

FRANCHISE DISCLOSURE DOCUMENT



Golden Franchising Corporation
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The franchisee will operate a quick service chicken restaurant under the trade name and business system associated with the mark GOLDEN CHICK®.

The total investment necessary to develop a single, prototypical Golden Chick Restaurant ranges from \$1,193,550 to \$1,913,300 for a free-standing ground-up construction, \$833,450 to \$1,390,500 for a free-standing conversion and \$823,450 to \$1,379,400 for an end-cap construction (excluding any cost of real estate).

If you sign a Development Agreement to operate multiple Golden Chick Restaurants in a designated area, you must pay a development fee of \$9,000 for each Golden Chick Restaurant to be developed, sign a Franchise Agreement, and pay an initial franchise fee of \$30,000 for the first restaurant to be developed. You will pay an initial franchise fee equal to 60% of our then-current initial franchise fee upon signing a Franchise Agreement for each additional restaurant to be developed. You will receive a \$9,000 credit for each of the initial agreed upon number of Franchise Agreements executed in accordance under a Development Agreement; provided, however: (i) you must not be in default under the Development Agreement; and (ii) the credit is not fully earned until we receive the initial franchise fees for each Franchise Agreement.

We have agreements with third parties to operate as area representatives in Houston, Texas, Las Vegas, Nevada, and San Antonio, Texas areas ("Area Representatives"). Area Representatives have no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. Area Representatives are independent contractors responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from their operations.

This Franchise Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise 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 governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission ("FTC"). You can contact the FTC at 1-877-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.

Date of Issuance: April 17, 2023.

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 Attachment "J".
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 estimated 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?	Attachment "D" 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 Golden Chick 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 Golden Chick franchisee?	Attachment "J" lists 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 twenty-three Items and all Attachments 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 it. 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 Attachment “A”.

Your state also may have laws that require special disclosures or amendments to 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. Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in the judicial district where our principal headquarters are located (currently Dallas County, Texas). Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Dallas County, Texas than in your own state.
- 2. Spousal Liability.** If you are an individual, then your spouse must sign a document that makes your spouse liable for all financial and other obligations under the franchise agreement. This guarantee will place both your and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

STATE COVERAGE PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Attachment A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN TEXAS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN TEXAS RATHER THAN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT TEXAS LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THE FRANCHISE.

Effective Date: See State Effective Dates Page

We generally do not use independent FRANCHISE BROKERS for the offer and sale of franchises. If we do use the services of FRANCHISE BROKERS or referral sources to assist us in selling our franchise, they would represent us, not you. We would pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>State</u>	<u>Effective Date</u>
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In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 17, 2023.

GOLDEN FRANCHISING CORPORATION
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Attachments

- A. List of State Administrators
- B. List of Agents for Service of Process
- C. Table of Contents of Golden Chick Operations Manual
- D. Financial Statements
- E. Franchise Agreement
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- G. Conditional Release Agreement
- H. SBA Addendum
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- K. Receipts

ITEM 1
THE FRANCHISOR, AND ANY PARENTS,
PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, the term “we” means Golden Franchising Corporation, the franchisor. The term “you” means the person or business entity which enters into a Franchise Agreement or Development Agreement with us, and includes your owners if you are corporation, partnership, or other business entity.

The Franchisor and Any Parents, Predecessors, and Affiliates

We are a Delaware corporation organized on February 22, 1989; and we maintain our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. We conduct business under both our corporate name and under our registered trade name Golden Chick. We do not conduct business under any other name. Our agents for service of process are listed on Attachment B of this Franchise Disclosure Document.

In 1989, we acquired substantially all the assets of Golden Fried Chicken of America, Inc. (“GFCA”), who was the successor in interest to Golden Fried Chicken, Inc. (“GFCI”). GFCI was organized in Texas in 1972, and maintained its principal business address in Luling, Texas. GFCI had been selling fried chicken since 1967 when Howard Walker opened the first Golden Fried Chicken restaurant in San Marcos, Texas. As a result of the acquisition, we acquired all GFCA’s intellectual property rights, proprietary interests and goodwill associated with the concept and system for operating what is now known as Golden Chick Restaurants, and certain restaurants and franchise agreements related to the operation of Golden Fried Chicken restaurants. We have been offering what is now known as Golden Chick Restaurant franchises since March 1989. Until July 1, 1996, we offered and sold franchises for the establishment and operation of quick service restaurants featuring a limited menu consisting of fried chicken and other compatible entrees and condiments under the name GOLDEN FRIED CHICKEN®. In 1996, we began converting the restaurants operating under the GOLDEN FRIED CHICKEN® name to the GOLDEN CHICK® name. Since 2007, all our franchised and licensed restaurants have operated under the name GOLDEN CHICK®. Except as set forth above, we have not engaged in any other business activities, and have not offered or sold franchises in any other line of business.

We are an indirect subsidiary of Golden Tree Restaurants, LLC (“GTR”), a Texas limited liability company organized on September 28, 2015. GTR provides centralized procurement services and supply chain access for some required products and services from approved suppliers of our franchisees. GTR does not act as agent for nor a supplier to you or any franchisee. GTR shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. GTR has never offered franchises in any line of business.

We are a wholly owned subsidiary of Golden Southern Chicken Corporation (“GSCC”), a Delaware corporation organized on February 22, 1989. GSCC shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. GSCC has never offered franchises in any line of business.

We are affiliated with Golden Operating Corporation (“GOC”), a Delaware corporation organized on February 22, 1989, and GFC Lease III, Inc. (“GIII”), a Texas corporation organized on March 10, 1989. Although we do not operate any business of the type being franchised: (i) GOC has operated Golden Chick Restaurants pursuant to franchise agreements with us since March 1989 and management agreements under a GC Partnership (defined below) since August 2014; and (ii) GIII has operated Golden Chick Restaurants pursuant to franchise agreements with us since July 2003. GOC and GIII share our principal place of

business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. GOC and GIII have never offered franchises in any line of business. The “company-owned” Golden Chick Restaurants listed in Item 20 of this Franchise Disclosure Document are operated by: (i) GOC pursuant to franchise agreements between us and either GOC or an affiliate, however, the GC Partnerships are not included because of the extent of the investor’s involvement in the operation of the business; and (ii) GIII pursuant to franchise agreements between us and GIII.

We are affiliated with GFC Leasing Corp., LLC (“GFC Leasing”), a Texas limited liability company organized on October 23, 1991. GFC Leasing is engaged in, among other ventures, the acquisition, construction, and leasing of real properties (including the acquisition of furniture, fixtures, and equipment in some cases) to select franchisees for use as Golden Chick Restaurants. GFC Leasing is also the general partner in each GC Partnership. GFC Leasing shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. GFC Leasing has never offered franchises in any line of business.

We are affiliated with several limited partnerships set up under the United States EB-5 Immigrant Investor Visa Program for individuals who are qualified investors that create or preserve 10 permanent full-time jobs for qualified workers in the United States (“GC Partnership”). The first GC Partnership is a Texas limited partnership that was organized on August 13, 2014. As of January 1, 2023, we had 13 GC Partnerships operating 14 Golden Chick Restaurants. Under this program, GFC Leasing enters into a limited partnership agreement as the general partner with each GC Partnership. GC Partnership acquires, develops, and operates the Golden Chick Restaurant in agreed upon locations pursuant to franchise agreements with us. GFC Leasing oversees the development and management of each Golden Chick Restaurant during the construction phase. Thereafter, each Golden Chick Restaurant is operated and managed by GOC. Each GC Partnership shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. No GC Partnership has ever offered franchises in any line of business.

Finally, through common control with or common management we are affiliated with the following franchise programs: Heff’s Burgers Franchising, LLC, dba Heff’s Burgers (“Heff’s); JCBH Franchising, LLC, dba JC’s Burger House and JC’s Burger Bar (“JC’s”); and Texadelphia Franchising, LLC, dba Texadelphia (“Texadelphia”). Except as described below, we do not have any other affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our affiliate Heff’s restaurants offer quick service burgers, hotdogs, BLT’s, and grilled chicken or ham sandwiches using proprietary recipes and systems. Heff’s is a Texas limited liability company that was organized on March 11, 2015 and began franchising in April 2015. As of January 1, 2023, Heff’s had 7 Heff’s restaurants operating. Heff’s shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. Heff’s operates its restaurants independently from our Franchisor System. Heff’s has never operated or offered franchises for a Golden Chick Restaurant.

Our affiliate JC’s restaurants offer quick service burgers, hotdogs, grilled chicken, veggie burgers, and chicken strips using proprietary recipes and systems. JC’s is a Texas limited liability company that was organized on July 27, 2016 and began franchising in August 2016. As of January 1, 2023, JC’s had 4 JC’s restaurants operating as JC’s Burger House and 2 JC’s restaurants operating as JC’s Burger Bar. JC’s shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. JC’s operates its restaurants independently from our Franchisor System. JC’s has never operated or offered franchises for a Golden Chick Restaurant.

Our affiliate Texadelphia restaurants offer specialty sandwiches, including cheesesteak sandwiches using proprietary recipes and systems. Texadelphia is a Texas limited partnership that was organized on September 28, 2015 and began franchising in May 2017. As of January 1, 2023, Texadelphia had 7 Texadelphia

restaurants operating. Texadelphia shares our principal place of business at 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080. Texadelphia operates its restaurants independently from our Franchisor System. Texadelphia has never operated or offered franchises for a Golden Chick Restaurant.

We have an agreement with WTI-GC, LP to operate as an Area Representative in the Houston, Texas area (“Houston Area”). The Area Representative has no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. The Area Representative is an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from its operations.

We have an agreement with West of Cluck, LLC to operate as an Area Representative in the Las Vegas, Nevada (“Las Vegas Area”). The Area Representative has no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. The Area Representative is an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from its operations.

We have an agreement with GC Franchise SA, LLC to operate as an Area Representative in the San Antonio, Texas area (“San Antonio Area”). The Area Representative has no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. The Area Representative is an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from its operations.

The Franchised Business

We offer franchises for the establishment and operation of Golden Chick Restaurants which offer quick service fried chicken and roast chicken, fried catfish, side dishes, breads and desserts, soft beverages, and related food and beverage items for dine-in consumption, drive-thru, take-out, and/or delivery service (each a “Golden Chick Restaurant”).

Each Golden Chick Restaurant must be operated at a site which we approve (“Franchisee Location”), under the terms of our Franchise Agreement (“Franchise Agreement”). A copy of our current form of Franchise Agreement is attached as Attachment E to this Disclosure Document.

Each Golden Chick Restaurant operates in accordance with our proprietary business format and system (“Franchisor System”), the distinguishing characteristics of which include, without limitation: (i) distinctive exterior and interior design, decor, color and identification schemes; (ii) specially-designed equipment and equipment layouts; (iii) Intellectual Property; (iv) approved products, suppliers, and supplies; (v) Franchisor Standards (which may be changed, improved or further developed at Franchisor’s sole and absolute option); (vi) community and social networking presence and protocols; (vii) techniques and procedures for inventory, management, and financial controls; (viii) record keeping, reporting forms, and POS system; (ix) training and assistance; and (x) advertising and promotional programs, all of which may be changed, improved or further developed at Franchisor’s sole and absolute option.

The purpose of all manuals, guidelines, and other materials provided by us under Franchisor System, in either hard copy or electronic format, is to maintain consistency of the brand and not to control the franchisees’ day-to-day operations. Any employment related training and/or information that is provided by us should be used at your sole and absolute option and is not a requirement. We neither dictate nor control labor or employment matters for you and your employees. Any pay stubs and checks given to your employees should not bear either our company name or logo, and instead, should clearly identify your business entity, to avoid confusion as to which entity employs your employees. You should seek the advice of independent legal counsel to assist you with employment matters related to your operation of a Golden Chick Restaurant.

Franchisor System and Golden Chick Restaurants are identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark GOLDEN CHICK® and any other trade names, service marks, trademarks, and logos we may now or in the future designate in writing relating to Franchisor System (“Franchisor Marks”).

Golden Chick Restaurants feature fried chicken tenderloins and bone-in chicken prepared with proprietary batter and marinade mixes formulated by us or through our direction. Roasted chicken, fried catfish, cold salads, sandwiches, yeast rolls, French fries, coleslaw, soft drinks, tea, and various other food products are also offered for sale.

A prototypical Golden Chick Restaurant is a one-story, free-standing building of approximately 2,052 square feet with a cooking area, a drive-up window, a dining area that seats from 20 to 45 persons, and a parking area designed to accommodate approximately 22 to 30 motor vehicles. However, we may approve in-line, end-cap, co-brand, mall locations, or other forms of operation, at our sole and absolute option.

We also offer qualified applicants the right to develop multiple Golden Chick Restaurants within an agreed upon assigned development area (“Development Area”) under our Development Agreement (“Development Agreement”). A copy of our current form of Development Agreement is attached to this disclosure document as Attachment F.

If you sign a Development Agreement, you must open each Golden Chick Restaurant according to a schedule contained in the Development Agreement (“Development Schedule”). You must execute our then-current form of Franchise Agreement for each Golden Chick Restaurant according to the Development Schedule.

The number of Golden Chick Restaurants to be established under the Development Schedule will be mutually determined by you and us, based on the size of the Development Area, demographic and economic factors in the Development Area, the demand for the food and beverage items offered by Golden Chick Restaurants in the Development Area, and your desire and ability to develop and operate the Golden Chick Restaurants, among other factors. During the term of the Development Agreement you must open and operate Golden Chick Restaurants: (i) equal to at least the number required under the Development Schedule; and (ii) in accordance with the terms and conditions of each of their Franchise Agreements.

We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program, a program that provides financial incentives to veterans of the United States Armed Forces to encourage franchise ownership. To qualify and participate in our VetFran Program, a United States veteran must possess a DD Form 214 document, be new to the Golden Chick Restaurant system, own a majority interest in the franchised business, and otherwise meet the requirements of our VetFran Program (“VetFran Participant”). If you are a VetFran Participant, we will reduce your initial franchise fee for your first Golden Chick Restaurant by 33.33% of our then-current initial franchise fee. VetFran Participants are required to sign the VetFran Addendum to the Franchise Agreement, which appears at Attachment I to this Disclosure Document. We may modify or discontinue our participation in the VetFran Program at any time.

We do not use independent franchise brokers for the offer and sale of franchises. If we did use brokers, they would not have the right to bind us, nor enter into any agreement or make commitment on our behalf. If a broker is involved in the sale of a Franchise Agreement or Development Agreement to you, the broker’s name and contact information will be disclosed on the Receipt Pages to this Disclosure Document.

Market and Competition

Golden Chick Restaurants are typically located in markets with populations over 10,000 people, and are generally located on or near thoroughfares of high traffic count. Golden Chick products and services are

marketed to customers of all ages and economic levels. The market for quick service restaurants is well established and competitive. You can expect to compete in your market with locally owned restaurants, as well as with national and regional chains, that offer a quick service or fast casual dining experiences, including those which offer and sell chicken. Quick service restaurant concepts compete based on many factors, such as price, service, location, menu options, product quality, promotions, and marketing programs. Factors that often affect these businesses include changes in consumer taste, economic conditions, seasonal population fluctuations, and travel patterns.

Laws and Regulations

Your franchised business will be subject to laws, rules and regulations affecting businesses generally. You will be required to comply with all such laws, rules and regulations that apply to businesses generally, including, without limitation, tax laws and regulations, labor, employment and wage and hour laws and regulations, insurance laws and regulations, privacy laws, regulations, and industry standards (including Payment Card Industry Data Security Standards), business licensing requirements, public accommodations laws (including Americans with Disabilities Act), public health laws, laws regulating the storage, preparation, labeling and sale of food and beverages to the public, food safety and sanitation laws, immigration and homeland security laws, restrictions against smoking in public places and restaurants, the public posting of notices regarding nutritional information, health hazards, fire safety, general emergency preparedness, rules regarding the proper use, storage and disposal of waste materials, insecticides, and other hazardous materials, standards regarding employee health and safety, sexual harassment laws and any other federal, state and local regulations and ordinances which may be in effect. As a food service business, your franchised business may be subject to additional laws, rules and regulations regarding the sale or packaging of products, refuse and sanitation standards and procedures for waste materials and packaging, nutritional claims or other types of advertising, menu or product labeling or information, and the use or maintenance of equipment involved in the preparation of drinks and other products. Local zoning rules may limit where you can locate a restaurant and may affect design features, including the building facade and signs.

It is your responsibility to comply with all federal, state, and local laws, ordinances, rules and regulations that may affect your franchised business, and to obtain and comply with all licenses and licensing requirements necessary for your franchised business to open and operate. You should consult with your attorney concerning all laws, rules, regulations, and standards that may affect your franchised business and ensure you have obtained all necessary real estate permits, licenses, and operational licenses.

ITEM 2

BUSINESS EXPERIENCE

CEO: Mark S. Parmerlee

Mr. Parmerlee has served as a Director of Golden Franchising and GSAC since February 1989, and as Chairman of the Board since September 1997. Mr. Parmerlee has served in our corporate headquarters from May 2000 to May 2019 and from October 2021 to February 2023 as President of Golden Franchising and GSAC. Mr. Parmerlee has also served in the sale and/or operation of some of our affiliate franchise concepts from their corporate offices located in Richardson, Texas during the following periods: President of GFC from May 2000 to May 2019; President of GOC from February 1989 to May 2019; Vice President of Heff's since March 2015; Vice President of JC's since November 2015; Vice President of Texadelphia since August 2013 and briefly served as an interim President from January 2017 to February 2018.

President [Golden Franchising Corporation]: Brian Loescher

Mr. Loescher joined our company in 2019 and has served as our President in our corporate headquarters since February 2023. Prior to February 2023, he served as our Chief Operating Officer from October 2021 to February 2023, and as our Vice President, Franchise Operations from September 2019 to October 2021. From September 2017 to August 2019 Mr. Loescher served as Franchise Development Manager for YUM! Brands (dba Pizza Hut). From May 2014 to June 2017 Mr. Loescher served as Associate Vice President of Franchise Operations for Grandy's LLC. From February 2002 to May 2014 Mr. Loescher served as Training Consultant Manager, District Partner and Area Supervisor for Arby's Restaurant Group, Inc., and RTM Restaurant Group Inc (Arby's largest franchisee at time). From August 1992 to December 2001 Mr. Loescher served as Profit Partner of Rally's Restaurants Inc.

President [Golden Operating Corporation]: Michael R. Jensen

Mr. Jensen joined our company in 1993 and has served as President of our affiliate Golden Operating Corporation in our corporate headquarters since February 2023. Prior to February 2023, he served as our Senior Vice President of Operations since June 2008. Prior to 2008, he served as Director of Operations from July 2001 to June 2008 and as District Director from November 1993 to July 2001. Prior to 1993, Mr. Jensen was an Area Supervisor for AFC Enterprises, Inc. ("AFC") and was responsible for training restaurant personnel at approximately 10 Popeye's Famous Fried Chicken and Church's Chicken restaurants and for providing Popeye's and Church's restaurants with ongoing advisory assistance in AFC restaurant operations. Mr. Jensen has also served in the sale and/or operation of one of our affiliate franchise concepts from their corporate office located in Richardson, Texas during the following period: Vice President of GOC since May 2009.

Senior Vice President, Development: Monty Whitehurst

Mr. Whitehurst joined our company in 2015 and has served as our Senior Vice President, Development in our corporate headquarters since June 2015. From August 2010 to May 2015 Mr. Whitehurst served as Vice President, Franchise Development for American Blue Ribbon Holdings. From March 2008 to August 2010 Mr. Whitehurst served as Chief Operating Officer of Grandy's Inc. From March 2008 to August 2010 Mr. Whitehurst served as Vice President, Franchising of Souper Brands, Inc. Mr. Whitehurst has also served in the sale and/or operation of some of our affiliate franchise concepts from their corporate offices located in Richardson, Texas during the following periods: franchise seller of Heff's, JC's, and Texadelphia since June 2015.

Vice President, Franchise Operations: Casey Clark

Mr. Clark joined our company in 2019 and has served as our Vice President, Franchise Operations in our corporate headquarters since October 2019. From February 2018 to October 2019 Mr. Clark served as a franchisee owner and from March 2017 to April 2019 Mr. Clark served as Regional Operations Manager for Marco's Franchising, LLC. From November 2011 to March 2017 Mr. Clark served as Franchise Area Director of Grandy's Inc. From February 2009 to March 2011 Mr. Clark served as Area Coach of YUM! Brands (dba KFC). From April 2003 to February 2009 Mr. Clark served as Operations Consultant for Jack in the Box Inc.

Vice President of Development and Construction: Scott Stevenson

Mr. Stevenson has served as our Vice President, Development and Construction in our corporate headquarters since January 2021. From September 2019 to January 2021 Mr. Stevenson served as Chief Operating Partner of WTI-GC, LP (an Area Representative of Golden Chick). From April 2019 to September

2019 Mr. Stevenson served as Chief Operating Officer of Prosperity Brands LLC (a franchisee of Golden Chick). From October 2018 to February 2019 Mr. Stevenson served as Chief Operating Officer of Burgerim Group USA, Inc. From June 2018 to August 2018 Mr. Stevenson served as Vice President of Construction for Burgerim Group USA, Inc. From September 2014 to July 2017 Mr. Stevenson served as Director of Operations for Hoogland Foods, LLC (franchisee of Marco's Pizza). From September 2010 to September 2014 Mr. Stevenson served as Zone Director for Church's Holdings Corp. (Church's Chicken). From June 2009 to September 2010 Mr. Stevenson served as Regional Franchisee Manager for CiCi Enterprises Inc. (CiCi's Pizza). From July 2001 to May 2009 Mr. Stevenson served as District Vice President for Arby's Restaurant Group, Inc. From October 1996 to June 2001 Mr. Stevenson served as Director of Operations for Camelback Pizza, Inc., and Papa John's International Inc.

Houston Area Representative: WTI-GC, LP

WTI-GC, LP entered into an Area Development Agreement with us in November 2019, under which it assists us in awarding new franchises and provides operational support to our franchisees in the Houston, Texas market. WTI-GC, LP is a Texas limited partnership, formed in March 2018. James B. Griffis is the General Partner of WTI-GC, LP and has been since March 2018.

