members' Equity (Page 5)	512,892	497,937
Non-Controlling Interest (Page 5)	63,236	17,056
Total Members' Equity	576,128	514,993
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 599,069	$ 641,060

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED STATEMENTS OF
CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
MEMBERS' EQUITY:		
BALANCE, BEGINNING OF YEAR	$ 497,937	$ 518,166
Net Earnings for the Year (Page 6)	92,955	137,771
Distributions to Members	$ (78,000)	(158,000)
BALANCE, END OF YEAR	$ 512,892	$ 497,937
NON-CONTROLLING INTEREST:		
BALANCE, BEGINNING OF YEAR	$ 17,056	$ 49,286
Net Earnings (Loss) for the Year (Page 6)	46,180	(32,230)
BALANCE, END OF YEAR	$ 63,236	$ 17,056

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

		2022			2021	
		Amount	%		Amount	%
REVENUE:						
Royalties	$	399,453	50.60	$	429,278	52.18
Initial Franchise Fees	$	-	-		500	0.06
Advertising	$	377,481	47.82		380,765	46.28
Vendor Promo Allowance	$	12,454	1.58		10,070	1.22
Miscellaneous	$	-	-		2,076	0.26
Total Revenue		789,388	100.00		822,689	100.00
DIRECT EXPENSES:						
Advertising and Promotions	$	155,293	19.67		192,204	23.36
Employee Benefits	$	-	-		1,380	0.17
Franchising Expenses	$	10,302	1.31		25,570	3.11
Payroll Taxes	$	14,164	1.79		13,201	1.60
Salaries	$	173,789	22.02		163,370	19.86
Total Direct Expenses		353,548	44.79		395,725	48.10
Gross Profit		435,840	55.21		426,964	51.90
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	$	296,705	37.59		321,423	39.07
NET EARNINGS FOR THE YEAR		139,135	17.62		105,541	12.83
NON-CONTROLLING INTEREST		46,180	5.85		(32,230)	(3.92)
NET EARNINGS ATTRIBUTABLE TO BROWN'S CHICKEN LLC	$	92,955	11.77	$	137,771	16.75

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHIKEN, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Earnings	$ 139,135	$ 105,541
Adjustments to Reconcile Net Earnings to Net Cash Flows Provided (Used) By Operating Activities:		
Non-Cash Items		
Allowance for Bad Debts	-	-
Depreciation and Amortization	26,333	16,734
Loss on Disposal of Fixed Assets	-	-
(Increase) Decrease in		
Accounts Receivable	12,661	11,072
Uniform & Equipment Inventories	(2,018)	(11)
Prepaid Expenses	(834)	(73)
Increase (Decrease) in		
Accounts Payable	(47,999)	50,111
Accrued Payroll	171	(6,875)
Accrued Expenses	(49,622)	49,212
Deferred Revenue	-	-
Total Adjustments	(61,308)	120,170
Net Cash Provided (Used) By Operating Activities	77,827	225,711
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds From the Disposal of Other Assets	-	-
Payments Received on Loans to Franchisees	-	-
Purchase of Property and Equpment	(34,933)	(3,102)
Due From Related Party	-	-
Net Cash Provided (Used) By Investing Activities	(34,933)	(3,102)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable	(5,676)	(5,402)
Distributions to Members	(78,000)	(158,000)
Net Cash (Used) By Financing Activities	(83,676)	(163,402)
Net Increase (Decrease) In Cash	(40,782)	59,207
Cash at Beginning of The Year	144,724	85,517
Cash at The End of The Year	$ 103,942	$ 144,724

(The accompanying notes are an integral part of these financial statements)

BROWN'S CHICKEN, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 - DESCRIPTION OF BUSINESS

Brown's Chicken, LLC, located in Villa Park, Illinois, was organized in October 2010, under the laws of the State of Illinois. The Company is a franchisor of the Brown's Chicken & Pasta chain of restaurants located in Illinois and Indiana. The Company also manages an advertising fund for the benefit of the franchise stores, which provides advertising for the Brown's Chicken & Pasta chain of restaurants.

NOTE 2 - NEW ACCOUNTING PRINCIPLES

REVENUE RECOGNITION

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. The ASU replaces most existing revenue recognition guidance in the United States. The standard is effective for nonpublic entities for financial statements issued for annual periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The standard permits the use of either the full retrospective or modified retrospective transition method.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made (Topic 985). The update was issued to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 985, or as exchange (reciprocal) transactions subject to other guidance, such as Topic 606.

In May 2020, in response to the Coronavirus Disease 2019 (COVID-19) pandemic, FASB issued Accounting Standards Update No. 2020-05. The update defers, for one year, the required effective date of ASU No. 2014-09 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Revenue. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. The Company has elected to defer adoption of ASU No. 2014-09 for one year.

As more fully described in in Note 3, the Organization follows the guidance in Topic 985 in determining the revenue recognition related to contributions and Topic 606 in determining the revenue recognition related to exchange transactions.

The Organization adopted Topic 606 using a modified retrospective basis and applied the update to all contracts that were not completed as of January 1, 2020. Based on a review of its transactions, the Organization determined that it did not have any outstanding contracts with customers as of January 1, 2022 that were required to be recognized in accordance with Topic 606. Thus, the adoption of this standard did not have a material impact to the Organization's financial position, reported revenue, results of operations or cash flows as of and for the year ended December 31, 2021. See Notes 3 and 4 for expanded revenue disclosures required by the new standard.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

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The consolidated financial statements include the accounts of Brown's Chicken, LLC and Brown's Chicken, LLC – Series A (Advertising Fund). All material intercompany transactions have been eliminated in consolidation.

In January 2003, the Financial Accounting Standards Board (FASB) issued guidance on consolidating variable interest entities, including the identification of and financial reporting for entities for which control is achieved through means other than voting rights. Such entities are referred to as variable interest entities (VIEs). The members of Brown's Chicken, LLC – Series A are also the members of Brown's Chicken, LLC. ASC 810 requires that a company that holds variable interests in an entity consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, if they occur. In such cases, the company is the primary beneficiary of the VIE. The issuance of this accounting pronouncement, which interpreted an existing generally accepted accounting principle, caused Brown's Chicken, LLC to consider whether it should continue to issue separate financial statements or whether instead it should include the consolidated financial results of Brown's Chicken, LLC – Series A in its financial statements. Because of the common control and the fact that the Company will absorb a majority of the expected losses and/or receive a majority of the expected residual returns of Brown's Chicken, LLC – Series A, it was concluded that consolidation better presents the financial information.

CASH

The Company occasionally will have amounts on deposit at financial institutions that exceed the FDIC insurance limit. The Company believes there is no significant risk with respect to these deposits. The uninsured bank balances were $0 at both December 31, 2022 and 2021.

ACCOUNTS RECEIVABLE

Management closely monitors outstanding accounts receivable, expensing any balances that are determined to be uncollectible and establishing an allowance for doubtful accounts. Based on these factors, there is a provision for doubtful accounts of $8,588 and $6,582 as of December 31, 2022 and 2021, respectively.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost. For tax return purposes, property and equipment is depreciated by use of the modified accelerated cost recovery system (MACRS). The MACRS method of depreciation allows for the cost of eligible property to be recovered over a 3, 5, or 7-year period depending on the type of property.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

PROPERTY, EQUIPMENT AND DEPRECIATION - Continued

For financial statement purposes, property and equipment is depreciated using the straight-line method of depreciation over 5 to 10 years. Depreciation expense for book purposes was $36,738 and $6,712 for the years ended December 31, 2022 and 2021, respectively.

Property and equipment at December 31, 2022 consist of the following:

	Cost	Accumulated Depreciation
Equipment	$ 44,834	$38,579
Vehicles	110,801	81,131
	$ 155,635	$119,710

Property and equipment at December 31, 2021 consist of the following:

	Cost	Accumulated Depreciation
Equipment	$ 43,667	$ 33,484
Vehicles	77,035	71,541
	$ 120,702	$105,025

GOODWILL

Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations. Goodwill and indefinite-lived intangible assets are not amortized but are reviewed at least annually for impairment and whenever there is an impairment indicator, using a fair-value based approach. The Company conducts its annual impairment evaluation in the fourth quarter of each year. No impairment was indicated for the years ended December 31, 2022 and 2021. The recoverability of goodwill is measured using a two-step process. Step one of the test compared the fair value of each reporting unit to its book value. Step two, which compares the book value of the goodwill to its implied fair value, was not necessary since there were no indicators of potential impairment from step one.

INCOME TAXES

As a limited liability company, the Company's federal taxable income or loss is allocated to members in accordance with their respective ownership percentage. The State of Illinois assesses a replacement tax on all partnership earnings. The income tax provision reflects this state tax.

ADVERTISING

Advertising, marketing, and promotional costs are charged to operations when incurred. Advertising, marketing, and promotional expenses were $153,061 and $191,109 for the years ended December 31, 2022 and 2021, respectively.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

STATEMENT OF CASH FLOWS DISCLOSURES

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

During the Year Ended December 31, 2022, The Company Paid Interest of	$ 489
During the Year Ended December 31, 2022, The Company Paid Income Taxes of	$ 0
During the Year Ended December 31, 2021, The Company Paid Interest of	$ 675
During the Year Ended December 31, 2021, The Company Paid Income Taxes of	$ 0

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with Topic 606, revenue is recognized when performance obligations under the terms of a contract with customers are satisfied; generally, this occurs with the transfer of control of products or services. Revenue is measured as the amount of consideration expected to be received in exchange for transferring products or providing services. Certain customers may receive cash and/or non-cash incentives, which are accounted for as variable consideration. To achieve this core principle, the Organization applies the following five steps:

1. Identify the contract with a customer

A contract with a customer exists when (i) the Organization enters into an agreement with a customer that defines each party's rights regarding the products or services to be transferred and identifies the payment terms related to these products or services, (ii) both parties to the contract are committed to perform their respective obligations, (iii) the contract has commercial substance, and (iv) the Organization determines that collection of substantially all consideration for products or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Organization applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including historical payment information.

2. Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the products or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service either on its own or together with other resources that are readily available from third parties or from the Organization, and are distinct in the context of the contract, whereby the transfer of the products or services is separately identifiable from other promises in the contract.

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS - Continued

2. Identify the performance obligations in the contract - Continued

To the extent a contract includes multiple promised products or services, the Organization must apply judgment to determine whether promised products or services are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised products or services are accounted for as a combined performance obligation. The Organization has elected to account for shipping and handling activities as a fulfillment cost as permitted by the standard.

3. Determine the transaction price

The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for transferring products or services to the customer. To the extent the transaction price is variable, determining the transaction price may require significant judgment. revenue is recognized at an amount equal to the consideration to which the Organization expects to be entitled. This estimate includes customer sales incentives which are accounted for as a reduction to revenue and estimated primarily using the expected value method.

The Organization does not offer extended payment terms to customers or other financing arrangements related to accounts receivable.

4. Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless a portion of the variable consideration related to the contract is allocated entirely to a performance obligation. The Organization determines standalone selling price based on the price at which the performance obligation is sold separately.

5. Recognize revenue when or as the Organization satisfies a performance obligation

The Organization generally satisfies performance obligations at a point in time. Revenue is recognized based on the transaction price at the time the related performance obligation is satisfied by transferring a promised product or service to a customer. The impact to revenue related to prior period performance obligations in the twelve months ended December 31, 2022 is immaterial.

COSTS TO OBTAIN OR FULFILL A CONTRACT

The Organization does not incur costs to obtain a contract since contracts are established at the point of sale. Incidental items that are immaterial in the context of the contract are recognized as expense as incurred. The Organization has elected to recognize any costs incurred for transportation of products to customers as a component of cost of goods sold.

BAD DEBT EXPENSE

The organization incurred bad debt expense of $2,006 and $1,003 for December 31, 2022 and December 31, 2021 respectively.

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS - Continued

SALES TAX AND INDIRECT TAXES

The Organization is not subject to certain indirect taxes in certain jurisdictions including but not limited to sales tax, value added tax, excise tax and other taxes collected concurrent with revenue-producing activities that are excluded from the transaction price, and therefore, excluded from revenue.

DISAGGREGATION OF REVENUE

The following table presents disaggregated revenues by revenue source for the years ended:

	December 31, 2022	December 31, 2021
Royalties	$ 399,453	$ 429,278
Initial Franchise Fees	-	500
Advertising	377,481	380,765
Vendor Promo Allowance	12,454	10,070
Other Income	-	8,796
Total	$ 789,388	$ 829,409

NOTE 5 - INITIAL FRANCHISE FEES

The Company executes franchise agreements that set terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and payment of renewal fees, a franchisee may generally renew its agreement upon its expiration. Direct cost of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred.

Revenue from sales of individual franchises is generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the company have been performed. Services provided by the Company include assistance in site selection, personnel training, and implementation of accounting and quality control systems. In situations where revenue from franchise sales is collectible over an extended period of time, and collectability is not reasonably certain, revenue is recognized on the installment method as amounts are collected. Continuing fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense.

NOTE 6 - INSTALLMENT NOTES PAYABLE

	December 31, 2022	December 31, 2021
Ally Bank (Vehicle) – Payable in monthly installments of $504 including interest at 4.97% (collateralized by an automobile)	$ 4,446	$ 10,122
Total	4,446	10,122
Less, Current Maturities	4,446	5,676
Net, Long-Term Portion	$ -	$ 4,446

Future minimum payments under the current note agreement for the next five years are as follows:

Year Ending December 31,	Amount
2023	$ -
2024	-
2025	-
Thereafter	-
Total Minimum Payments	$ -

NOTE 7 - LEASE COMMITMENTS

The Company leased its office space in Villa Park, Illinois under a lease that expired December 31, 2022 and was renewed through December 31, 2023. The lease required a base rental of $1,118 per month, increased to $1,200 for the renewed lease. The Company had agreed to pay for all utilities, taxes and maintenance costs.

NOTE 8 - RELATED PARTIES

The Company recognized $8,349 and $6,648 of royalty income and $6,537 and $8,972 of advertising income from related parties for the years ended December 31, 2022 and 2021, respectively. The Company had accounts receivable from related parties of $287 and $423 net of an allowance for doubtful accounts of $0 and $0 as of December 31, 2022 and 2021, respectively.

NOTE 9 - INCOME TAXES

The Company evaluated its tax positions at December 31, 2022 and 2021, in accordance with FASB ASC 740. Based on this evaluation, the Company determined that it does not have any tax positions for which an unrecognized tax benefit must be recorded. The Company files both Federal and Illinois income tax returns. Generally, a company's tax returns are no longer subject to federal and state income tax examinations by tax authorities three years after the due date of the tax return or the date the tax return is actually filed, whichever is later. As of the date of this report, the Company has not filed its 2022 tax return. The Company's tax returns from 2018 through 2022 are open to examination by tax authorities as of the date of this report.

NOTE 9 - INCOME TAXES - Continued

The Company's policy is to record interest and penalties in the statement of operations in the period incurred. The Company has not incurred interest or penalties for the years ended December 31, 2022 and 2021.

NOTE 10 - COVID RESPONSE

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The ongoing COVID- 19 pandemic has had widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices, and there is substantial uncertainty in the nature and degree of its continued effects over the extent to which COVID-19 impacts the Company. The effects of the pandemic, going forward, will depend on numerous evolving factors which cannot be reliably predicted, and management is not able to estimate the impact the pandemic may have on the Plan's financial statements.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 13, 2023, which is the date the financial statements were available to be issued.

<u>EXHIBIT B</u>

LIST OF STATE AGENCIES/AGENTS
<u>FOR SERVICE OF PROCESS</u>

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Brown may not yet be registered to sell franchises in any or all of these states and, therefore, does not have any agents for service of process in these states under the applicable franchise law.

<u>ILLINOIS</u>

(agent for service of process)
500 South Second Street
Springfield, Illinois 62706

(state agency)
Illinois Attorney General
Kwame Raoul
Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

<u>INDIANA</u>

(agent for service of process)
Indiana Secretary of State
200 W. Washington St., Rm. 201
Indianapolis, IN 46204
(317) 232-6531

(state agency)
Indiana Securities Division
Franchise Section
302 W. Washington St., Rm. E111
Indianapolis, IN 46204-2738
(317) 232-6681

EXHIBIT C

LIST OF FRANCHISEES as of 12/31/23
See following page

See following page

Exhibit C
LIST OF STORES AS OF 12/31/23

Franchised Stores in Illinois (21)

	NO	TOWN	PHONE NO	ADDRESS	ZIP	CORP NAME	OWNER
1	165	Aurora	(630) 264-3366	2115 W. Galena Blvd.	60506	Banyon Tree	Bonnie Kennefick
2	179	Bolingbrook	(630) 914-547	595 N. Pinecrest Rd. ,Unit A1	60440	Medspa Launch, LLC	Roshan Ahmad
3	184	Carol Stream	(630) 510-0890	1 N 058 Main St	60188	Y4J's Inc.	Yessinia, Johnnie Castellanos
4	59	Chicago Hts.	(708) 754-7400	600 S Halsted St	60411	Flames Fish & Chicken Inc.	Yasser Toumah
5	33	Crest Hill	(815) 524-3593	16111 S. Weber Rd.	60403	Homer-un, Inc.	Ed Daley
6	156	Downers Grv-N	(630) 960-9282	236 Ogden Av	60515	Dorita, Inc	Ed Daley
7	186	East Dundee	(847) 551-1244	529 Dundee Av	60118	The Dream Made Truth LLC	Arturo, Rosa Arreola
8	187	Elk Grove Village	(847) 593-5230	90 E. Devon Ave.	60007	Medrano Restaurants Inc.	Eduardo Medrano
9	12	Evergreen Pk	(708) 636-6888	3414 W 95th St	60805	Daley Ent., Inc.	Ed, Jenny Daley
10	159	Hoffman Est	(847) 519-1032	1059 W Golf Rd	60194	YAM CATERERS, INC.	Zainab Ravzi
11	46	Homer Glen	(708) 301-5656	14226 S Bell Rd A-9	60491	HGBC Inc.	Sunita Mesquita
12	22	Joliet	(815) 630-3092	18 S. Larkin #5	60436	JOLIETBC INC.	Bhupendra Patel
13	180	Lockport	(815) 524-5356	1055 E. 9th St.	60441	Classic JJ Fish & Chicken, LLC	Roshan Ahmad
14	167	Melrose Pk	(708) 345-3101	1500 W North Av	60160	Across the Border	Arturo, Rosa Arreola
15	65	Naperville	(630) 420-8008	660 S Washington St	60540	Homer-Un,Inc	Ed Daley, Tina Stratham
16	171	Wheeling	(224)282-8127	71 S. Milwaukee Avenue	60062	BCBC Enterprises, Inc.	Bob Patel
17	13	Oak Lawn	(708) 424-9280	4740 W 111th St	60453	Tri-Ump-Ed	Ed, Jenny Daley
18	173	Palatine	(847) 358-4050	301 E Northwest Hwy	60067	TCG II, Inc	Mike Halter
19	66	Skokie	(847) 674-7141	3949 Oakton St	60076	AZY Enterprises	Arshad Yaqoob
20	181	St. Charles	(630) 584-2411	1910 St. Rt. 38 Lincoln Hwy	60174	NLHM Inc.	Noel Esbjorn
21	108	Waukegan-Bel	(847) 662-1820	3150 Belvidere Rd	60085	A-DammannCo	Alan Dammann

EXHIBIT D

LIST OF FORMER FRANCHISEES IN FISCAL 2023 (0)

Franchised Stores Closed in 2023 (None):

Franchised Stores Transferred in 2023 (None):

EXHIBIT E

BROWN’S CHICKEN, LLC
PRELIMINARY AGREEMENT

THIS AGREEMENT is made and entered into this ______ day of ________________, 20____, by and between BROWN’S CHICKEN, LLC, an Illinois limited liability company, (hereinafter referred to as "BROWN") and ____ (hereinafter referred to as "PROSPECTIVE FRANCHISEE").

RECITALS

A. BROWN has developed stores that are operated utilizing BROWN's distinctive business formats, signs, equipment, layouts, systems, methods, specifications, standards, operating procedures and designs and advertising. Such stores are known as "Brown’s Stores" (hereinafter sometimes referred to as "Stores"). BROWN owns, uses, promotes and licenses certain trademarks and service marks and other commercial symbols, including “Brown’s,” "Brown’s Chicken & Pasta” and certain associated logos (the "Marks"). BROWN owns and operates Brown’s Stores and has experience in and the ability to provide assistance and guidance in connection with the operation thereof. BROWN grants to qualified persons franchises to own and operate Stores ("Franchises") selling products and services authorized and approved by BROWN and utilizing BROWN's business formats, systems, methods, specifications, standards, operating procedures, guidance advertising services, and the Marks;

B. PROSPECTIVE FRANCHISEE desires to obtain a Franchise from BROWN for the operation of a Store;

C. PROSPECTIVE FRANCHISEE has submitted to BROWN an application for a Franchise;

D. PROSPECTIVE FRANCHISEE has received and reviewed BROWN's Franchise Disclosure Document; and

E. BROWN shall consider, subject to the terms and conditions hereof, granting a Franchise to PROSPECTIVE FRANCHISEE.

THEREFORE, the parties agree as follows:

1. The preambles are incorporated herein by reference.

2. PROSPECTIVE FRANCHISEE has, contemporaneously with the execution of this Preliminary Agreement, deposited with BROWN the sum of Fifteen Thousand ($15,000.00) Dollars ("Deposit") to be applied against the initial franchise fee payable by PROSPECTIVE FRANCHISEE if a Franchise shall subsequently be granted.