Las Vegas Area Representative: West of Cluck, LLC

West of Cluck, LLC entered into an Area Development Agreement with us in July 2020, under which it assists us in awarding new franchises and provides operational support to our franchisees in the Las Vegas, Nevada market. West of Cluck, LLC is a Texas limited liability company, formed in June 2020. Christopher Aslam is the President of West of Cluck, LLC and has been since June 2020.

San Antonio Area Representative: GC Franchise SA, LLC

GC Franchising SA, LLC entered into an Area Development Agreement with us in December 2010, under which it assists us in awarding new franchises and provides operational support to our franchisees in the San Antonio, Texas market. GC Franchising SA, LLC is a Texas limited liability company, formed in August 2010. Allen Tharp is the President and Chief Executive Officer of GC Franchising SA, LLC and has been President and CEO of Allen Tharp & Associates, Inc. since 1985. He also has served as President and CEO of Olde England's Lion and Rose, Ltd. in San Antonio, Texas since May 2004.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

An initial franchise fee of \$30,000 is payable in cash upon the execution of your first Franchise Agreement. The initial franchise fee for your second and each subsequent Franchise Agreement will be 60% of our then-

current franchise fee (currently 60% x \$30,000 = \$18,000). The Area Representatives within the Houston Area, Las Vegas Area, and San Antonio Area will receive a portion of the initial franchise fees from us as its fee for services rendered. The initial franchise fee is uniform for all franchisees within an area and is not refundable under any circumstances.

As described in Item 1, if you are a VetFran Participant, we will reduce your initial franchise fee for your first Golden Chick Restaurant by 33.33% of our then-current initial franchise fee. VetFran Participants are required to sign the VetFran Addendum to the Franchise Agreement, which appears in Attachment I to this Disclosure Document.

Development Fee

If you sign a Development Agreement to operate multiple Golden Chick Restaurants in a designated area, you must pay a development fee of \$9,000 for each Golden Chick Restaurant to be developed, sign a Franchise Agreement, and pay an initial franchise fee of \$18,000 for the first restaurant to be developed by you or an affiliate, or \$30,000 if the first restaurant is developed by an unaffiliated third-party. You will pay an initial franchise fee equal to 60% of our then-current initial franchise fee upon signing a Franchise Agreement for each additional restaurant to be developed. You will receive a \$9,000 credit for each of the initial agreed upon number of Franchise Agreements executed under a Development Agreement; provided, however: (i) you must not be in default under the Development Agreement; and (ii) the credit is not fully earned until we receive the initial franchise fees for each Franchise Agreement.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty ⁽¹⁾	4% of Franchisee Gross Revenues. ⁽²⁾	Payable on Thursday of each week, for prior week Franchisee Gross Revenues.	Weekly Royalty Fee must be paid via ACH, or any other method of payment we may designate. ⁽³⁾
Advertising Fees	National Ad Fund ⁽⁴⁾ : Up to 2% of Franchisee Gross Revenues, currently 1% of Franchisee Gross Revenues. Co-op ⁽⁵⁾ : 2% of Franchisee Gross Revenues for each Co-op we designate for local, regional and/or national purposes.	Weekly, in the same manner as Weekly Royalty Fee Weekly, in the same manner as Weekly Royalty Fee	You must contribute to the National Ad Fund, which we have established to promote Golden Chick Restaurants and Franchisor System. Payable to the Co-op. We have the right to increase Co-op contribution requirement.
Transfer Fee (Franchise Agreement)	20% of the then-current initial franchise fee if the transferee is not an existing franchisee in Franchisor System or a principal of an existing franchisee; 10% of the then-current initial franchise fee if the transferee is an existing franchisee or an Owner of an existing franchisee.	Before transfer	Payable to us. No charge if Franchise Agreement is transferred to a corporation that you control.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (Development Agreement)	25% of our then-current development fee applicable to the number of Golden Chick Restaurants identified in the Development Schedule for which you have not then signed Franchise Agreements. If you are an entity and your owners wish to transfer an ownership interest in you of less than 50%, the transfer fee will be the greater of \$1,000, or our cost to approve the transfer.	Before transfer	Payable to us. No charge if Development Agreement is transferred to a corporation that you control. The transfer fee will not be applied toward future initial franchise fees, or any other payments due to us or our affiliates.
Renewal Fee	An amount equal to 10% of our then-current initial franchise fee.	Upon renewal	Payable to us upon a renewal and signing of the then-current franchise agreement.
Attorneys' Fees and Costs ⁽⁶⁾	As incurred.	On demand	Payable to us if we incur expenses to enforce our rights under the Franchise Agreement and/or Development Agreement.
Indemnification ⁽⁷⁾	Amount of the indemnified loss.	On demand	Payable to us for all loss or damage arising out of or relating to the establishment or operation of the franchise or Franchisee Location.
Insurance	Reimbursement of our expenses.	On demand	Payable if we procure insurance for you, after you fail to do so.
Training Fees	Fee not yet established; will vary depending upon the program offered.	On demand	Payable to us but not currently charged. We reserve the right to charge for special or remedial training we may require.
Telephone Program Fee	Undetermined.	On demand	Payable to us if we establish a local, regional, or national telephone number to facilitate the direction of customers' orders and improve service to the public relating to delivery and catering services. (See Item 11.)
Offering Fee	Reimbursement of our expenses.	Before offering	Payable to us to reimburse us for our reasonable costs and expenses associated with reviewing your offering.
Relocation	Reimbursement of our expenses.	On demand	Payable to us to reimburse us for our reasonable costs and expenses associated with reviewing new location and lease terms.
Administration Fee ⁽⁸⁾	\$0 to 1% of Franchisee Gross Revenues	Weekly	Payable to us or an affiliate if we or our affiliate provide administrative services for your Golden Chick Restaurant
Management Fee ⁽⁹⁾	\$0 to 2%-5% of Franchisee Gross Revenues.	Weekly	Payable to us or an affiliate if we or our affiliate manage your Golden Chick Restaurant
Gift Card Services ⁽¹⁰⁾	Varies.	On demand	Payable to third-party vendors as expenses are incurred.
Default/Compliance Fee ⁽¹¹⁾	Reimbursement of our expenses.	On demand	Payable to us, in addition to any other legal remedies, if we incur costs related to your curing a default of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Termination Fee ⁽¹²⁾	Liquidated damages based upon royalties for the <u>lesser of</u> : (a) average prior 24 months times number of weeks remaining in term; or (b) 24 months.	Lump sum	Payable to us, in addition to any other legal remedies, if we terminate the Franchise Agreement due to your default.
Post-Termination and Post-Expiration Expenses ⁽¹³⁾	Reimbursement.	On demand	Payable to us as expenses are incurred.
Intranet Fees	A reasonable undetermined amount.	Monthly	See Item 11.
Internet Site Fees	Up to \$100 per month.	Monthly	See Item 11.
Late Charge	10% of Royalty (for late Weekly Royalty Fee payment); \$25 (for late Weekly Royalty Fee report).	On demand	Payable to us and nonrefundable.
Interest	Up to 18% per annum on overdue payments.	On demand	Payable to us if we discover a deficiency after auditing your books. Payable in addition to the late charge described above.
Audit Expenses	\$0 to reimbursement.	On demand	Payable to us only if audit reveals that you have understated Franchisee Gross Revenues by more than 2%.

Notes:

(1) You must pay us a Weekly Royalty Fee equal to 4% of your weekly Franchisee Gross Revenues. If your Golden Chick Restaurant is in the Houston Area, Las Vegas Area, and San Antonio Area, the Area Representatives will receive a portion of your Weekly Royalty Fee from us as its fee for services rendered. The Houston Area is comprised of the counties in and around the Houston, Texas area, including the following counties: Austin, Brazoria, Calhoun, Chambers, Colorado, Deaf Smith, Fort Bend, Galveston, Grimes, Harris, Jackson, Liberty, Matagorda, Montgomery, Polk, San Jacinto, Trinity, Victoria, Walker, Waller, Washington, and Wharton. The Las Vegas Area is comprised of portions of Las Vegas located within Clark County, Nevada area, and identified within the agreements as Zone 1 and Zone 4. The San Antonio Area is comprised of the counties in and around the San Antonio, Texas area, including the following counties: Atascosa, Bandera, Bexar, Comal, Dewitt, Dimmit, Edwards, Frio, Goliad, Gonzales, Guadalupe, Karnes, Kendall, Kerr, Kinney, La Salle, Lavaca, Maverick, McMullen, Medina, Real, Refugio, Uvalde, Val Verde, Wilson, and Zavala.

(2) “Franchisee Gross Revenues” means the total amount of all sales (exclusive of sales, excise, use, value added, gross receipt and other similar taxes imposed by any governmental authority added to the sales price and required to be collected by the seller from the purchaser) of products and services for cash or on credit, whether or not payment is ultimately made for such sales, which are made in, on, out of, through or from, all and every part of Franchisee Location including, without limitation, all such sales (whether or not such sales are included in the price of menu items) from dining-in, delivery, carry-out, drive-through and catering, any delivery charges and other related fees, as well as Franchisee’s share of sales from vending machines, racks and displays, maintained or otherwise located in Franchisee Location or on such premises, and proceeds from gift certificates, gift cards, or stored value cards redeemed at Franchisee Location, and proceeds from business interruption insurance. In addition, all sales promotions, contributions, donations, and giveaways prescribed or approved by Franchisor shall not be deducted from Franchisee Gross Revenues. Franchisee Gross Revenues do not include: (i) proceeds from isolated sales of the trade fixtures that are not part of the products or services offered at any of Franchisor Restaurants; (ii) proceeds received from returns to shippers or manufacturers; (iii) proceeds from the sale of gift cards, gift certificates, or other stored value

cards sold through one of Franchisor Restaurants, which proceeds are deposited into accounts maintained by Franchisor or its designee; and (iv) other items authorized by Franchisor in writing to be excluded from Franchisee Gross Revenues; provided, however, any such authorization may be revoked or withdrawn at any time in writing by Franchisor in its sole and absolute option. In the event of cash shortages, the amount of sales shall be determined from cash register tapes (non-resettable totals), or other sales recording devices and cash shortages shall be disregarded.

(3) The Weekly Royalty Fee and all other payments due to us will be collected via our electronic funds transfer program (“Direct Payment Program”). You must sign the ACH authorization form attached to the Franchise Agreement, and any forms your bank may require implementing the Direct Payment Program. Payments are presently due to us or to our bank no later than Thursday of each week, and you must have sufficient funds in your designated bank account to support the draft of funds. You may also be required to submit a Weekly Royalty Fee report in the form and manner we specify. You must submit or deliver to us all other reports, statements and/or other information on a timely basis. Failing to deliver an ACH authorization form or maintain sufficient funds in your bank account is an event of default under the Franchise Agreement. We have the right to change the method of payment at any time, with written notice to you.

(4) We have established a national advertising fund (“National Ad Fund”) for promoting Golden Chick Restaurants and the food and beverage items and catering services offered by Golden Chick Restaurants. You must contribute up to 2% of your weekly Franchisee Gross Revenues to the National Ad Fund, at the same time and in the same manner as the Weekly Royalty Fee.

(5) We may also establish local, regional and/or national advertising cooperatives (each a “Co-op”) and designate one or more Co-ops for your Golden Chick Restaurant. Currently, we have Co-ops designated for all of our Golden Chick Restaurants. The contribution requirement will be determined by the members, in accordance with rules we establish for the Co-op. Your contributions for the local, regional and/or national Co-op will not exceed 2% of your Franchisee Gross Revenues for each Co-op.

(6) You must pay all costs and expenses we incur to enforce our rights under the Franchise Agreement and/or Development Agreement (as applicable), or to defend against any claim, demand, action or proceeding arising out of your failure to perform your obligations under the Franchise Agreement or Development Agreement.

(7) You must indemnify us, our subsidiaries and affiliates, successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, employees and contractors for all loss or damage including court costs and reasonable attorneys’ fees, which such person may incur arising out of or relating to your establishment or operation of Golden Chick Restaurant(s), or any act or omission or failure to act on the part of you, any of your subsidiaries and affiliates, and any of your owners and the officers, directors, shareholders, partners, agents, independent contractors, servants, employees, and representatives of you and your subsidiaries and affiliates in connection with the establishment and operation of the Golden Chick Restaurant, including any acts, errors, or omissions of any of the above in the operation of any delivery motor vehicle and for all claims for damage to property or for the injury or death of any person or persons, directly or indirectly resulting from the establishment or operation of the Golden Chick Restaurant. You are also required to indemnify and hold us harmless as to any liability and/or costs incurred because of any mechanic’s or materialman’s lien due or claimed for material furnished or claimed to be furnished, or labor performed or claimed to be performed at the instruction or request of you, your agents and employees, or under contract with, or on behalf of, you.

(8) Only if you retain services for administrative, accounting and payroll services from us or one of our affiliates then either we or our affiliate will charge an administration fee of 1% of the weekly Franchisee

Gross Revenues of the Golden Chick Restaurant, which will be in addition to the Weekly Royalty Fee and advertising contribution(s), and any other fees or payments due and owing to us.

(9) In the event of the death or permanent disability of any person with a 25% or more interest in the Franchise Agreement, in the Golden Chick Restaurant, or in you, or any person with an interest less than 25% if we determine, in our sole and absolute option, that the person had substantial control or supervision over the management of the Golden Chick Restaurant, we, at our sole and absolute option, may elect to operate the Golden Chick Restaurant ourselves or through an affiliate during the interim 12 months following the death or the interim six-month period following the permanent disability, as applicable, until the interest of that person is transferred in accordance with the terms of the Franchise Agreement or until the applicable interim period expires, whichever comes first. As compensation for managing the Golden Chick Restaurant, either we or our affiliate will charge a management fee of 2% of the weekly Franchisee Gross Revenues of the Golden Chick Restaurant, which will be in addition to the Weekly Royalty Fee and advertising contribution(s), and any other fees or payments due and owing to us.

In addition, one of our affiliates, GFC Leasing, has entered into limited partnerships for the development of some of our Golden Chick Restaurants under GC Partnerships, and may do so in the future. Also, one of our affiliates, Golden Operating Corporation, has entered into management agreements for some of our Golden Chick Restaurants. Golden Operating Corporation charges a management fee of 5% of the monthly Franchisee Gross Revenues of the Golden Chick Restaurant, which will be in addition to the Weekly Royalty Fee and advertising contribution(s), and any other fees or payments due and owing to us.

(10) We have implemented a gift card program throughout the Golden Chick Restaurants in which you must participate. You must purchase the cards from our approved suppliers and must sell the cards to guests, and redeem those cards submitted by guests. In addition, you will pay a set-up fee and per transaction fee to an approved third-party you retain to process the gift card transactions.

(11) If you are in default under your Franchise Agreement and we incur some cost to ensure that you: (A) complete the construction, refurbishment, or remodeling of the Golden Chick Restaurant; (B) maintain and operate the Golden Chick Restaurant in accordance with Franchisor Standards; and (C) provide notice of any change in general manager and/or have such general manager satisfactorily complete our training program; then we will be entitled to be reimbursed for reasonable cost incurred.

(12) If we terminate the Franchise Agreement due to your default, we will be entitled to a lump-sum equal to the lesser of: (a) the average Weekly Royalty Fee due during the twenty-four (24) months preceding such termination, multiplied by the number of then-unexpired weeks in the term of this Agreement; or (b) the total sum of all Weekly Royalty Fees due by Franchisee under Section 4(b) for the twenty-four (24) calendar months of operation of Franchisee Location preceding the termination (or twenty-four (24) times the average of such amounts for all previous months if Franchisee Location has not been in operation for twenty-four (24) months).

(13) If your lease of the Franchisee Location is not assigned to us or another Golden Chick Restaurant franchisee upon the termination or expiration of your Franchise Agreement and if you do not (A) remove the Golden Chick signage, sign enclosures, and menu boards or (B) remove and change our identification markings, color schemes, building fixtures, apparatus, equipment, and furnishings, as we direct, so as to eliminate the design, decor, style and other characteristics which are associated with a retail fast-food location which is a part of Franchisor System; then we may make such modifications or cause to be made such modifications or alterations at your expense.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Below are estimates of your initial investment with respect to three prototypical Restaurants. These estimates are subject to modification based upon the Restaurant's location, our cost of providing services, and any future policy changes. In addition, if you do not already own space adequate for a Restaurant, you will have to purchase or lease land and/or space for the Restaurant. We cannot estimate your initial investment for any particular Restaurant which is not prototypical.

Prototypical Free-Standing Restaurant

Free-Standing Ground-Up Construction

Typical free-standing restaurants will require from 35,000 to 40,000 square feet of land for the restaurant and sufficient parking facilities (including average setback requirements) designed to accommodate approximately 22 to 30 motor vehicles. Typical land costs could range between \$10.00 to \$28.00 per square foot of land. However, a free-standing site in a shopping center or on a major highway or thoroughfare will cost more than an end-cap in a shopping center or a building in a smaller community. Typical site preparation costs (including paving) could range between \$5.50 to \$9.00 per square foot of the land. Accordingly, typical land costs could range between \$350,000 to \$1,120,000, and site preparation costs could range between \$192,500 to \$360,000. Finally, free-standing restaurants are generally around 2,052 square feet. Typical construction costs of the building could range between \$300.00 to \$400.00 per square foot of the building. Accordingly, typical construction and finish-out costs for this type of construction could range between \$615,600 to \$820,800.

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 - \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 - \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$250,000 - \$425,000	As Arranged	As Arranged	Approved Suppliers
Signs and Menu Boards ⁽⁴⁾	\$50,000 - \$100,000	As Arranged	As Arranged	Approved Suppliers
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 - \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$3,000 - \$42,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory/Supplies ⁽⁸⁾	\$15,000 - \$20,000	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Architect/Engineer Fees ⁽⁹⁾	\$12,000 - \$42,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	Variable	As Arranged	As Arranged	Seller
Cost of Lease ⁽¹¹⁾	N/A	--	--	--
Site Preparations ⁽¹²⁾	\$192,500 - \$360,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$615,600 - \$820,800	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 - \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 - \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 - \$30,000			
TOTAL	\$1,191,350 - \$1,913,300			

Free-Standing Conversion

You may purchase an existing facility if such facility can be adequately modified in accordance with our design and layout plans and specifications for a prototypical Restaurant. Typical free-standing restaurants to be converted are generally 1,600 to 2,400 square feet and have access to sufficient parking facilities to accommodate approximately 22 to 30 motor vehicles. Typical construction improvement costs could range between \$281.25 to \$270.83 per square foot of restaurant. These improvement costs are based upon adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 1,600 to 2,400 square feet. In addition, you will be paying the higher amount if you are responsible for providing connections to adequate electrical, gas, water, and sewage services. Accordingly, typical construction and finish-out costs for this type of construction could range between \$450,000 to \$650,000.

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 - \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 - \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$250,000 - \$425,000	As Arranged	As Arranged	Approved Suppliers
Signs and Menu Boards ⁽⁴⁾	\$50,000 - \$100,000	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 - \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$3,000 - \$42,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory/Supplies ⁽⁸⁾	\$15,000 - \$20,000	As Arranged	As Arranged	Approved Suppliers
Architect/Engineer Fees ⁽⁹⁾	\$10,000 - \$25,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	Variable	As Arranged	As Arranged	Seller
Cost of Lease ⁽¹¹⁾	N/A	--	--	--
Site Preparations ⁽¹²⁾	\$0 - \$25,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$450,000 - \$650,000	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 - \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 - \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 - \$30,000			
TOTAL	\$831,250 - \$1,390,500			

Prototypical End-cap Restaurant

Typical end-cap restaurants are generally 2,000 to 2,400 square feet and have access to sufficient parking facilities to accommodate approximately 22 to 30 motor vehicles. Typical leasehold improvement costs could range between \$225.00 to \$270.83 per square foot of restaurant. These leasehold improvement costs are based upon adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 2,000 to 2,400 square feet. In addition, you will be paying the higher amount if you are a first-generation tenant who is responsible for providing connections to adequate electrical, gas, water, and sewage services. Also, your landlord may provide an allowance for tenant improvements, but you cannot assume that you will be receiving any amount. Accordingly, typical construction and finish-out costs for this type of construction could range between \$450,000 to \$650,000. In addition, you will be responsible for rent and a security deposit. Your annual rent for leased space will vary based upon a variety of factors such as whether the Restaurant is located within an existing retail business (e.g., shopping mall), the quality of the retail business, the quality of the site and the surrounding trade area and market factors such as availability of land and comparable sale price and lease rates. Although the amounts will vary significantly due to your negotiations with your landlord, your typical first month's rent and security deposit could range between \$10,000 to \$18,900.

Type of Expenditure ⁽¹⁾	End-Cap Conversion	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 - \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 - \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$250,000 - \$425,000	As Arranged	As Arranged	Approved Suppliers
Signs and Menu Boards ⁽⁴⁾	\$30,000 - \$70,000	As Arranged	As Arranged	Approved Suppliers
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 - \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$3,000 - \$42,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory/Supplies ⁽⁸⁾	\$15,000 - \$20,000	As Arranged	As Arranged	Approved Suppliers
Architect/Engineer Fees ⁽⁹⁾	\$10,000 - \$25,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	N/A	--	--	--
Cost of Lease ⁽¹¹⁾	\$10,000 - \$18,900	As Arranged	As Arranged	Landlord
Site Preparations ⁽¹²⁾	\$0 - \$25,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$450,000 - \$650,000	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 - \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 - \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 - \$30,000	--	--	--
TOTAL	\$821,250 - \$1,379,400			

Notes:

(1) The cost of land, site preparation, leasehold improvements, finish-out costs, and remodeling a Restaurant vary substantially, depending upon the lot size, geographic area, previous use and condition, market conditions, the amount of site preparation necessary (including paving), and type and quality of site preparation materials utilized. Your costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your seller or landlord. In addition, labor and material

costs may vary significantly due to variations in wage rates, labor efficiency, union restrictions, and availability, type, and price of materials.