3. It shall be the obligation of PROSPECTIVE FRANCHISEE to locate, within sixty (60) days after execution of this Preliminary Agreement, a site suitable for the operation of a Store acceptable to BROWN within the following area: ________________________________ (the "Area").

a. The Area is not exclusive or protected either during the term of this Agreement or in the event a franchise is granted. BROWN has the right to offer and grant a franchise to any other party within the Area. In the event BROWN grants a franchise to another party within the Area during the term of this Agreement, PROSPECTIVE FRANCHISEE may terminate this Agreement and obtain a refund of the Deposit as provided in Paragraph 6 below.

b. BROWN shall not unreasonably withhold approval of sites that meet its standards for general location, physical and demographic characteristics of the neighborhood, traffic pattern, parking, competition, proximity to other businesses (including other Stores), the nature of other businesses in proximity to the site, layout and other physical characteristics, rental, lease duration and other lease terms and conditions for the Store.

c. Upon execution of this Agreement, BROWN will furnish PROSPECTIVE FRANCHISEE in writing criteria for site selection, which materials must be returned to BROWN upon termination of this Agreement.

d. If PROSPECTIVE FRANCHISEE shall be unable to locate an acceptable site within the time above specified, BROWN may, at any time thereafter, terminate this Preliminary Agreement provided it shall refund a portion of the Deposit as provided in Paragraph 6 below.

e. PROSPECTIVE FRANCHISEE acknowledges and agrees that BROWN's approval of the premises for the Store and any information communicated to PROSPECTIVE FRANCHISEE regarding the premises for the Store do not constitute a representation or warranty of any kind, expressed or implied, as to the suitability of the premises for a Brown’s Store or for any other purpose. BROWN's approval of the premises indicates only that BROWN believes that the premises falls within the acceptable criteria established by BROWN as of the time period encompassing the evaluation. Both PROSPECTIVE FRANCHISEE and BROWN 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 premises and that, subsequent to BROWN's approval of a site and premises, demographic and/or economic factors, including competition from other businesses, included in or excluded from BROWN's criteria could change, thereby altering the potential of a site and premises. The uncertainty and instability of such criteria are beyond BROWN's control and PROSPECTIVE FRANCHISEE agrees that BROWN shall not be responsible for the failure of a site and premises approved by BROWN to meet PROSPECTIVE FRANCHISEE's expectations as to potential revenue or operational criteria. PROSPECTIVE FRANCHISEE further acknowledges and agrees that his acceptance of a Franchise for the operation of a BROWN Systems Store at the premises is based on his own independent investigation of the suitability of the premises.

4. Unless PROSPECTIVE FRANCHISEE withdraws his application for a Franchise as hereinafter provided, PROSPECTIVE FRANCHISEE agrees that within ten (10) days of approval by BROWN of a site for PROSPECTIVE FRANCHISEE's Store, PROSPECTIVE FRANCHISEE will execute BROWN's Franchise Agreement, in the form delivered to PROSPECTIVE FRANCHISEE. In the event PROSPECTIVE FRANCHISEE fails to execute BROWN's Franchise Agreement within said ten (10) days, BROWN may, at its sole option, terminate this Preliminary Agreement, in which event PROSPECTIVE FRANCHISEE shall not be entitled to any refund of the Deposit.

5. BROWN agrees to expend such time and effort and to incur such expense as may reasonably be required to inspect sites proposed by PROSPECTIVE FRANCHISEE for a Store to be operated by PROSPECTIVE FRANCHISEE. PROSPECTIVE FRANCHISEE may withdraw his application for a Franchise and terminate this Preliminary Agreement by a written notice of termination delivered to BROWN at any time prior to the submission by PROSPECTIVE FRANCHISEE of a proposed site and BROWN's approval of said site. In the event PROSPECTIVE FRANCHISEE withdraws his

application for a Franchise after a site has been approved, PROSPECTIVE FRANCHISEE will not be entitled to any refund of the Deposit.

6. Upon termination pursuant to Paragraph 3.d. above, BROWN shall refund PROSPECTIVE FRANCHISEE's Deposit less Three Thousand ($3,000.00) Dollars. Upon termination pursuant to Paragraph 5 above, prior to the approval by BROWN of a site, BROWN shall refund PROSPECTIVE FRANCHISEE's Deposit less Three Thousand ($3,000.00) Dollars. Upon termination pursuant to Paragraph 5 above, subsequent to the approval by BROWN of a site, PROSPECTIVE FRANCHISEE shall not be entitled to any refund of the Deposit. In the event of termination pursuant to Paragraph 3.a. above, BROWN shall refund all of PROSPECTIVE FRANCHISEE's Deposit. The amount withheld by BROWN is to compensate the expenses incurred by BROWN in connection with PROSPECTIVE FRANCHISEE's proposed purchase of a Franchise, including, without limitation, those expenses related to site selection and inspection of a site for PROSPECTIVE FRANCHISEE's Store, travel and living expenses, compensation of employees of BROWN and legal fees and expenses.

7. PROSPECTIVE FRANCHISEE's rights under this Preliminary Agreement are personal in nature and are not transferable by assignment, will or operation of law.

8. Upon expiration of the sixty-day period referred to in Paragraph 3 above, this Agreement may be extended for such period of time mutually agreed upon by the parties.

9. Notwithstanding the expiration of this Agreement, the parties agree that in the event PROSPECTIVE FRANCHISEE submits a proposed site to BROWN within twenty (20) days prior to the expiration date, this Agreement will not expire until BROWN has had a reasonable opportunity to evaluate the site to determine whether the site meets BROWN's standards and criteria described in Paragraph 3 above.

PROSPECTIVE FRANCHISEE ACKNOWLEDGES THAT HE HAS READ THIS PRELIMINARY AGREEMENT AND BROWN'S FRANCHISE DISCLOSURE DOCUMENT IN THEIR ENTIRETY AND THAT HE HAS BEEN GIVEN THE OPPORTUNITY TO CLARIFY ANY PROVISIONS THAT HE DID NOT UNDERSTAND AND TO CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR. PROSPECTIVE FRANCHISEE REPRESENTS THAT HE UNDERSTANDS THE TERMS, CONDITIONS AND OBLIGATIONS OF THIS PRELIMINARY AGREEMENT AND AGREES TO BE BOUND THEREBY.

BROWN'S CHICKEN, LLC
an Illinois limited liability company

By: ______________________________	______________________________
Its: ______________________________	PROSPECTIVE FRANCHISEE
ATTEST:	
______________________________	______________________________
Its: ______________________________	PROSPECTIVE FRANCHISEE
Address:	Address:
______________________________	______________________________
______________________________	______________________________

<u>EXHIBIT F</u>

STANDARD FRANCHISE AGREEMENT

Exhibit F to Franchise Disclosure Document

STANDARD FRANCHISE AGREEMENT

____

Franchisee

BROWN’S CHICKEN, LLC

Franchisor

____

Date of Agreement

____

Location

NOTE: In this document, for convenience sake only, pronouns used in referring to Franchisee are "he," "him," or "his." Franchisor does not in any manner wish to imply that only males are qualified, suitable, or appropriate for the Franchise described in this Franchise Agreement. Franchisor does not intend by its use of male pronouns to exclude females from consideration, and it encourages applicants of both genders.

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Exhibits

BROWN'S CHICKEN, LLC
STANDARD FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of ___________________, 20___, by and between BROWN'S CHICKEN, LLC, an Illinois limited liability company, with its principal office at 55 E. Park Boulevard, Villa Park, Illinois 60181 ("Brown") and ______________________________, a _______________ corporation, whose principal address is ____ ("Franchisee").

1. PREAMBLES.

Brown has developed methods of preparing and serving cooked chicken, pasta, sandwiches, and other food products. Brown owns, operates and franchises stores, known as Brown's Chicken & Pasta Stores or Brown's Stores (hereinafter referred to as "BROWN'S Stores"), which sell these and other products and services and which are operated in accordance with a substantially uniform business format, signs, specially-designed equipment, store layout, systems, methods, procedures, designs and advertising. Brown owns, uses, promotes, and licenses for use in connection with BROWN'S Stores certain trade names, trademarks, service marks and other commercial symbols, including "BROWN'S," "BROWN'S CHICKEN," "BROWN'S FRIED CHICKEN," "BROWN'S CHICKEN AND PASTA," and certain associated logos (the "Marks") which have gained and continue to gain public acceptance and goodwill. Brown has extensive experience in and the ability to provide assistance and guidance in connection with the operation of BROWN'S Stores. Brown grants to qualified persons, franchises to own and operate BROWN'S Stores selling products and services authorized and approved by Brown and utilizing Brown's business format, systems, methods, specifications, standards, operating procedures, operating assistance, advertising services and Marks. Franchisee has applied to Brown for a franchise to operate a BROWN'S Store. Brown has approved the application in reliance upon all of the representations made to Brown by Franchisee in connection with Franchisee's application, including without limitation representations about the ownership of Franchisee.

2. GRANT AND RENEWAL OF FRANCHISE.

A. Grant And Term of Franchise.

Subject to the provisions of this Agreement, Brown hereby grants to Franchisee a franchise (the "Franchise") to operate a BROWN'S Store (the "Store") as identified on the cover page of this Agreement, and a license to use the Marks in the operation of the Store for a term commencing on the date hereof, and terminating on ____________________, ______________, which is the March 30th or September 30th immediately following the fifteenth (15th) anniversary of the date of the Store opening; provided that if the Store is opened on March 30th or September 30th, the franchise agreement will expire on the fifteenth (15th) anniversary of the Store opening. (The date will be inserted by the parties and become a part of this Agreement upon the opening of the Store.) The Store will be located at the following premises (the "Premises"):

____

____

____

The phrase "term of the Franchise" means the initial term of this Agreement and all renewal terms if the Franchise is renewed. Termination or expiration of this Agreement shall constitute termination or expiration of the Franchise. Franchisee agrees that he will at all times faithfully, honestly, and diligently perform his obligations hereunder, and that he will continuously exert his best efforts to promote and enhance the business of the Store and the goodwill of the Marks.

B. Renewal Of Franchise.

(1) **Franchisee's Right to Renew.**

Upon expiration of the initial term of the Franchise or any renewal term of the Franchise, if:

a. Brown is then offering franchises for BROWN'S Stores in the state where the Store is located; and

b. Franchisee has substantially complied with this Agreement (or the then-effective franchise agreement) during its term; and

c. Franchisee is not in default under or in any violation of any term of any other franchise agreement, lease, or other agreement with Brown;

d. Franchisee maintains possession of and remodels and/or expands the Premises, adds or replaces equipment, fixtures, furnishings, furniture and signs and otherwise modifies the Store to bring it into compliance with specifications and standards then applicable under new or renewal franchises for BROWN'S Stores; or if Franchisee is unable to maintain possession of the Premises, or in the judgment of Brown, the Store should be relocated. Franchisee has secured substitute premises in compliance with specifications and standards then applicable under new or renewal franchises for BROWN'S Stores; and

e. Franchisee complies with Brown’s then-current qualification and training requirements,

then Franchisee shall have the right to renew the Franchise for a renewal term of one (1) to five (5) years on the terms and conditions described below.

Notwithstanding the foregoing renewal provisions, if upon the expiration of the term of the Franchise or of any renewal term of the Franchise: (1) Franchisee has not, in Brown's judgment, updated the equipment, fixtures, furniture and signs and otherwise modified the Store to meet the specifications and standards then applicable under new franchises for BROWN'S Stores; or (2) Franchisee has failed to pay consistently when due any royalty fees, advertising contributions or other payments due to Brown; or (3) Franchisee has failed to submit consistently when due reports or other data, information, supporting records or financial statements: then Brown may, in its-sole discretion, renew the Franchise only for a one (1) year term or for a term shorter than one (1) year, in Brown's sole discretion, on the terms and conditions provided in Brown's then standard franchise agreement for BROWN'S Stores (with appropriate modifications to reflect that it is for a renewal term).

(2) **Notice Of Renewal and Non-Renewal.**

Brown and Franchisee each agree to give the other not less than six (6) and not more than twelve (12) months prior written notice of an election not to renew the Franchise. A notice of election by Brown not to renew the Franchise shall state the reason for the non-renewal. If the Franchise is not renewed, Franchisee must comply with Section 21 of this Agreement. If Franchisee intends to renew the Franchise, Franchisee shall give written notice of such intent to renew to Brown not less than six (6) nor more than twelve (12) months prior to the expiration of the term of the Franchise Agreement then in effect. In the event Franchisee fails to give Brown notice as provided in this Paragraph of its intent to renew the franchise, Brown need not renew the Franchise Agreement.

(3) **Renewal Agreements/Releases.**

To renew the Franchise: (i) Brown and Franchisee shall execute the form of standard franchise agreement and any ancillary agreements then customarily used by Brown (with appropriate modifications to reflect the fact that the Agreement relates to the renewal of the Franchise, including the length of the renewal term), which agreements may contain substantially different provisions from this Agreement, including higher or lower royalty fees and Advertising Fund contributions; (ii) Franchisee and its owners shall execute general releases, in a form satisfactory to Brown, of any and all claims against Brown and its officers, directors, employees, and agents; and (iii) Franchisee shall pay a renewal fee of Five Thousand Dollars ($5,000). Failure by Franchisee and its owner to sign such agreements and releases within thirty (30) days after their delivery to Franchisee shall be deemed an election by Franchisee not to renew the Franchise.

(4) **BROWN’S Option to Extend Term**

Brown may in its sole discretion extend this Agreement's term for the time period necessary to either give Franchisee reasonable time to correct deficiencies or to give Brown adequate time to give notice to Franchisee of Brown's refusal to grant a successor franchise as required under this Agreement or under applicable law.

(5) <u>Franchisee's Continued Operation Subsequent to Expiration</u>

In the event Franchisee does not execute the Renewal Franchise Agreement after the expiration of the term of the Franchise, and continues to accept any of the benefits of this Agreement after the expiration of the term of the Franchise, then at Brown's option, this Agreement may be treated either as: (i) expired as of the date of the expiration with Franchisee then operating without a franchise to do so and in violation of Brown's right; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with written notice of such party's intention to terminate the Interim Term. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Term. In the event of either (i) or (ii) of this Paragraph, Franchisee shall be obligated to pay a weekly royalty fee in the amount of seven percent (7%) of the Gross Sales of the Store (as defined in Paragraph 19.B. hereof).

3. <u>FRANCHISEE'S TERRITORY</u>.

A. <u>Exclusive Territorial Rights</u>.

Before this Agreement is executed, Brown will describe the "Territory" in Rider A. Except as limited by Paragraph B below, and provided that Franchisee is in full compliance with this Agreement, Brown and its Affiliates will not operate or grant a franchise for the operation of another BROWN'S Store at a location within the Territory during the term of this Agreement.

If Franchisee's Store is in a shopping mall food court, Franchisee will not have an exclusive territory.

B. <u>Rights Retained by Brown</u>.

Except as expressly limited by Paragraph A above, Brown retains all rights with respect to BROWN'S Stores, the Marks and the sale of any products and services anywhere in the world including without limitation:

(1) to produce, offer and sell, and to grant others the right to produce, offer and sell the same or similar products and any other goods and services through similar or dissimilar channels of distribution both within and outside the Territory under trade and

service marks other than the Marks and under any terms and conditions Brown deems appropriate;

(2) to produce, offer and sell, and to grant others the right to produce, offer and sell the same or similar products and any other goods and services through dissimilar channels of distribution both within and outside the Territory under the Marks and under any terms and conditions Brown deems appropriate; and

(3) to operate and to grant others the right to operate BROWN'S Stores located anywhere outside the Territory under any terms and conditions Brown deems appropriate and regardless of proximity to the Store.

(4) to acquire or be acquired by a company establishing businesses identical or similar to the Store, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including in close proximity to the Store.

C. Restrictions Upon Franchisee's Channels of Distribution.

Franchisee is restricted solely to the retail sale of products sold under this Agreement. Franchisee is expressly prohibited from engaging in the wholesale distribution of products under this Agreement. Franchisee is expressly prohibited from engaging in a catering service selling Branded Products under this Agreement, except under Brown’s authorized Catering Program. Franchisee must offer their customers the option of purchasing products through Third-Party Delivery Services. Franchisee must apply and sign-up to participate in any Third-Party Delivery Service platform as required by Brown. Franchisee may not utilize any Third-Party Delivery Services except through a Third-Party Delivery Service group account that Brown designates and is established and controlled by Brown. The rights herein granted to Franchisee are specifically limited to the operation of business from the Store location.

4. LEASE AND DEVELOPMENT OF STORE.

A. Lease Of Premises.

Franchisee may lease, sublease from Brown, or purchase the Premises for the Store. In the event Franchisee leases the Premises, the lease for the Premises shall provide that: (1) Brown shall receive notice from the landlord of any default by Franchisee not less than ten (10) days prior to the commencement of any action to evict Franchisee from the Premises; (2) Brown shall have, at its option, ten (10) days after receipt of notice to cure such default and be substituted for Franchisee as lessee under the lease; and (3) the premises shall be used only for a BROWN Store. The lease for the Premises shall provide further for its assignment to Brown, at Brown's option, upon the termination of this Agreement by Brown in accordance with the terms of this Agreement, or by Franchisee without cause as provided in Paragraph A of Section 20 of this Agreement. The lease shall contain substantially the following provisions:

> "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee thereunder, may be assigned by the Lessee to Brown's Chicken, LLC, an Illinois limited liability company, or its designee, provided that said Brown's Chicken, LLC or its designee shall execute such documents evidencing its agreement to thereafter keep and perform, or cause to be kept or performed, all of the obligations of the Lessee arising under this lease from and after the time of such assignment."
>
> "Lessor agrees that Lessor shall, upon written request of Brown's Chicken, LLC, disclose to said limited liability company, all reports, information or data in Lessor's possession with respect to sales made in, upon or from the leased premises."
>
> "Lessor shall give written notice to Brown's Chicken, LLC, an Illinois limited liability company (concurrently with the giving of such notice to Lessee), of any default by Lessee under the lease and the said Brown's Chicken, LLC shall have, after the expiration of the period during which the Lessee may cure such default, an additional thirty (30) days to cure, at its sole option, any such default."
>
> "Lessor agrees it will not, without the prior written consent of Brown's Chicken, LLC, modify or terminate this lease. Lessor further agrees it will not grant its consent to the assignment by Lessee of this lease without the prior written consent of Brown's Chicken, LLC"
>
> "Brown's Chicken, LLC or its appointed representatives have the right to enter the leased premises to make any modification necessary to protect the Trademarks of Brown's Chicken, LLC, or to cure any default under the Franchise Agreement or the Lease."
>
> "In the event the Lessee does not exercise any options or rights to renew or extend the Lease, Lessor shall give Brown's Chicken, LLC notice of such failure by Lessee to exercise such options or rights."

Franchisee shall not assign or in any manner transfer the lease or sublease, as the case may be, for the Premises or any interest therein (except in connection with an assignment or transfer of the Franchise or ownership of Franchisee approved by Brown as provided in Section 22), or further sublet the Premises or any part or parts thereof, nor permit occupancy by anyone with, through, or under Franchisee.

Franchisee shall not execute a lease which has for any reason been disapproved by Brown. Franchisee shall deliver a copy of the signed lease for the Premises to Brown within fifteen (15) days of its execution. Franchisee shall execute a Collateral Assignment of Lease, attached hereto as Rider B, by which Franchisee assigns to Brown all of his right, title and interest as tenant under the lease for the Store premises. The assignment is for collateral purposes and may be exercised only upon a default by Franchisee under his lease or under this Agreement. Brown's approval of Franchisee's lease is conditioned on receipt of the signed Collateral Assignment.

Franchisee's execution of a lease for a site for the Store shall constitute acceptance by Franchisee of such site and location and of the terms of such lease, sublease or purchase.

Brown’s approval of the lease or sublease does not constitute a warranty or representation of any kind, express or implied, as to its fairness, suitability or profitability or as to Franchisee’s ability to comply with its terms.

B. <u>Lease/Leaseback of Premises</u>.

In the event Franchisee either presently owns, or hereafter acquires title to, the real estate on which the Premises are located, Brown has the right to require Franchisee to enter into a lease with Brown. Brown will then sublease the Premises back to Franchisee upon the same terms and conditions as the lease. So long as Franchisee is in compliance with this Franchise Agreement, Brown will continue to sublease Franchisee the Premises. In the event Franchisee defaults under the Franchise Agreement, Brown has the right to terminate the sublease and take possession of the Premises or sublease them to another party.

C. <u>Development Of Store by Franchisee</u>.

Franchisee agrees to do, or cause to be done, the following:

(1) Prepare suitable architectural plans and specifications and a site survey for the Store at the Premises, in accordance with Brown's requirements for dimensions, exterior design, materials, parking area, interior layout, equipment, fixtures, furniture, and signs and decorating of a BROWN'S Store and conforming to all applicable ordinances, building, and zoning codes, permit requirements, and lease requirements and restrictions, which plans and specifications must be submitted to and approved in advance by Brown;

(2) Obtain all required zoning changes and all required health, sanitation, building, utility, sign, and business permits and licenses, and any other required permits and licenses;

(3) Purchase or lease and install all equipment, fixtures, furniture, and signs required for the Store; and

(4) Construct all required improvements to and decorate the Premises in compliance with plans and specifications therefor approved by Brown and with all applicable laws.

(5) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and

(6) upon completion of construction, furnish Brown final costs for the construction, equipment, build-out, deposits, and total development of the Store.

Franchisee shall complete development of and have the Store ready to open and commence the conduct of its business within a reasonable time after Franchisee obtains possession of the Premises. Franchisee shall have the right to modify approved plans and specifications and the exterior and interior layout of the Premises if and to the extent that Brown reasonably determines that any such modifications become necessary and will not violate any applicable ordinance, building code, zoning code, permit, or lease requirement or restriction.

5. EQUIPMENT, FIXTURES, FURNITURE AND SIGNS.

Franchisee agrees to use in the operation of the Store only those brands, types and/or models of equipment for the preparation, dispensing, storage, display and delivery of food and beverages, cash registers, fax machine, lap-top computer, and other equipment, fixtures, furniture, and signs that Brown has approved as meeting its specifications and standards. Brown's specifications and standards may include minimum standards for design, appearance, function, performance, serviceability and warranties. Franchisee may purchase or lease approved brands, types and/or models of equipment, fixtures, furniture, and signs from any source. If Franchisee proposes to purchase or lease any brand, type and/or model of equipment, fixture, furniture, or sign not then approved by Brown, Franchisee shall first notify Brown in writing and shall submit to Brown upon its request sufficient specifications, photographs, drawings and/or other information or samples for a determination by Brown of whether such brand, type and/or model of equipment, fixture, furniture or sign meets its specifications and standards. Brown shall notify Franchisee within a reasonable time whether it approves such brand, type and/or model of equipment, fixture, furniture, or sign. No vending machines, unapproved newspapers or periodicals, juke boxes or other music producing machines, gum or candy machines, games, pinball machines or other mechanical devices (including pay telephones and cigarette vending machines) shall be installed or operated at the Store without Brown's prior written consent.

6. LOCATION AND RELOCATION OF STORE.

A. **Location.** The Franchise is granted for, and Franchisee may operate the Store only at, the location and the Premises herein identified or a substitute location and/or the Premises hereafter approved by Brown. Franchisee acknowledges that Franchisee has independently evaluated the location of the Store prior to the execution of this Franchise Agreement, including the demographic characteristics of the area in which the Store is located.

B. **Relocation.** If Franchisee's lease for the Premises expires or terminates without fault of Franchisee, or if the Premises is damaged, condemned or otherwise rendered unusable, or if, in the judgment of Brown and Franchisee, there is a change in character of the location of the Store sufficiently detrimental to its business potential to warrant its relocation, Brown will grant permission for relocation of the Store to a location and premises approved by Brown, in its sole discretion. Any such relocation shall be at Franchisee's sole expense. Brown shall have the right to charge Franchisee for services Brown renders to Franchisee in connection with such relocation. Brown shall also have the right to require Franchisee to upgrade the relocated Store to conform to Brown's then current image, standards, and specifications for construction and equipment for all new BROWN's Stores.

(1) In the event of a relocation of the Store, Franchisee shall promptly remove from the former Store premises any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery, supplies, forms and other articles which display any of the Marks and distinctive features or designs associated with the System. Any articles which display any of the Marks or any distinctive features or designs associated with the System which are not used by Franchisee at the new Store location shall be disposed of by Franchisee as directed by Brown following notice to Brown to the effect such articles will not be used at the new Store. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such modifications or alterations as may be necessary to distinguish the former Store premises so clearly from its former appearance and from other BROWN's Stores so to prevent any possibility of confusion by the public (including, without limitation, removal of all distinctive physical and structural features identifying BROWN's Stores and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Brown may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Brown deems appropriate, Franchisee agrees that Brown or its designated agents may enter the premises of the former Store and adjacent areas at any time to make such alterations as Brown deems appropriate to distinguish Franchisee's former Store premises, without liability for trespass. Franchisee expressly acknowledges that failure to make such alterations will cause irreparable injury to Brown and hereby consents to entry, at Franchisee's expense, of any ex parte order by any court of competent jurisdiction authorizing Brown or its agents to take such action, if Brown seeks such an order. Compliance with the foregoing shall be a condition subsequent to Brown's approval of any relocation request by Franchisee, and in the event complete de-identification of the former Store premises is not properly and completely undertaken, Brown may then revoke its permission for relocation and declare a default under this Agreement.

(2) In the event Franchisee loses possession of the Store for whatever reason prior to the expiration of the term of this Agreement, Franchisee is required to diligently search for a new location and open and operate the Store as promptly as commercially practicable. In the event Franchisee fails to diligently pursue a new location and open a

new Store, Franchisee shall be liable to Brown for Brown’s lost royalties and other damages for the remainder of the franchise term.

7. **TRAINING**.

A. **Training of Franchisee**.

Prior to the opening of the Store, Brown shall furnish, and Franchisee (or if Franchisee is a corporation or partnership, a shareholder or partner designated by Franchisee), one co-manager, and one part-time manager shall attend and complete to Brown's satisfaction, a mandatory training program consisting of classroom and "on-the-job" instruction in the operation of a BROWN'S Store, furnished at such time and place as Brown may designate. If Brown reasonably determines that Franchisee is unable to satisfactorily complete the training program, Brown shall have the right to terminate this Agreement, effective upon delivery of written notice of termination to Franchisee. If this Agreement is so terminated by Brown, then upon execution by Franchisee and delivery to Brown of all assignments, releases, waivers, and other documents required to fully rescind any and all agreements, purchases and leases between Brown and Franchisee, Brown shall refund to Franchisee all sums paid by Franchisee to Brown pursuant to this Agreement, less expenses incurred by Brown in connection with the grant of the Franchise to Franchisee and the training of Franchisee and Franchisee's designees.

Franchisee may enroll additional employees in the training program and will be charged an amount determined by Brown for training such additional employees. Franchisee shall be responsible for any salary and travel, living and other expenses incurred in connection with attendance at Brown's training programs by Franchisee and its employees.

B. **Hiring And Training of Employees by Franchisee**.

Franchisee shall hire all employees of the Store, be exclusively responsible for the terms of their employment and compensation, and implement a training program for employees of the Store in accordance with training standards and procedures prescribed by Brown from time to time. Franchisee agrees to maintain, at all times during the term of the Franchise, a staff of trained employees sufficient to operate the Store in accordance with this Agreement. Franchisee shall have on staff at least two (2) full-time managers and one (1) part-time manager. Franchisee agrees not to employ any person who is required to complete a training program but who fails or refuses to do so. Franchisee shall require all employees to maintain a neat and clean appearance and to conform to the standards of dress and/or uniforms specified by Brown from time to time for BROWN'S Stores.

Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, its employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, other materials, that Franchisee (and only Franchisee) is their employer and that Brown (the Franchisor) is not their employer. Franchisee must, on all employment applications Franchisee gives out to employee applicants, have printed on said applications: *"You are applying for a job to work for an independently owned Franchisee and not for the Franchisor."*

8. <u>STORE OPENING</u>.

Franchisee agrees to open the Store for business and begin operating the Store within fifteen (15) days after the later of (a) Brown's determination that the Store is in suitable condition therefor, and (b) completion of the initial training of Franchisee. Further, Franchisee agrees that the Store shall begin operations under this Agreement not later than three hundred (300) days of the date of this Agreement, and that Franchisee's failure to open the Store by such time shall be a material default and cause for termination of this Agreement by Brown.

9. <u>GUIDANCE AND OPERATING ASSISTANCE</u>.

A. <u>Guidance</u>.

Brown shall furnish to Franchisee such operating assistance in connection with the operation of the Store as may be reasonably required by Franchisee from time to time. Operating assistance will consist of advice and guidance with respect to:

(1) methods for the preparation, packaging, sale and delivery of food and other products authorized for sale by the Store;

(2) specifications, standards, methods and operating procedures utilized by BROWN'S Stores;

(3) additional food and beverage products and services authorized for sale by BROWN'S Stores;

(4) purchasing approved equipment, furniture, furnishings, and signs;

(5) selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies:

(6) developing and implementing advertising and promotional programs;

(7) the establishment and operation of administrative, bookkeeping, accounting, inventory control, sale and general operating and management procedures for a BROWN'S Store; and

(8) hiring employees and establishing and conducting employee training programs.

Such guidance shall, in the discretion of Brown, be furnished in the form of Brown's Operating Manual (as described in Paragraph B of this Section 9), bulletins, written reports and recommendations, other written materials and/or telephonic consultations or consultations at the offices of Brown or at the Store. In addition, training videos and the Purchasing News will be available at the Brown's Communication Portal available on the internet. If requested by Franchisee, Brown will furnish additional guidance and assistance concerning the operation of the STORE at per diem fees and charges established from time to time by Brown. If special training of Store employees is requested by Franchisee, and must take place at the Store, all expenses for such training, including a per diem charge and travel and living expenses for Brown's personnel, shall be paid by Franchisee.

B. Operating Manual.

Brown will permit Franchisee to use, during the term of the Franchise one or more copies of an operating manual, which may consist of one or more manuals and other written materials (the "Operating Manual") for BROWN'S Stores. The Operating Manual shall contain mandatory and suggested specifications, standards, and operating procedures prescribed from time to time by Brown for BROWN'S Stores. Specifications, standards, operating procedures and rules designated as "mandatory" by Brown in the Operating Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include all such mandatory specifications, standards and operating procedures and rules, and Franchisee must comply with such mandatory specifications, standards and procedures set forth in the Operating Manual. Brown may make reasonable modifications to the Operating Manual from time to time, to reflect changes in authorized products and services, and specifications, standards and operating procedures of BROWN'S Stores. No such modification shall alter Franchisee's fundamental rights under this Agreement. Franchisee shall keep his copy of the Operating Manual current, and in the event of a dispute about the contents of the Operating Manual, the master copies maintained by Brown at its principal office shall be controlling. Franchisee may not at any time copy any part of the Operating Manual. Brown may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Brown considers relevant in our its business judgment.

10. STORE IMAGE AND OPERATING STANDARDS.

A. Condition and Appearance of Store.

Franchisee agrees to maintain the condition and appearance of the Premises of the Store consistent with Brown's standards for the image of a BROWN'S Store as an attractive, pleasant, and comfortable restaurant. Franchisee agrees to effect such reasonable maintenance and refurbishing of the Store as is required from time to time to maintain or improve the appearance and efficient operation of the Store and/or in conjunction with the offer and sale of additional products or services authorized by Brown, including, without limitation, replacement of worn out or obsolete equipment, furniture, fixtures, utensils and signs, repair of the exterior and interior of the Store, redecorating and repair and resurfacing of parking facilities and periodic cleaning and redecorating.

If, at any time, in Brown's reasonable judgment, the general state of repair or the appearance of the Premises or the Store's equipment, fixtures, furniture, signs or decor does not meet Brown's standards therefor, Brown shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of notice from Brown, and thereafter continue in good faith and with due diligence, a bona-fide program to undertake any required maintenance or refurbishing, Brown shall have the right to enter upon the Premises and effect such maintenance or refurbishing on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand. Franchisee's obligation to initiate and continue any required maintenance or refurbishing shall be suspended during any period in which such maintenance or refurbishing is impractical due to war, civil disturbance, natural disaster, labor dispute or other event beyond Franchisee's reasonable control.

Franchisee agrees that neither the Store nor the Premises will be used for any purpose other than the operation of a BROWN'S Store in compliance with this Agreement. Franchisee will place or display at the Premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials that are from time to time approved by Brown.

B. Alterations To the Store.

Franchisee shall make no material alterations to the leasehold improvements of the Store, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Store, without prior written approval by Brown.

C. Authorized Categories of Products and Services.

Franchisee agrees that the Store will offer for sale and sell all types of food and beverage products and services, and other approved products and services, that Brown from time to time authorizes. Franchisee further agrees that the Store will not offer for sale or sell any other products or services not then authorized by Brown for the Store, nor shall the Store or the Premises be used for any purpose other than the operation of a BROWN'S Store, in full compliance with this Agreement. Brown reserves the right to revoke its approval of any products or suppliers previously authorized at any time upon written notice to Franchisee, provided that Franchisee may continue to offer and sell all remaining on-hand or ordered non-cancelable inventory of such products or from such suppliers as of the date of receipt of written notice from Brown. Brown may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food and beverage products and services. Franchisee agrees to cooperate by participating in Brown's market research programs, test marketing of new services and products in the Store, customer feedback programs, and providing Brown with timely reports and other relevant information regarding such market research. In connection with any such test marketing, Franchisee shall purchase a reasonable quantity of tested products and effectively promote and make a reasonable effort to sell such products.

D. Approved Products and Suppliers.

All food and beverage products, recipes, cooking materials, containers, packaging materials, other paper and plastic products, glassware, utensils, uniforms, menus, forms, cleaning and sanitation materials, and other materials and supplies used in the operation of the Store shall conform to the standards and requirements established by Brown from time to time. Brown has approved and will periodically approve types and/or brands of such products that meet its specifications, and suppliers and distributors of the foregoing products that meet its standards and requirements for suppliers, including, without limitation, standards and requirements relating to quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Brown may from time to time modify its list of approved types and/or brands of products and of approved suppliers and Franchisee shall not after receipt in writing of such modifications, reorder any type or brand from any supplier which is no longer approved by Brown.

Brown may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. Brown may concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of BROWN'S Stores franchised or operated by Brown. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria and concentration of purchases, as set forth above, and may be temporary, pending a further evaluation of such distributor or other supplier by Brown.

If Franchisee proposes to purchase and use in the operation of the Store, or to offer for sale at or from the Store any type or brand of product which is not then approved by Brown as meeting its specifications and standards or to purchase any product from a supplier that is not then an approved supplier, Franchisee shall first notify Brown and shall, upon request by Brown, submit such information, specifications and samples as Brown requests for examination and/or testing or to otherwise determine whether such type or brand of product or such proposed supplier meets its specifications and standards. Brown shall have the right to charge Franchisee a reasonable fee to cover Brown's costs incurred in making such determination. Brown shall notify Franchisee, within a reasonable time, whether it approves such proposed type or brand of product or such proposed supplier. Brown may from time to time prescribe procedures for the submission of requests for approved types or brands of products or approved suppliers and obligations which approved suppliers must assume.

Brown periodically may make available to Franchisee goods, products and/or services for use in Franchisee's Store, on the sale of which Brown may make a profit and/or receive a credit, rebate or other incentive; and that Brown periodically may receive consideration (including credits, rebates and incentives) from suppliers and manufacturers respecting sales of goods, products or services to Franchisee or in consideration for products or services provided or rights licensed to such persons; and Franchisee agrees that Brown will be entitled to such profits and consideration.

E. Specifications, Standards, Procedures and Rules.

Franchisee acknowledges that the operation of the Store in compliance with Brown's high standards is important to Brown and other BROWN'S Stores. Brown shall endeavor to maintain high standards of quality and service of all BROWN'S Stores operated and franchised by Brown. To this end, Franchisee agrees to comply fully with all mandatory specifications, standards, operating procedures and rules from time to time prescribed by Brown for BROWN'S Stores or the Store, including, without limitation, specifications, standards, operating procedures and rules relating to:

(1) the safety, maintenance, cleanliness, sanitation, function and appearance of the Premises and the Store's equipment, fixtures, furniture, decor and signs, and maintenance and service agreements therefor;

(2) quality, taste, portion control and uniformity and manner of preparation, packaging and sale of all food and beverage products sold by the Store and of all food and other products used in the preparation, packaging and sale thereof;

(3) methods and procedures relating to receiving, preparing and delivering customer orders;

(4) hours and days during which the Store will be open for business;

(5) advertising and promotion;

(6) use and retention of standard forms;

(7) use and illumination of signs, posters, displays, menu boards and similar items;

(8) identification of Franchisee as the owner of the Store; and

(9) the handling of customer complaints: in the event Brown is unsatisfied with the manner in which Franchisee handles customer service issues, Brown may intervene and handle customer service issues as it deems appropriate.

No such specification, standard, operating procedure or rule shall be unreasonable or inconsistent with any provision of any lease for the Premises.

F. **<u>Compliance With Laws and Good Business Practices</u>.**

(1) Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Store and shall operate the Store in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to health and safety, federal labeling laws, consumer protection, trade regulation, workmen's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, and sales, use, and property taxes. All advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall in all dealings with its customers, suppliers, employees, and public officials adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business, advertising or promotional practice which is unethical or may be injurious to the business of Brown or other BROWN's Stores or to the goodwill associated with the Marks. In the event Franchisee shall fail to secure any license or permit required for the operation of the Store, Brown, at its option and in addition to its other rights and remedies hereunder, may obtain such license or permit on behalf of Franchisee and Franchisee shall fully cooperate with Brown in its efforts to obtain such license or permit on behalf of Franchisee and shall pay to Brown, on demand, all costs and charges incurred by Brown.

(2) Health certification: Every member of Franchisee’s management staff must be certified by the Health Department and maintain “Health Department-certified management” status.

(3) Franchisee shall comply at its own expense for complying with the Food and Drug Administration (“FDA”) and the United States Department of Agriculture and those federal and state laws and regulations relating to food and nutrition labeling and claims, including the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §101 <u>et</u> <u>seq</u>. (the "Act"), as amended by the Affordable Care Act of 2010 and the regulations promulgated thereunder, including the rule mandating nutrition labeling of menu items and calorie content on menus. Franchisee shall also comply with any and all nutrition labeling requirements imposed by federal, state or local law which may be enacted after the effective date of this Franchise Agreement. Franchisee acknowledges and agrees to strictly comply with the Brown’s prescribed menu items, and to follow the recipes and food preparation methods exactly as set forth in the Operations Manual, for all products offered and sold in Franchisee’s BROWN’s Restaurant. In the event Franchisee deviates from the prescribed recipes, ingredients, preparation methods, or menu boards, Franchisee shall be responsible for obtaining his/her own nutrition information in order to comply with applicable state and federal nutrition labeling requirements. The previous sentence shall not be construed to permit Franchisee to deviate from said items, and such deviation shall be a default under this Franchise Agreement. Franchisee shall indemnify Brown for any claims, damages, suits, judgments, fines, or any other losses incurred by Brown by virtue of Franchisee’s failure to comply with this subparagraph.

(4) Franchisee shall notify Brown in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental authority, which may adversely affect the operation or financial condition of Franchisee or the Store or of any notice of violation of any law, ordinance or regulation relating to health or safety.

G. Use Of Materials Imprinted with Marks.

Franchisee shall use in the operation of the Store display trays, boxes, bags, containers, labels, forms and other paper and plastic products imprinted with the Marks as prescribed from time to time by Brown.

H. Merchandise Inventory Requirements.

Franchisee agrees that the Store shall at all times maintain an inventory of food and beverage products and other merchandise, materials and supplies that will permit operation of the Store at maximum capacity.

I. Management of the Store/Conflicting and Competing Interests.

The Store shall at all times be under the direct, on-premises supervision of Franchisee or, if permitted by Brown, a manager designated by Franchisee who has satisfactorily completed the training program required for franchisees and managers of BROWN'S Stores. Franchisee shall keep Brown informed at all times of the identity of any employee acting as manager or co-manager of the Store. Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder. The person who shall be responsible for the day-to-day supervision of the Store shall not engage in any business or other activities directly or indirectly that require substantial management responsibility or time commitments, or that otherwise may conflict with Franchisee's obligations hereunder. Franchisee or his manager shall hire all employees of the Store and shall be exclusively responsible for the terms of their employment and compensation and for the proper training of such employees. If Franchisee requests Brown to train Franchisee's manager, Franchisee shall pay Brown its then-current Manager Training Fee. Franchisee shall establish at the Store for all employees a training program meeting the standards prescribed by Brown. Franchisee shall require all employees to maintain a neat and clean appearance and to conform to the standards of dress specified by Brown from time to time. If the Store at any time is not being managed by Franchisee or a qualified, trained, full-time manager, Brown may appoint a manager for the Store and charge a reasonable management fee during the period in which Brown manages the Store.

J. Pricing.

Brown may from time to time advise or offer guidance to Franchisee relative to prices for the products and services offered for sale by BROWN'S Stores or the Store that, in Brown's judgment, constitute good business practice. Such prices will be based on the experience of

Brown or its affiliated companies in operating BROWN'S Stores and an analysis of the costs of such products and services and prices charged for competitive products and services. Brown may from time to time set maximum prices on products and services offered from the Store. If Brown has imposed such a maximum price on a particular product or service Franchisee may charge any price for such product or service up to and including the maximum price set by Brown. Notwithstanding the foregoing, Brown reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products and services.

K. Cooperation in Displaying Brown's Franchise Literature.

Franchisee agrees to cooperate with Brown in displaying Brown's franchise literature by keeping stocked display racks in Franchisee's Store with literature furnished by Brown. At no charge to Franchisee, Brown will install the display racks and furnish the franchise literature. Franchisee shall not obstruct the display racks and will notify Brown when the supply of franchise literature is low. Franchisee will not be responsible for paying for any of the literature or for the installation of the display racks.

L. Computer.

Franchisee shall, throughout the term of this Agreement, maintain an active e-mail account and shall have access to the Internet for receiving bulletins, updates, and other information from Brown. Franchisee must have DSL or Broadband high speed internet access. Franchisee must purchase computer hardware and software, a monitor, and the services of an Internet service provider to enable Franchisee to access Brown's intranet system. Brown may require Franchisee to lease proprietary software from Brown or a third party designated by Brown, and to enter into a software License Agreement with Brown or such third party. Brown reserves the right, upon prior written notice to Franchisee, to access information and data produced by Franchisee's computer system.

Franchisee must obtain and maintain an operational fax machine, lap-top computer, and point of sale system (POS System). Franchisee must obtain its POS System and credit card processing from a vendor approved by Franchisor. Franchisee shall record all sales on the POS system as required by the Operations Manual, this Agreement, or as otherwise approved in writing by Brown. Brown reserves the right to access information and data pertaining to the Store produced by and/or stored on Franchisee’s computer system. The information and data Brown may access includes that of any Third-Party Delivery Service companies through which customers purchase menu items from the Store.

Franchisee shall be solely responsible for protecting Franchisee’s POS and computer systems from viruses, computer hackers and other computer-related and technology-related problems, and Franchisee releases Brown from all claims it may have as result of viruses, hackers or other computer-related or technology-related problems.

M. Communication with Brown.

In order for Brown to be able to communicate effectively with its franchisees on a bulk and/or individual basis, Franchisee agrees to maintain the equipment necessary for such communication. Currently, Brown relies on fax transmission and email communications, as well as other methods of communication. Franchisee agrees to maintain in the Store at all times during the term of this Agreement, a fax machine in good operating condition, which must be set on "Automatic Receive," with a dedicated phone line. As technology advances, Franchisee will comply with Brown's requirements, as set forth in the Operating Manual, in order for Brown to be able to communicate with Franchisee.

N. Gift Cards. Franchisee agrees:

(1) to offer for sale BROWN'S gift cards, which must be in the form and version of Gift Cards designated and approved in writing by Brown ("Official Gift Card"), as it may be amended from time to time;

(2) not to offer for sale or give away any form of Gift Card other than the Official Gift Card;

(3) not to create Franchisee's own Gift Card;

(4) to accept and honor the Official Gift Card in exchange for product when presented for redemption at Franchisee's Store;

(5) to obtain and maintain the necessary terminal and/or other equipment and software necessary to process the authorized Gift Cards; and

(6) to comply with any policy promulgated by Brown regarding changes to the form and use of Gift Cards, including transition periods for the phasing in of modifications to the Official Gift Card.

O. Restrictions Against Potentially Offensive Items.

Franchisee is prohibited from displaying in the Store, or allowing any employees to wear, items that are potentially offensive to customers or other employees. By way of example only and not limiting the scope or applicability of this provision, such items include those that express any religious, political, or personal views. Brown's determination in this regard shall be final.

P. Inspections and Media Coverage of Food Borne Illness. Franchisee agrees:

(1) To comply with the food safety and health standards of the local health department and as set by us, whichever standards are higher and stricter;

(2) To satisfactory complete all food safety and health training courses required by applicable food safety and health laws;

(3) To close down the Restaurant if we determine that there are deficiencies relating to food safety, health and cleanliness, and to immediately correct said deficiencies to our satisfaction before re-opening the Restaurant;

(4) To refrain from talking to the media in the event of an outbreak of a food borne illness, and to acknowledge our right to control the information that is shared through the media relating to these circumstances.