(2) The initial franchise fee in all areas is \$30,000. See Item 5 for more information about the initial franchise fee. If you are a VetFran Participant, the initial franchise fee for your first Golden Chick Restaurant shall be reduced by 33.33% of our then-current initial franchise fee. See Items 1 and 5 for more information about being a VetFran Participant.

(3) If you have not located and obtained our approval for a site prior to the execution of the Franchise Agreement, then you may be required to pay us a non-refundable Site Evaluation Fee totaling \$2,500 prior to our conducting a preliminary site evaluation.

(4) These amounts include the cost of the furniture, fixtures, equipment, smallwares, decor items, interior graphics, sound system, and building signage required for your Golden Chick Restaurant. The cost of signage will vary depending on the restrictions as to size and specifications imposed by your landlord and local ordinances.

(5) Any vehicles you utilize for delivery and/or catering services must be equipped per our specifications. We cannot estimate your cost for these vehicles due to a variety of factors including which services you offer, the use of third-party vendors for those services, the number of vehicles used, whether you purchase or lease the vehicles, and the size and market conditions of your Assigned Area (as defined in Item 12 below).

(6) These amounts represent your estimated training-related, out of pocket costs to send these individuals to our training program; wages are not included. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals, and wages. These costs will vary depending upon a variety of factors including salaries, wage rates, choice of hotels and dining facilities, and airfare or other transportation costs. The low amount assumes that all trainees are owners/operators who draw no salary and who reside in the greater Dallas/Fort Worth area.

(7) The low amount assumes that you will lease or finance payment of the computer system and reflects the cost of installation and three months of estimated lease or finance payments. The high amount assumes that you will purchase the computer system. The average amount paid if you lease the computer system is \$1,000 to \$1,300 per month (plus sales tax) for a 36-month lease and \$42,500 if you purchase the computer equipment.

(8) This estimate includes the cost of food, beverages, condiments, packaging, and other supplies for approximately the first two to ten days of operations.

(9) This estimate includes the cost to hire an architect approved by us to adapt our standard plans and specifications to site and to local and state laws, regulations, and ordinances. An engineer ordinarily will be required only for new construction, conversions, surveying, soil tests, environmental studies, and electrical and mechanical engineering. An architect or engineer will also be required to supervise the construction and improvements to the restaurant premises. The amount of architect/engineer fees may be lower if a developer or landlord is assuming some of these charges. Because of numerous variables affecting whether a developer or landlord assumes some of these charges, these initial investment tables do not reflect any potential reduction in these charges.

(10) The cost of purchasing real estate for a Restaurant will depend upon factors such as location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership

interest you are buying. Because of numerous variables affecting the value of a particular piece of real estate, these initial investment tables do not reflect the potential purchase cost of real estate.

(11) The cost of leasing commercial space for the Restaurant depends upon location, size, visibility, economic conditions, accessibility, competitive market conditions, and other factors including whether the Restaurant is an in-line or freestanding unit.

(12) Site preparations include site improvement costs such as sewer, electrical, water, storm water, paving, striping, concrete, landscaping, grading and excavation, and site accessories.

(13) Construction and finish-out costs includes improvements to the location where you will operate your Restaurant. Among other things, you will need to arrange for proper wiring and plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting installation, storefront modifications, painting, cabinetry, bathroom facilities, etc. as outlined in your architectural drawings.

(14) This estimate covers professional and state filing fees for forming a business entity, and professional fees for engaging an attorney and an accountant to assist you with your franchise purchase. The cost of professional services can vary widely, depending upon factors such as locality, the extent of the assistance you require and other local circumstances (i.e., zoning, permits, and licenses).

(15) This amount represents an estimated down payment of your annual insurance premiums, equal to two months' payment. See Item 8 for a description of your minimum insurance requirements. Your cost of insurance will vary depending on the insurer, the location of your Restaurant, your claims history, and other factors, including if you provide delivery services. The amounts given do not include estimates for the automobile liability insurance required under the Franchise Agreement. If you offer delivery and catering services under the terms of the Franchise Agreement, we estimate that the annual premiums for each motor vehicle which you utilize will range from \$1,500 to \$2,500. Automobile insurance rates may vary substantially as described above.

(16) You will need capital to support ongoing expenses, such as employee wages, utilities, payroll taxes, legal and accounting fees, travel, advertising, promotion, outside services, linen, operating supplies, small equipment, maintenance and repair, office supplies, cash shortages, insurance, debt service, and non-product purchases, as well as additional opening capital for other variable costs. These figures are estimates for the first three months of operation and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how well you follow our methods and procedures; the sales volume of your restaurant; your management skill, experience, and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; your rent or debt structure; and whether your restaurant is not a typical location.

We relied on the experience of our affiliates' company-owned Golden Chick Restaurant to compile these estimates. Restaurants opening in cold weather months may be more likely to need capital in the initial 3-month period because restaurant sales are typically lower. You should review these figures carefully with your business advisor.

* * *

As your primary obligation under the Development Agreement is to open and operate multiple Golden Chick Restaurants under separate Franchise Agreements and in accordance with the Development Schedule, we anticipate that your initial investment relating to the Development Agreement will be comparable to that described above. Please note however that, as described in Item 5, at the time you sign a Development Agreement, you must pay a development fee of \$9,000 for each Golden Chick Restaurant to be developed,

sign a Franchise Agreement, and pay an initial franchise fee of \$30,000 for the first restaurant to be developed. You will pay an initial franchise fee equal to 60% of our then-current initial franchise fee upon signing a Franchise Agreement for each additional restaurant to be developed. You will receive a \$9,000 credit for each of the initial agreed upon number of Franchise Agreements executed under a Development Agreement; provided, however: (i) you must not be in default under the Development Agreement; and (ii) the credit is not fully earned until we receive the initial franchise fees for each Franchise Agreement.

ITEM 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Required Purchases

All furniture, fixtures and equipment; all ingredients, components, recipes, formulas and mixes and marinades used to prepare food and non-food products authorized by us for sale at your Golden Chick Restaurant; and all containers, wrappers, napkins, menus, condiments, utensils, paper and plastic products, signs, displays, decorations, advertising and promotional materials, cleaning chemicals, and other similar items and supplies used in connection with your Golden Chick Restaurant must be an ingredient, good, or product specified for use in a Golden Chick Restaurant and must be purchased only from suppliers (including manufacturers, distributors, and other sources) who demonstrate, to our continuing satisfaction, the ability to meet our then-current standards and specifications for these items, and who we have approved in writing before any purchases by you from any such supplier and have not later been disapproved (each being deemed an approved supplier).

Required Contractors

You, at your own expense, must complete all construction, refurbishment, or remodeling required by us. Such work must be performed by architects, contractors and subcontractors previously approved by us in writing.

Furniture, Fixtures, Equipment and Signs

You, at your own expense, must purchase or lease, install and maintain in accordance with our layout and placement design, all fixtures, furnishings, equipment, and signage required by us. The fixtures, furnishings, equipment, and signage must be purchased from approved suppliers.

POS; Computer Systems

You, at your own expense, must purchase or lease the point-of-sale system (electronic cash register) and a computer system (both hardware and software) specified by us from time to time. (For more information concerning the required systems, see Item 11 of this Franchise Disclosure Document.)

Motor Vehicles

We do not require that you purchase or lease your motorized delivery vehicles from approved suppliers. However, any delivery vehicles that you operate must be of a size and general type (e.g., a van) approved by us; must be affixed with our required signage and decor items; and must be equipped with such kitchen equipment apparatus and furnishings (e.g., an oven or other food-warming device) as we deem necessary to maintain and ensure the quality of your products and services. Such equipment, apparatus and furnishings must be purchased from approved suppliers.

Revenue from Franchisee Purchases and Leases

Neither we nor any of our affiliates are approved suppliers for any products or services. And neither we nor any of our officers have an interest in any privately held approved suppliers or any material interest in any publicly held approved suppliers. During our last fiscal year, neither we nor our affiliates derived any revenue from franchisee purchases or leases (exclusive of building leases).

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that required purchases and leases (meaning purchases and leases from us, our designated suppliers and purchases and leases of items meeting our specifications), exclusive of land and building costs, will account for approximately 90% of your purchases and leases in establishing the Golden Chick Restaurant (not including the initial franchise fee) and approximately 90% to 95% of your purchases and leases (exclusive of building leases) in operating the Golden Chick Restaurant.

Negotiated Prices; Rebates

We may negotiate purchase agreements, including group rates and price terms with suppliers, for purchases of equipment and supplies (including print materials and merchandise) necessary for the operation of the Golden Chick Restaurant. Presently, there are supply agreements in effect and you will be required to purchase approved supplies from approved distributors. These include suppliers of food and beverage products, the POS system, equipment, and services. We may collect certain manufacturing allowances, marketing dollars, rebates, credits, monies, payments and benefits (collectively, "Allowances") offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of products and other goods and services. These Allowances are or will be based on system-wide purchases of advertising, food, equipment, supplies, paper goods, merchandise, and other items.

Any Allowances we received were paid back to franchisees as pro rata rebates, used by us for brand enhancements and other activities promoting the brand (i.e., menu board replacement, remodel program, etc.), contributed to the National Ad Fund, and/or used by us to offset amounts past due for us or our affiliates. Although any future Allowances will vary from supplier to supplier, and from product to product, we expect to continue using the Allowances for the same purposes as they were in the past. However, we will bring future Allowances before the President's Council for discussion prior to making a final decision on or implementing any plan on using the Allowances. We will make our announcement on the use of the Allowances to the franchise community after we have had this discussion with the President's Council. Notwithstanding the foregoing, if vendor agreements have the use of their Allowance tied to a specific purpose, then we will use those Allowances in accordance with the vendors' agreements.

During the last fiscal year, we did not retain any revenues from sales of products or services to franchisees (excluding payments retained to offset amounts past due for us or our affiliates). We retain the right to retain all Allowances.

Material Benefits

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Golden Chick Restaurant is located, you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of products or services or use of suppliers.

Insurance

You must obtain and maintain the amounts and types of insurance that we prescribe in the Franchise Agreement, from an approved insurance provider. Insurance sources are approved upon submission of a policy meeting our specifications. Coverage must be at least as comprehensive as the minimum requirements of the Franchise Agreement, and in some cases, may be higher if required by local law, landlords, property owners, or other third parties. The policy or policies must be written by a carrier or carriers acceptable to us and must name us and our affiliates as additional insureds as we prescribe (except for workers compensation insurance).

Cooperatives

Currently, no purchasing or distribution cooperatives exist among the franchisees; however, we reserve the right to create such cooperatives.

ITEM 9 YOUR OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items in this Franchise Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
Site selection/acquisition/lease	Sections 5(a)(i)-(iv)	Section 5(e)	Items 8 and 11
Pre-opening purchases/leases	Section 5(d)	N/A	Items 5, 6, 7, 8 and 11
Site development and other pre-opening requirements	Sections 5(a)(i)-(iv)	Section 5	Items 5, 6, 7, 8 and 11
Initial and ongoing training	Sections 3(c)(i) and 5(d)(v)	N/A	Items 7, 8, 11 and 15
Opening	Section 5(a)(iii)	Section 5	Items 7 and 11
Fees	Section 4	Section 4	Items 5 and 6
Compliance with standards and policies/ our Operations Manual	Sections 3(d)-(f) and 5(d)	Section 18(b)	Items 1, 7, 8 and 13-16
Trademarks and proprietary information	Sections 5(c) and 5(i)	Sections 6 and 7	Items 8 and 13
Restrictions of products/ services offered	Section 5(e)	N/A	Items 8 and 16
Warranty and customer service requirements	N/A	N/A	N/A
Territorial development and sales quotas	Section 2(d)	Section 5	Item 12
Ongoing product/service purchases	Sections 5(e)(i)-(iv)	N/A	Items 8 and 16
Maintenance, appearance, and remodeling requirements	Sections 2(c)(iii) and (v), 3(a)(ii), 5(a)(vi), 5(k), 6(b)(ii)(G)	N/A	Items 8 and 15
Insurance	Section 5(h)(iii)	Section 10	Items 6,7 and 8
Advertising	Sections 3(i) and 4(c)	N/A	Items 6, 7, 8 and 11
Indemnification	Sections 5(h)(i)-(ii)	Section 9	Items 6 and 17

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
Owner's participation/management/staffing	Sections 5(d)(i)-(iii)	Section 5(d)	Items 8, 11 and 15
Records and reports	Sections 5(f)	Section 5(a)	Items 6 and 16
Inspections and audits	Sections 3(a)(ii), 3(c)(ii), 5(a)(iii), 5(e)(iii), 5.5 and 5(m) and 5(o)	N/A	Items 6 and 17
Transfer	Section 6	Section 11	Items 6 and 17
Renewal	Section 2(c)	Sections 3(b) and 19(a)	Item 17
Post-termination obligations	Sections 7(d) and (f)	Sections 8(f), 8(g) and 14	Item 17
Non-competition covenants	Section 5(j)	Sections 8(e)-(f)	Items 14 and 17
Dispute resolution	Sections 9(g)	Section 16	Item 17

ITEM 10 FINANCING

Typically, we do not offer direct or indirect financing, or guarantee your note(s), lease(s), or obligation(s), nor do we arrange for financing from other sources. We or an affiliate may, at our sole and absolute option, offer direct or indirect financing, or guarantee your note(s), lease(s), or obligation(s), however, we have no current intention to do so.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your Golden Chick Restaurant, we, or our designee (including our Area Representatives in the Houston Area, Las Vegas Area, and San Antonio Area) will:

(1) Aid in evaluating possible sites for the Golden Chick Restaurant that you submit to us for approval, under the terms and conditions of the Franchise Agreement. (Attachment E to this Disclosure Document.) However, ultimate site selection, contracting, due diligence, and acquisition is your responsibility. (See Franchise Agreement, Section 3(a)(i) and Section 5(a).)

(2) Within 60 days after signing the Franchise Agreement, subject to the exception described below, provide you: (a) design and floor plans and specifications for a prototypical Golden Chick Restaurant (which you will need to retain an architect/engineer to adapt to your particular site), (b) a list of the signs, fixtures, equipment, apparatus, and furnishings complying with our standards and specifications, and (c) our standards and specifications with which you must comply in establishing the Golden Chick Restaurant. After you submit a written request to us, detailing variations in the above which you desire, we will advise you of those variations which we find acceptable and those which we will not approve. If you remodel an existing facility, we will, in lieu of the design and layout plans and specifications described above, provide you with a specific list of our standards and specifications applicable to your remodeling. You must, at your sole expense, prepare architectural, engineering, and design plans and specifications for the remodeling in accordance with

those standards and specifications. All your remodeling plans and specifications are subject to our review and may not be used without our prior written approval. You cannot open/reopen a Golden Chick Restaurant to the public unless we have granted our written approval to do so, which approval shall not be unreasonably withheld, conditioned, or delayed. (See Franchise Agreement, Section 3(a)(ii).)

(3) Within a reasonable time after signing the Franchise Agreement, provide to you: (a) information regarding approved products, ingredients, recipes, paper, and other supplies, methods of preparation, signs, furniture, fixtures, and equipment, and approved suppliers, (b) a response to any written requests you submit for approval of proposed suppliers not previously approved by us, and (c) assistance in developing sources of supply for any of the foregoing items for which we do not have an approved supplier. (See Franchise Agreement, Section 3(b)(i).)

(4) As more particularly described below, provide initial training to you and certain of your management personnel (See Franchise Agreement, Sections 3(c)(i) and 5(d)(v).)

(5) Loan you one copy of our Operations Manual and other manuals. We may revise the contents of our Operations Manual and/or other manuals at any time. (See Franchise Agreement, Section 3(f).)

Opening

Before or within 90 days after signing the Franchise Agreement, you must secure, via purchase or lease, a Franchisee Location which has been approved by us for your Golden Chick Restaurant. (See Franchise Agreement, Sections 5(a)(i) and (iv).) We will review sites that you propose and notify you of our approval or disapproval in writing within 30 days after our receipt of all the information necessary to complete a site evaluation. We will act in a commercially reasonable manner when approving or disapproving any proposed site. However, we will have sole and absolute option in approving any proposed site and you must accept our decisions as final. Our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Golden Chick Restaurant or for any other purpose or of the financial success of operating the Golden Chick Restaurant at the site. If you choose to lease the Franchisee Location, we must approve the basic terms of the lease, including the term which must be equal to at least the unexpired portion of the then-current term (either initial or renewal) of the Franchise Agreement, and you and your landlord must execute an "Addendum to Lease Agreement" in the form attached as Exhibit D to the Franchise Agreement; provided, however, for purposes of the Franchise Agreement, the term of the lease shall include any options to renew the lease, so long as those options are exercisable solely by Franchisee. (See Franchise Agreement, Section 5(a).)

Your Golden Chick Restaurant must conform to our standards and specifications for appearance, layout, and design. We will provide you with building and restaurant design and layout plans and specifications, which you must conform to your Franchisee Location. You are solely responsible for the preparation of architectural and working drawings necessary to complete the buildout and construction of the Franchisee Location. We must approve all plans before you begin construction and buildout and must approve any subsequent changes to the plans before implementation. You must notify us in writing when construction begins and provide monthly progress reports in form required by us. (See Franchise Agreement, Section 5(a)(iii).)

You must open your Golden Chick Restaurant by the commencement date specified in your Franchise Agreement ("Commencement Date"). Excluding locations that you assume from us or one of our franchisees, we estimate that it will take approximately 12 to 13 months from the date you have leased or purchased your location to open your Golden Chick Restaurant. Factors affecting the length of time it may take you to open including obtaining necessary real estate (purchase or lease), zoning, replatting, building permits, weather, site conditions, and obtain financing, as well as the availability of architects and

contractors. If the Golden Chick Restaurant has not been fully constructed and opened by the Commencement Date set forth in the Franchise Agreement, we may, at our sole and absolute option, terminate the Franchise Agreement. (See Franchise Agreement, Section 7(b)(iii).)

Post-Opening Assistance

During the operation of your Golden Chick Restaurant, we or our designee will:

- (1) Provide training for you and your management and other personnel (more particularly described below), as we deem appropriate. (See Franchise Agreement, Section 5(d)(v).)
- (2) Continue counseling and advisory assistance in the management and operation of the Golden Chick Restaurant, as we deem advisable, including advisory visits and inspections. (See Franchise Agreement, Section 3(c)(ii).)
- (3) Provide you access to all improvements in Franchisor System to the extent we make it available to other Franchisor System franchisees. (See Franchise Agreement, Section 3(e).)
- (4) Continue our efforts to maintain our standards of high and uniform quality to protect and enhance the reputation of Franchisor System, Franchisor Marks (see Item 13), our franchisees, and the public's demand for products and services marketed through Franchisor System and by our franchisees. (See Franchise Agreement, Section 3(d).)
- (5) As we deem appropriate, provide you advice and written materials concerning techniques of managing and operating the Golden Chick Restaurant, including new developments and improvements in equipment, food products, packaging, and preparation. (See Franchise Agreement, Section 3(b).)

Advertising

As discussed in Item 6 and as further described below, we have established a National Ad Fund, and reserve the right to designate a local, regional and/or national advertising Co-ops for your Golden Chick Restaurant. You must spend the amount we specify on advertising. (See Franchise Agreement, Section 4(c).)

National Ad Fund

We have established a national advertising fund for the common benefit of Golden Chick Restaurants. The National Ad Fund is a separate segregated fund which we administer for the purpose of enhancing the goodwill and public image of Golden Chick Restaurants and Franchisor System through advertising and promotions and consists of payments from franchisees pursuant to their Franchise Agreements. The National Ad Fund may be established on a national or international basis. You must contribute up to 2% of your Franchisee Gross Revenues to the National Ad Fund, in the manner we specify. (See Franchise Agreement, Section 3(i)(i).)

We and/or our designees will direct all advertising and other programs produced using National Ad Fund contributions, and will have sole and absolute option to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of advertisements, and the allocation of the money in the National Ad Fund to production, placement, or other costs. Not all franchisees will benefit directly or on a pro-rata basis from National Ad Fund expenditures.

The National Ad Fund and its earnings will be used to satisfy any and all costs of maintaining, administering, directing, preparing purchasing and placing advertising, including, for example: the cost of preparing and

conducting television, internet, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; search engine optimization and the Golden Chick Restaurant locator services; research and development (including, for example, the development of new recipes and menu items and product and service testing); and employing advertising agencies to assist in those activities.

The sum you pay into the National Ad Fund will be maintained in a separate account or accounts by us and/or our designee. The National Ad Fund is operated solely as a conduit for collecting and expending the National Ad Fund fees as outlined above. However, up to 10% of the fund contributions may be used by us to defray any of our reasonable operating costs and overhead expenses incurred in administering or directing the National Ad Fund and advertising programs for franchisees and Franchisor System. In addition, while we do not anticipate that National Ad Fund contributions will be used for advertising which is principally for the solicitation of franchisees, we reserve the right to use National Ad Fund contributions for public relations activities, and to include a notation in all advertisements indicating that franchises are available.

An unaudited statement of the operations of the National Ad Fund will be prepared annually and will be made available to you upon written request within 120 days after the end of each calendar year. Company or affiliated-owned Golden Chick Restaurants are required to contribute to the National Ad Fund. Franchisees located outside of the United States will not be required to contribute to the National Ad Fund unless we determine that they are in a market that derives some benefit from the advertising or promotions.

We reserve the right to structure the National Ad Fund's organization and administration in ways that, in our judgment, most effectively and efficiently accomplish the National Ad Fund's objectives. We may therefore organize or reorganize the National Ad Fund as a separate non-profit corporation or other appropriate entity and transfer the National Ad Fund's assets to the entity to administer the National Ad Fund. You must become a member of that entity and, in that regard, sign a participation agreement and take such other steps as we reasonably specify.

During the most recently concluded fiscal year, National Ad Fund expenditures were allocated as follows: production (75.40%); placement (0.30%); online marketing and Internet Site maintenance (11.20%); research and development (4.60%); and administrative expenses (8.50%).