Q. Video Gaming.

Brown may require Franchisee to offer video gaming in Franchisee's Store. If Brown requires Franchisee to offer video gaming in Franchisee's Store, the parties will execute Rider G, the Video Gaming Rider, to this Franchise Agreement, the Video Gaming Rider. Franchisee must have a license to sell alcoholic beverages in order to obtain and maintain a video gaming license. Franchisee will be subject to other restrictions, as set forth in Rider G.

In the event Franchisee violates any provision of Rider G or any provision of this Franchise Agreement, Franchisor shall have the right to terminate Rider G. Franchisor shall give Franchisee ten (10) days prior notice of termination of Rider G, unless the violation is the revocation of Franchisee's license as a Licensed Establishment, in which event Franchisor may terminate Rider G immediately effective upon revocation of Franchisee's State License. Franchisee will require that any agreement with a terminal operator regarding video gaming in Franchisee's Store (a "Use Agreement") contain a provision stating that such Use Agreement is subject to termination on ten (10) days prior notice in the event that Franchisee exercises the termination right described herein, unless the violation is the revocation of Franchisee's license as a Licensed Establishment, in which event the Use Agreement will be subject to immediate termination. If Franchisor terminates Rider G, all video gaming terminals and other equipment shall be removed promptly in accordance with the terms of the Use Agreement, and Franchisee shall be prohibited from operating any Video Gaming activities at Franchisee's Store.

R. Best Efforts

Franchisee shall throughout the term of this Agreement faithfully, honestly, and diligently perform his obligations hereunder. Franchisee shall continuously exert his best efforts to promote and enhance the business of the Store and the goodwill of the Marks.

11. ADVERTISING AND PROMOTION.

A. By Company.

Recognizing the value of advertising to the goodwill and public image of BROWN'S Stores, Brown agrees to maintain and administer an advertising fund (the "Advertising Fund") for such advertising as Brown may deem necessary or appropriate, in its sole discretion. Brown shall, from time to time, formulate, develop, produce and conduct regional advertising and promotion programs in such form and media as it determines, in its sole discretion, to be most effective.

Franchisee shall pay to the Advertising Fund, as hereinafter provided, such amount as may be designated by Brown from time to time by written notice to Franchisee, not to exceed four percent (4%) of the Gross Sales (as hereinafter defined) of the Store. The Advertising Fund contribution shall be paid by Franchisee on Gross Sales for each Monday through Sunday weekly period together with the royalty fee as set forth in Paragraph l9.A of this Agreement. Franchisee's payments to the Advertising Fund shall be made by electronic transfer or automatic debit from Franchisee's bank account to the Advertising Fund account, as set forth in Paragraph 19.F. below.

Brown shall direct all advertising programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation thereof. Franchisee agrees that the Advertising Fund may be used to meet any and all costs of formulating, administering, maintaining, directing, preparing and producing regional, multi-regional or local advertising materials, programs and public relations activities, including, without limitation, the costs of producing video, audio and written advertising materials; electronic media, developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering multi-regional advertising programs; purchasing trade journal, direct mail and other media advertising; and employing advertising agencies; supporting public relations, market research and marketing activities; and providing advertising and marketing materials and menus to BROWN'S Stores. The Advertising Fund shall furnish Franchisee with approved advertising materials at its direct cost of producing such advertising materials.

The Advertising Fund is not Brown’s asset. Although the Advertising Fund is not a trust, Brown will hold all Advertising Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Agreement. Brown does not owe any fiduciary obligation to Franchisee for administering the Advertising Fund or for any other reason. The Advertising Fund shall be accounted for separately from the other funds of Brown and shall not be used to defray any of Brown's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Brown may incur in activities reasonably related to the administration of the Advertising Fund and its advertising programs (including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund). Brown may spend in any fiscal year an amount greater or less than the aggregate contribution of BROWN'S Stores to the Advertising Fund in that year and the Advertising Fund may borrow from Brown or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Franchisee authorizes Brown to collect for remission to the Advertising Fund any advertising monies or credits offered by any supplier to Franchisee based upon purchases by Franchisee. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. A statement of monies collected and costs incurred by the Advertising Fund shall be prepared annually by Brown and shall be furnished to Franchisee upon written request.

Franchisee understands and acknowledges that the Advertising Fund is intended to maximize recognition of the Marks and patronage of BROWN'S Stores. Although Brown will endeavor to utilize the Advertising Fund to develop advertising and marketing materials, and to place advertising in a manner, that will benefit all BROWN'S Stores, Brown undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Advertising Fund by BROWN'S Stores operating in that geographic area or that any BROWN'S Store will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section 11, Brown assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisee agrees and acknowledges that Brown has no fiduciary obligation to Franchisee or any other BROWN's Store in connection with the establishment of the Advertising Fund or the collection, control or administration of monies paid into the Advertising Fund.

Brown reserves the right, in its sole discretion, to terminate or discontinue the Advertising Fund upon thirty (30) days' written notice to Franchisee. All unspent monies on the date of termination or discontinuance shall be distributed to franchisees of Brown in proportion to their respective contributions made to the Advertising Fund during the previous twelve (12) month period. Brown shall have the right to reinstate the Advertising Fund upon the same terms and conditions herein set forth upon thirty (30) days' prior written notice to Franchisee.

B. By Franchisee.

(1) Grand Opening and Marketing Deposit. Franchisee shall conduct a Grand Opening advertising campaign within thirty (30) days of opening his BROWN’s Store. Upon execution of this Agreement, Franchisee shall deposit with Brown a Marketing Deposit in the amount of One Thousand Dollars ($1,000). Brown shall expend the Marketing Deposit in connection with the grand opening of Franchisee’s Store, as well as for local advertising for the Store during the initial few months of operation.

(2) Ongoing Local Advertising. Franchisee agrees to list and advertise the Store in each of the classified telephone directories distributed within its Territory, in

such business classifications as Brown prescribes from time to time utilizing Brown's standard form of classified telephone directory advertisement. Prior to their use by Franchisee, samples of all local advertising and promotional materials not prepared or previously approved by Brown shall be submitted to Brown for approval. Promotional material includes but is not limited to materials and information provided by Franchisee on a website or similar electronic medium. If written disapproval is not received by Franchisee within fifteen (15) days from the date of receipt by Brown of such materials, Brown shall be deemed to have given the required approval. Franchisee shall not use any advertising or promotional materials that Brown has disapproved. Franchisee may not use alternative distribution channels to promote the business or to make sales, including use of a toll-free number, catalog, web site, telephone, electronic communications, the Internet, texting, smartphones, personal digit assistants, any other computer on-line service, You Tube, facebook, Twitter, or any other communication device or means that is developed subsequent to the date of this Agreement. Franchisee agrees that the manner and content of any Franchisee advertising, marketing and/or selling on any website, e-commerce, wireless telephone, Internet, You Tube, facebook, Twitter, or other cyberspace application is subject to the prior written permission of Brown and must be done in strict compliance with the standards, policies and procedures established from time to time by Brown.

(3) Local Cooperative Advertising. Franchisee shall join any local advertising co-operative which has been or may be formed consisting of franchisees and/or Brown-owned or Affiliate-owned Stores in his area. Brown assumes no direct or indirect liability or obligation to Franchisee or to any local co-operative with respect to the maintenance, direction, or administration of the co-operative, including without limitation, any failure by any franchisees to make any contributions to the co-operative.

12. RECORDS AND REPORTS.

A. Bookkeeping and Accounting.

Franchisee shall establish and maintain at his own expense a bookkeeping, accounting and record keeping system conforming to the requirements and data processing systems and formats prescribed by Brown from time to time, including, without limitation, requirements for the format, use and retention of sales checks, cash register tapes, purchase orders, invoices, payroll records, check stubs, sales tax records and returned cash receipts and disbursements journals and general ledgers.

B. Reports.

Franchisee shall furnish to Brown in the form prescribed from time to time, using the chart of accounts supplied by Brown: (1) by Tuesday of each week, via email, a report of the Store's Gross Sales for the immediately preceding Monday through Sunday period; (2) within seven (7) days after the end of each Monthly Period (as defined below), a report of Gross Sales of the Store for such Monthly Period and such other data, information and supporting records as Brown from time to time requires; (3) within thirty (30) days after the end of each Monthly Period, an unaudited balance sheet and statement of profit and loss and financial condition of the Store for such Monthly Period, prepared by an independent certified public accountant; (4) within sixty (60) days after the end of Franchisee's fiscal year, a fiscal year-end balance sheet and an annual profit and loss statement for such fiscal year, reflecting all year-end adjustments; and (5) within 105 days after the end of Franchisee’s fiscal year, a copy of Franchisee’s federal and state tax returns as filed with each taxing authority.

Each report and financial statement required by this Section 12 shall be verified and signed by Franchisee in the manner prescribed by Brown. Franchisee agrees to maintain and furnish, on request by Brown, complete copies of federal and state income tax returns filed by Franchisee with the Internal Revenue Service and state tax departments reflecting sales and income of the Store or the corporation or partnership that holds the Franchise.

If Brown reasonably believes that any financial statement, tax return or schedule does not accurately reflect the revenues or financial status of the Store or is otherwise incomplete or inaccurate, Brown shall have the right to require Franchisee to submit audited annual financial statements for all subsequent fiscal years during the term of the Franchise.

For purposes of the record keeping, reporting and fee payment requirements of this Agreement, a week shall be a seven-day period ending on Sunday. A "Monthly Period" is the four or five-week period ending on the last Sunday of the month and beginning on the day following the last Sunday of the immediately preceding month; the fiscal year of Franchisee shall be the period consisting of twelve (12) Monthly Periods ending on the last Sunday of a calendar year; and a fiscal year shall include four fiscal quarters, each consisting of three consecutive Monthly Periods.

C. Consent and Authorization for Accountant to Furnish Data to Brown.

Franchisee shall furnish Brown the identity and contact information for Franchisee’s accountant. Franchisee hereby consents, authorizes, and instructs Franchisee’s accountant to furnish Brown, upon written request of Brown, copies of Franchisee’s financial records, sales information, financial reports, or any other data in the possession of the Franchisee’s accountant, relating to Franchisee’s business. In connection with this obligation, Franchisee shall execute the authorization to Franchisee’s accountant attached to this Agreement as Rider F.

13. INSPECTIONS AND AUDITS.

A. Brown's Right to Inspect The Store.

To determine whether Franchisee and the Store are complying with this Agreement, and with specifications, standards and operating procedures prescribed by Brown for the operation of BROWN'S Stores, Brown or its agents shall have the right, at any reasonable time and without prior notice to Franchisee, to: (1) inspect the Premises; (2) observe the operations of the Store for such consecutive or intermittent periods as Brown deems necessary; (3) interview personnel of the Store; (4) interview customers of the Store; (5) inspect and copy any books, records and documents relating to the operation of the Store; (6) take a physical inventory of the assets of the Store; and (7) remove samples of any products and supplies. Franchisee agrees to fully cooperate with Brown in connection with any such inspections, observations and interviews. Franchisee shall present to its customers such evaluation forms as are periodically prescribed by Brown and shall participate and/or request its customers to participate in any surveys performed by or on behalf of Brown.

B. Use of Data, Name, Photograph, and Biographical Information.

Franchisee consents to the use of Franchisee's name, photograph, and biographical and financial data concerning the operation of Franchisee's business, as well as photographs of the interior and exterior of Franchisee's Store, in Brown's advertising and other literature promoting BROWN's Stores.

C. Brown's Right to Audit.

Brown shall have the right at any time during business hours, and without prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Store and the books and records of any corporation or partnership which holds the Franchise. Franchisee shall fully cooperate with representatives of Brown and independent accountants hired by Brown to conduct any such inspection or audit. In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Store, Franchisee shall pay to Brown, within fifteen (15) days after receipt of the inspection or audit report, the royalty fees and advertising contributions due on the amount of such understatement, plus interest from the date originally due until the date of payment. Further, in the event such inspection or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, other information or financial statements, as herein required or to furnish such reports, records, information or financial statements on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined by any such audit or inspection to be greater than two percent (2%), Franchisee shall reimburse Brown for the cost of such inspection or audit, including, without limitation, the charges of attorneys and any independent accountants, applicable per diem charges for employees of Brown and all of their travel and room and board expenses. The foregoing remedies shall be in addition to all other remedies and rights of Brown hereunder or under applicable law.

14. CONFIDENTIAL INFORMATION.

A. Brown possesses certain unique, confidential and proprietary information and trade secrets, including but not limited to the following categories of information, methods, techniques, procedures, and knowledge developed by Brown and/or its franchisees (the "Confidential Information"): (1) recipes, methods, procedures and techniques for preparing, packaging, serving and delivering chicken and other food products; (2) methods, techniques, specifications, procedures, information, systems and knowledge of and experience in the development, operation and franchising of BROWN'S Stores; (3) marketing programs; and (4) methods of training of managers and other personnel.

B. Brown will disclose the Confidential Information to Franchisee during training, in the Operating Manual and in guidance and assistance furnished to Franchisee during the term of the Franchise. Franchisee acknowledges and agrees that he will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Store and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with Brown and other BROWN'S franchises.

C. Franchisee acknowledges and agrees that the Confidential Information is a valuable asset of Brown, includes trade secrets of Brown and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree, that he: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures prescribed from time to time by Brown to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure thereof to employees of Franchisee, and the use of Brown's customary non-disclosure and/or non-competition clauses in employment agreements with employees who have access to the Confidential Information. In connection with this obligation, Franchisee shall notify Brown of the name and address of each affiliate, officer, director, partner, supervisory employee and owner of Franchisee and shall update such information whenever necessary. Such notification shall contain and have annexed thereto a copy of a confidentiality and noncompetition agreement in a form satisfactory to Brown, executed by the individual at the time he or she acquires an interest in or becomes associated with Franchisee in which such individual consents to be bound by the restrictive covenants contained in said agreement and to Brown's and Franchisee's enforcement of such covenants. The obligations of Franchisee pursuant to this Section 14 shall survive the termination or expiration of this Agreement.

D. **Innovations.** All ideas, concepts, techniques, and marketing, advertising or other materials relating to a restaurant offering chicken, pasta, and sandwiches, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee’s owners or employees, must be promptly disclosed to Brown and will be deemed to be Brown’s sole and exclusive property, part of Brown’s System, and works made-for-hire for Brown. To the extent that any item does not qualify as a “work made-for-hire” for Brown, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Brown and agree to take whatever action (including signing assignment or other documents) Brown requests to evidence Brown’s ownership or to help Brown in this regard. Franchisee agrees that Brown shall have the perpetual right to use and authorize other BROWN's Stores to use such ideas, concepts, methods and techniques without further consideration to Franchisee.

E. **Customer List.** The list of customers that Franchisee services during the term of this Franchise Agreement is Brown's Proprietary Information and property. At the expiration or termination of this Franchise Agreement for any reason, Franchisee will promptly turn over to Brown the entire list of customers and Franchisee will make no further use of that list for any purpose whatsoever.

F. Notwithstanding anything to the contrary contained in this Agreement, and provided Franchisee shall have obtained Brown's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Franchisee's disclosure and use of the Confidential Information shall not apply to (a) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided Franchisee shall have used its best efforts, and shall have afforded Brown the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Brown of confidential treatment for the information required to be so disclosed; or (b) information, processes or techniques which are or become generally known in the restaurant industry, other than through disclosure by Franchisee.

15. EXCLUSIVE RELATIONSHIP.

Franchisee acknowledges and agrees that Brown would be unable to protect the Confidential Information against unauthorized use and disclosure and would be unable to encourage a free exchange of ideas and information among BROWN'S Stores if owners of BROWN'S Stores and members of their immediate families were permitted to hold interests in or perform services for competitive businesses. Brown has entered into this Agreement with Franchisee on the express condition that with respect to the operation of a retail food service business which offers cooked chicken, pasta, or sandwiches. Franchisee (and its owners and members of their respective immediate families) will deal exclusively with Brown. Franchisee therefore agrees that during the term of this Agreement, except for the Store and other BROWN'S Stores operated under franchise agreements with Brown: (1) neither Franchisee, nor any shareholder or partner of Franchisee (in the event Franchisee, is a corporation or partnership), nor any member of the immediate family of Franchisee or any shareholder or partner of Franchisee, shall have any direct or indirect interest as a disclosed or beneficial owner of any retail food service business wherever located, that offers cooked chicken, pasta or sandwiches, or any direct or indirect interest in any entity which is granting franchises or licenses to others to operate retail food service businesses that offer cooked chicken, pasta or sandwiches; and (2) neither Franchisee nor any partner or shareholder of Franchisee shall perform services as a director, officer, manager, employee, consultant, lessor, lender, representative, agent or otherwise for any retail food service business wherever located, that offers cooked chicken, pasta or sandwiches; provided that the restrictions of this Section 15 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 one percent (1%) or less of the number of shares of that class of securities issued and outstanding.

16. INSURANCE.

During the term of the Franchise, Franchisee shall maintain in force, under policies of insurance issued by carriers approved by Brown: (1) comprehensive public and product liability insurance and motor vehicle liability insurance (including but not limited to hired and non-owned coverage) against claims brought during or after the term of the Franchise for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Store or otherwise in conjunction with the conduct of business by Franchisee pursuant to the Franchise, under one or more policies of insurance containing minimum liability protection of One Million Dollars ($1,000,000) combined single limit; (2) general casualty insurance, including fire and extended coverage, vandalism and malicious mischief insurance and plate glass and general theft insurance, for the replacement value of the Store and its contents; (3) Employment Practices Liability of no less than $500,000, (4) workmen's compensation insurance as required by law; and (5) business interruption insurance for a period adequate to re-establish normal business operations. Brown may from time to time increase the minimum limits of coverage required under such insurance policies and require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy shall name Brown as an additional insured on a primary basis, and shall provide for ten (10) days prior written notice to Brown of any material modification, cancellation or expiration of such policy.

Prior to the expiration of the term of each insurance policy, Franchisee shall furnish Brown with a certificate of insurance evidencing the continuation of coverage under a similar policy for an immediately following term, and upon Brown's request, a copy of each such policy. If Franchisee fails or refuses to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums therefor, Brown, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee and Franchisee shall fully cooperate with Brown in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Store which are required to obtain or maintain such insurance and pay to Brown, on demand, any costs and premiums incurred by Brown. In the event Brown obtains Franchisee’s insurance pursuant to this paragraph, Brown may withdraw the monthly costs of insurance, plus an additional ten percent (10%) administration fee, from Franchisee’s bank account, through Franchisee’s Bank Draft Plan established pursuant to Paragraph 19.F.

Franchisee's obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Brown, nor shall the maintenance of such insurance relieve Franchisee of any obligations under Section 24 of this Agreement.

17. **MARKS**.

A. **Brown's Ownership of Marks**.

Franchisee acknowledges that Brown is the owner of the Marks licensed to Franchisee by this Agreement, that Franchisee's right to use the Marks is derived solely from this Agreement, and that all usage thereof by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of Brown. Franchisee agrees that after the termination or expiration of the Franchise, it will not directly or indirectly in any manner identify itself or any store, business or premises as a BROWN'S Store, a former BROWN'S Store or as a franchisee of or otherwise associated with Brown or use any Mark in any manner or for any purpose. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks and commercial symbols hereafter authorized for use by and licensed to Franchisee by Brown. Any unauthorized use of the Marks by Franchisee shall constitute an infringement of the rights of Brown and Licensor in and to the Marks. Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of Brown and Licensor, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any others in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to Franchisee pursuant to this Agreement.

B. **Limitations On Franchisee's Use of Marks**.

Franchisee agrees to use each of the Marks licensed hereunder in full compliance with rules prescribed from time to time by Brown. Franchisee shall not use any Mark (1) as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee hereunder); (2) in connection with the sale of any unauthorized product or service; (3) as part of the domain name or other electronic address of any website; or (4) in any other manner not explicitly authorized in writing by Brown. Franchisee shall not for his own account register the Marks on the Internet or any other computer on-line service, including but not limited to You Tube, facebook, or Twitter, create and maintain his own web site or facebook listing (or similar electronic communication device) on the Internet using the Marks, or use the Marks on the Internet in any other manner.

C. **Notification Of Infringements and Claims**.

Franchisee shall immediately notify Brown of any apparent infringement of or challenge to Franchisee's use of any Mark or claim by any person of any rights in any Mark, and Franchisee shall not communicate with any person other than Brown and its counsel in connection with any such infringement, challenge or claim. Brown shall have sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation or

Patent and Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim, or otherwise relating to any Mark.

Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Brown's counsel, be necessary or advisable to protect and maintain the interests of Brown in any litigation or Patent and Trademark Office or other proceeding or to otherwise protect and maintain the interests of Brown in the Marks.

In the event Brown deems it advisable, Franchisee shall file for and maintain a “certificate of trade name” in the county or other appropriate jurisdiction in which Franchisee’s Store is located. If Brown requests, Franchisee must also sign such other documents as Brown reasonably requires in order to allow others in Franchisee’s state to use Brown’s Names and Marks, including without limitation any documents required by the applicable Secretary of State or Department of Commerce located in Franchisee’s state.

D. Indemnification Of Franchisee.

Brown agrees to indemnify Franchisee against and to reimburse Franchisee for all direct, but not consequential (including, but not limited to, loss or revenue and/or profits), damages for which Franchisee is held liable in any proceeding arising out of Franchisee’s use of any Mark pursuant to and in compliance with this Agreement and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceeding in which Franchisee is named as a party, provided that Franchisee has notified Brown of any such claim or proceeding in compliance with Paragraph C of this Section 17.

E. Discontinuance Of Use of Marks.

If it becomes advisable at any time in Brown's sole judgment for Franchisee to modify or discontinue use of any Mark and/or use of one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with Brown's directions to modify or otherwise discontinue the use of such Mark, and/or use one or more additional or substitute trademarks or service marks, within a reasonable time after notice thereof by Brown. Franchisee shall be responsible for the expenses to modify or discontinue the use of a Mark and/or to substitute a trademark or service mark for a discontinued Mark.

18. INITIAL FRANCHISE FEE.

Franchisee shall pay to Brown a non-recurring and non-refundable initial franchise fee for the Franchise in the amount of Twenty-Five Thousand Dollars ($25,000.00), Fifteen Thousand Dollars ($15,000.00) of which shall be payable upon the signing of the Preliminary Agreement by Franchisee, with the balance due and payable prior to the opening of the Store. The initial franchise fee will be fully earned by Brown upon execution of this Agreement, and non-refundable, provided that if Brown elects to terminate the Franchise due to the failure of

Franchisee to satisfactorily complete the training program, Brown shall refund to Franchisee any payments made of the initial franchise fee, less the expenses theretofore incurred by Brown in connection with the grant of the Franchise to Franchisee and the training of Franchisee and its designees.

19. <u>ROYALTY FEE AND OTHER PAYMENTS</u>.

A. <u>Amount and Payment of Royalty Fee</u>.

Franchisee agrees to pay to Brown a weekly royalty fee of five percent (5%) of the Gross Sales of the Store (except for revenue from Video Gaming, the royalty fee on which is ten percent (10%) – see Exhibit G), payable on Gross Sales for each Monday through Sunday period by electronic transfer or automatic debit from Franchisee's bank account to Brown, as set forth below in Paragraph 19.F.

B. <u>Definition of "Gross Sales"</u>.

The term "Gross Sales," as used in this Agreement, shall mean and include the aggregate actual gross selling prices of all food, beverages, and other products and services (including without limitation entertainment/video gaming) sold and/or performed and/or offered by or for Franchisee or the Store, in, upon or from the Premises, or through or by means of the business conducted therein or otherwise by the Store or Franchisee, including direct or indirect barter transactions, catering services, proceeds of business interruption insurance policies, whether for cash or for credit, provided, that in determining the amount of Gross Sales, there shall be excluded: (1) sales, use, or excise taxes passed on as such to the customer and paid to the appropriate taxing authorities; (2) the amount of all refunds, adjustments, credits and allowances made by the Store; and (3) revenues of any fees paid by Franchisee to Third-Party Delivery Services, as determined by Brown and published in Brown's Operating Manual or as promulgated in writing by Brown. A "Third-Party Delivery Service" is a company or business through which customers purchase menu items from the Store, that delivers the menu items to the customers at a location other than the Store. Third-Party Delivery Services typically charge Franchisee a fee for this service, which may be automatically deducted from the funds that are collected from the customer prior to disbursement of the funds by the Third-Party Delivery Service to Franchisee. Examples of Third-Party Delivery Services include, but are not limited to Grubhub, DoorDash, Uber Eats, ezCater, and Postmates. Franchisee agrees that his cash register may be polled via modem by Brown to verify Gross Sales. Franchisee is responsible for obtaining the modem and paying for the charges of telephone line installation and the monthly telephone service.

C. <u>Interest On Late Payments</u>.

All royalty fees, advertising contributions, amounts due for products, if any, purchased by Franchisee from Brown and other amounts owed to Brown by Franchisee pursuant to the Franchise shall bear interest after due date at the maximum rate for open account business credit under applicable law (or, in the absence of such a rate, at a rate equal to one and one-half percent (1-1/2%) per month). Franchisee acknowledges that this Paragraph C of Section 19 shall not constitute Brown's agreement to accept such payments after same are due or a commitment by Brown to extend credit to, or otherwise finance Franchisee's operation of, the Store. Further, Franchisee acknowledges that his failure to pay all such amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 20 hereof, notwithstanding the provisions of this Paragraph.

D. Application of Payments.

Notwithstanding any designation by Franchisee, Brown shall have sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for royalty fees, advertising contributions, purchases from Brown or its affiliates, interest or any other indebtedness.

E. Expenses of Enforcement.

Franchisee shall be obligated to reimburse Brown for Brown's costs and expenses (including attorneys' fees) incurred by Brown in the enforcement by Brown of the provisions of this Agreement as a consequence of Franchisee's failure to perform same.

F. Bank Draft Plan.

(1) Franchisee shall make payments of the royalty fee, Advertising Fund contributions, and all other payments due Brown through a Bank Draft Plan on a bank account Franchisee is required to establish and maintain for the purpose of making payments to Brown. Franchisee shall execute such documents as may be required from time to time by Brown to permit Brown to withdraw from Franchisee's general operating checking account the amounts due Brown. The form authorizing the bank draft is attached as Rider C.

(2) In the event Franchisee fails to submit required reports to Brown, Brown will withdraw an estimated amount for the royalty fee and Advertising Fund contribution, based on the average sales for the last ten (10) reported weeks. If Franchisee fails to report sales for two (2) consecutive weeks, Brown will withdraw an estimated amount for the royalty fee and Advertising Fund contribution, based on the average sales, plus ten percent (10%) for the last ten (10) reported weeks.

(3) Franchisee may not make any change in its banking relationships, including any change in the account number of its general operating account, or any change in banks, without Brown's prior written approval.

(4) In the event any electronic bank draft is declined, dishonored, or refused, due to insufficient funds, Franchisee shall pay the Brown a processing fee of Fifty Dollars ($50.00). Franchisee shall also immediately remedy the reason the electronic

bank draft was dishonored, and notify Brown that the electronic bank draft will be honored.

(5) In the event there are other invoices for miscellaneous items due Brown (e.g., equipment, uniform purchasing, product transfers, etc.) over 30 days past due, Brown may withdraw the amounts due from Franchisee's bank account, through Franchisee's Bank Draft Plan.

G. <u>Document Name Change Fee</u>.

In the event Franchisee requests and Brown approves any alteration, addition, or modification in the name or identity of the Franchisee on this Agreement, Franchisee agrees to pay Brown a Document Name Change Fee in the amount of Five Hundred Dollars ($500.00).

20. <u>TERMINATION OF FRANCHISE</u>.

A. <u>By Franchisee</u>.

If Franchisee is in compliance with this Agreement and Brown materially breaches this Agreement, and Brown fails to cure such breach within thirty (30) days after written notice thereof is delivered to Brown, or if such breach cannot reasonably be cured within said thirty-day period and Brown fails to undertake promptly and continue efforts to cure, Franchisee may terminate this Agreement and the Franchise, effective ten (10) days after delivery to Brown of notice of termination setting forth the reasons therefor. A termination of this Agreement and the Franchise by Franchisee, other than pursuant to and in compliance with this Paragraph A of Section 20, shall be deemed a termination by Franchisee without cause.

B. <u>By Brown</u>.

Brown may terminate this Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee, the Store or the principal owner or owners of the equity or operating control of Franchisee:

(1) fails to satisfactorily complete the training program as provided in Section 7 hereof;

(2) fails to lease or purchase an acceptable site for the Premises, develop the Store in accordance with plans and specifications approved by Brown and commence operation of the Store within one hundred eighty (180) days from the date of this Agreement;

(3) makes an assignment for the benefit of creditors or an admission of his inability to pay its obligations as they become due;

(4) files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law, or admitting or failing to contest the material allegations of any such pleading filed against it, or is adjudicated a bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of Franchisee or the Store, or the claims of creditors of Franchisee or the Store are abated or subject to a moratorium under any law;

(5) abandons, surrenders or transfers control of the operation of the Store or fails to continuously and actively operate the Store, unless precluded from doing so by damage to the Premises, war, civil disturbance, natural disaster, labor dispute or other event beyond Franchisee's reasonable control;

(6) suffers cancellation of or fails to renew or extend the lease or sublease for or otherwise fails to maintain possession of the Premises, unless the Store is relocated with the approval of Brown;

(7) submits to Brown on two (2) or more separate occasions during the term of the Franchise, a sales report, financial statement or tax return or schedule which understates the Gross Sales of the Store for any period by more than two percent (2%) or materially distorts any other material information;

(8) fails on three (3) or more separate occasions during the term of the Franchise to submit when due, sales reports, financial statements or tax returns or schedules or to pay, when due, the royalty fees, advertising contributions or other payments due to Brown or suppliers of the Store or otherwise repeatedly fails or refuses to comply with this Agreement, whether or not such failures or refusals are corrected after notice thereof is delivered to Franchisee;

(9) operates the Store in a manner that presents a health or safety hazard to its customers, employees, or the public;

(10) makes an unauthorized assignment of this Agreement, the Franchise or ownership of Franchisee, as hereinafter defined in Paragraphs B and C of Section 22;

(11) fails or refuses to comply with any mandatory specification, standard, operating procedure or rule prescribed by Brown relating to recipes, quality of food products, methods and procedures for preparing and serving food products, or cleanliness and sanitation of the Store, and does not correct such failure or refusal within seven (7) days after written notice thereof (which shall describe the corrective action that Franchisee must take) is delivered to Franchisee;

(12) fails to comply with any other mandatory specification, standard, operating procedure or rule prescribed by Brown, or with any provision of this Agreement and does not correct such failure within ten (10) days after notice thereof is

delivered to Franchisee if such failure is to pay any money payable by Franchisee pursuant to any provision of this Agreement, otherwise within thirty (30) days after notice of such failure to comply (which shall describe the action that Franchisee must take to correct same) is delivered to Franchisee, provided that if such failure cannot reasonably be corrected within thirty (30) days, Franchisee must initiate within such thirty (30) day period, and thereafter continue, such action as will correct such failure within a reasonable time;

(13) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in any misconduct which is likely to adversely affect the reputation of Franchisee, the Store, Brown or other BROWN'S Stores or franchisees;

(14) has made any material misrepresentation or omission in his application for the Franchise;

(15) makes an unauthorized use or disclosure of any Confidential Information, makes any unauthorized use of the Marks or uses, duplicates or discloses any portion of the Operating Manual;

(16) commits any act or omission of default under the lease for the Premises and fails to cure such default within the applicable cure period set forth in the lease;

(17) defaults under or violates any term of any other franchise agreement, lease or other agreement with Brown;

(18) has any member of its management staff who has not been certified by the Health Department or has failed to maintain "Health Department-certified management" status;

(19) receives three (3) consecutive scores under eighty percent (80%) on restaurant inspections conducted by Brown;

(20) is consistently issued warnings or is closed by the Local Health Department, and fails to take necessary action to correct cited violations;

(21) fails or refuses to comply with any other mandatory specification, standard, operating procedure or rule prescribed by Brown relating to recipes, quality of food products, methods and procedures for preparing and serving food products, or cleanliness and sanitation of the Store, mandatory uniform policies, and does not correct such failure or refusal within seven (7) days after written notice thereof (which shall describe the corrective action that Franchisee must take) is delivered to Franchisee;

(22) is the subject of repeated customer complaints that Franchisee, Franchisee's employees, or the environment of Franchisee's Store are offensive or derogatory in their speech, conduct or appearance, reflecting or suggesting discrimination

about religion, race, gender, age, disability, or other human characteristic, and Franchisee has failed to appropriately address and remedy the conditions underlying such complaints.

(23) Franchisee or any of its owners fails to comply with the covenants contained in Section 15 of this Agreement;

(24) Upon the death or permanent incapacity of Franchisee or owner of a controlling interest in Franchisee, an approved transfer is not effected as provided in Section 14 of this Agreement;

(25) Franchisee fails to timely pay any lender to whom Brown has guaranteed Franchisee's obligations, or Brown if Franchisee has entered into a financing arrangement with Brown:

a. more than three (3) times if the defaults are cured, or

b. one (1) time if the default is not cured during the financing term;

(26) Franchisee fails to timely pay any vendors, suppliers, or landlord more than three (3) times during the term of the franchise;

A default under this Agreement shall also constitute a default under any and all other agreements entered into between Brown and Franchisee (or related entities, of which any one or more parties, whether individual, corporate or otherwise, is a party to or guarantor of said other agreement), with the right to terminate the other agreement(s) in accordance with the provisions of those agreement(s).

21. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION.

A. Payment of Amounts Owed to Brown.

Upon termination or expiration of the Franchise, Franchisee agrees to pay to Brown and its affiliated companies, within fifteen (15) days after the effective date of termination or expiration, such royalties and service fees, advertising contributions, rent, if applicable, and other charges (including interest on past due amounts) as have or will thereafter become due to Brown or any affiliated company and are then unpaid.

B. Confidential Information.

Franchisee agrees that upon termination or expiration of the Franchise, it will immediately cease to use any Confidential Information of Brown disclosed to Franchisee pursuant to this Agreement in any business or otherwise and will return to Brown all copies of the Operating Manual and other confidential materials which have been lent to it by Brown.

C. **<u>Cancellation Of Assumed Names/Transfer of Telephone Numbers</u>.**

Franchisee agrees that after the termination or expiration of the Franchise he will: (1) not directly or indirectly at any time or in any manner identify himself or any business as a current or former BROWN'S Store, or as a franchisee or licensee of or as otherwise associated with Brown, or use any Mark or any colorable imitation thereof in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with Brown; (2) remove all signs containing any Mark and return to Brown or destroy all menus and other forms and materials containing any Mark or otherwise identifying or relating to a BROWN'S Store; (3) remove all Marks affixed to uniforms and/or, at Brown's direction, cease to use such uniforms; (4) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to his use of any Mark; (5) change the telephone number of the Store and instruct all telephone directory publishers to modify all telephone directory listings of the Store associated with any Marks when the directories are next published, or, at Brown's option, assign the telephone number to Brown or its designee; and (6) furnish to Brown, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Brown of Franchisee's compliance with the foregoing obligations.

Franchisee acknowledges that as between Brown and Franchisee, Brown has the sole rights to and interest in all telephone numbers and directory listings associated with any Mark or the Store, and Franchisee authorizes Brown, and hereby appoints Brown its attorney in fact, to direct the telephone company and all listing agencies to transfer same to Brown or its designee, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement, as conclusive of the exclusive rights of Brown in such telephone numbers and directory listings and its authority to direct their transfer.

D. **<u>Termination Of Sublease/Assignment of Lease</u>.**

Upon termination or expiration of the Franchise, unless the Franchise is terminated by Franchisee for cause, the sublease from Brown to the Franchisee, if any, for the Premises of the Store, shall automatically terminate, or if Franchisee is the lessee of the Premises, Brown shall have the right to require Franchisee to assign its lease for the Premises to Brown or Brown's designee.

E. **<u>Restriction On Competition</u>.**

If the Franchise expires, is not renewed or is terminated prior to its expiration for any reason, Franchisee agrees that for a period of eighteen (18) months commencing on the effective date of expiration or termination of the Franchise, or the date on which Franchisee ceases to conduct the business conducted pursuant to this Agreement, whichever is later, it will not:

(1) engage, directly or indirectly, as an owner (except of publicly-traded securities), partner, director, officer, employee, consultant, lessor, lender, representative

or agent, or in any other capacity in a retail food service business featuring cooked chicken, pasta, or sandwiches, and which is located within five (5) miles of the Store or any BROWN's Store, or in any entity which is granting franchises or licenses for retail food service businesses featuring cooked chicken, pasta or sandwiches; or

(2) lease, let or sublease any real property or personal property to any person, corporation, partnership or any other entity engaged directly or indirectly in any retail food service business featuring cooked chicken, pasta or sandwiches located within five (5) miles of the Store or any BROWN's Store.

To the extent that this Paragraph E of Section 21 is deemed unenforceable by virtue of its scope in terms of area or length of time or activity restrained, but may be made enforceable by reduction of any or all thereof, Franchisee and Brown 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.

F. Continuing Obligations.

All obligations of Brown and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

G. Brown's Option to Purchase.

(1) If this Agreement expires (without renewal) or is terminated by Brown in accordance with its provisions or by Franchisee without cause, then Brown shall have the option, exercisable by giving written notice thereof within sixty (60) days from the date of such expiration or termination, to purchase from Franchisee any or all the tangible assets (including, without limitation, inventory of saleable products, equipment, fixtures, furniture, signs, cash registers, modems, fax machines, computers, leasehold improvements and any other assets of the Store owned by Franchisee, but excluding any unamortized portion of the initial franchise fee, cash, goodwill, short-term investments and accounts receivable) of the Store (collectively, the "Purchased Assets") and to an assignment of Franchisee's lease for (a) the premises of the Store (or, if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as Franchisee's lease) and (b) any other tangible assets used in connection with the Store. Brown may exclude from the assets purchased any items that Brown determines are not reasonably necessary (in function or quality) to the Store's operation or that Brown has not approved as meeting its standards for BROWN's Stores, and the purchase price will reflect these exclusions. Brown shall have the unrestricted right to assign this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

(2) The purchase price for the Store (except for the signage, the purchase price of which is $100) shall be either, at Brown's option: (a) the Book Value (as defined below) of the Purchased Assets, or (b) the fair market value of the Purchased Assets, as determined by a neutral appraiser. Both Brown and the Franchisee shall select an appraiser, whose sole function would be to select a third, neutral appraiser, who would determine the fair market value of the Purchased Assets. The fees and costs of the neutral appraiser shall be shared equally by Brown and Franchisee. "Book Value" shall mean the net book value of the Purchased Assets, as disclosed by the balance sheet of the last monthly statement of the Store required to have been submitted to Brown pursuant to Paragraph 12.B. hereof prior to such termination or expiration, provided, however, that: (1) each depreciable asset shall be valued as if it had been depreciated on a "straight-line" basis from the date of its acquisition over its Useful Life (defined below) without provision for salvage value; and (2) Brown may exclude from the Purchased Assets any inventory, equipment, fixtures, furniture, signs, cash registers, modems, fax machines, computers, or leasehold improvements of the Store that have not been acquired in compliance with this Agreement. No value shall be attributed to goodwill of the Store, the assignment of lease (or sublease) for the premises of the Store, or the assignment of any lease for any other tangible assets used in connection with the Store, and Brown shall not be required to pay any separate consideration for any such assignment or sublease.

(3) For purposes of this Paragraph 21.G., "Useful Life" shall be as follows:

Furniture, fixtures, signs: 7 years

Equipment (including electronic equipment): 5 years

Leasehold improvements: 10 years

(4) If Franchisee has not furnished Brown a balance sheet of the last monthly statement of the Store, Brown may establish Book Value of the Purchased Assets based on Franchisee's initial cost, depreciated on a "straight-line" basis as described above. If evidence of Franchisee's initial cost for any Purchased Asset is not proven by actual receipts, Brown will assign an initial cost based on its best information for like items being sold at the time Franchisee opened his Store.

(5) The purchase price, as determined above, shall be paid in cash at the closing of the purchase, which shall take place no later than sixty (60) days after the delivery of Brown's notice of its election to purchase the Store, at which time Franchisee shall: (1) deliver instruments transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to Brown or its designee, with all sales and other transfer taxes paid by Franchisee; (2) transfer or assign all licenses or permits which may be assigned or transferred; (3) assign to Brown or its designee Franchisee's leasehold interest in the premises of the Store or, if an assignment is prohibited, sublease same to Brown or its nominee for the full remaining term and on the same terms and

conditions as Franchisee's lease, including renewal and/or purchase options; and (4) assign to Brown or its designee any leases for any other tangible assets used in connection with the Store. In the event that Franchisee cannot deliver clear title to all of the Purchased Assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall, at Brown's option, be accomplished through an escrow. Further, Franchisee and Brown shall, prior to closing, comply with the Bulk Sales provisions of the Uniform Commercial Code as enacted or previously in force in the state where the Store is located. Brown shall have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Brown or any of its Affiliates.

(6) If Brown exercises the foregoing option to purchase the Store, Brown shall have the right pending the closing of such purchase to appoint a manager to maintain the operation of the Store in accordance with the relevant provisions of Paragraph 10.I. hereof. Alternatively, Brown may require Franchisee to close the Store during such time period without removing any assets of the Store.

H. **Liquidated Damages for Specific Events of Breach.**

In the event Franchisee (i) abandons the Store, which for purposes of this Section is failing to open or operate the Store for more than three (3) consecutive days, or (ii) transfers an interest in the Store or the ownership of Franchisee or of the assets of Franchisee or the Store (or any interest therein) without fully complying with Paragraph 22.C. of this Agreement, whether or not Brown terminates this Agreement, Brown shall have the right to impose liquidated damages in the amount of Ten Thousand Dollars ($10,000.00). This remedy is in addition to Brown’s other rights and remedies set forth in this Agreement. The liquidated damages are not a penalty or forfeiture, but are a reasonable measure of damages where the exact amount of actual damages would be difficult to ascertain.

22. ASSIGNMENT.

A. By Brown.

This Agreement is fully assignable by Brown and shall inure to the benefit of any assignee or other legal successor to the interests of Brown herein, provided that Brown shall subsequent to any such assignment remain liable for the performance of its obligations under this Agreement.

B. Franchisee May Not Assign Without Approval of Brown.

The Franchise is personal to Franchisee, and neither the Franchise (except as hereinafter provided with respect to assignment to a partnership, corporation, or limited liability company), any interest in the Store, nor any part of the ownership of the Franchisee (which shall mean and include voting stock, securities convertible thereto, proprietorship and general partnership interests and membership interests in an LLC), may be voluntarily, involuntarily, directly or indirectly assigned, subdivided, subfranchised or otherwise transferred by Franchisee or its owners (including without limitation by will, declaration of or transfer in trust or the laws of intestate succession) without the prior written approval of Brown, and any such assignment or transfer without such approval shall constitute a breach hereof and convey no rights to or interests in this Agreement, the Franchise, Franchisee or the Store.