Franchisee Advertising Cooperative

We may designate any geographic area for purposes of establishing local, regional and/or national Co-ops, and determine whether you must become a member of one or more Co-ops. Each Co-op must operate under the guidelines we prescribe, and we have the right to change, dissolve, or merge any Co-op at our sole and absolute option. If a Co-op for the geographic area (local, regional and/or national) in which your Golden Chick Restaurant is located has been established at the time you commence operations, you must immediately execute any documents which are necessary to become a member of the Co-Op, and must abide by the guidelines we prescribe for the Co-op. If a Co-op for the geographic area (local, regional and/or national) in which your Golden Chick Restaurant is located is established during the term of the Franchise Agreement, you must become a member of the Co-op by executing the documents that we specify within 30 days after the date on which the Co-op commences operation, and must abide by the guidelines we prescribe for the Co-op. (See Franchise Agreement, Section 3(i)(ii).)

Each local, regional, and national Co-op will have the right to establish its own fees, which we anticipate will be 2% of your Franchisee Gross Revenues for each Co-op. We and/or the Co-op members may increase the minimum Co-op contribution requirement. We may collect Co-op contributions on behalf of the Co-op. We must approve all advertising and promotional plans or materials to be used by the Co-op prior to use. Golden Chick Restaurants owned by us located within the geographic area (local, regional, or national) of

any Co-op will become members of the Co-op and will participate in and contribute to the Co-op on the same basis as franchisee members.

We have the sole right to form, change, dissolve, and merge Co-ops and to create and amend any organizational and governing documents of any Co-op. Currently, we have Co-ops designated for all of our Golden Chick Restaurants. Once established, we may terminate and/or dissolve the Co-op at any time. The Co-op will not be terminated, however, until all monies in the Co-op have been expended for authorized purposes or returned to contributing Golden Chick Restaurants (whether franchised or company or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Co-op must prepare annual, unaudited financial statements, which will be made available to contributing Co-op members.

Prior advertising councils had been established for Franchisor System; however, they were consolidated into the current President's Council (see below). No advertising council is currently established for Franchisor System, but we routinely discuss advertising programs with the President's Council.

Local, Regional or National Telephone Numbers

We reserve the right to establish a program for local, regional or national telephone numbers to facilitate the direction of customer orders and improve service to the public. If established, you must participate in the program according to the terms and conditions we prescribe, including the payment of a fee for the use of the telephone number and/or your purchase or lease of such equipment that we deem necessary to establish and operate the program. As of the date of this Franchise Disclosure Document, we have not established any such program.

President's Council

We have established an advisory council, known as the President's Council, which provides advice to us on advertising and other issues. The President's Council usually has approximately eight members that we select, in our sole and absolute option, none of whom serve for a predetermined term. The President's Council serves in an advisory capacity only; and we have the authority to change or dissolve the President's Council at any time.

POS & Computer Requirements

You must use the point-of-sale system ("POS System") and computer system that we specify from time to time. The POS System must be installed and maintained in accordance with our layout, placement design and other specifications. Due to the constant and sometimes rapid change in technology and software systems, you may be required to replace your POS System and/or computer system prior to the expiration of the term of your Franchise Agreement. You will assume all risk associated with any failure to replace your POS System and/or computer system as required, including among other risks that may result in lost sales and profits: the risk of communication failures and the inability to order or receive products. (See Franchise Agreement, Section 5(o).)

You must, at all times during the term of your franchise agreement and at your sole cost and expense, purchase, install and maintain the equipment, make the arrangements, and follow the procedures that we require to permit us to access, download and retrieve electronically, by telecommunication or other designated method all information stored in your computer systems, including information concerning your Franchisee Gross Revenues, and to permit us to upload and for you to receive and download information from us. In addition, you must maintain the ability to receive and review emails. You must also maintain an email account name that we specify. We will have access to the information at the times and in the

manner that we specify from time to time. If you fail to make that information accessible to us, we may, in our sole and absolute option and without limitation of any other rights provided for in the Franchise Agreement, assess a reasonable monetary charge for that failure.

Golden Chick Internet Site

We have established and maintain the internet site identified on the cover of this Franchise Disclosure Document (“Internet Site”) that provides information about Franchisor System and the products and services offered at Golden Chick Restaurants. We have sole and absolute option and control over the Internet Site’s design and contents. We have no obligation to maintain the Internet Site indefinitely; and may discontinue it at any time without liability to you. Furthermore, as we have no control over the stability or maintenance of the Internet Site generally, we are not responsible for damage or loss caused by errors of the Internet Site. (See Franchise Agreement, Section 3(i)(v).)

If we require, you must contribute a reasonable amount toward the cost of maintaining and further developing the Internet Site. We will set the contribution amount in January of each year and will collect the payments monthly. In addition, or alternatively, we may use part of the National Ad Fund contributions that we collect to maintain and further develop the Internet Site.

Golden Chick Intranet

We may establish and maintain one or more intranet systems through which members of the Golden Chick Restaurant franchise network may communicate and through which we may disseminate updates to the Operations Manual, other manuals, and other confidential information (each a “Franchisor Intranet”). (See Franchise Agreement, Sections 3(i)(vi) and 5(p).) We may establish policies and procedures pertaining to your use of Franchisor Intranet(s). We will at all times have access to, and retain ownership of, all of the data and content of Franchisor Intranet(s). We may require you to contribute a reasonable amount, not to exceed \$100 per month, toward the cost of maintaining and further developing Franchisor Intranet. We will set the contribution amount in January of each year and will collect the payments monthly. If you fail to pay when due any amount payable to us under the Franchise Agreement, or if you fail to comply with any policy or procedure governing Franchisor Intranet, we may temporarily suspend your access to all or any aspect of Franchisor Intranet until you fully cure such default. We may establish, change, or dismantle any Franchisor Intranet at any time.

Golden Chick Operations Manual

We will loan you a copy of our Operations Manual, and other manuals, which contain mandatory and suggested specifications, standards, and procedures. This Operations Manual, and each of the other manuals, is confidential and remains our property. The Table of Contents of our Operations Manual is attached to this Franchise Disclosure Document as Attachment C. It describes the number of pages devoted to each subject and the total number of pages in our Operations Manual. (See Franchise Agreement, Section 3(f).)

Training

The initial training program provided by us, or our designee (including Area Representatives in the Houston Area, Las Vegas Area, and San Antonio Area) is described below for your key management personnel:

Training Program

Subject	Classroom/Office Training Hours	On-the-Job Training Hours	Location
Introduction, Personnel, History, General Orientation, Sanitation, and Safety	2-3 hours	-	*
Responsibilities of the Franchisees/Franchisor	1 hour	-	*
Observation (lunch rush and procedures)	1 hours	1 hour	*
Pre-Opening Manual, Operations Manual, Training Manual and Timeline	1 hour	-	*
Site Build-Out and Equipment Ordering	1 hour	-	*
Accounting/Reporting	3 hours	-	*
Inventory Ordering	1 hour	3 hours	*
Human Resources – Laws and Guidelines	1 hour	1 hour	*
Recruitment/Interview Process	1 hour	1 hour	*
Training and Development of Employees	1 hour	4 hours	*
Developing Personnel Policies	1 hour	-	*
Job Descriptions	1 hour	-	*
Managing Employees	2 hours	8 hours	*
Manager Duties/Function	4 hours	18 - 48 hours	*
Guest Service	-	4 hours	*
POS Overview	1 hour	2 hours	*
Safety Guidelines	1 hour	1 hour	*
Advertising/Marketing	1 hour	-	*
Controllable Costs	3 hours	2 hours	*
Position Training	-	80 - 120 hours	*
Manager Training and Computer/POS	-	40 hours	*
TOTAL HOURS OF TRAINING:	27-28 hours	160 hours**	*

* We currently have six (6) certified training locations in the following cities:

OK, Guthrie TX, Dallas	TX, Hondo TX, Houston	TX, Plano TX, San Antonio
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** The total on-the-job training hours may include simultaneous training for some subjects.

Before opening the Golden Chick Restaurant, you or a designated general manager (with at least two years' comparable experience in a quick service restaurant; provided that such individuals are available in the local workforce), and two assistant managers (each with at least one year's comparable experience in a quick service restaurant) who will operate the Golden Chick Restaurant must attend and complete to our satisfaction an initial training program. However, we may revise the experience requirements as we deem necessary, in our sole and absolute option, to accommodate the operation of any particular Golden Chick Restaurant. These exceptions may also require significant additional training time or applicable experience. The initial training program will be conducted at a company-owned Golden Chick Restaurant, at your Golden Chick Restaurant, or at another location which we specify. Although some classroom training may be

provided, the training consists primarily of an on-the-job training course at the designated restaurant supplemented with instructional materials consisting primarily of the manual, videos, and testing materials. The training addresses the various aspects of owning, operating, and managing a Golden Chick Restaurant, including such matters as food preparation, equipment operation, cost control, inventory ordering and control, and basic management and personnel techniques. We anticipate that the training program will last approximately four weeks, for eight hours per day, five days per week. However, for existing franchisees these amounts may be modified and/or reduced based on their prior experience. All of your personnel are required to be initially trained on-the-job by you at your Golden Chick Restaurant in accordance with our training standards and specifications. If you, or a designated manager, ceases to serve in, or no longer qualifies to manage a Golden Chick Restaurant, then you will have 30 days to designate another qualified person, and they must complete training within 90 days after the prior manager ceased serving. We may offer special or remedial training in addition to the above-described initial training program for you, your owners, and your supervisory staff and other personnel, the attendance of which training is mandatory at our sole and absolute option. The training program commences on the first Tuesday of every month and requires two-weeks prior written notice of your intent to attend the program scheduled for that month. We reserve the right to alter the schedule, as necessary.

We will provide instructors and training materials for all initial training which we conduct at no additional charge to you. We may charge you a reasonable fee for any special or remedial training. You are responsible for any and all expenses incurred by you, your owners, or your supervisory staff, or other personnel in connection with any initial or other training which we provide, including costs of travel, lodging, meals, and wages. Additional training may be required.

The corporate officer in charge of our training program is Mike Jensen. Mr. Jensen's business experience, including his experience with Golden Chick, can be found in Item 2.

Development Agreement

The Development Agreement does not require us to provide any pre-opening or continuing services to you.

ITEM 12 TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a Golden Chick Restaurant only at the Franchisee Location which you have selected and which we have approved. Your use of Franchisor Marks and any other element of Franchisor System in the operation of a business at any other location or in any other channel of distribution without our express written authorization will constitute willful infringement of our rights.

If, at the time you sign the Franchise Agreement, you have not secured a Franchisee Location for your Golden Chick Restaurant, you must lease or acquire a location, subject to our approval, as provided for in the Franchise Agreement. If you do not own the land and improvements for your Golden Chick Restaurant, then the lease of the Franchisee Location shall be for a term equal to at least the unexpired portion of the then-current term (either initial or renewal) of the Franchise Agreement; provided, however, for purposes of the Franchise Agreement, the term of the lease shall include any options to renew the lease, so long as those options are exercisable solely by Franchisee. You may relocate your Golden Chick Restaurant only with our prior written approval, which we will not unreasonably withhold if: (i) you are not in breach of your Franchise Agreement or any other agreement between you and either us or one of our affiliates beyond any applicable cure period; (ii) the proposed new location meets with our then-current standards for a Franchisee Location; and (iii) you sign our then-current form of Franchise Agreement, which will be for a term equal to

the unexpired portion of your current Franchise Agreement. We will not charge an initial franchise fee in connection with your execution of a new Franchise Agreement upon relocation. In the event that your lease for the Franchisee Location terminates through no fault of your own, or if the Franchisee Location is destroyed by flood, fire or other casualty, then in our sole and absolute option, we may grant you 60 days after the latter of closing at your previous location or receipt from your insurance carrier of total loss of your previous location, and you must reopen for business at your new location within the earlier of 180 days after receipt of funds from your insurance carrier or 270 days after closing at your previous location. If the relocation occurs for any other reason, your Golden Chick Restaurant must be reopened at a new Franchisee Location approved of by us within 5 days after the closing of the old Franchisee Location.

The Franchisee Location will be located within the designated area identified in Exhibit A to the Franchise Agreement (“Assigned Area”). You will offer approved products through dine-in consumption, and/or delivery, carry-out and catering services limited to your Assigned Area. If no geographic area is identified as the Assigned Area in your Franchise Agreement or if you are using third-party vendors for delivery, then you may offer delivery service limited to those customers whose order can be delivered within the delivery time period set forth in our then-current Operations Manual, other manuals, or as otherwise set forth in writing by Franchisor. For so long as you are compliant with the terms and conditions of the Franchise Agreement, we will not establish or operate, or license to any party other than you the right to establish or operate, a Golden Chick Restaurant from a physical location within your Assigned Area. If there are any pre-existing Golden Chick Restaurants in your Assigned Area, we or our franchisees or affiliates, as applicable, may continue to operate the Golden Chick Restaurants, and may relocate the Golden Chick Restaurants at our sole and absolute option. Except as described above, the Assigned Area is not exclusive, and you may face competition from us or our affiliates, from other franchisees, from locations that we own, or from other channels of distribution or competitive brands with which we are affiliated.

We retain all other rights within the Assigned Area, including, for example, the right to: (i) establish and operate, and license to others the right to establish and operate, Golden Chick Restaurants at any location outside of the Assigned Area; (ii) establish, acquire or operate, or license to others the right to establish and operate, businesses other than Golden Chick Restaurants within or outside of the Assigned Area, including businesses which offer goods or services which may be the same as or substantially similar to the goods and services offered by Golden Chick Restaurants; (iii) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, for example, sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet Site), so long as such sales are not conducted from a Golden Chick Restaurant operating from a location within the Assigned Area; (iv) conduct catering sales, and/or permit affiliates, licensees and/or other franchisees to conduct catering or delivery sales, to customers located in your Assigned Area; and (v) to engage in any other activities not expressly prohibited by the Franchise Agreement.

We retain the right to establish and operate, and license to others the right to establish and operate, Golden Chick Restaurants at any institutional or captive audience facilities, including, for example, military bases, airports and other public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, arenas, museums, art centers, theaters, warehouse clubs, theme parks, amusement centers, truck stops, casinos, and indoor food courts at shopping malls and/or centers, “big box” retail sites, and other venues operated by a master concessionaire or a contract food service provider (“Non-Traditional Locations”), within or outside of the Assigned Area (subject to Franchisee’s right of first refusal). We may also establish and operate, and license to others the right to establish and operate, Golden Chick Restaurants at the site of any event or series of events which we determine are of regional, national, or international proportion, regardless of frequency, such as the Olympics, World’s Fair, a state fair, a political convention, the Super Bowl, World Series, etc., within or outside of the Assigned Area (“Special Event Sites”).

If we grant you an Assigned Area for purposes of providing delivery and catering services (including if you are using third-party vendors for delivery), it will not be dependent upon any certain sales volumes, market penetrations, or other contingencies. We may, from time to time, revise the boundaries of your Assigned Area as we deem necessary, in our sole and absolute option, to accommodate the development of additional Golden Chick Restaurants, to accommodate changing market conditions, population changes, fluctuating traffic patterns and other relevant considerations. We will provide you with thirty (30) days prior written notice of any such revision and the Assigned Area in your Franchise Agreement will unilaterally be revised to your Assigned Area.

Development Agreement

Under the Development Agreement, for so long as you comply with the Development Agreement we will not, without your prior written consent, establish or operate nor grant anyone other than you the right to establish or operate a Golden Chick Restaurant that is physically located in the Development Area during the term of the Development Agreement. If there are any pre-existing Golden Chick Restaurants in your Development Area, we or franchisees or affiliates, if applicable, may continue to operate the Golden Chick Restaurants, and may relocate the Golden Chick Restaurants either within or outside of your Development Area at our sole and absolute option. Except as described above, the Development Area is not exclusive, and you may face competition from us and our affiliates, from other franchisees, from locations that we own, or from other channels of distribution or competitive brands that we control.

We retain all other rights within the Development Area, including, for example, the right to: (i) establish and operate, and license to others the right to establish and operate, Golden Chick Restaurants at any location outside of the Development Area; (ii) establish, acquire or operate, or license to others the right to establish and operate, businesses other than Golden Chick Restaurants within or outside of the Development Area, including businesses which offer goods or services which may be the same as or substantially similar to the goods and services offered by Golden Chick Restaurants; (iii) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, for example, sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet Site), so long as such sales are not conducted from a Golden Chick Restaurant physically located within the Development Area; (iv) conduct catering sales, and/or permit affiliates, licensees and/or other franchisees to conduct catering or delivery sales, to customers located in the Development Area; and (v) to engage in any other activities not expressly prohibited by the Development Agreement. We also retain the right to establish and operate and license to others the right to establish and operate, Golden Chick Restaurants at Non-Traditional Sites (subject to your right of first refusal) and at Special Event Sites within the Development Area.

The continuation of your territorial rights in the Development Area is subject to your fulfillment of your development obligations under the Development Agreement, including the Development Schedule. If you default on these obligations, we may, at our sole and absolute option, terminate the Development Agreement.

* * *

Neither the Franchise Agreement nor the Development Agreement grant you any rights (i) to distribute any of our products or services through any alternative channels of distribution or (ii) to share in any of the proceeds received by us or any other party as a result of any such distribution.

We do not have any current plans to operate or authorize any person or entity to operate other restaurants selling similar products and services under different trade names, trademarks, and service marks, although we, our owners, affiliates, and designees reserve the right, without any compensation to you, to do so at any time.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the right to use certain of our trademarks, trade names, service marks, slogans, symbols, emblems, and logos which we designate (collectively, "Franchisor Marks") only in the manner which we authorize and permit and only for the operation of the Golden Chick Restaurant at the location specified in the Franchise Agreement or within the Assigned Area as described in Item 12. You cannot use a name or marks as part of a corporate name or with modifying words, designs, symbols, except for those that we license to you. You may not use our registered name in connection with the sale of any unauthorized product or service.

The following principal marks have been registered on the Principal Register of the U.S. Patent and Trademark Office and all required sworn statements have been filed:

Franchisor Marks	Application/ Registration Date	Application/ Registration Number
BIG & GOLDEN® (word)	09/22/2020	6160188
CLUCKY® (design)	01/31/1995	1877065
GOLDEN CHICK® (design)	01/19/2016	4887912
GOLDEN CHICK® (word)	06/07/1994	1839094
GOLDEN TENDERS® (word)	04/15/1997	2051952
LOTTA ZING® (word)	07/28/2015	4781628
THE ORIGINAL & STILL THE BEST® (word)	04/05/2022	6694902

There are no presently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court; any pending interference, opposition, or cancellation proceedings; or any pending litigation involving any of Franchisor Marks that might affect our ownership or use of any Franchisor Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of any of Franchisor Marks in any manner material to the Golden Chick Restaurants.

We are aware that the phrases "Golden", "Chick", "Tenders", "Lotta Zing" and other names and phrases similar to it are presently being used by numerous persons unaffiliated with us throughout the United States. To the extent any such use in a particular geographic area precedes the use in the area by us or any of our franchisees, such person is likely to have common law rights in the mark superior to us and we (and any of our franchisees) may be prohibited from using the mark in the relevant area. In addition, several of such persons have registered their similar mark with the U.S. Patent and Trademark Office. To the extent our (or any of our franchisee's) first use of the mark is subsequent to any such registration, the registrant may prohibit us (and any franchisee) from using the mark anywhere in the United States, regardless of the location of actual use by the registrant. The above is also applicable with respect to the first use of the mark by us (or any franchisee) in any state in which there is a state registration of a similar mark.

You may not use the Franchisor Marks in your corporate name and may not use them to incur any obligation or indebtedness on our behalf. You may not use Franchisor Marks on the internet, except as we expressly permit. You may not cause or allow all or any recognizable part of the Franchisor Marks to be used or displayed as all or part of an e-mail address, internet site domain name, URL or metatag, or relating to any internet home page, web site, or other internet-related activity without our express prior written consent, and then only according to procedures, standards and specifications that we establish. You may not register the

Franchisor Marks as part of any user name on any gaming website, social networking website (such as FACEBOOK® or TWITTER®), or any other type of website or App.

You must notify us immediately of any apparent infringement of or challenge to your use of any of Franchisor Marks and of any claim by any person of any rights in any Franchisor Marks. We are not required to take affirmative action when notified of these uses or claims. We are not obligated to protect your right to use the principal trademarks listed in this section and need not protect you against claims of infringement or unfair competition arising out of your use of Franchisor Marks. However, we will take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Franchisor Marks, and have the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to any Franchisor Marks. Settlement may include requiring you to do business under a different name or Franchisor Marks, in which case we may require you to use different Franchisor Marks or a modified version of Franchisor Marks, at your expense. You must sign all instruments and documents, render such assistance, and do such acts or things as may be reasonably necessary or advisable, in our opinion, to protect and maintain our interests in Franchisor Marks. If we become involved in litigation relating to your use of Franchisor Marks, you and your owners must assist us in the proceedings, which may include becoming a nominal party to any legal action. Unless the litigation resulted from your improper use of Franchisor Marks, we will reimburse you for your associated costs.

If it becomes advisable at any time in our sole and absolute option to modify or discontinue the use of any Franchisor Marks, or to substitute a new mark or graphic for any Franchisor Marks, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions.

ITEM 14 **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not own any right in or to any patents or registered copyrights that are material to the franchise. We claim copyright protection in certain works of authorship including recipes, newsletters, advertising and marketing materials, including newspaper and magazine advertisements, jingles, radio and television commercials, promotional materials, merchandising materials, sales aids, sales brochures, Franchisor Operations Manual, other manuals, information on any Internet Site or Intranet Site maintained by Franchisor, or, if applicable, reproduced on an approved website on the internet with changes that Franchisor authorizes, and any other original materials created by or on behalf of Franchisor, or Franchisee or another franchisee or developer based on materials relating to Franchisor System, whether or not the copyrights are registered (“Copyrighted Materials”).

You must notify us immediately of any apparent infringement of or challenge to your use of any of the Copyrighted Materials and of any claim by any person of any rights in any of our Copyrighted Materials. We are not required to take affirmative action when notified of these uses or claims. We are not obligated to protect your right to use the Copyrighted Materials and need not protect you against claims of infringement or unfair competition arising out of your use of the Copyrighted Materials. We can take any action we deem appropriate in connection with any infringement of, or challenge or claim to, any Copyrighted Materials, and the right to control exclusively, or to delegate control of, any settlement, litigation, or other proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to any Copyrighted Materials. You must sign all instruments and documents, render such assistance, and do such acts or things as may be reasonably necessary or advisable, in our opinion, to protect and maintain our interests in the Copyrighted Materials. If we become involved in litigation relating to your use of the Copyrighted Materials, you and your owners must assist us in the proceeding, which may include becoming a nominal party to any

legal action. Unless the litigation resulted from your improper use of the Copyrighted Materials, we will reimburse you for your associated costs.

If it becomes advisable at any time in our sole and absolute option to modify or discontinue the use of any Copyrighted Work, or to substitute a new design or graphic for any Copyrighted Work, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions.

You, each of your owners, and your employees must maintain the confidentiality of all Confidential Information that you and they receive in connection with the Golden Chick Restaurant and the franchised business. "Confidential Information" means the terms of any agreements, Franchisor System, Franchisor Operations Manual, other manuals, written directives and all recipes (including batter mixes and marinades), drawings, technical information, methods, processes, formulae, compositions, systems, techniques, inventions, machines, computer and supplier programs, research projects, business information, customer lists, pricing data, sources of supply, financial data and marketing, production, or merchandising systems and plans, and all other information, data, know-how, materials and data imparted or made available by Franchisor or its Affiliates to Franchisee, or is (i) designated as confidential, (ii) known by Franchisee to be considered confidential by Franchisor, or (iii) by its nature inherently or reasonably to be considered confidential. You must implement any reasonable procedures that we may require to protect our Confidential Information, including placing restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-diversion and confidentiality provisions. However, you may disclose Confidential Information in accordance with any applicable law including the federal Defend Trade Secrets Act.

Each of your managers and other of your personnel who will receive training from us or who will have access to Confidential Information must sign a Confidentiality Agreement in the form we prescribe. If the franchisee is a business entity, each person holding a beneficial ownership interest in the entity, directly or indirectly, must personally guarantee the obligations of the business entity and agree to be personally bound by the confidentiality obligations contained in the Franchise Agreement.

ITEM 15 **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION** **OF THE FRANCHISE BUSINESS**

Under the Franchise Agreement, you, or a designated general manager, must devote full time, best efforts to the personal management of the day-to-day operations of the Golden Chick Restaurant and either you, a designated general manager, or a designated member of the management team must be on the Golden Chick Restaurant premises at all times while it is open to the public. We recommend your personal on-premises supervision of the Golden Chick Restaurant. You are not explicitly required to inform us of the identity the designated general manager, although you and each of your owners and any designated general manager must complete our initial training program as described in Item 11. Otherwise, we do not impose limitations on who you can hire as a manager. The manager is not required to have an equity interest in the franchise.

If you operate more than two (2) Golden Chick Restaurants, then you must hire or appoint a full-time area manager, to devote full time and efforts to the management of the day-to-day operations of the Golden Chick Restaurants. The area manager need not have an equity interest in Franchisee but must have completed our initial training program as described in Item 11.

You must hire and supervise competent employees in sufficient numbers to operate and maintain the Golden Chick Restaurant at its maximum capacity and with maximum efficiency. You must use your best efforts to employ personnel who will maintain a neat and clean appearance, be conscientious employees, and render

competent and efficient service to your customers. You will at all times be responsible for management and operation of the franchise and the Golden Chick Restaurant, but as described above you may appoint an area manager or supervisory staff to assist you.

Your manager and any area manager must enter into a confidentiality agreement, in the form attached to the Franchise Agreement. In addition, your owners must sign the Franchise Agreement, and agree to assume certain of your obligations.

ITEM 16 **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use the Golden Chick Restaurant premises only for the operation of the Golden Chick Restaurant and must maintain business hours as provided for in the Franchise Agreement or as we otherwise specify. You may not use or permit the use of the premises for any other purpose or activity at any time without first obtaining our written consent.

You must establish, operate, and maintain the Golden Chick Restaurant in strict conformity with the methods, standards, and specifications as we prescribe in our Operations Manual, other manuals, or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications; prepare all menu items in accordance with our recipes and procedures for preparation contained in our Operations Manual, other manuals, or other written directives, including the prescribed content and mix; and refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent. You must sell and offer for sale only menu items specified by us, only in quantities and sizes specified by us, only in meal combinations specified by us, following all of our specifications and formulas, and sell no other food or drink item or merchandise without our prior written approval. No deviations to the specified menu or service shall be allowed without our express written consent. (See Item 9.)

We may, in our sole and absolute option, require you to offer our products and services through delivery and catering services (including the use of third-party food ordering, drop-off/catering, or other delivery services or systems). In such event, you must offer delivery and catering services to all customers located within the Assigned Area (see Item 12); provided, however, that you may not offer delivery services to any customer whose order cannot be delivered within the delivery time period set forth in our Operations Manual, other manuals, or otherwise set forth in writing by us, taking into consideration the least favorable driving conditions and strict compliance with all laws, regulations and rules of the road and due care and caution in the operation of delivery vehicles. You must immediately notify us if any such delivery time period will in any manner affect your ability to operate the delivery motor vehicles with due care and caution and in strict compliance with all laws, regulations and rules of the road.

You must purchase, lease or otherwise arrange for the use of any delivery motor vehicles, at your expense, which may be required to satisfactorily provide delivery and catering services authorized under the Franchise Agreement or as set forth in our Operations Manual, other manuals, or as we otherwise set forth in writing. You are solely responsible for the purchase or lease (as applicable), maintenance (including inspections and repairs), and operations of all delivery motor vehicles you utilize and, except as provided in Item 8 with respect to the appearance and equipping of the delivery motor vehicles and except as described below, we do not set forth any standards and specifications or otherwise exercise control over the purchase or lease, maintenance, or operation of the delivery motor vehicles you utilize. You may not utilize any third-party food ordering, drop-off/catering, or other delivery services or systems without our prior written consent. You may not engage or otherwise utilize any individual in the operation of the delivery motor vehicles in

connection with delivery of our products and services who is under the age of 18 and who does not possess a valid driver's license under the laws of the state in which you provide delivery services.

With respect to the offer and sale of all menu and beverage items and other products and services, we may from time to time offer guidance concerning what we believe to be the optimum selling price for the goods, products and services. We also have the right to establish maximum and minimum retail prices for the products and services offered at your Golden Chick Restaurant and may implement other price-related required promotions (such as free refills or Buy One Get One Free promotions) to the extent permitted by applicable law.

Except to the extent prohibited by applicable law (e.g., alcoholic beverage laws), you are not limited to the customers to whom you may sell goods or services.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

Franchise Agreement

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
Length of the franchise term	Section 2(b) of Franchise Agreement	20 years from the date of the Commencement Date of Franchise Agreement unless terminated earlier. Commencement Date is the earlier of the date that Franchisee Location physically opens for business with the general public, or: (a) immediately if Franchisee Location is assigned from Franchisor or another franchisee; (b) 270 days if Franchisee Location is conversion of existing restaurant operated by some other concept; or (c) 360 days if neither subsections (a) nor (b) are applicable.
Renewal or extension of the term	Section 2(c) of Franchise Agreement	You have the right to renew the Franchise Agreement for one 10-year term if certain conditions are met.
Requirements for franchisee to renew or extend	Section 2(c) of Franchise Agreement	You must (a) give written notice of renewal to us no earlier than 1 year and no later than seven months prior to end of the term; (b) not have defaulted under Franchise Agreement; (c) execute our then-current standard Franchise Agreement, which may contain terms which are materially different than prior versions (d) pay a non-refundable renewal fee; (e) repair or replace, at your cost and expense, equipment signs, interior and exterior decor items, fixtures, or furnishings, supplies and other products and materials required for the operation of the Golden Chick Restaurant; (f) have satisfied all monetary obligations under the Franchise Agreement and any other agreement between you or any of your affiliates and us or any of our affiliates and have materially met those obligations throughout their terms; (g) present satisfactory evidence that you have the right to remain in possession of the premises or obtain our approval of a new site for the duration of the renewal term; (h) execute a conditional release agreement; and (i) comply with our then-current qualification and training requirements.
Termination by franchisee	No provision	Not Applicable

Provision	Section in Franchise or Other Agreement	Summary
Termination by franchisor without cause	No provision	Not Applicable
Termination by franchisor with cause	Sections 7(a)-(b) of Franchise Agreement	Each of your obligations under the Franchise Agreement is a material and essential obligation, the default of which may result in termination.
“Cause” defined – curable defaults	Section 7(b) of Franchise Agreement	Includes failing to: make payments; submit reports; construct, open and operate Golden Chick Restaurant by Commencement Date; construct Golden Chick Restaurant in accordance with Franchise Agreement; complete training; continuously operate or abandoning Golden Chick Restaurant; use approved (or using unapproved) delivery or catering services; use properly or not impair Franchisor Marks; not be involved in confusingly similar business; comply with laws, rules, and regulations; maintain or operate in accordance with our business practices; notify regarding change in general manager or have new manager attend training; indemnify us or provide insurance; satisfy final judgement for 30 days without a bond; contribute to any Co-Op; and/or perform under Franchise Agreement.
“Cause” defined – non-curable defaults	Section 7(a) of Franchise Agreement	Includes failing to: retain possession of Golden Chick Restaurant; avoid general assignment for creditors, bankruptcy, or receivership; avoid conviction or plea of nolo contendere to felony, crime of moral turpitude, or offense affecting our goodwill; transfer properly; abide by Franchise Agreement regarding franchisor system and intellectual property; maintain or submit accurate records; avoid repetitive defaults; cure default; hire delivery drivers over 18 years old; be truthful on source, nature, or quality of goods or services; not misuse or impair Franchisor Marks; not be involved in a confusingly similar business; and comply with laws, rules, and regulations.
Franchisee’s obligations on termination/non-renewal	Sections 7(d) of Franchise Agreement	Obligations include: you must pay all amounts due to us or our affiliates; discontinue use of Franchisor System; remove, deliver to us signs, identification markings and alter fixtures so as to eliminate the design, decor and other characteristics which are part of Franchisor System; promptly destroy or surrender to us all supplies, stationery, displays, advertising and other items containing our marks; discontinue all advertising which uses our marks; at our sole and absolute option, sell or assign to us your rights in the Golden Chick Restaurant premises, all of the furnishings, equipment, supplies or inventory related to the operation of the Golden Chick Restaurant, and all rights to the telephone numbers of the Golden Chick Restaurant and any related Yellow Pages and other business listings (including internet listings). You must also pay the termination fee described in Item 6 if we terminate for cause.
Assignment of contract by franchisor	Section 6(a) of Franchise Agreement	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
“Transfer” by franchisee	Sections 6(b)-(i) of Franchise Agreement	Includes sale, assignment, conveyance, pledge, mortgage, or other encumbrance of any interest in the Franchise Agreement, the Golden Chick Restaurant or you (if you are not a natural person).
Franchisor approval of transfer by franchisee	Sections 6(b)-(i) of Franchise Agreement	You (or your owners, as applicable) must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
Conditions for franchisor approval of transfer	Sections 6(b)-(i) of Franchise Agreement	Conditions include you (or your owners, as applicable) must pay all amounts due to us or our affiliates, not otherwise be in default, sign a conditional release agreement, and pay a transfer fee. Transferee must meet our criteria, attend training, sign current Franchise Agreement, and modernize the Golden Chick Restaurant.

Provision	Section in Franchise or Other Agreement	Summary
Franchisor's right of first refusal to acquire franchisee's business	Section 6(d) of Franchise Agreement	We have the sole and absolute option to purchase the transferred interest on the same terms and conditions.
Franchisor's option to purchase franchisee's business	Sections 7(d)(vi) of Franchise Agreement	Other than our right to purchase your assets on termination or nonrenewal and our right of first refusal, we have no right or obligation to purchase your business.
Death or disability of franchisee	Section 6(e) of Franchise Agreement	Ownership must be transferred within 12 months after the date of death or six months after the date of permanent disability.
Non-competition covenants during the term of the franchise	Sections 5(j)(i)(A) and 5(j)(ii) of Franchise Agreement	During the term of the Franchise Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, own, maintain, engage in, manage, lend money to, extend credit to, have an interest in, or be employed as an officer, director, executive, or principal of any retail food business serving any item that is similar to any product which we have authorized for sale by Golden Chick Restaurants, and which represents a significant portion of the revenues of the Golden Chick Restaurants, which is located: (a) within your Assigned Area; or (b) within a 10-mile radius of any Golden Chick Restaurant then in operation or under construction. Neither you nor your principals, officers, directors, or owners may, directly or indirectly, divert or attempt to divert the business of any Golden Chick Restaurant to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with Franchisor Marks or Franchisor System.
Non-competition covenants after the franchise is terminated or expires	Sections 5(j)(i)(B) and 5(j)(ii) of Franchise Agreement	For a period of 2 years after the termination or expiration of the Franchise Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, own, maintain, engage in, manage, lend money to, extend credit to, have an interest in, or be employed as an officer, director, executive, or principal of any retail food business serving any item that is similar to any product which we have authorized for sale by Golden Chick Restaurants, and which represents a significant portion of the revenues of Golden Chick Restaurants, which is located: (a) within your Assigned Area; or (b) within a 10-mile radius of any Golden Chick Restaurant then in operation or under construction. For a period of 2 years following the termination or expiration of the Franchise Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, divert or attempt to divert the business of any Golden Chick Restaurant to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with Franchisor Marks or Franchisor System.
Modification of the agreement	Section 9(e) of Franchise Agreement	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Operations Manuals, other manuals, as amended.
Integration/merger clause	Section 9(e) of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
Choice of forum	Section 9(g)(ii) of Franchise Agreement	Litigation in the judicial district in which our principal headquarters are located (currently Dallas County, Texas), subject to applicable state law, except for actions seeking injunctive relief or which relate to real estate, which may be brought in any court with jurisdiction.
Choice of law	Section 9(g)(i) of Franchise Agreement	Subject to applicable state law, Texas law governs the Franchise Agreement and all disputes between the parties.

Development Agreement

This table lists certain important provisions of the development and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

Provision	Section in Development Agreement	Summary
Length of the development term	Section 3(a) of Development Agreement	Commencing on the effective date of the Development Agreement and ending on the earlier to occur of: (i) last operational date in Development Schedule; or (ii) date when you open for operation the cumulative number of Golden Chick Restaurants in Development Schedule, unless terminated earlier.
Renewal or extension of the term	Sections 3(b) and 19(a) of Development Agreement	There are no options to renew or extend the Development Agreement.
Requirements for developer to renew or extend	No provision	Not Applicable
Termination by developer	No provision	Not Applicable
Termination by franchisor without cause	No provision	Not Applicable
Termination by franchisor with cause	Section 12 of Development Agreement	Each of your obligations under the Development Agreement is a material and essential obligation, the breach of which may result in termination.
“Cause” defined – curable defaults	Sections 12(b)-(c) of Development Agreement	You have 10 days from the date we issue a notice of default within which to cure any default under the Development Schedule. You have 30 days to cure any default other than those described in Sections 12(a), 12(b), and 12(c) of the Development Agreement.
“Cause” defined – non-curable defaults	Sections 12(a) of Development Agreement	Bankruptcy, non-compliance with Development Schedule; termination of other agreements because of breach; non-approved transfer; and others; see Section 12(a) of the Development Agreement.
Developer’s obligations on termination/non-renewal	Section 13 of Development Agreement	You may not establish or operate any Golden Chick Restaurant for which there is not a currently effective Franchise Agreement; resell existing Golden Chick Restaurants to us at our request; return materials; post-termination, non-competition, and others.
Assignment of contract by franchisor	Section 11(a) of Development Agreement	We have the right to transfer or assign the Development Agreement to any person or entity without restriction.
“Transfer” by developer	Section 11(b) of Development Agreement	Includes sale, assignment, conveyance, pledge, mortgage, or other encumbrance of any interest in the Development Agreement, the Golden Chick Restaurant(s), or you (if you are not a natural person).
Franchisor approval of transfer by developer	Section 11(b) of Development Agreement	We must approve all transfers.
Conditions for franchisor approval of transfer	Section 11(b) of Development Agreement	Conditions include you (or your owners, as applicable) must pay all amounts due to us or our affiliates, not otherwise be in default, sign a conditional release agreement, and pay a transfer fee. Transferee must meet our criteria, attend training, and sign our then-current form of Development Agreement.

Provision	Section in Development Agreement	Summary
Franchisor's right of first refusal to acquire developer's business	Section 11(b)(ii) of Development Agreement	We have the sole and absolute right of first offer to purchase the Developer's interest.
Franchisor's option to purchase developer's business	No provision	Not Applicable
Death or disability of developer	Section 11(b)(iii) of Development Agreement	Ownership must be transferred within 12 months after the date of death or six months after the date of permanent disability.
Non-competition covenants during the term of the development	Sections 8(e) and 8(g) of Development Agreement	During the term of the Development Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, own, maintain, engage in, manage, lend money to, extend credit to, have an interest in, or be employed as an officer, director, executive, or principal of any retail food business serving any item that is similar to any product which we have authorized for sale by Golden Chick Restaurants, and which represents a significant portion of the revenues of Golden Chick Restaurants, which is located: (a) within your Development Area; (b) within a 10-mile radius of the address of any Golden Chick Restaurant established pursuant to the Development Agreement; or (c) within a 10-mile radius of any Golden Chick Restaurant then in operation or under construction. Neither you nor your principals, officers, directors, or owners may, directly or indirectly, divert or attempt to divert the business of any Golden Chick Restaurant to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with Franchisor Marks or Franchisor System.
Non-competition covenants after the development are terminated or expires	Sections 8(f) and 8(g) of Development Agreement	For a period of 2 years after the termination or expiration of the Development Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, own, maintain, engage in, manage, lend money to, extend credit to, have an interest in, or be employed as an officer, director, executive, or principal of any retail food business serving any item that is similar to any product which we have authorized for sale by Golden Chick Restaurants, and which represents a significant portion of the revenues of Golden Chick Restaurants, which is located: (a) within your Development Area; (b) within a 10-mile radius of the address of any Golden Chick Restaurant established pursuant to the Development Agreement; or (c) within a 10-mile radius of any Golden Chick Restaurant then in operation or under construction. For a period of 2 years following the termination or expiration of the Development Agreement, neither you nor your principals, officers, directors, or owners may, directly or indirectly, divert or attempt to divert the business of any Golden Chick Restaurant to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with Franchisor Marks or Franchisor System.
Modification of the agreement	Sections 18(l) of Development Agreement	The Development Agreement may not be modified unless mutually agreed to in writing.
Integration/ merger clause	Section 18(l) of Development Agreement	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and Development Agreement may not be enforceable.

Provision	Section in Development Agreement	Summary
Dispute resolution by arbitration or mediation	Sections 16(b) and 16(c) of Development Agreement	The parties must mediate and then arbitrate any dispute in Dallas, Texas, except for disputes relating to Franchisor Marks, Confidential Information, and monies owed to us; we can seek injunctive relief before any court of competent jurisdiction.
Choice of forum	Sections 16(a)(ii) of the Development Agreement	All claims not subject to mediation or arbitration must be brought before the judicial district in which our principal headquarters are located (currently Dallas County, Texas), subject to applicable state law, except for actions seeking injunctive relief or which relate to real estate, which may be brought in any court with jurisdiction.
Choice of law	Section 16(a)(i) of Development Agreement	Subject to applicable state law, Texas law governs the Development Agreement and all disputes between the parties, without regard to its choice of law provisions.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the sale of franchises.

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-operated locations, 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: (i) a franchisor provides the actual records of an existing location you are considering buying; or (ii) 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.

The following Tables reflect information about the past financial performance of a selected group of our Prototypical Restaurants and Non-Traditional Locations which are franchised, Company-Operated or Accounting-Serviced (as each term is defined below). This information consists of the sales shown for Restaurants operated, continuously from January 1, 2022, through December 31, 2022. "Company-Operated" Restaurants include: (i) Restaurants owned and operated by Golden Operating Corporation; (ii) Restaurants owned and operated by EB-5 limited partnerships in which our affiliate GFC Leasing Corp., LLC is the general partner and operated by Golden Operating Corporation under a management agreement; and (iii) Restaurants owned by a franchisee and operated by Golden Operating Corporation under a management agreement.¹ "Accounting-Serviced" Restaurants include Restaurants owned and operated by a franchisee and which have accounting services provided by Golden Operating Corporation.² Annual sales shown for franchised Restaurants may be based on our fiscal year or the calendar year depending on how a particular franchisee has reported sales.³

Special Event Sites are not included in any of the disclosures contained in Item 19.

Expenses shown are only for Company-Operated Restaurants and Accounting-Serviced Restaurants.

The information contained in this Item 19 refers to specific franchised and Company-Operated Restaurants and should not be considered as the actual or potential sales or costs that will be achieved by your

Restaurant. A franchisee's individual financial results may differ from the results stated in this financial performance representation.

Prototypical Restaurants⁴

Disclosed below is information concerning the Gross Revenues of franchised and Company-Operated Prototypical Restaurants which were in operation continuously throughout the period January 1, 2022 through December 31, 2022. Prototypical Restaurants refers to: (i) free-standing ground-up restaurants with 35,000 to 40,000 square feet of land and around 2,052 square feet in restaurant area; (ii) free-standing restaurants to be converted with 1,600 to 2,400 square feet in restaurant area; and (iii) and end-cap restaurants with 2,000 to 2,400 square feet in restaurant area. Each of the Prototypical Restaurants will include a cooking area, a drive-up window, a dining area that seats from 20 to 45 persons, and a parking area designed to accommodate approximately 22 to 30 motor vehicles.

Non-Traditional Locations⁵

Disclosed below is information concerning the Gross Revenues of franchised and Company-Operated Non-Traditional Locations which were in operation continuously throughout the period January 1, 2022 through December 31, 2022. Non-Traditional Locations refers to any institutional or captive audience facilities, including, without limitation, military bases, airports and other public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, arenas, museums, art centers, theaters, warehouse clubs, theme parks, amusement centers, truck stops, convenience stores, casinos, indoor food courts at shopping malls and/or centers, "big box" retail sites, and other venues operated by a master concessionaire or a contract food service provider.