C. Conditions For Approval of Transfer.

If Franchisee and its owners are in full compliance with this Agreement, Brown shall not unreasonably withhold its approval of a transfer that meets all the applicable requirements of this Paragraph. The proposed transferee or its owner must be an individual of good moral character, must not be engaged in any activity which would be prohibited by Section 15 of this Agreement, and otherwise meet Brown's then applicable standards for Brown's franchisees. A transfer of ownership in the Store may be made only in conjunction with a transfer of the Franchise. If the transfer is of the Franchise or a controlling interest in Franchisee, or is one of a series of transfers which in the aggregate constitute the transfer of the Franchise or a controlling interest in Franchisee, all of the following conditions must be met prior to or concurrently with, the effective date of the transfer: (1) the transferee must have sufficient business experience, aptitude and financial resources to operate the Store; (2) Franchisee must pay such royalty fees, advertising contributions, amounts owed for purchases by Franchisee from Brown and its affiliates and all other amounts owed to Brown or its affiliates, which are then due and unpaid; (3) the transferee and/or its personnel must agree to complete Brown's training to Brown's satisfaction; (4) the transferee must agree to execute and be bound by all terms and conditions of Brown's then-current form of standard franchise agreement (which shall be modified as necessary to provide for the same royalty fees and advertising contributions provided herein and for a term equal to the remaining term of this Agreement); (5) if Brown determines that training is required, Brown may charge Franchisee or the transferee a training fee in an amount equal to twenty percent (20%) of the initial franchise fee then customarily charged by Brown for Brown's franchises; (6) Franchisee or the transferee must pay Brown a transfer fee in the amount of Five Thousand Dollars ($5,000); (7) Franchisee and its owners must execute a general release, in form satisfactory to Brown, of any and all claims against Brown, its affiliates and their officers, directors, employees and agents; (8) Brown must approve the material terms and conditions of such transfer, including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect the operation of the Store by the transferee; (9) if Franchisee finances any part of the sale price of the transferred interest, Franchisee and its owners agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its owners in the assets of the Store or the Premises shall be subordinate to: (a) the obligations of the transferee to pay royalty fees, advertising contributions and other amounts due to Brown and its affiliates, and otherwise to comply with this Agreement or the franchise agreement executed by the transferee; and (b) the collateral security interest of Brown in the lease of the Premises; (10) Franchisee and its transferring owners must execute a non-competition covenant in favor of Brown and the transferee, agreeing that for a period of not less than five (5) years, commencing on the effective date of the transfer, Franchisee, its owners and members of the immediate family of each owner of Franchisee, will not hold any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, lessor, lender, representative or agent, or in any other capacity, in any retail food service business offering cooked chicken, pasta or sandwiches and located within a radius of five (5) miles of the Premises or any BROWN's Store, or in any entity which is granting franchises or licenses for retail food service businesses featuring cooked chicken, pasta or sandwiches; (11) the transferee (and its owners) shall, at Brown's sole discretion, have executed and agreed to be bound by: (i) an assignment and assumption agreement satisfactory to Brown, whereby the transferee assumes the obligations of Franchisee under this Agreement; or (ii) Brown's then-current form of Franchise Agreement, for a new term (not equal to the remaining term of the assignor's franchise), which may provide for a different rate for royalty fees and Advertising Fund contributions required hereunder; (12) if required, the lessor of the premises of the Store has consented to Franchisee's assignment or sublease of said premises to the proposed transferee; (13) if the transferee, prior to his or her initial contact with Franchisee, had contact with Brown with respect to a franchise opportunity, Franchisee shall pay Brown, in addition to the $5,000 transfer fee described above, a sum equal to ten percent (10%) of the gross sales price relating to the transaction between Franchisee and transferee, but in no event shall such sum be greater than Brown's then-current initial Franchise Fee; (14) the selling Franchisee and its owners will remain liable (and will execute a guaranty if requested by Brown) for the performance by the transferee of its obligations under the Franchise Agreement, for a duration, not to exceed the remainder of the term of the transferor's Franchise Agreement, as determined by Brown; and (15) the transferee must submit a Marketing Deposit in the amount of One Thousand Dollars ($1,000), to be expended in the same manner as the Marketing Deposit described in the Paragraph 11.B(1) above, except that references to the date the Store opens shall be replaced with the date the transferee re-opens the Store.

If the proposed transfer is to or among owners of Franchisee or to or among the immediate family members of Franchisee or an owner of Franchisee, Subparagraph (5) of the above requirements shall not apply, and Subparagraphs (8) and (9) shall not apply to transfers by gift, bequest, or inheritance.

In the event Franchisee shall request consent to a transfer of this Agreement or a controlling interest in Franchisee and for any reason such transfer is not completed or consummated, Brown shall be entitled to reimbursement of its reasonable expenses incurred in connection with such proposed transfer in the manner and in accordance with the procedures set forth herein, including, without limitation, expenses related to investigating, processing and training any proposed transferee.

D. Assignment To Partnership or Corporation.

The Franchise may be assigned to a partnership or corporation in which Franchisee owns and controls not less than fifty-one percent (51%) of the general partnership interest or the equity and voting power. If Franchisee is, or if the Franchise is assigned to, a partnership or corporation, such partnership or corporation shall conduct no business other than the operation of the Store (and other BROWN'S Stores under franchise agreements with Brown), and shall be actively managed by Franchisee or the principal owner or owners of the equity or operating control of the Franchisee; all general partners or shareholders of voting stock shall execute this Agreement or an assignment and assumption agreement undertaking to be bound, jointly and severally, by all provisions of this Agreement; all issued and outstanding stock certificates of any such corporation shall bear a legend reciting or referring to the restrictions of Paragraphs B, C and D of this Section 22.

E. Death Or Disability of Franchisee.

(1) Transfer of Interest in Franchise: Upon the death or permanent disability of Franchisee, or, if Franchisee is a corporation or partnership, upon the death or permanent disability of the owner of a controlling interest in Franchisee, the executor, administrator, conservator, guardians or other personal representative of such person shall transfer his interest in this Agreement and the Franchise, or such interest in Franchisee, to a third party approved by Brown. Such disposition of this Agreement and the Franchise, or such interest in Franchisee (including, without limitation, transfer by bequest or inheritance), shall be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability and shall be subject to all the terms and conditions applicable to transfers contained in this Section 22. Failure to so dispose of this Agreement and the Franchise, or such interest in Franchisee, within said period of time shall constitute a breach of this Agreement. Franchisee agrees to provide Brown with monthly written reports of progress toward effecting the transfer, from the date of death or disability until the transfer is completed.

(2) Operation After Death or Permanent Disability. Upon the death or permanent disability of Franchisee or the owner of a controlling interest in Franchisee, the executor, administrator, conservator, guardian or other personal representative of such person shall appoint a manager to operate the Store within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability of such person. The appointment of such manager shall be subject to the prior written approval of Brown and, if requested by Brown, such manager shall attend and complete Brown's training program for franchisees. Such manager shall execute Brown's then-current form of Confidentiality and Non-Competition Agreement. If in the judgment of Brown, the Store is not being managed properly after the death or permanent disability of Franchisee or the owner of a controlling interest in Franchisee, Brown shall have the right to appoint a manager for the Store to manage the Store for up to thirty (30) days. During that period, Franchisee shall either cause its manager to attend additional training, or appoint another manager. If Franchisee fails to do so, Brown may terminate this Agreement. Brown shall periodically discuss the status with the Franchisee or the Franchisee’s representative during such period of interim management. All funds from the operation of the Store during the management by Brown's appointed manager will be kept in a separate bank account, and all expenses of the Store including compensation, other costs, and travel and

living expenses of Franchisee's manager will be charged to this account. Brown shall have the right to charge a reasonable management fee (in addition to the royalty fee and Advertising Fund contributions payable under this Agreement) during the period in which Brown manages the Store as herein provided.

(3) Definition of Permanent Disability. Franchisee or the owner of a controlling interest in Franchisee will be deemed to have a "permanent disability" if his usual, active participation in the Store as contemplated by this Agreement is for any reason curtailed for a continuous period of three (3) months.

F. Effect Of Consent to Transfer.

Brown's consent to a transfer of this Agreement and the Franchise, or any interest in Franchisee, shall not constitute a waiver of any claims it may have against Franchisee (or its owners), nor shall it be deemed a waiver of Brown's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

G. Right Of First Refusal of Brown.

If Franchisee or its owner shall at any time determine to sell an interest in this Agreement, the Franchise, the Store, the Premises or an ownership interest in Franchisee, Franchisee or its owner shall obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the total offering price) from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to Brown. Such offer must be limited to such interest in this Agreement, the Franchise, the Store, the Premises or Franchisee, shall not include the purchase of any other property or rights of Franchisee (or its owner). If the offeror proposes to buy any other property or rights from the Franchisee (or its owner) under a separate, contemporaneous offer, the price and terms of purchase offered to Franchisee (or its owner) for such interest in this Agreement, the Franchise, the Store, the Premises or Franchisee shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. Brown shall have the right, exercisable by written notice delivered to Franchisee or its owner within thirty (30) days from the date of delivery of an exact copy of such offer to Brown, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that Brown may substitute cash for any form of payment proposed in such offer. Brown's credit shall be deemed equal to the credit of any proposed purchaser, and Brown shall have not less than thirty (30) days to prepare for closing. Brown shall be entitled to purchase such interest subject to all customary representations and warranties given by the seller of the assets of a business. If Brown does not exercise its right of first refusal, Franchisee or its owner may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to the Brown's approval of the transfer, as provided in Paragraphs B and C of this Section 22, provided that if the sale to such purchaser is not completed within six (6) months after delivery of such offer to Brown, or if there is a material change in the terms of the sale, Brown shall have an additional right of first refusal for thirty (30) days on the same terms and conditions as are applicable to the initial right of first refusal.

23. ENFORCEMENT.

A. Judicial Enforcement, Injunction and Specific Performance.

Brown may enforce by judicial process any rights it may have to possession of the premises of the Store under any sublease with Franchisee. Further, Brown shall be entitled without bond to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement or any other related agreement relating to Franchisee's use of the Marks, the obligations of Franchisee upon termination or expiration of this Agreement and assignment of the Franchise and ownership of Franchisee. If Brown secures any such injunction or order of specific performance, or if Brown prevails in any dispute with Franchisee or is awarded money damages or cost, in any such dispute, Franchisee agrees to pay to Brown an amount equal to the aggregate of its costs of obtaining 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.

B. Severability And Substitution of Valid Provisions.

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement and any portion thereof, shall be considered severable and if, for any reason, any such provision of this Agreement is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Brown is a party, that ruling shall not impair the operation of nor have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto, otherwise upon Franchisee's receipt of a notice of non-enforcement thereof from Brown. To the extent that Section 15, Paragraph E of Section 21, or any other paragraph or section is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but could be enforceable by reducing any or all thereof, Franchisee and Brown 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 Brown is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and Brown shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, 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, or any specification, standard or operating procedure prescribed by Brown, any portion or portions which a court may hold to be unenforceable in a final decision to which Brown is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless Brown elects to give them greater applicability, and shall be enforced as originally made and entered in all other jurisdictions.

C. Waiver of Obligations.

Brown and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by Brown shall be without prejudice to any other rights Brown may have, will be subject to continuing review by Brown, and may be revoked, in Brown's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days prior written notice. Brown and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate the Franchise prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal, or neglect of Brown or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Brown to exercise any right, power or option, whether of the same, similar or different nature, with respect to any other BROWN'S Store; or the acceptance by Brown of any payments from the Franchisee after any breach by Franchisee of this Agreement.

Brown makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by granting any waiver, approval or consent to Franchisee, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by Brown shall be without prejudice to any other rights Brown may have, will be subject to continuing review by Brown, and may be revoked, in Brown's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice.

Neither Brown nor Franchisee shall be liable for loss or damage or be deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) inadequate supply of transportation services or facilities, equipment, merchandise, supplies, labor, material or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party proven in arbitration or in court; (5) fires, strikes, embargoes, war or riot; or (6) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalties due on any sales thereafter.

D. Franchisee May Not Withhold Payments Due Brown.

Franchisee agrees that it will not withhold, reduce, or set-off payment of any royalty fees, advertising contributions, rents, if applicable, or any other amounts owed to Brown or its affiliated companies for products purchased by Franchisee, or any other amounts owed to Brown on grounds of the alleged non-performance by Brown of any of its obligation hereunder, which right of set-off is expressly waived by Franchisee. Brown shall be allowed to set-off amounts owed to Franchisee against monies owed to Brown by Franchisee. All such claims by Franchisee shall, if not otherwise resolved by Brown and Franchisee, be submitted to litigation.

E. Rights of Parties Are Cumulative.

The rights of Brown and Franchisee hereunder are cumulative, and no exercise or enforcement by Brown or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Brown or Franchisee of any other right or remedy hereunder or which Brown or Franchisee is entitled by law to enforce.

F. Governing Law/Consent to Jurisdiction.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), this Agreement shall be governed by the laws of the State of Illinois. Franchisee and Brown agree that they must institute any action against the other arising out of or relating to this Agreement only in the Eighteenth Judicial Circuit Court, DuPage County, Illinois. Franchisee irrevocably submits to the jurisdiction of such court and waives any objection he may have to either the jurisdiction or venue of such court. Franchisee agrees that such court shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. Franchisee further agrees that, in the event of such litigation, Franchisee will not contest or challenge the jurisdiction or venue of this court.

G. Binding Effect.

This Agreement is binding upon the parties hereto and their respective heirs, assigns and successors in interest and shall not be modified except by written agreement signed by both Franchisee and Brown.

H. **Construction**.

The preamble, recitals and Riders hereto are a part of this Agreement, which, together with any other agreements referred to herein, constitutes the entire agreement of the parties, and there are no other oral or written representations, understandings or agreements between Brown and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly obligates Brown to reasonably approve or not unreasonably withhold its approval of any action or request by Franchisee, Brown has the absolute right to refuse any request by Franchisee or to withhold its approval of any action or omission by Franchisee. Whenever this Agreement or any related agreement grants, confers or reserves to Brown the right to take action, refrain from taking action, grant or withhold Brown's consent or grant or withhold Brown's approval, unless the provision specifically states otherwise, Brown will have the right to engage in such activity at Brown's option taking into consideration Brown's assessment of the long-term interests of the System overall. Franchisee and Brown recognize, and any court or judge or arbitrator is affirmatively advised, that if those activities and/or decisions are supported by Brown's business judgment, neither said court, said judge, said arbitrator, nor any other person reviewing those activities or decisions will substitute his, her or its judgment for Brown's judgment. When the terms of this Agreement specifically require that Brown not unreasonably withhold its approval or consent, if Franchisee is in default or breach under this Agreement, any withholding of Brown's approval or consent will be considered reasonable. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "affiliate" as used herein is applicable to any company directly or indirectly owned or controlled by Brown or under common control with Brown that sells products or otherwise transacts business with Franchisee. References to a "controlling interest" in Franchisee shall mean fifty percent (50%) or more of the equity or voting control of Franchisee. The term "Franchisee" as used herein is applicable to one or more persons, a corporation 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. If two or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Brown shall be joint and several. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

I. **Memorandum of Franchise Agreement**.

Brown shall have the right to record with appropriate local governmental authorities a Memorandum of Franchise Agreement, in form satisfactory to Brown, against the Premises and Franchisee shall fully cooperate with Brown in its effort to record same, including the execution of all necessary and appropriate documents.

J. Pledge of Assets.

As security for payment of all sums due from Franchisee to Brown hereunder and for performance of any and all obligations of Franchisee as set forth in this Franchise Agreement, Franchisee shall and hereby does grant to Brown a continuing security interest in certain property of Franchisee as more particularly described on Rider D to this Franchise Agreement, and Franchisee shall execute a Security Agreement and Financing Statement in substantially the form set forth in Rider D hereto. Franchisee consents to Brown filing a Uniform Commercial Code Financing Statement in the form attached at Rider F hereto against the Collateral described on Rider E. Franchisee shall permit no financing statement or lien to be filed or recorded against the property identified in Rider D hereto other than Brown's lien as described herein. However, Brown will not unreasonably withhold its consent to the filing of a lien against the Collateral by a lender from whom Franchisee obtains financing in connection with the establishment of the franchised business. Brown will in such cases agree to subordinate its lien to that of the lender. Upon Franchisee's failure to perform any term or pay any sum due under this Franchise Agreement, Brown shall have the right, without notice to Franchisee, to take immediate possession of the property identified on Rider D hereto, which Rider D is incorporated herein by this reference.

K. Variation of Standards.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Brown specifically reserves the right and privilege, as Brown considers to be best, to vary standards described in this Agreement for any franchise owner based upon the peculiarities of any condition that Brown considers important to that franchise owner’s successful operation. Franchisee has no right to require Brown to grant Franchisee a similar variation or accommodation.

L. Waiver of Jury Trial.

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

M. Limitations of Claims.

Except for claims against Franchisee concerning the under-reporting of Gross Sales and/or the payment of monies due Brown from Franchisee, any and all claims arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal proceeding is commenced within one (1) year from the date Franchisee or Brown knew of the facts giving rise to such claims.

N. Modification.

This Agreement shall not be modified except by written agreement signed by both Franchisee and Brown. Notwithstanding the preceding sentence, Brown may modify the Operating Manual pursuant to Paragraph 9.B.

O. **Time is of the Essence**. Time is of the essence of this Agreement.

P. **Waiver of Collateral Estoppel.**

The parties agree that they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between the parties. Brown and Franchisee therefore each agree that a decision of an arbitrator or of a court of law in litigation to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between Brown and Franchisee. The parties, therefore, waive the right to assert the principles of collateral estoppel in any action between the parties to this Franchise Agreement so that one party is prevented from raising against the other party to this Franchise Agreement the loss by that party of a similar claim or defense in another action.

Q. **Franchisee Required to Give Brown Notice Prior to Filing Suit.**

Franchisee agrees that Franchisee will give Brown written notice at least fourteen (14) days prior to filing any lawsuit or legal proceeding against Brown. In the event Franchisee fails to give such notice, Franchisee agrees that Brown shall have the right to invoke this provision and have the lawsuit or legal proceeding dismissed without prejudice.

R. **Beneficiaries.**

The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties shall have any right or claims, benefit, or right as a third-party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third-party beneficiary, under any contract, understanding or agreement between Brown and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

S. **Brown's Reasonable Business Judgment.**

Whenever Brown reserves discretion in a particular area or where Brown agrees to exercise its rights reasonably, in good faith or as it deems necessary or advisable, Brown will satisfy its obligations whenever Brown exercises reasonable business judgment in making its decision or exercising its rights. Brown's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Brown's decision or action is intended, in whole or significant part, to promote or benefit the System and its other franchises generally, even if the decision or action also promotes Brown's financial or other individual interest. Examples of items that will promote or benefit all franchises and the System include but are not limited to enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

24. MONETARY PENALTIES FOR NON-COMPLIANCE.

A. If Franchisee commits any of the defaults described in this Section 24, Brown may impose monetary penalties on Franchisee, in addition to the other remedies set forth in this Section 24 and elsewhere in this Agreement. The imposition of a penalty in no manner limits Brown's right to exercise any other remedy available under this Agreement or in law. Brown will deposit any penalties paid, less its costs to collect them, into the Marketing Fund.

B. Failure to Report Gross Sales and to Furnish Reports and Financial Statements. Franchisee shall pay Brown a penalty of One Hundred Dollars ($100) per day, beginning on the fifteenth (15th) day from the date performance is due, up through and including the day the default is cured, if he fails to report the Gross Sales of the Store, or to furnish the reports and financial statements, as set forth in Paragraph 12.B. by the stated deadlines.

C. Failure to Pay Royalty Fees or Advertising Fund contributions. Franchisee shall pay Brown a penalty of One Hundred Dollars ($100) per day, beginning on the fifteenth (15th) day from the date performance is due, up through and including the day the default is cured, if Franchisee is in default in the payment of the royalty fee required under Paragraph 19.A. or Advertising Fund contribution under Paragraph 11.A.

D. Failure to Properly Use Proprietary Products. Franchisee shall pay Brown a penalty of One Hundred Dollars ($100) per day for each and every day, beginning with the first day that he fails to properly use Brown's specified recipes and products as described in Paragraph 10.D. of this Agreement and/or as set forth in the Operating Manual.

E. Failure to Furnish Tax Returns. Franchisee shall pay Brown a penalty of One Hundred Dollars ($100) per day, beginning on the fifteenth (15th) day from the date performance is due, up through and including the day the default is cured, if he fails to furnish the tax returns set forth in Paragraph 12.B. by the stated deadlines.

F. Failure to Comply with Specific Operating Standards. Franchisee shall pay Brown a penalty of One Hundred Dollars ($100) for each and every day, beginning with the first day up through and including the day the default is cured, that his Store fails to comply with the following specific Operating Standards, as set forth in this Agreement or in the Operating Manual, and of which Brown has given Franchisee at least fifteen (15) days' notice: (i) all employees wearing required uniforms; (ii) using approved suppliers; (iii) complying with the insurance requirements set forth in Section 16; and (iv) always having a manager in the Store who has been trained to Brown's satisfaction. The imposition of this penalty does not limit Brown from any other remedies available to it under this Agreement or under applicable law.

25. INDEPENDENT CONTRACTORS/INDEMNIFICATION.

The parties acknowledge and agree that Brown and Franchisee are independent contractors, and that this Agreement does not create a fiduciary relationship between them. Franchisee shall conspicuously identify itself on the Premises of the Store and in all dealings with customers and suppliers as the owner of the Store under a Franchise granted from Brown and shall place such notices of independent ownership on such forms, business cards, stationery, advertising and other materials as Brown may require from time to time. Franchisee acknowledges that Brown's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards, specifications, policies and procedures required by Brown hereunder and in the Operating Manual are imposed not for the purpose of exercising control over Franchisee, but rather for the limited purpose of protecting the Marks and confidential information, goodwill and brand consistency. Brown has not authorized or empowered Franchisee to use the Marks except as provided by this Agreement, and Franchisee shall not employ any Mark in signing any contract, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Brown or employ any Mark in a manner that may result in liability of Brown for any indebtedness or obligation of Franchisee. Neither Brown nor Franchisee shall make any agreements, representations or warranties in the name of or in behalf of the other (except such agreements as Brown shall make on behalf of Franchisee in developing the Store, if any), and neither Brown nor Franchisee shall be obligated by any agreements, representations or warranties made by the other, nor shall Brown be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Store or Franchisee's business conducted hereunder, whether caused by Franchisee's negligence or willful action or failure to act. Brown shall have no liability for any sales, use, excise, income, property or other taxes levied upon Franchisee, the Store or its assets, or in connection with the sales made or business conducted by the Store.

Franchisee will, and hereby does, indemnify and defend Brown and its Affiliates and their respective officers, directors, owners, agents, representatives, employees, successors and assigns, from and against all losses, costs, liabilities, damages, claims, and expenses of every kind, including allegations of negligence by Brown and its Affiliates and their officers, employees, and agents, to the fullest extent permitted by Applicable Law, and including reasonable attorneys' fees, arising out of, resulting from or related to: (i) the unauthorized use of the Trademarks; (ii) the violation of Applicable Law; and (iii) the construction, renovation, upgrading, alteration, remodeling, repair, operation, ownership and use of the BROWN Store. Franchisee must promptly give notice to Brown of any action, suit, proceeding, claim, demand, inquiry, or investigation related to the foregoing. Brown will have the right, through counsel of its choice, at Franchisee's expense, to control the defense and response to any such action, and such undertaking by Brown will not, in any manner, diminish Franchisee's obligations to Brown.