Special Event Sites

Special Event Sites include any event or series of events which we determine are of regional, national, or international proportion, regardless of frequency, such as the Olympics, World's Fair, a state fair, a political convention, the Super Bowl, World Series, etc. We have excluded Gross Revenues from Special Event Sites in the following Tables.

Gross Revenues

"Gross Revenues" used in the following Tables means the total amount of all sales (exclusive of sales, excise, use, value added, gross receipt and other similar taxes imposed by any governmental authority added to the sales price and required to be collected by the seller from the purchaser) of products and services for cash or on credit, whether or not payment is ultimately made for such sales, which are made in, on, out of, through or from, all and every part of Restaurants including, without limitation, all such sales (whether or not such sales are included in the price of menu items) from dining-in, delivery, carry-out, drive-through and catering, any delivery charges and other related fees, as well as Franchisee's share of sales from vending machines, racks and displays, maintained or otherwise located in Restaurants or on such premises, and proceeds from gift certificates, gift cards, or stored value cards redeemed at Restaurants, and proceeds from business interruption insurance. In addition, all sales promotions, contributions, donations, and giveaways prescribed or approved by Franchisor shall not be deducted from Franchisee Gross Revenues. Franchisee Gross Revenues do not include: (i) proceeds from isolated sales of the trade fixtures that are not part of the products or services offered at any of Franchisor Restaurants; (ii) proceeds received from returns to shippers or manufacturers; (iii) proceeds from the sale of gift cards, gift certificates, or other stored value cards sold through one of Franchisor Restaurants, which proceeds are deposited into accounts maintained by Franchisor or its designee; and (iv) other items authorized by Franchisor in writing to be excluded from Franchisee Gross Revenues; provided, however, any such authorization may be revoked or withdrawn at

any time in writing by Franchisor in its sole and absolute option. In the event of cash shortages, the amount of sales shall be determined from cash register tapes (non-resettable totals), or other sales recording devices and cash shortages shall be disregarded.

There are numerous factors that may affect Gross Revenues at your Restaurant. Below is a list of some of the factors that may affect Gross Revenues. Please note that this is not an all-inclusive list of those factors but is merely a summary of some of the factors that may affect Gross Revenues.

- (a) Operational Ability. Your Gross Revenues will be affected by your own operational ability, which may include your experience with managing a business, your capital and financing (including sufficient working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts to assist in your business. Your Gross Revenues may also be negatively affected if you do not adhere to Franchisor Standards and Franchisor System.
- (b) Location. Your Gross Revenues may be affected by your Restaurant location and site criteria, including traffic count and which side of the street your Restaurant is located on (for example, whether the Restaurant is on the morning or afternoon drive side of traffic), local household income, residential and/or daytime populations, ease of ingress and egress, seating, parking, the physical condition of your Restaurant, the size of your site, and the visibility of your exterior sign(s), and whether your Restaurant is freestanding or located within a strip center.
- (c) Local and Regional Differences. Your Gross Revenues may be affected by other factors that may include consumer preferences, regional differences in products or product demand, including availability of products to you or your region, marketing activity associated with products, competition (national and local), inflation, local construction and its impact on traffic patterns, and reports on the health effects of consuming food similar to that served in the Restaurants, as well as the impact of federal, state and local government regulations.
- (d) Weather and Marketing. Your Gross Revenues may be affected by fluctuations due to seasonality, weather and periodic marketing and advertising programs. Inclement weather may cause temporary Restaurant closings in some areas.
- (e) Historical Data. The data in Tables A to H below reflects historical Gross Revenues. There is no assurance that future Gross Revenues of yours or any other Restaurants will correspond to historical Gross Revenues of the Restaurants. If you rely upon our data, you must accept the risk of not doing as well.

Cost of Goods Sold

There are numerous factors that may affect Cost of Goods Sold at your Restaurant. Below is a list of some of the factors that may affect Cost of Goods Sold. Please note that this is not an all-inclusive list of those factors but is merely a summary of some of the factors that may affect Cost of Goods Sold.

- (a) Operational Ability. Your Cost of Goods Sold will be affected by your own operational ability, which may include your experience with managing quick service restaurant operations, your experience building and managing an organization, continual training of you and your staff, your business plan, and using experts to assist in your business plan. Your Cost of Goods Sold may also be negatively affected if you do not adhere to Franchisor Standards and Franchisor System.

(b) Operational Efficiencies. Many of the Restaurants included in this data have been open and operating for several years. Those Restaurants may have lower cost percentages due to years of experience managing costs. For new Restaurants, Cost of Goods Sold percentages may exceed those of experienced operators.

(c) Other Factors. Other factors affecting your Cost of Goods Sold include, but are not limited to, the price of raw materials, your ability to manage and implement proper controls of waste, ruin, loss, theft and the portion sizes served to the public, regional differences, temporary shortages, seasonal and weather fluctuations, and fluctuations due to periodic marketing and advertising programs. Additionally, freight charges may be higher in some areas. If the cost of gasoline/diesel increases in the U.S., the cost of freight will rise as well.

(d) Economies of Scale. Restaurants with lower sales may have higher Cost of Goods Sold percentages because of economies of scale. Economies of scale refer to the reduction of production costs that is a result of making and selling goods in large quantities.

(e) Retail Sales Price. The retail sales price that you establish will also affect the Cost of Goods Sold percentages.

(f) Limited Geographic Area. You may have higher Cost of Goods Sold as a percentage of sales due to less distribution efficiencies if you are in a geographic area with fewer Restaurants.

(g) Historical Data. The data in Table I below reflects historical Cost of Goods Sold. There is no assurance that future Cost of Goods Sold of yours or any other Restaurants will correspond to historical Cost of Goods Sold of the Restaurants. If you rely upon our data, you must accept the risk of not doing as well.

Restaurant Labor

There are numerous factors that may affect Restaurant Labor at your Restaurant. Below is a list of some of the factors that may affect Restaurant Labor. Please note that this is not an all-inclusive list of those factors but is merely a summary of some of the factors that may affect Restaurant Labor.

(a) Operational Ability. Your Restaurant Labor will be affected by your own operational ability, which may include your experience with managing quick service restaurant operations, your experience building and managing an organization, continual training of you and your staff, your business plan, and using experts to assist in your business plan. Your Restaurant Labor may also be negatively affected if you do not adhere to Franchisor Standards and Franchisor System.

(b) Operational Efficiencies. Many of the Restaurants included in this data have been open and operating for several years. Those Restaurants may have lower cost percentages due to years of experience managing costs. For new Restaurants, Restaurant Labor percentages may exceed those of experienced operators.

(c) Other Factors. Other factors affecting your Restaurant Labor include, among other things, the local labor market and any applicable federal or state minimum wage law, pending healthcare legislation, employee turnover and your operational abilities, including your ability to train and retain employees, your compensation that may be included in labor, which varies among franchisees, menu, product mix, Restaurant layout, your salary and benefits programs, and scheduling. Restaurants must be staffed in accordance with Franchisor Standards.

(d) Economies of Scale. Restaurants with lower sales may have higher Restaurant Labor percentages because of economies of scale. Economies of scale refer to the reduction of production costs that is a result of making and selling goods in large quantities.

(e) Retail Sales Price. The retail sales price that you establish will also affect Restaurant Labor percentages.

(f) Historical Data. The data in Table I below reflects historical Restaurant Labor. There is no assurance that future Restaurant Labor of yours or any other Restaurants will correspond to historical Restaurant Labor of the Restaurants. If you rely upon our data, you must accept the risk of not doing as well.

Gross Revenues of Franchised and Company-Operated Restaurants

Table A

2022 Annual Gross Revenues Range of Prototypical Restaurants by State

State	Less Than \$700,000	Between \$700,000 - \$1,300,000	Between \$1,300,000 - \$2,00,000	Greater Than \$2,000,000	Total Number of Restaurants
Florida	0	1	0	0	1
Louisiana	0	0	1	0	1
Oklahoma	3	8	3	0	14
Texas	13	66	66	22	167
Total	16	75	70	22	183

Table B

**2022 Annual Gross Revenues Range
of Non-Traditional Locations by State**

State	Less Than \$700,000	Between \$700,000 - \$1,300,000	Between \$1,300,000 - \$2,000,000	Greater Than \$2,000,000	Total Number of Restaurants
Florida	0	0	0	0	0
Louisiana	0	0	0	0	0
Oklahoma	0	0	0	1	1
Texas	5	6	3	0	14
Total	5	6	3	1	15

Table C

**2022 Summary of Gross Revenues Ranges
of Prototypical Restaurants by Percentage**

Gross Revenues	Percentage of Restaurants
Greater Than \$2,000,000	12.02%
Between \$1,300,000 - \$2,000,000	38.25%
Between \$700,000 - \$1,300,000	40.99%
Less Than \$700,000	8.74%

Table D

**2022 Summary of Gross Revenues Ranges
of Non-Traditional Locations by Percentage**

Gross Revenues	Percentage of Restaurants
Greater Than \$2,000,000	6.67%
Between \$1,300,000 - \$2,000,000	20.00%
Between \$700,000 - \$1,300,000	40.00%
Less Than \$700,000	33.33%

Table E

**2022 Average Gross Revenues
of Prototypical Restaurants⁶**

	Restaurants		Average
Combined Franchised and Company-Operated	Number Above Average	84	\$1,355,743
	Number Below Average	99	

Table F

**2022 Average Gross Revenues
of Non-Traditional Locations⁷**

	Restaurants		Average
Combined Franchised and Company-Operated	Number Above Average	8	\$1,006,098
	Number Below Average	7	

Table G

**2022 Gross Revenues Range
of Prototypical Restaurants**

	High	Low
Combined Franchised and Company-Operated	\$2,943,705	\$370,509

Table H

**2022 Gross Revenues Range
of Non-Traditional Locations**

	High	Low
Combined Franchised and Company-Operated	\$2,497,259	\$248,428

Expenses of ONLY Company-Operated Restaurants and Accounting-Serviced Restaurants

Table I

**2022 Selected Expenses
of Company-Operated Restaurants and Accounting-Serviced Restaurants^{8,9}**

Expense Category	Average Cost
Cost of Goods Sold *	35.20%
Restaurant Labor **	26.58%

* Cost of Goods Sold means the cost of goods sold including food, beverages and items served or associated with food or beverages, such as cups, napkins, straws, bags, plastic utensils and wrapping paper.

** Restaurant Labor means manager and employee wages, and other labor related expenses including payroll taxes, workman's compensation, and group insurance benefits.

Endnotes:

(1) Company-Operated Restaurants include the following Restaurants owned and operated by Golden Operating Corporation, or owned and operated by EB-5 limited partnerships in which our affiliate GFC Leasing Corp., LLC is the general partner and operated by Golden Operating Corporation under a

management agreement, or owned by a franchisee and operated by Golden Operating Corporation under a management agreement; each during fiscal year 2022:

OK, Sulphur (W. Broadway) *	TX, Houston (Bissonnet)
TX, Arlington (S. Cooper)	TX, Houston (S. Post Oak) *
TX, Dallas (Hillcrest)	TX, Irving (Regent)
TX, Dallas (N. Central Expwy)	TX, Lancaster (Pleasant Run)
TX, Dallas (NW Hwy)	TX, Marshall (E. End)
TX, Dallas (Plano Rd.)	TX, Mesquite (Davis)
TX, Dallas (Stemmons)	TX, Ovilla (Ovilla Rd.) *
TX, Euless (W. Euless) *	TX, Plano (Independence)
TX, Fort Worth (Altamesa)	TX, Princeton (E. Princeton)
TX, Fort Worth (Craig)	TX, Richardson (W. Arapaho)
TX, Fort Worth (Renaissance)	TX, Texarkana (Richmond)
TX, Garland (Jupiter)	TX, Weatherford (N. Main) *
TX, Garland (Lavon)	TX, Whitesboro (Hwy 377) *
TX, Garland (IH 30)	TX, Wichita Falls (Airport)
TX, Graham (Hwy 16) *	TX, Wichita Falls (5 th Street) *
TX, Granbury (Hwy 377)	TX, Wichita Falls (Jacksboro Hwy) *
	TX, Wichita Falls (Southwest Pkwy) *

* Owned and operated for less than full year.

(2) “Accounting-Serviced” Restaurants include the following Restaurants owned and operated by a franchisee (including Restaurants transferred from one franchisee to another), which have accounting services provided by Golden Operating Corporation under a services agreement during fiscal year 2022:

OK, Sulphur (W Broadway) *	TX, Melissa (Sam Rayburn Hwy)
OK, Enid (N. Van Buren) *	TX, Mineral Wells (NE 2 nd)
OK, Enid (W. Owen) *	TX, Paris (Lamar Avenue)
OK, Ponca City (N. 14 th St) *	TX, Pittsburg (S Greer)
TX, Burleson (SW Wilshire)	TX, Rowlett (Lakeview Pkwy)
TX, Carrollton (Josey) *	TX, Saginaw (Old Decatur)
TX, Crowley (South Crowley)	TX, Sachse (S. State Hwy 78) *
TX, Euless (Euless Boulevard) *	TX, Weatherford (N Main) *
TX, Forest Hill (Forest Hill Circle) *	TX, Whitesboro (Hwy 377) *
TX, Graham (Hwy 16 S) *	TX, Wichita Falls (Airport) *
TX, Harker Heights (Indian Trail) *	TX, Wichita Falls (Fifth Street) *
TX, Houston (S. Post Oak) *	TX, Wichita Falls (Jacksboro Hwy) *
TX, Killeen (Ft. Hood) *	TX, Wichita Falls (Southwest Pkwy) *
TX, McKinney (Lake Forest)	TX, Wylie (S. State Hwy 78) *

*Owned and operated for less than full year.

(3) We relied on information provided by franchisees for Franchised Restaurants and the internal reports prepared by company personnel for Company-Operated Restaurants and Accounting-Serviced Restaurants to prepare these Tables in Item 19. The results provided by franchisees are unaudited, but we

have no reason to question the accuracy of the information provided to us. Further, this Item 19 contains time sensitive information that is accurate only as of the dates set forth herein. We undertake no obligation to update the information presented herein except to the extent required by law.

(4) The Gross Revenues information from Prototypical Restaurants that were in operation on December 31, 2022. We have excluded the following in the Tables: (a) 9 Prototypical Restaurants that were not open a full year; and (b) 2 Prototypical Restaurants that were temporarily closed for major remodel/rebuild during 2022.

(5) The Gross Revenues information from Non-Traditional Locations that were in operation on December 31, 2022. We have excluded the following in the Tables: (a) 4 Non-Traditional Locations that were not open a full year; and (b) 0 Non-Traditional Locations that were temporarily closed for major remodel/rebuild during 2022.

(6) 5 Prototypical Restaurants closed during this time period, and 0 Prototypical Restaurants closed during this same time period after being open less than 12 months.

(7) 1 Non-Traditional Locations closed during this time period, and 0 Non-Traditional Locations closed during this same time period after being open less than 12 months.

(8) All information contained in this Item 19 relating to franchised Restaurants includes those franchised Restaurants that are Accounting-Serviced Restaurants. However, franchised Restaurants that are Accounting-Serviced Restaurants have been included with Company-Operated Restaurants for purposes of greater transparency on expenses in Table I.

The information contained in Table I includes only the results of Company-Operated Restaurants and Accounting-Serviced Restaurants that were open for a full year in fiscal year 2022. Cost of Goods Sold includes the cost of goods sold including food, beverages and items served or associated with food or beverages, such as cups, napkins, straws, bags, plastic utensils and wrapping paper. Restaurant Labor includes manager and employee wages, and other labor related expenses including payroll taxes, workman's compensation, and group insurance benefits. **We strongly recommend that you consult with your accountant and other business advisors to properly analyze and budget for your Restaurant's revenues and expenses.**

(9) Company-Operated Restaurants and Accounting-Serviced Restaurants contained in Table I includes the following Restaurants:

TX, Arlington (S Cooper)	TX, Fort Worth (Renaissance)
TX, Dallas (Hillcrest)	TX, Garland (IH 30)
TX, Dallas (N Central Expwy)	TX, Garland (Jupiter)
TX, Dallas (NW Hwy)	TX, Garland (Lavon)
TX, Dallas (Plano Rd.)	TX, Granbury (Hwy 377)
TX, Dallas (Stemmons)	TX, Houston (Bissonnet)
TX, Fort Worth (Altamesa)	TX, Irving (Regent)
TX, Fort Worth (Craig)	TX, Lancaster (Pleasant Run)
TX, Marshall (E. End)	TX, Plano (Independence)
TX, McKinney (Lake Forest)	TX, Richardson (W. Arapaho)
TX, Melissa (Sam Rayburn Hwy)	TX, Rowlett (Lakeview Pkwy)
TX, Mesquite (Davis)	TX, Saginaw (Old Decatur Rd)

TX, Mineral Wells (NE 2nd)
TX, Pittsburg (S Greer)

TX, Texarkana (Richmond)

(10) Each franchisee's experience is unique and may vary depending on numerous factors, such as the quality of individual management skills, experience and business acumen, demographics of the territory, consumer spending, economic volatility, and other local economic and market conditions. You should not rely upon information provided by us. You should conduct your own independent investigation of Gross Revenues, Cost of Goods Sold, and Restaurant Labor for your proposed Restaurant. You are urged to consult with appropriate financial, business and legal advisors in connection with the information set forth in this Item 19.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing location, however, we may provide you with the actual records of that location. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting James Maxwell, Golden Franchising Corporation, 1131 Rockingham Drive, Suite 250, Richardson, TX 75080 (972-831-0911), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 LOCATIONS AND FRANCHISEE INFORMATION

Table No. 1

Franchisor System-Wide Location Summary For Fiscal Years 2020 to 2022

Location Type	Fiscal Year	Locations at Start of Fiscal Year	Locations at End of Fiscal Year	Net Change
Franchised	2020	177	192	+15
	2021	192	199	+7
	2022	199	194	-5
Company-Owned *	2020	7	6	-1
	2021	6	8	+2
	2022	8	14	+6
Total Locations	2020	184	198	+14
	2021	198	207	+9
	2022	207	208	+1

Table No. 2

**Transfers of Locations from Franchisees to New Owners
(Other than Franchisor)
For Fiscal Years 2020 to 2022**

State	Fiscal Year	Number of Transfers
Florida	2020	0
	2021	0
	2022	0
Louisiana	2020	0
	2021	0
	2022	0
Oklahoma	2020	1
	2021	1
	2022	5
South Carolina	2020	3
	2021	0
	2022	0
Texas	2020	8
	2021	8
	2022	24
Totals	2020	9
	2021	9
	2022	29

Table No. 3

**Status of Franchisee Locations
For Fiscal Years 2020 to 2022**

State	Fiscal Year	Locations at Start of Fiscal Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Locations at End of Fiscal Year
Florida	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Fiscal Year	Locations at Start of Fiscal Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Locations at End of Fiscal Year
	2022	1	0	0	0	0	0	1
Oklahoma	2020	13	2	0	0	0	0	15
	2021	15	1	0	0	0	0	15
	2022	15	0	0	0	1	1	13
South Carolina	2020	0	5	0	0	0	0	5
	2021	5	0	0	0	0	5	0
	2022	0	0	0	0	0	0	0
Texas	2020	160	11	1	0	1	2	167
	2021	167	16	0	1	3	2	177
	2022	177	7	1	0	6	3	174
Totals	2020	177	19	1	0	1	2	192
	2021	192	17	0	0	3	7	199
	2022	199	7	1	0	7	4	194

Table No. 4

**Status of Company-Owned * Locations
For Fiscal Years 2020 to 2022**

State	Fiscal Year	Locations at Start of Fiscal Year	Locations Opened	Locations Reacquired from Franchisee	Locations Closed	Locations Sold to Franchisee	Locations at End of Fiscal Year
Florida	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Louisiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Oklahoma	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
South Carolina	2020	4	0	0	0	4	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Texas	2020	4	1	1	0	0	6
	2021	6	0	3	0	1	8

State	Fiscal Year	Locations at Start of Fiscal Year	Locations Opened	Locations Reacquired from Franchisee	Locations Closed	Locations Sold to Franchisee	Locations at End of Fiscal Year
	2022	8	0	6	1	0	13
Totals	2020	8	1	1	0	4	6
	2021	6	0	3	0	1	8
	2022	8	0	7	1	0	14

Table No. 5

Projected Openings as of January 1, 2023

State	Franchise Agreements Signed but Locations Not Open	Projected New Franchisee Locations in Next Fiscal Year	Projected New Company-Owned * Locations in Next Fiscal Year
Florida	0	0	0
Mississippi	2	2	0
Louisiana	1	0	1
New Mexico	0	0	0
Nevada	2	1	0
Oklahoma	2	2	1
Texas	34	21	7
Totals	41	26	9

* The “company-owned” Golden Chick Restaurants listed in Item 20 of this Franchise Disclosure Document are operated by either: (i) Golden Operating Corporation pursuant to franchise agreements between us and either Golden Operating Corporation or an affiliate, however, the GC Partnerships (as defined in Item 1 above) are not included because of the extent of the investor’s involvement in the operation of the business; or (ii) GFC Lease III, Inc. pursuant to franchise agreements between us and GFC Lease III, Inc.

See Attachment J to this Franchise Disclosure Document for a list of all current franchisees as of our most recently completed fiscal year. Attachment J also reflects the name, city, state, and current business (or if unknown, home) telephone number, of every franchisee who had had a location terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our Franchisor System.

There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Included in Attachment D are our: (i) unaudited balance sheet as of April 17, 2023, and related statements of operations for the period from January 1, 2023 to April 17, 2023; and (ii) audited balance sheets as of January 1, 2023, January 2, 2022, and January 3, 2021, and the related statements of operations, stockholder's equity and cash flows for the years then ended.

ITEM 22
CONTRACTS

Attached to this Franchise Disclosure Documents are the following contract forms:

Attachment E	-	Franchise Agreement
Attachment F	-	Development Agreement
Attachment G	-	Conditional Release Agreement
Attachment H	-	SBA Addendum
Attachment I	-	VetFran Addendum

ITEM 23
RECEIPTS

Two copies of a Receipt for this Franchise Disclosure Document are attached as the last two pages of this Franchise Disclosure Document. Please sign, date and return one copy to us; retain the other copy for your files.

ATTACHMENT A
LIST OF STATE ADMINISTRATORS

CALIFORNIA

Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, CA 90013

HAWAII

Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813

ILLINOIS

Office of the Attorney General
500 South Second Street
Springfield, IL 62706

INDIANA

Secretary of State
302 West Washington, Room E-111
Indianapolis, IN 46204

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Department of the Attorney General
Consumer Protection Division Franchise Section
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, MI 48909

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

NEW YORK

New York Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, NY 10271

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor, Dept. 414
Bismarck, ND 58505-0510

RHODE ISLAND

Director of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903-4232

SOUTH DAKOTA

Director of Division of Securities
445 East Capitol Avenue
Pierre, SD 57501-2017

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, WA 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
345 W. Washington Avenue, 4th Floor
Madison, WI 53703

ATTACHMENT B
LIST OF AGENTS FOR SERVICE OF PROCESS

FLORIDA

Capitol Corporate Services, Inc.
515 East Park Avenue, 2nd Floor
Tallahassee, FL 32301

GEORGIA

Capitol Corporate Services, Inc.
3675 Crestwood Pkwy NW, Suite 350
Duluth, GA 30096

LOUISIANA

Capitol Corporate Services, Inc.
8550 United Plaza Building II, Suite 305
Baton Rouge, LA 70809

OKLAHOMA

Capitol Corporate Services, Inc.
1833 South Morgan Road
Oklahoma City, OK 73128

TEXAS

Capitol Corporate Services, Inc.
206 East 9th Street, Suite 1300
Austin, TX 78701-4411

ATTACHMENT C
TABLE OF CONTENTS OF GOLDEN CHICK OPERATIONS MANUAL



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ATTACHMENT D
FINANCIAL STATEMENTS

[See Attached.]

Golden Franchising Corporation
Balance Sheet
As of April 2, 2023
(Unaudited)

	Golden Franchising Corporation
ASSETS	
Cash	\$ 1,382,934
Certificates of Deposit	--
Restricted Cash	--
Inventory	--
Prepaid Expenses	--
Accounts Receivable	248,838
Accounts Receivable - Related Parties	6,125,798
Notes Receivable	590,996
Fixed Assets, Net	--
Intangibles, Net	131,483
Investments	--
Deposits	--
Deferred Tax Assets	--
Other Assets	--
 Total Assets	 \$ 8,480,049
LIABILITIES AND OWNERS' EQUITY	
Trade Accounts Payable	\$ 2,754
Accrued Expenses	19,327
Accounts Payable - Other	1,577,923
Accounts Payable - Related Parties	--
Notes Payable	--
Notes Payable - Institutional	--
Deferred Income	3,134,074
Obligations Under Capital Lease	--
Deferred Tax Liabilities	--
Other Liabilities	--
 Total Liabilities	 \$ 4,734,077
 Capital Stock	 \$ 1,000
Preferred Stock	--
Additional Paid-In Capital	--
Distributions	(13,000,000)
Dividends	--
Treasury Stock	--
Retained Earnings	16,111,674
Current Period Income (Loss)	633,297
 Total Owners' Equity	 \$ 3,745,971
 Total Liabilities and Owners' Equity	 \$ 8,480,049

Golden Franchising Corporation
Income Statement
For the Three Periods Ending April 2, 2023
(Unaudited)

**Golden Franchising
Corporation**

Revenue	
Food/Alcohol Sales	\$ --
R royalty	2,770,177
Other	91,867
Total Revenue	<u>2,862,044</u>
Cost of Sales	
Food Cost	--
Labor	--
Total Cost of Sales	<u>--</u>
Gross Profit	<u>2,862,044</u>
Operating Income	1,130,257
General & Administrative	<u>843,227</u>
Operating Income	<u>888,560</u>
Fixed Costs	
Building Rent / Storage	64,021
Building Rent / Storage - Related Parties	--
ROU Amortization	--
ROU Interest	--
Equipment Rent	--
Property Insurance	6,806
Depreciation & Amortization	3,417
Development Costs	--
Interest Expense	--
Total Fixed Costs	<u>--</u>
Net Income (Loss) Before Taxes / Other	<u>814,316</u>
Other Income/Expense	
Overhead Allocation	--
Capital Gain/Losses & Unusual Items	--
Total Other Income/Expenses	<u>814,316</u>
Net Income (Loss) Before Taxes	<u>814,316</u>
Provision for Taxes	
Provision for Income Taxes	170,816
Provision for Franchise Taxes	<u>10,203</u>
Net Income (Loss)	<u>\$ 633,297</u>

Golden Franchising Corporation

**Independent Auditor's Report
and Financial Statements**

**January 1, 2023, January 2, 2022
and January 3, 2021**

Golden Franchising Corporation
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January 3, 2023, January 2, 2022 and January 21, 2021

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Independent Auditor's Report

Board of Directors
Golden Franchising Corporation
Richardson, Texas

Opinion

We have audited the financial statements of Golden Franchising Corporation, which comprise the balance sheet as of January 1, 2023, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Golden Franchising Corporation as of January 1, 2023, and the results of its operations and its cash flows for the year 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 (GAAS). 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 Golden Franchising Corporation 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.

Prior Year Audited by Other Auditors

The financial statements for the years ended January 2, 2022 and January 3, 2021, were audited by other auditors, and their report thereon, dated April 25, 2022, expressed an unmodified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Golden Franchising Corporation's ability to continue as a going concern within one year after the date that these financial statements are 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 a guarantee that an audit conducted in accordance with GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Golden Franchising Corporation'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 Golden Franchising Corporation'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.

FORVIS, LLP

Dallas, Texas
March 31, 2023

Golden Franchising Corporation
Balance Sheets
January 1, 2023, January 2, 2022 and January 3, 2021

	January 1, 2023	January 2, 2022	January 3, 2021
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 139,991	\$ 1,509,162	\$ 129,406
Restricted cash:			
Restricted cash	563,935	104,778	217,343
Ad fund restricted cash	1,287,093	140,250	628,365
Royalties receivable, current	179,527	190,762	388,375
Royalties receivable, related parties	14,423	20,863	29,795
Ad fund restricted receivable, current	142,772	149,244	215,371
Ad fund restricted receivable, related parties	10,817	15,647	22,347
Other receivables	2,969	10,486	320
Other receivables, related parties	-	695,877	-
Other current assets	12,000	12,000	-
Notes receivable, current portion	19,019	17,388	41,382
Notes receivable, related parties, current portion	19,261	417,785	-
Capitalized commission expense (net)	10,549	10,468	10,535
 Total current assets	 2,402,356	 3,294,710	 1,683,239
 Royalties Receivable	 -	 -	 76,663
Ad Fund Receivable	 -	 -	 58,097
Notes Receivable, Net of Current Portion and Allowance	 132,449	 151,468	 187,011
Notes Receivable, Related Parties, Net of			
Current Portion	426,523	451,638	-
Capitalized Commission Expense (Net)	 123,548	 134,178	 144,659
Certificate of Deposit, Restricted	 -	 99,991	 94,909
Due from Parent	 5,298,810	 8,050,931	 8,402,654
 Total assets	 \$ 8,383,686	 \$ 12,182,916	 \$ 10,647,232

Golden Franchising Corporation
Balance Sheets (continued)
January 1, 2023, January 2, 2022 and January 3, 2021

	January 1, 2023	January 2, 2022	January 3, 2021
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts payable	\$ 35,157	\$ 84,158	\$ 31,689
Accrued expenses	99,063	149,010	98,467
Deferred franchise revenue, current portion	311,909	190,538	233,988
Funds held for franchisees	563,935	104,778	217,343
Ad fund restricted liabilities	1,440,682	305,141	924,180
Total current liabilities	2,450,746	833,625	1,505,667
Deferred Franchise Revenue, Net of Current Portion	2,820,266	2,670,451	2,650,683
Total liabilities	5,271,012	3,504,076	4,156,350
Stockholder's Equity			
Common stock, \$1 par value, 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000	1,000
Retained earnings	3,111,674	8,677,840	6,489,882
Total stockholders' equity	3,112,674	8,678,840	6,490,882
Total liabilities and stockholders' equity	\$ 8,383,686	\$ 12,182,916	\$ 10,647,232

Golden Franchising Corporation
Statements of Income
Years Ended January 1, 2023, January 2, 2022 and January 3, 2021

	January 1, 2023	January 2, 2022	January 3, 2021
Revenues			
Franchise royalties	\$ 10,294,278	\$ 9,502,140	\$ 8,556,248
Ad fund revenues	8,768,925	7,756,920	7,803,015
Franchise fees	761,485	414,927	330,822
Total revenues	<u>19,824,688</u>	<u>17,673,987</u>	<u>16,690,085</u>
Operating Expenses			
Salaries and related benefits	4,627,864	4,068,192	3,644,525
Ad fund expenses	8,768,925	7,756,920	7,803,015
Other general and administrative expenses	3,323,677	3,071,559	2,211,702
Total operating expenses	<u>16,720,466</u>	<u>14,896,671</u>	<u>13,659,242</u>
Income from operations	<u>3,104,222</u>	<u>2,777,316</u>	<u>3,030,843</u>
Other Income (Expense)			
Interest income	88,423	42,294	22,672
Interest expense	-	(5,460)	(9,434)
Total other income	<u>88,423</u>	<u>36,834</u>	<u>13,238</u>
Income before provision for income taxes	<u>3,192,645</u>	<u>2,814,150</u>	<u>3,044,081</u>
Provision for income taxes	<u>758,811</u>	<u>626,192</u>	<u>668,393</u>
Net Income	<u>\$ 2,433,834</u>	<u>\$ 2,187,958</u>	<u>\$ 2,375,688</u>

Golden Franchising Corporation
Statements of Changes in Stockholder's Equity
Years Ended January 1, 2023, January 2, 2022 and January 3, 2021

	Shares	Amount	Retained Earnings	Total Equity
Balance, December 30, 2019	1,000	\$ 1,000	\$ 4,114,194	\$ 4,115,194
Net income	-	-	2,375,688	2,375,688
Balance, January 3, 2021	1,000	1,000	6,489,882	6,490,882
Net income	-	-	2,187,958	2,187,958
Balance, January 2, 2022	1,000	1,000	8,677,840	8,678,840
Net income	-	-	2,433,834	2,433,834
Reduction of receivable from Parent	-	-	(8,000,000)	(8,000,000)
Balance, January 1, 2023	1,000	\$ 1,000	\$ 3,111,674	\$ 3,112,674

Golden Franchising Corporation
Statements of Cash Flows
Years Ended January 1, 2023, January 2, 2022 and January 3, 2021

	January 1, 2023	January 2, 2022	January 3, 2021
Operating Activities			
Net income	\$ 2,433,834	\$ 2,187,958	\$ 2,375,688
Adjustments to reconcile net income to net cash provided by operating activities:			
Unrealized gain on certificate of deposit	-	(5,082)	-
Changes in operating assets and liabilities:			
Royalties receivable	11,235	274,276	(240,672)
Royalties receivable, related parties	6,440	8,932	(18,739)
Ad fund restricted receivable	6,472	124,224	(102,459)
Ad fund restricted receivable, related parties	4,830	6,700	(14,055)
Other current assets	-	(12,000)	17,250
Other receivables	7,517	(706,043)	14,137
Other receivables, related parties	10,549	10,549	10,550
Accounts payable	(49,001)	52,469	(4,685)
Accrued expenses	(49,947)	50,543	(64,862)
Deferred franchise revenue	271,186	(23,682)	403,140
Funds held for franchisees	459,157	(112,565)	(180,801)
Ad fund restricted liabilities	1,135,541	(619,039)	384,228
Net cash provided by operating activities	<u>4,247,813</u>	<u>1,237,240</u>	<u>2,578,720</u>
Investing Activities			
Net change in due from parent	(4,552,002)	351,723	(2,452,105)
Notes repaid/(issued) to related parties	423,639	(875,000)	-
Certificate of deposit	99,991	-	-
Collections on notes receivable	17,388	59,536	38,065
Collections on notes receivable, related parties	-	5,577	-
Net cash used in investing activities	<u>(4,010,984)</u>	<u>(458,164)</u>	<u>(2,414,040)</u>
Net change in cash and cash equivalents	<u>236,829</u>	<u>779,076</u>	<u>164,680</u>
Cash, Cash Equivalents and Restricted Cash, Beginning of year	<u>1,754,190</u>	<u>975,114</u>	<u>810,434</u>
Cash, Cash Equivalents and Restricted Cash, Ending of year	<u>\$ 1,991,019</u>	<u>\$ 1,754,190</u>	<u>\$ 975,114</u>
Supplemental Cash Flow Information			
Cash paid for interest	\$ -	\$ 5,460	\$ 9,434
Noncash distribution	\$ 8,000,000	\$ -	\$ -

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Golden Franchising Corporation (Company), a wholly-owned subsidiary of Golden Southern Chicken Corporation (GSCC), franchises restaurants under the trade name Golden Chick®. These restaurants are located in Texas, Oklahoma, South Carolina, and Florida and specialize in selling chicken and other food items to the general public. The South Carolina locations were closed in 2021.

The Company generates revenues primarily from franchise fees, consisting of royalties and advertising revenues based on a percentage of weekly sales reported by franchise restaurants and one-time franchise fees paid by franchisees for initial, renewal, the transfer of, and additional franchises.

The table below summarizes the restaurant activity by fiscal year.

	Restaurants in Operation			Total Individual Franchisees	Restaurant Activity	
	Franchised Restaurants	Sister Companies	Total		Opened	Closed
January 1, 2023	190	18	208	124	7	6
January 2, 2022	182	25	207	125	16	7
January 3, 2021	180	18	198	130	17	3

Basis of Presentation

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Fiscal Year

The Company's fiscal year is based on a 52-53 week reporting period, which ends each year on the Sunday closest to December 31. The fiscal years ended January 1, 2023 (fiscal year 2022), January 2, 2022 (fiscal year 2021) contained 52 weeks, and January 3, 2021 (fiscal year 2020) contained 53 weeks.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, royalties and notes receivable, accounts payable, deferred franchise fees, and long-term debt. The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate their fair values because of the short-term maturities or expected settlement dates of these instruments. The Company's notes receivable carry current market interest rates; therefore, the Company believes the current carrying value approximates fair value.

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Cash, Restricted Cash, and Cash Equivalents

The Company considers all investments in highly-liquid instruments, purchased with a maturity of three months or less, to be cash equivalents. At January 1, 2023, January 2, 2022 and January 3, 2021, the Company had no cash equivalents.

In the statements of cash flows, the Company combines the following balance sheet accounts into one cash, cash equivalents, and restricted cash balance for presentation purposes. Balances of cash, restricted cash, and ad fund restricted cash as of the fiscal years listed below are as follows:

	January 1, 2023	January 2, 2022	January 3, 2021
Cash	\$ 139,991	\$ 1,509,162	\$ 129,406
Restricted cash	563,935	104,778	217,343
Ad fund restricted cash	1,287,093	140,250	628,365
	<u>\$ 1,991,019</u>	<u>\$ 1,754,190</u>	<u>\$ 975,114</u>

At January 1, 2023, the Company's cash accounts exceeded federally insured limits by approximately \$2,532,000.

Royalties Receivable, Ad Fund Restricted Receivables and Allowance for Doubtful Accounts

Royalties receivable and ad fund restricted receivables are recorded at the amount the Company expects to collect on balances outstanding as of the fiscal year end. Management closely monitors outstanding balances and writes-off amounts determined to be uncollectible. The allowance for doubtful accounts is estimated based on management's knowledge of the individual franchise restaurant location's financial performance and ability to pay the outstanding balance. At January 1, 2023, January 2, 2022 and January 3, 2021, there was no allowance for doubtful accounts.

Notes Receivable and Allowance for Credit Losses

The Company occasionally loans funds to franchisees for equipment and start-up purposes by entering into a long-term note receivable from the franchisee. Interest is accrued on notes receivable based on the contractual terms of the respective note. The Company monitors its notes receivable for delinquency and provides for estimated losses for specific notes receivable that are not likely to be collected. The Company assesses credit risk for notes receivable of specific franchisees based on payment history, current payment patterns, the health of the franchisee's business, and an assessment of the franchisee's ability to pay their outstanding balance.

Management believes that as of January 1, 2023, January 2, 2022 and January 3, 2021, an allowance of \$8,922 was required.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$16,579, \$7,552, and \$4,862, for the fiscal years ended January 1, 2023, January 2, 2022 and January 3, 2021, respectively, and are included in other general and administrative expenses in the accompanying statements of income. These advertising costs are discretionary expenditures and are separate from ad fund expenses.

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Research and Development

The Company spent \$160,788, \$171,730, and \$3,920 during the fiscal years ended 2022, 2021 and 2020, respectively, on research and development of restaurant design. The Company expensed all research and development related costs in the fiscal year incurred.

Rebate Fund

The Company receives rebate monies from vendors based on the franchisee's purchase of food, beverages, and other related products, which it holds in an account for the benefit of franchisees. A portion of the rebates received are contributed to the ad fund. The amounts contributed to the ad fund for the fiscal years 2022, 2021 and 2020 were \$535,696, \$339,403 and \$1,041,295, respectively, and are included under ad fund revenues in the accompanying statements of income.

Ad Fund

Franchise restaurants and Company restaurants contribute to advertising funds managed by the Company, generally at a rate of 1% of weekly net sales for national funds and 2% for local and regional funds. The Company acts as a principal for the franchisees with regard to these contributions to the advertising funds. As a result, revenues for advertising services are recognized when the related franchise sales occur.

The Company is required to incur advertising expenses as a result of its obligation to the franchisees. At the end of each fiscal year additional advertising costs are accrued to the extent ad fund revenues exceed ad fund expenses, as the Company is obligated to expend such amounts on advertising.

Revenue Recognition

The Company accounts for revenue recognition in accordance with FASB ASC Topic No. 606, *Revenue from Contracts with Customers*. ASC Topic No. 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. ASC Topic No. 606 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Company's revenue is measured based on consideration specified in contracts with customers and excludes incentives. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Franchise revenues are typically billed upon execution of the franchise agreement and amortized over the term of the franchise agreement. Fees received for renewal periods are amortized over the life of the renewal period. Franchise royalties and ad fund revenues, which are based on a percentage of franchise restaurant sales, are recognized as sales occur or when collectability is reasonably assured. The Company recognizes revenue at the point in time in which the underlying sales occur. In certain cases, revenue is not recognized until collectability of the franchise royalties from the franchisee is reasonably assured.

Income Taxes

The Company files a consolidated federal income tax return with its parent company, GSCC, and its subsidiaries. Income taxes have been stated as if the Company was filing a separate return.

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Accordingly, the amounts representing current and deferred income taxes are included in amounts due from parent. Deferred income taxes are recognized for temporary differences, if any, between the financial reporting basis of assets and liabilities and the respective tax basis, and for operating losses and tax credits to the extent it is more likely than not that they will be realized based on enacted tax rates.

The Company applies ASC Topic No. 740, *Income Taxes*, in establishing standards for accounting for uncertain tax positions. The Company evaluates uncertain tax positions with the presumption of audit detection and applies a more-likely-than-not standard to evaluate the recognition of tax benefits or provisions. ASC Topic No. 740 applies a two-step process to determine the amount of tax benefits or provisions to record in the financial statements. First, the Company determines whether any amount may be recognized and then determines how much of a tax benefit or provision should be recognized. The Company had no uncertain tax positions as of January 1, 2023, January 2, 2022, and January 3, 2021.

Concentrations

The Company maintains cash deposits with federally-insured financial institutions, which from time-to-time may exceed the federally-insured limits. The Company periodically assesses the financial condition of the institutions and believes that any possible credit risk is minimal. The Company has not experienced any losses from such accounts.

Note 2: Related Party Notes Receivable

The Company had the following related party notes receivable as of the fiscal years ended. Interest is calculated on a per annum basis.

Total Related Party Notes Receivable						
Payee	Interest		Maturity date	January 1, 2023	January 2, 2022	January 3, 2021
	Rate					
Franchisee	8.00%		June 2024, 2036	\$ 445,784	\$ 469,423	\$ -
Franchisee	8.00%		December 22, 2022	-	400,000	-
Total related party notes receivable				445,784	869,423	-
Less current portion				(19,261)	(417,785)	-
Long-term notes receivable				\$ 426,523	\$ 451,638	\$ -

Note 3: Notes Receivable

The Company had the following notes receivable as of the fiscal years ended. Interest is calculated on a per annum basis.

Total Nonrelated Party Notes Receivable						
Payee	Interest		Maturity date	January 1, 2023	January 2, 2022	January 3, 2021
	Rate					
Franchisee	8.00%		August 25, 2022	\$ -	\$ -	\$ 43,640
Franchisee	9.00%		June 3, 2029	160,389	177,777	193,675
Total non related party notes receivable				160,389	177,777	237,315
Less current portion				(19,019)	(17,388)	(41,382)
Less allowance for bad debt				(8,921)	(8,921)	(8,922)
Long-term notes receivable				\$ 132,449	\$ 151,468	\$ 187,011

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Note 4: Credit Arrangements

In March 2017, the Company, along with its parent company, GSAC and sister companies, entered into a credit agreement with a financial institution for the primary purpose of refinancing the outstanding debt on the credit agreements noted below which were entered into in April 2014, and to obtain financing for the working capital needs of the Company. The credit agreement consists of two separate loans including a revolving loan and a term loan, as noted below.

The agreement was amended on July 30, 2020, October 2, 2021, and December 2, 2021, which modified the maximum borrowings on the revolving loan, extended the maturity date and modified the interest rates which are noted below.

Revolving Loan #1

The revolving loan allows for advances to the Company, its parent company GSAC, and its sister companies, not to exceed an aggregate amount of \$2,000,000 at any time. The revolving loan accrues interest at 8.00% and matured on February 2, 2023. The Company, along with the parent company and sister companies, is liable for borrowings under this shared revolving note agreement. If a default were to occur, the Company, along with the parent and sister companies, would be jointly liable for the entire outstanding balance of this debt.