Under no circumstances will Brown or a person indemnified be required to seek recovery from third parties or mitigate its losses in order to maintain a claim for indemnification against Franchisee under this Agreement, and the failure to pursue such recovery or mitigate a loss will in no way reduce the amounts recoverable from Franchisee by a person indemnified. Franchisee's obligations under this Section will survive the termination or expiration of this Agreement.

Brown agrees to indemnify Franchisee against and to reimburse Franchisee for any obligations or liability for damages attributable to agreements, representations or warranties of Brown (except such agreements as Brown shall make on behalf of Franchisee in developing the Store, if any), or caused by the negligence or willful action of Brown, and for costs (as hereinabove defined) reasonably incurred by Franchisee in the defense of any such claim brought against it or in any action in which Franchisee is named as a party, provided that Brown shall have the right to participate in and, to the extent Brown deems necessary, to control, any litigation or proceeding which might result in liability of or expense to Franchisee subject to such indemnification. Brown's indemnification shall not apply in the event Franchisee contributed to the harm.

The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

26. ACKNOWLEDGMENTS.

Franchisee acknowledges that he accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Brown's high standards of quality and service and the uniformity of those standards at all BROWN'S Stores and thereby to protect and preserve the goodwill of the Marks and BROWN'S Stores. Franchisee acknowledges that he has conducted an independent investigation of the business venture contemplated by this Agreement. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Brown. Franchisee further represents to Brown, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchise.

27. NOTICES.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by facsimile, telegraph or other electronic system, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the parties as follows:

BROWN: 55 E. Park Blvd.

Villa Park, Illinois 60181

Franchisee: Name and Address of Person to Receive Notice for Franchise Owner.

(a) Name: ____

(b) Postal Address:____

____

or at the most current principal business address of which the notifying party has been notified. Any required payment or report not actually received by Brown during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) shall be deemed delinquent.

Any notice that Brown sends to Franchisee may be sent only to the one (1) person identified above, even if Franchisee has multiple owners. Franchisee acknowledges and agrees that notice to the person identified above constitutes notice to Franchisee and to all the owners of Franchisee.

28. EXECUTIVE ORDER 13224.

To enable Brown to comply with U.S. Executive Order 13224, Franchisee hereby represents and warrants to Brown that neither Franchisee, nor any of its equity owners, directors, officers, employees, representatives, and agents (collectively, the "Included People"): (a) is, or is owned or controlled by, a suspected terrorist or foreign terrorist, as those terms are used, contemplated, and/or implied in Executive Order 13224, and (b) to the best of Franchisee's knowledge, has any of the Included People been designated a suspected terrorist or foreign terrorist as those terms are used, contemplated, and/or implied in Executive Order 13224.

29. DELEGATION. Franchisee agrees that Brown shall have the right to delegate to third-party designees, whether Brown's agents or independent contractors with whom Brown has contracted, the performance of any portion or all of Brown's obligations under this Agreement, and any right Brown has under this Agreement. If Brown does so, such third-party designees will be obligated to perform the delegated functions for Brown in compliance with this Agreement.

30. 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 executed this Agreement as of the day and year first above written at ____________________, Illinois, ___________ County.

BROWN’S CHICKEN, LLC an Illinois limited liability company	______________________________________ a ________________ corporation
By: ______________________________ Title: _____________________________	By: __________________________________ Title: _________________________________

Rider A

TO THE STANDARD FRANCHISE AGREEMENT

TERRITORY

Franchisee's Territory is as follows:____
____
____
____
____.

Rider B

TO THE FRANCHISE AGREEMENT BETWEEN

BROWN'S CHICKEN, LLC

____

(FRANCHISEE)

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") hereby assigns, transfers and sets over unto BROWN'S CHICKEN, LLC, an Illinois limited liability company ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto (the "Lease") respecting premises commonly known as ____ ____ (the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall expressly agree in writing to assume the obligations of Assignor thereunder.

1. In the event Assignor owns the land and/or building in which the Store is located, Assignor does hereby grant an option to Assignee or its designee to lease such premises on a triple-net basis for the remainder of the then-current term of the Franchise Agreement, at a reasonable commercial rental rate, as determined by a licensed commercial real estate broker selected by Assignee.

2. Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

3. Upon a default by Assignor under the Lease or under the franchise agreement for a BROWN's Store to be operated at the Premises, between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement, or in the event the Franchise Agreement expires without renewal, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

4. Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

5. The parties agree that this Collateral Assignment shall be effective and binding upon Assignor upon Assignor's execution, whether or not Lessor executes its consent below.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _______ day of ____________________, 20______.

Assignor:

By: ____________________________________

Title: _________________________________

Lessor's Consent

The undersigned, ______________________________________ ("Lessor"), as Lessor of the above-described Premises, hereby confirms its consent to the Collateral Assignment. Lessor acknowledges that upon a default by Assignor under the Lease or under the franchise agreement for a BROWN's Store to be operated at the Premises, between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement, Assignee shall have the right to take an assignment of the Lease.

Lessor:

By: ____________________________________

Title: _________________________________

Rider C

TO THE FRANCHISE AGREEMENT BETWEEN

BROWN’S CHICKEN, LLC

BANK DRAFT AUTHORIZATION FORM

AUTHORIZATION TO HONOR CHECKS OR ELECTRONIC FUNDS TRANSFER DRAWN BY AND PAYABLE TO BROWN’S CHICKEN, LLC

BANK ACCOUNT IN THE NAME OF	STORE #	BANK ACCOUNT NUMBER
1.	2.	3.

To the Bank Designated:

You are hereby requested and authorized to honor and to charge to the account described, checks or electronic funds transfer ("EFT") drawn on such account which are payable to the above named Payee. The name(s) of the depositor(s) on such checks will be printed by standard business machines. It is agreed that your rights with respect to each such check or EFT shall be the same as if it bore a signature authorized for such account. It is further agreed that if any such check or EFT is not honored, whether with or without cause you shall be under no liability whatsoever. This authorization shall continue in force until revocation in writing is received by you.

____
Name of Franchisee (please print)

Date:________________

____
Signature of Franchisee

FULL NAME OF BANK 6.
STREET ADDRESS 7.

CITY, STATE, ZIP CODE
8.

Drawee Bank Please Note: There is an Indemnification Agreement below.

Indemnification Agreement

To the Bank Designated:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee agrees with respect to any such action:

(1) To Indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of any check, EFT, draft or order, whether or not genuine, purporting to be executed by the Payee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection herewith.

(2) To Indemnify you for any loss arising in the event that any such check, EFT, draft or order shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at our own cost any action which might be brought by any depositor or any other persons because of your actions taken pursuant to the foregoing request, or in any manner arising by reason of your participation.

NOTICE TO OWNER

1. ATTACH ONE VOIDED CHECK HERE.

2. BE SURE ALL 8 SPACES SHOWN ABOVE ARE COMPLETED.

3. RETURN ALL THREE COPIES IMMEDIATELY.

____
BROWN’S CHICKEN, LLC

Rider D

TO THE STANDARD FRANCHISE AGREEMENT

SECURITY AGREEMENT AND FINANCING STATEMENT

SECURITY AGREEMENT

This Security Agreement dated ________________________________ is by and between Brown's Chicken, LLC, an Illinois corporation, of 55 E. Park Boulevard, Villa Park, Illinois 60181 ("Secured Party") and ____ ____, whose principal place of business is ____ ("Debtor").

RECITALS

A. Debtor is a franchisee under a Franchise Agreement dated __________________________ ("Franchise Agreement") with Secured Party as Franchisor, pursuant to which Franchise Agreement Debtor has ongoing monetary and non-monetary obligations to Secured Party.

B. Debtor operates business as "Brown's Chicken & Pasta" pursuant to the Franchise Agreement, at the following location: ____ ("Premises").

C. Debtor is giving Secured Party a security interest in the collateral described in this Agreement.

NOW THEREFORE, in consideration of the several and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Recitals set forth above shall be incorporated into this part of the Agreement as though they were fully set forth herein.

2. Description of Collateral: the following property located at or relating to the Brown's Chicken & Pasta Store at the Premises identified in Paragraph B of the Recitals.

> all equipment, furniture, fixtures, inventory, personal property, supplies, general intangibles, accounts receivable, accounts, contract rights, chattel paper and instruments, now owned or hereafter acquired by the Debtor, and all additions and accessions to, and all proceeds and products of the foregoing ("Collateral").

3. Debtor hereby grants to Secured Party a security interest in the Collateral described in paragraph 2 above, to secure all debts, obligations and liabilities of Debtor to Secured Party arising out of the Franchise Agreement described in Paragraph A of the Recitals.

4. The Collateral will be located at the Premises. Debtor will not, without Secured Party's consent, remove the Collateral from the Premises.

5. Debtor will not, without Secured Party's consent, allow the Collateral to become an accession to other goods; sells, lease, otherwise transfer, manufacture, process, assemble, or furnish under contracts of service, the Collateral, except goods identified herein as inventory and sold in the ordinary course of business; or allow the Collateral to be affixed to real estate, except goods identified herein as fixtures.

6. Debtor hereby authorizes Secured Party to file Uniform Commercial Code ("UCC") Financing Statements to enable Secured Party to perfect this security interest by filing pursuant to the Uniform Commercial Code as adopted by the state where the Premises are located. Debtor hereby waives any requirement or custom requiring Debtor to execute said UCC Financing Statements.

7. Debtor hereby authorizes Secured Party to obtain a credit report on Debtor at any time Debtor defaults under its Franchise Agreement, including but not limited to delinquency in a payment due Secured Party, a dishonored electronic bank draft, cancellation of Debtor’s insurance for non-payment, or nonpayment to a vendor or Debtor’s landlord of an undisputed amount.

8. Upon default under the Franchise Agreement, Secured Party shall have all the rights available to it under the Commercial Code of the state where the Premises are located.

9. The parties acknowledge that the Collateral is used for business, and not personal, family, or household purposes.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the date first above written.

Secured Party: Brown’s Chicken, LLC an Illinois limited liability company	Debtor: ______________________________
By: ______________________________	By: ______________________________
Title: ______________________________	Title: ______________________________

Add UCC Financing Form here

Rider E to Franchise Agreement

GUARANTY AND ASSUMPTION OF OBLIGATIONS DESIGNATION OF AUTHORIZED REPRESENTATIVE

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _______ day of __________________, 20____, by ____________________________ ____ of ____.

1. In consideration of, and to induce BROWN'S CHICKEN, LLC (the "Company") to enter into a franchise agreement dated _____________, 20_____ (the "Franchise Agreement"), with _____________________________________ ("Franchisee"), each of the undersigned hereby personally and unconditionally (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of Sections 15, 17, and 21 (all of which shall be referred to as the "Obligations").

2. Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company 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 Obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; (5) any and all other notices and legal or equitable defenses to which he may be entitled; and (6) any right to disclosures from the Company regarding the financial condition of Franchisee or any guarantor of Franchisee.

3. Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company 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 his guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (5) no claim, including a claim for contribution or subrogation, which any of the undersigned may have against a co-guarantor

of any of the Obligations or Franchisee shall be enforced nor any payment accepted until the Obligations are paid in full and the payments are not subject to any right of recovery.

4. With respect to the Obligations, the Company may from time to time, without notice to any of the undersigned and without affecting the liability of any of the undersigned: (a) surrender, release, impair, sell or dispose of any security or collateral for the Obligations, (b) surrender, release or not agree to sue any guarantor or surety, (c) fail to perfect a security interest in or realize upon any security or collateral, (d) fail to realize upon any of the Obligations or to proceed against Franchisee or any guarantor or surety, (e) renew or extend the time for payment, (f) accept additional security or collateral, (g) determine the allocation and application of payments and credits and accept partial payments, (h) determine what, if anything, may at any time be done with reference to any security or collateral, and (i) settle or compromise the amount due or owing or claimed to be due or owing. Each of the undersigned expressly consents to and waives notice of all of the above. The Company may collect the Obligations from any of the undersigned without first trying to collect from Franchisee or another of the guarantors of the Obligations. To the extent not prohibited by law, each of the undersigned consents that venue of any legal proceedings relating to the collection of the Guaranty shall be, at the Company's option, in DuPage County, Illinois.

5. Each of the undersigned acknowledges and agrees that the Company has not made any representations or warranties with respect to, does not assume any responsibility to any of the undersigned for, and has no duty to provide information to any of the undersigned regarding the collectibility or enforceability of any of the Obligations or the financial condition of Franchisee or any guarantor. Each of the undersigned has independently determined the credit worthiness of Franchisee and the collectibility and enforceability of the Obligations, and until the Obligations are paid in full each of the undersigned will independently and without reliance on the Company continue to make such determinations.

6. This is a continuing guaranty and shall remain in full force and effect so long as the Franchise Agreement is in effect, and thereafter so long as any Obligations remain in effect and not satisfied.

7. The validity, construction and enforcement of this Guaranty and Assumption of Obligations are governed by the internal laws of Illinois. All terms not otherwise defined have the meanings assigned to them by the Illinois Uniform Commercial Code. The invalidity of any provision of this Guaranty shall not affect the validity of any other provision.

8. <u>Designation of Authorized Representative</u>. The undersigned hereby designate the following individual as the authorized representative of Franchisee, to whom and with whom the Company may give notice and communicate, <u>without</u> giving notice to or communicating with any other person. The undersigned expressly consent and agree that notice to and/or communication with the following individual by the Company shall constitute notice to and/or communication with each of the undersigned.

Authorized Representative of Franchisee:

Name: ____________________________________

Address: ____________________________________

____

Telephone #: ____________________________________

Fax #: ____________________________________

Email Address: ____________________________________

9. Each of the undersigned agrees that the judicial enforcement and injunctive relief provisions contained in Sections 23.A., F., M., and P. of the Franchise Agreement shall govern this guaranty and such provisions are incorporated into this Guaranty and Assumption of Obligations by reference.

In witness whereof, each of the undersigned has executed this Guaranty and Assumption of Obligations, Designation of Authorized Representative, on the date set across from his or her respective signature.

Percentage
Ownership of
Franchisee

______________ _____________ **X**_____________________________________
Date Guarantor:

______________ _____________ **X**_____________________________________
Date Guarantor:

______________ _____________ **X**_____________________________________
Date Guarantor:

_____________ _____________ **X**_____________________________________
Date Guarantor:

______________ Total (**must total 100%)**

Rider F

TO THE BROWN'S CHICKEN, LLC FRANCHISE AGREEMENT

AUTHORIZATION TO FRANCHISEE'S ACCOUNTANT

To:	___________________	(Name of Franchisee's Accountant)
	___________________	(Address)
	___________________	
	___________________	
	___________________	(Telephone #)

This letter is my written consent, authorization and instruction to you to furnish to Brown's Chicken, LLC, upon its written request, copies of my financial records, sales information, financial reports, or any other data in your possession relating to my business.

You may rely on this letter in furnishing such data, unless and until I revoke the authorization in writing to you, with a copy to Brown's Chicken, LLC.

Date: __________________________

Signature and title (if applicable) of Franchisee

By: _____________________________________
Title: ____________________________________

RIDER G

TO THE BROWN’S CHICKEN, LLC FRANCHISE AGREEMENT

VIDEO GAMING

THIS RIDER G entered into this ____ day of ____________________, 20___, is to a Franchise Agreement dated ____________________ by and between BROWN’S CHICKEN, LLC, an Illinois limited liability company, with its principal office at 55 E. Park Boulevard, Villa Park, Illinois 60181 ("Brown") and ______________________________, a _______________ corporation, whose principal address is ____ ____________________ ("Franchisee").

Recitals

A. The Franchise Agreement dated _________________ between the parties (“Franchise Agreement”) authorizes Franchisee to own and operate a restaurant under the name “BROWN’S CHICKEN” and other associated names and logos (the “Marks”), at which Franchisee uses Brown’s methods of preparing and serving cooked chicken, pasta, sandwiches, and other food products. Brown has granted to franchisee a franchise to sell products and services authorized and approved by Brown (the “Authorized Products”) and utilizing Brown's business format, systems, methods, specifications, standards, operating procedures, operating assistance, advertising services and Marks.

B. Franchisee’s franchised restaurant is located at ________________________________, Illinois (“Franchisee’s Store”).

C. Franchisee wishes to offer Video Gaming, which is defined on the attached Schedule “A,” in addition to the Authorized Services, at Franchisee’s Store.

D. Franchisor gives its conditional consent to Franchisee to offer Video Gaming at Franchisee’s Store, on the terms and conditions of this Rider G.

In consideration of the mutual and several covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledge, the parties hereto agree as follows:

1. Franchisor hereby consents to Franchisee's offering Video Gaming, as that term is defined on attached Schedule "A," at Franchisee's Store, on the terms and conditions of this Rider G.

2. Franchisee acknowledges that Video Gaming is regulated by the Illinois Video Gaming Act, 230 ILCS 40/1, *et seq.* ("the Act") and is supervised by the Illinois Gaming Board (the "Board"), as authorized by Section 78 of the Act.

3. Franchisee acknowledges and agrees that Franchisee's Store is considered a "Licensed Establishment" within the meaning of the Act (Section 25(e)), and that Franchisee must comply with all the requirements imposed on Licensed Establishments under the Act and the Board's Adopted Rules and Policies. Franchisee agrees that Franchisee is responsible for retaining its own legal counsel in connection with the Video Gaming activities at Franchisee's Store, and Franchisee is not relying on the legal, business, or operational advice or guidance from Franchisor in connection with Video Gaming.

4. Franchisee acknowledges and understands that under Section 55 of the Act, Franchisee must have a valid liquor license in order to be licensed as a Licensed Establishment. Franchisee shall maintain its liquor license in good standing and shall furnish Franchisor a copy of its liquor license and all renewals.

5. Franchisee shall obtain a license ("State License") as a Licensed Establishment from the Board, as required by Section 45 of the Act, and shall obtain renewals of its State License annually or at such other intervals as required by the Act.

6. Franchisee, if applicable, shall obtain a license or permit ("Municipal License or Permit") from the municipality in which Franchisee's Store is located, to offer Video Gaming, and shall obtain renewals of its Municipal License or Permit annually or at such other intervals as required by said municipality.

7. Franchisee shall furnish Franchisor copies of the State License and Municipal License or Permit within two (2) days of issuance or renewal.

8. Franchisee agrees that its revenues from Video Gaming shall be considered to be "Gross Sales" as that term is defined in Section 19.B. of the Franchise Agreement.

9. Franchisee shall pay Franchisor a royalty fee of ten percent (10%) of Franchisee's gross sales from Video Gaming at Franchisee's Store, in the same manner and at the same time that Franchisee pays the royalty fee required under Section 19.A. of the Franchise Agreement.

10. Franchisee shall pay to the Advertising Fund, four percent (4%) of Franchisee's gross sales from Video Gaming at Franchisee's Store, in the same manner and at the same time

that Franchisee pays the Advertising Fund required under Section 11.A. of the Franchise Agreement.

11. Franchisee may not advertise or promote its Video Gaming activities without the prior written consent of Franchisor, which Franchisor may in its sole discretion grant or deny. Advertising or promotions, if approved by Franchisor, must be conducted in accordance with the Act, or any rules, regulations or policies of the Board.

12. Franchisee acknowledges and understands that it is required under Section 25(e) of the Act to enter into a “Use Agreement” between it as the Licensed Establishment and the company (“Terminal Operator”) that owns, services, and maintains the Video Gaming Terminals in Franchisee’s Store. Franchisee shall furnish a copy of the Use Agreement to Franchisor within two (2) days of its execution. Any Use Agreement for Franchisee’s Store must contain a provision stating that such Use Agreement is subject to termination on ten (10) days prior notice in the event that Franchisee exercises the termination right described in paragraph 17 below, unless the violation is the revocation of Franchisee’s license as a Licensed Establishment, in which event the Use Agreement will be subject to immediate termination.

13. Franchisee agrees that it shall not permit Video Gaming other than during the legal hours of operation allowed for the consumption of alcoholic beverages at Franchisee’s Store. Franchisee acknowledges that this restriction is set forth in Sections 35(b)(2) and 55 of the Act.

14. Franchisee shall construct a separate area (“Gaming Area”), separated by an appropriate physical barrier, within Franchisee’s Store where the Video Gaming Terminals are located, in compliance with Section 58 of the Act. Franchisee shall restrict access to the Gaming Area only to persons who are age twenty-one (21) years and older, as mandated by Sections 40 and 58 of the Act.

15. Franchisee shall comply with the requirement in Section 58 of the Act that the owner, manager or employee of the Licensed Establishment who is over 21 years of age shall be present during all hours of operation. The Video Gaming Terminals or the entrance to the Gaming Area must be within the view of at least one owner, manager or employee who is over 21 years of age.

16. Franchisee shall comply with the requirement in Section 60(d) of the Act to maintain an adequate video gaming fund, in the amount determined by the Board.

17. In the event Franchisee violates any provision of the Act or of this Rider G, or of the Franchise Agreement, Franchisor shall have the right to terminate this Rider G. Franchisor shall give Franchisee ten (10) days prior notice of termination of this Rider G, unless the violation is the revocation of Franchisee’s license as a Licensed Establishment,

in which event Franchisor may terminate this Rider G immediately effective upon revocation of Franchisee's State License. If Franchisor terminates this Rider G, all video gaming terminals and other equipment shall be removed promptly in accordance with the terms of the Use Agreement, and Franchisee shall be prohibited from operating any Video Gaming activities at Franchisee's Store.

18. Franchisee is not acquiring any territorial rights in connection with its Video Gaming activities, as it relates to the consent by Franchisor to any other Brown's franchisee to offer Video Gaming, or to Video Gaming that may be offered by any owner or officer of Brown in any business owned or operated by such owner or officer.

19. Franchisee shall report to its insurance carrier the presence of Video Gaming at Franchisee's Store, and shall obtain and maintain liability insurance in an amount that Brown determines is reasonably necessary.

20. Franchisee indemnifies Franchisor against any claim, cost, damage, loss, or cause of action that may be brought against Franchisor arising out of the Video Gaming activities in Franchisee's Store.

21. This Rider G is not assignable by Franchisee under any circumstances, even if Franchisee's Franchise Agreement is assigned. The reason for this provision is that Section 50(c) of the Act provides that no license issued under the Act is transferable or assignable.

22. Franchisee shall take all steps required to maintain Franchisee's Store as a Licensed Establishment.

23. So long as Franchisee's Store is a Licensed Establishment, Franchisee shall operate all the Video Gaming Terminals during all the legal hours of operation as described in Paragraph 13 above. The only exception to this obligation is in the event Franchisee requests, and Brown consents in writing to such request, for a partial or complete cessation of Video Gaming at Franchisee's Store.

24. No other terms, provision, obligation, or covenant in the Franchise Agreement shall be affected by this Rider G.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first above written.

BROWN'S CHICKEN, LLC an Illinois limited liability company	FRANCHISEE _______________________________________ a ___________________ corporation
By: __________________________________ Title: ________________________________	By: ______________________________________ Title: _____________________________________

Schedule "A"

Definition of "Video Gaming"

"Video Gaming" is an activity that is regulated by the Illinois Video Gaming Act (the "Act"), 230 ILCS 40/1, *et. seq.* and is supervised by the Illinois Gaming Board, as authorized by Section 78 of the Act. Video Gaming consists of the installation by a licensed "Terminal Operator" of up to five (5) Video Gaming Terminals in a "Licensed Establishment."

"Video Gaming Terminals," as defined by Section 5 of the Act, are any electronic video game machine that, upon insertion of cash, electronic cards or vouchers, or any combination thereof, is available to play or simulate the play of a video game, including but not limited to video poker, line up, and blackjack, utilizing a video display and microprocessors in which the player may receive free games or credits that can be redeemed for cash.

"Players" are individuals aged twenty-one (21) years and older who enter a Licensed Establishment and engage in Video Gaming by inserting cash or credit cards into a Video Gaming Terminal, for the purposes of entertainment and/or winning money (deriving more money than the amount inserted into the Video Gaming Terminal).

EXHIBIT G

Sublease and Guaranty and Assumption of Obligations under Sublease

<u>BROWN'S CHICKEN, LLC</u>
STANDARD SUBLEASE

This Sublease made and entered into this _______ of ____________________, 20___ , by and between Brown's Chicken, LLC, an Illinois Brown's Chicken, LLC (hereinafter sometimes referred to as "Sublessor" or "Tenant", as the context requires), and ____ ____ ____________ (hereinafter referred to as "Sublessee").

<u>W I T N E S S E T H</u>:

WHEREAS, Sublessor, as Tenant, has entered into a Lease dated ___________________ 20___ (hereinafter the "Lease") with ____ ____ (hereinafter the "Owner") covering the property commonly known as ____ ____, which Lease is attached as Exhibit A hereto and made a part hereof, together with all rights, privileges and appurtenances thereunto appertaining (herein the "Real Property"), and all improvements located thereon and all equipment installed therein (said improvements and equipment hereinafter called the "Improvements") (the Real Property and the Improvements hereinafter collectively called the "Premises"); and

WHEREAS, Sublessee is desirous of leasing the Premises from Sublessor and Sublessor is desirous of leasing the Premises to Sublessee on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties hereto, it is hereby agreed as follows:

1. Sublessor hereby leases to Sublessee and Sublessee hereby leases from Sublessor the Premises, for the rent and on the terms and conditions hereinafter set forth.

2. The term of this Sublease (hereinafter the "Term") shall commence on ______________________________, 20___ (hereinafter the "Commencement Date"), and shall continue for a period of _________________________________ (_____) years, terminating on ______________________________, 20___ , which date is at least one (1) day prior to the expiration of the Lease, unless sooner terminated in accordance with the terms hereof. The term "lease year" as used herein shall mean the (12) twelve month period which commences on the Commencement Date and each anniversary thereof.

For each year during the Term, Sublessee shall pay to Sublessor, as minimum rental for the Premises, the sum of ____ Dollars ($___________________) (hereinafter "Base Rent"). Base Rent shall be payable in twelve (12) equal monthly installments of ____ Dollars ($___________________), each in advance on the first day of each and every calendar month during the Term without set-off or deduction whatsoever. In the event the Commencement Date is other than the first day of a calendar month or the Term ends other than on the last day of a calendar month, Base Rent shall be prorated for such financial period and such prorated Base Rent shall be paid promptly to Sublessor. Each payment of Base Rent and all other amounts which Sublessee is required to pay to Sublessor pursuant to this Sublease shall be made by electronic transfer or automatic debit from Sublessee's bank account to Sublessor. Sublessee shall establish and maintain a bank account for the purpose of making payments to Sublessor. Sublessee shall execute such documents as may be required from time to time by Sublessor to permit Sublessor to withdraw from Sublessee's general operating checking account the amounts due Sublessor. Sublessee may not make any change in its banking relationships, including any change in the account number of its general operating account, or any change in banks, without Sublessor's prior written approval. In the event any electronic bank draft is declined, dishonored, or refused, due to insufficient funds, Sublessee shall pay the Sublessor a processing fee of Fifty Dollars ($50.00). Sublessee shall also immediately remedy the reason the electronic bank draft was dishonored, and notify Sublessor that the electronic bank draft will be honored.

3. For each lease year during the Term, Sublessee shall pay to Sublessor as additional rent (said amount of rental hereinafter the "Percentage Rent") an amount equal to ________________________________ percent (_________%) of Sublessee's total Gross Sales (as hereinafter defined) in excess of ____ Dollars ($_______________________) computed to the end of the preceding year. The Percentage Rent shall become due and payable thirty (30) days after the end of each lease year for which said Percentage Rent is payable. The Base Rent and Percentage Rent shall be in addition to all other charges which Sublessee is required to pay pursuant to other provisions of this Sublease.

(a) The term "Gross Sales" as used herein shall mean the total amount of dollars of the actual sales price, whether for cash or on credit or partly for cash and partly on credit, of all sales of food and beverages conducted in or from the Premises, including all mail or telephone orders received or filled at or from the Premises. Gross Sales shall not, however, include any sums collected and paid out for any sales or excise tax imposed by any duly-constituted governmental authority, nor the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by the purchaser and accepted by Sublessee, nor sales of fixtures which are not a part of Sublessee's stock in trade.

(b) Sublessee shall keep in the Premises or in some other location of which Sublessor shall have been notified in writing, a permanent, accurate set of books and records of all sales and all revenue derived from business conducted in the Premises during each day of the Term, and supporting records, including excise tax reports, state sales tax and business and occupation tax reports. Such records will be kept, retained, and preserved for at least three (3) years after the expiration of each lease year. All such records, including sales, business and occupation tax reports, shall be open to inspection and audit by Sublessor and/or its agents at all reasonable times during ordinary business hours.

(c) On or before the thirtieth (30th) day following the expiration of each full lease year commencing with the end of the first (1st) lease year and on or before the thirtieth (30th) day following the expiration of any fractional year at the end of the Term, Sublessee shall deliver to Sublessor at the place where Base Rent is then payable, a complete statement signed by Sublessee or on its behalf by its duly authorized officer or representative, showing in reasonable detail the amount of Gross Sales made from the Premises during said period, accompanied by a sworn affidavit from Sublessee or said officer, or representative, verifying the accuracy of said statement.

(d) Within thirty (30) days after the end of each lease year commencing with the end of the first (1st) lease year and within thirty (30) days after the end of any fractional year at the end of the Term, Sublessee shall pay to Sublessor at the place where Base Rent is then payable, the full amount of the Percentage Rent for the preceding lease year or fractional year, as the case may be.

(e) In the event Sublessor is not satisfied with the annual statements submitted by Sublessee, Sublessor shall have the right to make a specific audit, conducted by auditors selected by Sublessor, of the books and records of Sublessee, hereinbefore required to be made and preserved. If any such statement is found to be incorrect to an extent of more than three percent (3%) over the Gross Sales figure submitted by Sublessee, Sublessee shall pay to Sublessor the additional Percentage Rent due and shall pay for such special audit and will permit an audit of all prior years' records, but if any special audit verifies Sublessee's statements to be correct, to vary not more than three percent (3%) over the figures submitted by Sublessee, or to vary under the figures submitted by Sublessee, the expenses of such audit shall be borne by Sublessor. Sublessor's right to make an audit in respect to an annual statement for such period shall expire one (1) year after the applicable annual statement for such period has been furnished to Sublessor. If the examination and audit by Sublessor shall show that Percentage Rent for the period covered by an annual statement or fractional lease year has been overpaid, the excess shall be applied on any amounts then due to Sublessor by Sublessee, and the balance, if any, shall be promptly refunded to Sublessee.

(f) Sublessee will furnish Sublessor with monthly unaudited reports of Gross Sales from the Premises.

4. To assure the payment by Sublessee of all real estate, personal property, and other taxes and assessments levied upon or with respect to the Premises during the Term, or any portion thereof, of the Lease or this Sublease and for which Tenant is responsible under the Lease ("Taxes"), and the payment of which is hereby undertaken by Sublessee in accordance with Paragraph 7 hereof, Sublessor may require Sublessee to deposit with Sublessor, on the first day of each month of the Term, an amount equal to one-twelfth (l/12th) of the total of all Taxes, the amount of each monthly payment of Taxes to be established by Sublessor on an annual basis, in such amount as Sublessor determines in its reasonable estimation will provide sufficient reserves from which to satisfy the Taxes next becoming due. The amount of the monthly deposit for Taxes may be adjusted from time to time by Sublessor in the event of a change in the amount of the Taxes, or in the event Sublessor determines that the funds held by it are (or will be) insufficient for the payment of said Taxes.

5. All representations made by Owner to Tenant concerning title to the Premises and Tenant's right of quiet enjoyment to the extent ultimately determined to be true and correct, shall be deemed to be and hereby are remade by Sublessor to Sublessee hereunder. Sublessee's taking possession of the Premises shall constitute an acceptance by it of the condition thereof; but Sublessee failure to so take possession shall not relieve it of its obligations hereunder. No promise of Sublessor to alter, remodel or improve the Premises has been made by Sublessor to Sublessee other than as may be contained herein.

6. Subject to any contrary provisions herein contained or except as modified herein, (i) the covenants, agreements, obligations, and restrictions of Tenant under the Lease as set forth in the following enumerated Sections of the Lease shall be deemed to have been remade by Sublessee to Sublessor, and (ii) the benefits running in favor of Tenant under the Lease as set forth in the following enumerated Sections of the Lease shall be deemed to run in favor of Sublessee, and applicable to them in their respective capacities, as if set forth in full herein; and the rights of Owner created with respect thereto, shall be deemed to have been created for the benefit of Sublessor hereunder:

(Appropriate Sections of Lease shall be inserted)

7. Except as expressly provided herein, no obligations of Owner or rights of Tenant under the Lease shall be deemed to have been created for, nor shall any such obligations or rights inure to, the benefit of Sublessee.

8. In addition to and as part of its obligations under this Sublease (which obligations are hereby incorporated into and made a part of this Sublease), Sublessee agrees that it shall faithfully observe and perform each and every provision of the Franchise Agreement and of the Operator's Manual referred to therein, to the extent that such provisions may relate to the Premises.

9. The Premises shall be used by Sublessee solely for the conduct by the Sublessee of a Brown's Chicken & Pasta store and for no other purpose.

10. Sublessee agrees, as a primary inducement to Sublessor for this Sublease, to fully construct or provide by remodeling the Improvements located on the Premises, at is sole cost and expense, a fast-food restaurant for use as a Brown's Chicken & Pasta store in accordance with the plans and specifications attached as Exhibit B hereto or in accordance with Section _____ of the Lease, as the case may be.

11. Sublessee agrees, at its sole cost and expense: to keep the Premises, building, site, equipment, facilities and fixtures therein (including glass, heating systems, air conditioning systems, roof, plumbing fixtures, light fixtures, bulbs, and tubes) neat, clean and in good order, condition, repair and state of cleanliness, both of the interior and exterior (including snow removal); to repair any and all damage thereto, whether or not caused by the fault or act of any person: to perform all necessary decorating and painting; to make all repairs, alterations, additions, or replacements to the Premises (including building, site, equipment, facilities, and fixture. therein) required by any law or ordinance or any order or regulation of any public authority; to keep the Premises equipped with all safety appliances required; to obtain and furnish any licenses and permits required by reason of its use of the Premises: and to comply with the orders and regulations of all governmental authorities.

12. Notwithstanding anything to the contrary herein contained and without limitation of any right of Sublessor contained herein, Sublessor shall have the right to terminate this Sublease upon the happening of any of the following events:

(a) default by Sublessee hereunder;

(b) termination, for any reason, of the franchise granted by Sublessor to Sublessee pursuant to Franchise Agreement which will commence as of the day the Premises is opened for business by Sublessee;

(c) the suffering or permission by Sublessee of the occurrence of any act or thing which would constitute an event of default by Sublessor in its capacity as Tenant under the Lease; or

(d) cancellation or termination of the Lease, for any reason, prior to the expiration date hereof; provided that if such cancellation or termination of the Lease is due to any default of Sublessor in its capacity as Lessee, Sublessee shall have the right to cure any such default to the extent permitted by the Lease.

13. Notwithstanding the provisions of Paragraph 7 hereof as it incorporates the default provisions of the Lease, it shall be an event of default hereunder if Sublessee has not made payment of any rental installment, or any other item to be paid hereunder within three (3) days of receipt by Sublessee of written notice thereof from Sublessor.

14. Sublessee shall not assign or in any manner transfer this Sublease or any interest herein or further sublet the Premises or any portion thereof, nor permit occupancy by any other person without the prior written consent of Sublessor; provided that in any and all events Sublessee shall remain primarily liable hereunder.

15. All notices hereunder rendered by Sublessor to Sublessee shall be given by registered or certified mail addressed to Sublessee at the Premises, or to such other address as may from time to time be furnished by Sublessee in writing for this purpose; and all notices by Sublessee to Sublessor Shall be given by registered or certified mail addressed to Sublessor at 55 East Park Boulevard, Villa Park, Illinois 60181, or to such other address as Sublessor may from time to time furnish in writing for this purpose.

16. This Sublease constitutes the entire agreement of the parties, and neither party may rely upon any oral statements or representations with respect to the subject matter hereof.

17. This Sublease shall inure to the benefit of the parties and to the extent permitted, their respective successors, representative. and assigns.

IN WITNESS WHEREOF, the parties have executed this Sublease in ________________________________, Illinois, ________________________ County, as of the day and year first above written.

	SUBLESSOR:
ATTEST:	**BROWN'S CHICKEN, LLC**, an Illinois limited liability company
___________________________________ Its:	By___________________________________ Its:_________________________________
	SUBLESSEE:
ATTEST:	______________________________________ a ______________________________________
____________________________________ Its:_________________________________	By:____________________________________ Its:__________________________________

GUARANTY AND ASSUMPTION OF OBLIGATIONS UNDER SUBLEASE

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS UNDER SUBLEASE is given this ________ day of ____________________, 20_____, by _____________
____
____

In consideration of, and as an inducement to, the execution of that certain Sublease Agreement of even date herewith (the "Sublease" by Brown's Chicken, LLC, an Illinois limited liability company ("Brown"), each of the undersigned hereby unconditionally and personally (a) guarantees to BROWN, and its successors and assigns, for the term of the Sublease and thereafter as provided in the Agreement, that .
_______________________________________a ____
("Sublessee"), shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Sublease; and (b) agrees to be bound by, and liable for the breach or, each and every provision in the Sublease, both monetary obligations and obligations to take or refrain from taking Specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Brown 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 he may have to require that an action be brought against Sublessee or any other person as a condition of liability; and (5) any and all other notices to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this guaranty shall be joint and several; (2) he shall render any payment or performance required under the Sublease upon demand if Sublessee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Brown of any remedies against Sublessee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Brown may from time to time grant to Sublessee 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 Sublease.

IN WITNESS WHEREOF, each of the undersigned has duly executed and delivered this Guaranty and Assumption of Obligations in __________________, Illinois, ________________ County, on the same day and year as the Sublease was executed.

GUARANTOR(S):	**PERCENTAGE OF OWNERSHIP OF SUBLESSEE**:
______________________________________	____________________________________
______________________________________	____________________________________
______________________________________	____________________________________
______________________________________	____________________________________

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EXHIBIT I

BROWN'S CHICKEN, LLC
FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, BROWN'S CHICKEN, LLC ("Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a BROWN'S franchised store ("BROWN'S Store"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. In what state are you domiciled (have your permanent residence)? ___________________

2. If you have more than one owner, did each owner have an opportunity to review all documents furnished by the Franchisor? Yes____ No____

3. Have you received the Franchise Agreement you are to execute with all the blanks completed? Yes_____ No_____

   If so, on what date did you receive the completed Franchise Agreement? ______________________________

4. Have you received the Franchisor's Franchise Disclosure Document ("FDD") we provided to you? Yes_____ No_____

   On what date did you receive the Franchise Disclosure Document? ________________

5. Were you advised, prior to receiving the Franchise Disclosure Document, of the various ways you could be furnished the Franchise Disclosure Document (hard copy, CD, email, etc.)? Yes_____ No_____

6. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes_____ No_____

7. Did you receive from the Franchisor the name, address and phone number of each Franchise Seller who was involved in the process of selling the franchise to you? Yes_____ No_____

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

Signature:	________________________	Signature:	___________________________
Print Name:	________________________	**Print Name:**	___________________________
Date:	______________________________	Date:	_________________________________

EXHIBIT J

STATE ADDENDUM
(if applicable)

Exhibit J
[State of Illinois]

ADDENDUM TO BROWN'S CHICKEN, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

This Addendum is to the Franchise Disclosure Document of Brown's Chicken, LLC ("Franchisor").

1. Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

4. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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

Exhibit J

[State of Illinois]

ADDENDUM TO BROWN'S CHICKEN, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ______ day of _________________, 20___, between Brown's Chicken, LLC ("Franchisor") and ______________________________ ("Franchisee") to amend the Franchise Agreement dated _________________, 20_____, by adding the following provisions:

1. Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

4. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date first above written.

BROWN'S CHICKEN, LLC
an Illinois limited liability company

By: ______________________________
Title: ____________________________

FRANCHISEE:

____
a ________________ corporation

By: __________________________________
Title: _________________________________

EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	Not Registered
Michigan	April 4, 2023
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT OF FRANCHISE RELATED DOCUMENTS

The undersigned, personally and/or as an officer or partner of the proposed franchisee, does hereby acknowledge receipt of the following documents, in form for execution, of Brown:

[ ] (1) Preliminary Agreement

[ ] (2) Franchise Agreement

[ ] (3) Security Agreement and Financing Statement

[ ] (4) Collateral Assignment of Lease

[ ] (5) Sublease

[ ] (6) Guaranty and Assumption of Obligations under Franchise Agreement

[ ] (7) Guaranty and Assumption of Obligations under Sublease

[ ] (8) State Addendum for ____________ (if applicable)

[ ] (9) Other (specify):

(Proposed franchisee must initial the box adjacent to the applicable document.)

I further acknowledge my understanding that it is my responsibility, individually, and/or as an officer or partner of the proposed franchisee, to review all such documents, so that I am fully familiar with the transaction contemplated thereby prior to the execution thereof.

DATED:______________________

A FEDERAL TRADE COMMISSION RULE REQUIRES THAT WE PROVIDE YOU WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL SEVEN (7) CALENDAR DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

____,

____,
individually ________________________________
and/or as an officer or partner of
____
(a ______________________ corporation)

____
(a ______________________ partnership)

RECEIPT (Your Copy)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Brown's Chicken, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. You must also receive a franchise agreement containing all material terms at least 7 calendar days before you sign any franchise agreement.

If Brown's Chicken, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the state agencies listed in Exhibit B. Brown authorizes the agents listed in Exhibit B to receive service of process for Brown.

The issuance date of this Franchise Disclosure Document is April 17, 2024.

The name, principal business address and telephone number of each franchise seller offering the franchise (check names that apply):

____ Brian Kennefick, 484 Glenmore Place, Roselle, Illinois 60172, Telephone: (630) 709-1155
____ Timothy Kennefick, 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Timothy Falconio, 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Thomas M. Kennefick, Sr., 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Other: ________________________, ____

I have received a Franchise Disclosure Document issuance date of April 17, 2024 and as registered in Illinois and Indiana on the dates shown on Exhibit K of this disclosure document. This Franchise Disclosure Document includes the following Exhibits:

Exhibit A: Financial Statements
Exhibit B: List of State Agents/Agents for Service of Process
Exhibit C: List of Franchisee-owned Stores as of 12/31/23
Exhibit D: List of Franchisees Who Left the System in 2023
Exhibit E. Preliminary Agreement
Exhibit F: Franchise Agreement
Rider A Territory
Rider B Collateral Assignment of Lease
Rider C Bank Draft Form
Rider D Security Agreement and UCC Financing Statement
Rider E Guaranty and Assumption of Obligations under Franchise Agreement
Rider F Authorization to Accountant
Rider G Video Gaming
Exhibit G: Sublease and Guaranty and Assumption of Obligations under Sublease
Exhibit H: Operating Manual Table of Contents
Exhibit I: Franchisee's Disclosure Questionnaire
Exhibit J: State Addendum (if applicable)

____ ____
Date Prospective Franchisee

(FDD2024.003, FA2024.001)

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT (Our Copy)

This Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully. If Brown's Chicken, LLC offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. You must also receive a franchise agreement containing all material terms at least 7 calendar days before you sign any franchise agreement.

If Brown's Chicken, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the state agencies listed in Exhibit B. Brown authorizes the agents listed in Exhibit B to receive service of process for Brown.

The issuance date of this Franchise Disclosure Document is April 17, 2024.

The name, principal business address and telephone number of each franchise seller offering the franchise (check names that apply):

____ Brian Kennefick, 484 Glenmore Place, Roselle, Illinois 60172, Telephone: (630) 709-1155
____ Timothy Kennefick, 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Timothy Falconio, 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Thomas M. Kennefick, Sr., 55 E. Park Blvd., Villa Park, Illinois 60181, Telephone: (630) 359-5358
____ Other: ________________________, ____

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____ ____
Date

Prospective Franchisee

(FDD2024.003, FA2024.001)

Please sign this copy of the receipt, date your signature, and return to Brown's Chicken, LLC
(mail to Tim Falconio, 55 E. Park Blvd., Villa Park, Illinois 60181)