At January 1, 2023, there was approximately \$1,263,703 outstanding on this debt, all of which was carried in the balance sheet of the parent company, GSAC. As such, there was no liability for this loan in the accompanying balance sheets of the Company at January 1, 2023, January 2, 2022, and January 3, 2021. The parent company is also making the required monthly payments of accrued interest on the outstanding balance. The Company, along with its parent company, GSAC and sister companies, are currently negotiating the extension of the loan and an increase in the maximum borrowing amount.

Term Loan #1

The term loan advanced the Company, its parent company, GSAC, and its sister companies \$5,129,388, and accrues interest at 5.00% per annum. The Company, along with the parent company and sister companies, is liable for borrowings under this shared term note agreement. If a default were to occur, the Company, along with the parent and sister companies, would be jointly liable for the entire outstanding balance of this debt. As of January 1, 2023, there was approximately \$2,021,312 outstanding on this debt, all of which was carried in the balance sheet of the parent company, GSAC. As such, there was no liability for this loan in the accompanying balance sheets of the Company at January 1, 2023, January 2, 2022, and January 3, 2021. The parent company is also making the required monthly payments of \$96,395. The loan expires on August 15, 2023.

Term Loan #2

The term loan advanced a sister company for \$1,056,000 and accrues interest at 4.49% per annum. The Company, along with the parent company and sister companies, is liable for borrowings under this term note agreement. If a default were to occur, the Company, along with the parent and sister companies, would be jointly liable for the entire outstanding balance of this debt. This loan was paid in full in February 2022 and as such there is no outstanding balance as of January 1, 2023. In the prior years the balance of the loan was carried in the balance sheet of the sister company, Golden Southern Realty, LLC. As such, there was no liability for this loan in the accompanying balance sheets of the Company at January 1, 2023, January 2, 2022, and January 3, 2021. This loan was paid off in February 2022.

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

Note 5: Cash Restricted for Franchisees and Funds Held for Franchisees

The Company implemented a mandatory remodeling program for all Company and franchisee owned restaurants. The Company allocated initial funds received from entering into two exclusive beverage supplier agreements and additional funds from semi-annual product from these beverage suppliers and other sources. The Company has committed these funds to reimburse a fixed amount of the franchisee's actual cost of remodeling.

Cash restricted for franchisees and the corresponding liability of funds held for franchisees consist of the following separate accounts as of the fiscal years ended:

	January 1, 2023	January 2, 2022	January 3, 2021
Rebate fund	\$ 362,869	\$ 103,290	\$ 215,855
Remodeling fund	201,066	1,488	1,488
	\$ 563,935	\$ 104,778	\$ 217,343

Note 6: Income Taxes

The Company files a consolidated federal income tax return with its parent company, GSCC and its subsidiaries, in the U.S. only, including Texas. Accordingly, the amounts representing current and deferred income taxes are included in the amounts due from parent. Income taxes have been stated as if the Company was filing a separate tax return. The tax provision differs from the expense that would result from applying statutory rates to income before income taxes because of nondeductible meals and entertainment.

On December 22, 2017, the *Tax Cuts and Jobs Act* (TCJA) was signed into law. The TCJA reduced the U.S. corporate income tax rate from 34% to 21% effective January 1, 2018.

The components of the provision for income taxes consist of the following for the fiscal years ended.

	January 1, 2023	January 2, 2022	January 3, 2021
Federal	\$ 720,159	\$ 588,845	\$ 634,648
State	38,652	37,347	33,745
	\$ 758,811	\$ 626,192	\$ 668,393

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As the Company no longer has temporary differences or tax attributes, there are no deferred tax assets or liabilities.

Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate due to the following for the fiscal years ended:

	January 1, 2023	January 2, 2022	January 3, 2021
U.S. federal statutory rate	21.00 %	21.00%	21.00%
State Income tax	1.21	1.33	1.11
Other	0.02	(0.08)	(0.19)
Effective income tax rate	<u>22.23% %</u>	<u>22.25%</u>	<u>21.92%</u>

In lieu of an income tax payable liability and any deferred tax asset or liability being recorded in the accompanying balance sheets, the Company has reduced the receivable from the parent company, GSCC, by \$720,159, \$588,845, and \$634,648 as of January 1, 2023, January 2, 2022, and January 3, 2021, respectively.

Note 7: Commitments and Contingencies

Credit Risks

Notes receivable, royalties, and franchise fee receivables consist primarily of amounts due from franchisees. The financial condition of these franchisees is largely dependent upon the underlying business trends of the Company's brands. This concentration of credit risk is mitigated in part by the number of franchisees and the short-term nature of the franchise receivables.

Restaurant Remodeling Commitment

The Company has made a commitment to use the funds it received from beverage vendors to create a remodeling fund. From this fund, franchisees must expend their equitable share to make equipment and other upgrades. Once the franchisee has made the upgrades, the Company is required to reimburse them for the costs from the remodeling fund. Under the terms of the commitment, the Company disbursed \$80,000 prior to fiscal year 2018, which resulted in a balance of \$201,066, \$1,488, and \$1,488 for each of the fiscal years ended January 1, 2023, January 2, 2022 and January 3, 2021. There were no disbursements during fiscal years 2022, 2021, and 2020.

Beverage Supply Contract

The Company has entered into a long-term beverage supply agreement with a certain major beverage vendor. Pursuant to the terms of the arrangement, marketing rebates are provided to the Company and its franchisees from the beverage vendor based upon the gallonage or volume of purchases for company-operated restaurants and franchised restaurants, which will vary according to their demand for beverage syrup and fluctuations in the market rates for beverage syrup.

Note 8: Related-Party Transactions

Due From Parent

At January 1, 2023, January 2, 2022, and January 3, 2021, the net balance due from the parent was \$5,298,810, \$8,050,931, and \$8,402,654, respectively. These amounts arose through transactions between the Company and Golden Southern Chicken Corporation or its subsidiaries and affiliates.

**Golden Franchising Corporation
Notes to Financial Statements
January 1, 2023, January 2, 2022 and January 3, 2021**

Allocated Expenses

The Company's parent company, GSAC, incurs common expenses on behalf of the Company and related affiliates. These allocations are based on management's estimated percentage of personnel time and resources utilized by the Company. Management believes the Company's method of allocating common expenses from GSAC is reasonable and has not made any significant changes to the methodology from prior years. The allocated expenses totaled approximately \$7,678,709, \$6,497,523, and \$5,672,918, for the fiscal years ended January 1, 2023, January 2, 2022, and January 3, 2021, respectively.

Reductions to Retained Earnings

Amounts advanced to the parent company, GSAC, or its subsidiaries or affiliates over the costs and expenses allocated to the Company accumulate in related party receivables. Such receivable amounts are, from time to time, reduced through retained earnings rather than by the receipt of payment from the related parties. In fiscal year 2022, retained earnings were reduced by \$8,000,000. There were no reductions to retained earnings during the fiscal years 2021 and 2020.

Other Receivables, Related Party

The Company provided funds to various related parties for future location building costs. The amounts were paid in full in fiscal 2022.

Royalty Revenue and Franchise Fee Revenue, Related Party

Golden Operating Corporation (GOC) and other companies affiliated with GOC, including certain members of the Company's management team who are also franchise owners, paid franchise royalties of \$1,136,731, \$1,165,981, and \$799,725, during the fiscal years ended January 1, 2023, January 2, 2022, and January 3, 2021, respectively. These related parties paid ad fund revenues of \$852,548, \$874,485, and \$599,794, during the fiscal years ended January 1, 2023, January 2, 2022, and January 3, 2021, respectively.

Note 9: Subsequent Events

In accordance with ASC Topic No. 855, *Subsequent Events*, when preparing the accompanying financial statements, management of the Company has evaluated all events and transactions that occurred after January 1, 2023, the balance sheet date, for potential recognition or disclosure through March 31, 2023, the date the accompanying financial statements were available for issuance and has concluded that no such events or transactions took place which would require recognition or disclosure in the accompanying financial statements.

ATTACHMENT E
FRANCHISE AGREEMENT

[See Attached.]

FRANCHISE AGREEMENT

By and Between

GOLDEN FRANCHISING CORPORATION

As Franchisor

And

As Franchisee

located at _____

DATED: _____

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EXHIBITS

EXHIBIT A ASSIGNED AREA

EXHIBIT B EMPLOYEE CONFIDENTIALITY AGREEMENT

EXHIBIT C ACH AUTHORIZATION FOR DIRECT PAYMENTS (ACH DEBITS)

EXHIBIT D ADDENDUM TO LEASE AGREEMENT

FRANCHISE AGREEMENT
[Insert Location]

This FRANCHISE AGREEMENT (this “Agreement”) is made and entered in Dallas County, Texas as of the _____ day of _____, 20____ (the “Effective Date”), by and between GOLDEN FRANCHISING CORPORATION, a Delaware corporation (“Franchisor”), and _____, a _____ (“Franchisee”).

R E C I T A L S

WHEREAS, Franchisor has developed and is the owner of the Franchisor System (as defined below);

WHEREAS, Franchisee desires to obtain from Franchisor and Franchisor desires to grant to Franchisee certain rights to use the Franchisor System to develop and establish one of Franchisor Restaurants (as defined below) at an approved site.

NOW THEREFORE, in recognition of the foregoing and mutual promises and covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Franchisee hereby agree as set forth in this Agreement.

1. DEFINITIONS.

“**Account**” has the meaning given such term in Section 4(b).

“**Additional Delivery Area**” has the meaning given such term in Section 2(d).

“**Advertising Fee Contribution**” means the fee paid by Franchisee as a contribution to the local, regional and/or national advertising programs, including the operation any Internet Site, as calculated in accordance with Sections 3(i) and 4(c).

“**Advisory Committees**” has the meaning given such term in Section 8(a).

“**Affiliate(s)**” means as to any person or Entity, any other person or Entity that, directly or indirectly, Controls, or is under the Control of such person or Entity (as those terms are defined below).

“**Anti-Terrorism Laws**” has the meaning given such term in Section 5(l).

“**Assigned Area**” means the geographic area, if any, identified in Exhibit A to this Agreement. The boundaries of the Assigned Area may be revised by Franchisor as provided in Section 2(d).

“**Building Permit Completion Date**” means the date which is on or before the earlier of:

- (i) 210 days after the Building Permit Submission Date; or
- (ii) the date on which Franchisee has received a building permit from the applicable local government allowing for the construction of Franchisee Location.

“**Building Permit Submission Date**” means the date which is on or before the earlier of:

- (i) 60 days after the Franchisee Location Secured Date; or

(ii) the date on which Franchisee has submitted its application and all required documents to receive a building permit from the applicable local government for the construction of Franchisee Location.

“Co-op” has the meaning given such term in Section 3(i).

“Commencement Date” means the date which is on or before the earlier of:

(i) 104 days after the Building Permit Completion Date (if Franchisee Location is a conversion of an existing restaurant location operated or previously operated by some other concept)

- OR -

134 days after the Building Permit Completion Date (if Franchisee Location is neither assigned from Franchisor or another franchisee operating one of Franchisor Restaurants nor a conversion of an existing restaurant location operated or previously operated by some other concept); or

(ii) the date on which Franchisee has completed construction and is ready to open and operate Franchisee Location (only pending written approval from Franchisor).

“Confidential Information” means the terms of this Agreement and all attachments and amendments hereto, all information relating to Franchisor System and each component thereof, the Franchisor Operations Manual, other manuals, written directives and all recipes (including batter mix, and marinades), drawings, technical information, methods, processes, formulae, compositions, systems, techniques, inventions, machines, computer and supplier programs, research projects, business information, customer lists, pricing data, sources of supply, financial data and marketing, production, or merchandising systems and plans, and all other information, data, know-how, materials and data imparted or made available by Franchisor or its Affiliates to Franchisee, however learned or received, either in writing, orally or in electronic format, which relates to operating one of Franchisor Restaurants or Franchisor System, or is (i) designated as confidential, (ii) known by Franchisee to be considered confidential by Franchisor, or (iii) by its nature inherently or reasonably to be considered confidential.

“Construction Party” has the meaning given such term in Section 3(a).

“Continuously Operate” means opening one of Franchisor Restaurants at the Franchisee Location and keeping it open to the public and continuously operating during normal business hours required by Franchisor Standards, except as otherwise expressly authorized by this Agreement or caused by events beyond Franchisee’s control.

“Control(s)” means the direct or indirect ownership of more than 50% of the voting Equity Securities (as defined below) in Franchisee, or if there is no one voting Equity Securities of more than 50%, then it means the largest undivided voting Equity Securities in Franchisee, having the right to elect a majority of the members of the board of directors or other governing body of Franchisee, or otherwise having the power to direct the management and policies of Franchisee, whether through the ownership of voting securities, by contract or otherwise.

“Copyrighted Materials” means Franchisor’s recipes, newsletters, advertising and marketing materials, including newspaper and magazine advertisements, jingles, radio and television commercials, promotional materials, merchandising materials, sales aids, sales brochures, Franchisor Operations Manual, other

manuals, information on any Internet Site or Intranet Site maintained by Franchisor, or, if applicable, reproduced on an approved website on the internet with changes that Franchisor authorizes, and any other original materials created by or on behalf of Franchisor, or Franchisee or another franchisee or developer based on materials relating to Franchisor System, whether or not the copyrights are registered.

“Crisis Management Event” has the meaning given such term in Section 5(s).

“Debt Securities” means debt obligations, other than U.S. Government Securities, of Franchisee or Franchisee’s Principals, whether evidenced by bonds, notes, debentures, certificates, book entry deposits, certificates of deposit, commercial paper, bankers’ acceptances, reinvestment letters, funding agreements or other instruments.

“Deceased” has the meaning given such term in Section 6(e).

“Entity” means a corporation, partnership, limited liability company, trust, or other form of business entity.

“Equity Securities” means any class or series of capital stock of Franchisee or Franchisee’s Principals, and all securities that are convertible into, exchangeable or exercisable for, and all rights, warrants and options to acquire, any of the foregoing; provided that any security that has a fixed maturity, redemption or repayment, or that entitles the holder(s) thereof to require, whether subject to condition, notice or lapse of time the Franchisee, Franchisee’s Principals, or affiliates of either, to redeem, retire, repay or defease, in whole or in part, such as, but not in limitation, convertible debt, shall be deemed Debt Securities and not Equity Securities.

“Exclusivity Period” has the meaning given such term in Section 6(d).

“FACTA” has the meaning given such term in Section 5(t).

“Franchise” means the franchise granted by Franchisor to Franchisee pursuant to, and in all respects subject to, the terms and conditions of this Agreement.

“Franchisee Interests” has the meaning given such term in Section 6(d).

“Franchisee Gross Revenues” means the total amount of all sales (exclusive of sales, excise, use, value added, gross receipt and other similar taxes imposed by any governmental authority added to the sales price and required to be collected by the seller from the purchaser) of products and services for cash or on credit, whether or not payment is ultimately made for such sales, which are made in, on, out of, through or from, all and every part of Franchisee Location including, without limitation, all such sales (whether or not such sales are included in the price of menu items) from dining-in, delivery, carry-out, drive-through and catering, any delivery charges and other related fees, as well as Franchisee’s share of sales from vending machines, racks and displays, maintained or otherwise located in Franchisee Location or on such premises, and proceeds from gift certificates, gift cards, or stored value cards redeemed at Franchisee Location, and proceeds from business interruption insurance. In addition, all sales promotions, contributions, donations, and giveaways prescribed or approved by Franchisor shall not be deducted from Franchisee Gross Revenues. Franchisee Gross Revenues do not include: (i) proceeds from isolated sales of the trade fixtures that are not part of the products or services offered at any of Franchisor Restaurants; (ii) proceeds received from returns to shippers or manufacturers; (iii) proceeds from the sale of gift cards, gift certificates, or other stored value cards sold through one of Franchisor Restaurants, which proceeds are deposited into accounts maintained by Franchisor or its designee; and (iv) other items authorized by Franchisor in writing to be excluded from Franchisee Gross Revenues; provided, however, any such authorization may be revoked or withdrawn at any time in writing by Franchisor in its sole and absolute option. In the event of cash

shortages, the amount of sales shall be determined from cash register tapes (non-resettable totals) or other sales recording devices and cash shortages shall be disregarded.

“Franchisee Location” has the meaning given such term in Section 2(a).

“Franchisee Location Secured Date” means the date which is on or before the earlier of:

- (i) 90 days after the Effective Date; or
- (ii) the date on which Franchisee has a fully executed lease or closed on the acquisition to purchase the land and any improvements thereon for Franchisee Location.

“Franchisee Principals” means, collectively or individually: (a) if Franchisee is an individual, Franchisee’s spouse; and (b) if Franchisee is a legal Entity, all persons owning a direct or beneficial interest in the Franchisee, all members of the governing body of the Franchisee and all officers and other persons exercising control over the management and operations of the Franchisee.

“Franchisor Marks” means such trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including but not limited to GOLDEN CHICK®, and such other trade names, service marks, and trademarks as Franchisor may develop in the future for the purposes of identifying for the public the source of services and products marketed under such marks and under Franchisor System and representing the Franchisor System’s high standards of quality, appearance, and service.

“Franchisor Operations Manual” means the operations manuals and all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MPRs, and other written or electronic data prepared by Franchisor detailing the Franchisor Standards with which Franchisee must comply in the establishment, maintenance, operation, and marketing of Franchisee Location, as such Franchisor Operations Manual is supplemented or amended from time to time by Franchisor.

“Franchisor Parties” has the meaning given such term in Section 9(g).

“Franchisor Restaurants” means a quick service restaurant system that is established and operated in accordance with the Franchisor System using Franchisor Marks by Franchisor or a franchisee pursuant to the terms of a franchise agreement.

“Franchisor Standards” means those standards and specifications adopted from time to time by Franchisor and made applicable within the Franchisor System and to franchisees of Franchisor designed to: (a) maintain uniform and consistently high standards of quality with respect to the products and services offered for sale at one of Franchisor Restaurants; and (b) present a consistent image to the general public, all of which may be changed, improved or further developed at Franchisor’s sole and absolute option.

“Franchisor System” means the distinctive system developed, operated and franchised by Franchisor for restaurants, the distinguishing characteristics of which include, without limitation: (i) distinctive exterior and interior design, decor, color and identification schemes; (ii) specially-designed equipment and equipment layouts; (iii) Intellectual Property; (iv) approved products, suppliers, and supplies; (v) Franchisor Standards; (vi) community and social networking presence and protocols; (vii) techniques and procedures for inventory, management, and financial controls; (viii) record keeping, reporting forms, and POS system; (ix) training and assistance; and (x) advertising and promotional programs, all of which may be changed, improved or further developed at Franchisor’s sole and absolute option.

“Immediate Family Member” has the meaning given such term in Section 6(i).

“Initial Franchise Fee” means the amount to be paid by Franchisee to Franchisor upon execution of this Agreement, which shall be deemed fully earned by Franchisor upon the execution of this Agreement by both parties and shall not be refundable.

“Initial Term” has the meaning given such term in Section 2(b).

“Innocent Loss or Casualty” has the meaning given such term in Section 5(a).

“Intellectual Property” means all of the elements and components of the Copyrighted Materials, the Franchisor Marks, copyrights, trade dress, trade secrets, recipes, patents, and proprietary technology, programs, appliances, materials, internet domain names and rights associated therewith, and any walk-around character costume, some of which also constitute Confidential Information, that have been or may later be developed or created by or on behalf of Franchisor, or which is or may be based on materials relating to the Franchisor System that Franchisee or any other franchisee creates, develops, modifies, improves, or otherwise changes.

“Internet Site” means any method of electronic communications that employs inter-connected computer networks to communicate information (of any kind) including the computers, telecommunications facilities and similar means (both equipment and software) that comprise the interconnected worldwide network of networks that employ the TCP/IP (Transmission Control Protocol/Internet Protocol) or any predecessor or successor protocols to that protocol.

“Intranet” means the collection of Internet Sites and applications, including any hosted applications, made available by Franchisor to: (i) Franchisor employees and affiliates, and (ii) Franchisor’s franchisees in good standing and their employees, and all of the content, information, applications, data, images, other materials and services accessible through those Internet Sites and applications.

“National Ad Fund” has the meaning given such term in Section 3(i).

“Non-Traditional Locations” has the meaning given such term in Section 2(d).

“OFAC” has the meaning given such term in Section 5(l).

“PCI DSS” has the meaning given such term in Section 5(q).

“Permanent Disability” has the meaning given such term in Section 6(e).

“Permitted Transfer” has the meaning given such term in Section 6(i).

“Renewal Term” has the meaning given such term in Section 2(c).

“Restaurant Equipment” means any required and approved signs, fixtures, kitchen equipment and other equipment (including an electronic cash register, point of sale (POS) or other computer hardware and/or software), devices, and other facilities Franchisor requires, including, without limitation, approved music systems, Wi-Fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens, signs, interior and exterior decor items, fixtures, apparatus, or furnishings, supplies and other products and materials required by Franchisor for the operation of one of Franchisor Restaurants. Restaurant Equipment does not refer to any motor vehicles used by Franchisee.

“Restaurant Plans” means building and Restaurant Equipment design and layout plans and specifications for typical Franchisor Restaurants using the Franchisor System and Franchisor Marks.

“Royalty Fee Percentage” means the percentage of Franchisee Gross Revenues that Franchisee pays in U.S. dollars to Franchisor as the Weekly Royalty Fee described in Section 4(b). The applicable Royalty Fee Percentage shall be four percent (4%) of Franchisee Gross Revenues.

“Weekly Royalty Fee” means an amount to be paid by Franchisee to Franchisor on Thursday of each week throughout the term of this Agreement equal to the sum of the products resulting from multiplying each applicable Royalty Fee Percentage by the corresponding Franchisee Gross Revenues for the seven (7) day period ending as of the close of business on the immediately preceding Sunday.

“Weekly Royalty Fee Report” means a written statement to be submitted by Franchisee to Franchisor relating to the Weekly Royalty Fee in accordance with Section 4(b)(iii).

2. GRANT OF FRANCHISE.

(a) Grant of Franchise. Franchisor grants to Franchisee and Franchisee accepts from Franchisor the right and franchise, to establish and operate one (1) of Franchisor Restaurants to be established and operated at _____ (“Franchisee Location”), in accordance with the Franchisor System (under Franchisor Marks) and this Agreement, together with such other insignia, symbols, trade names and marks which may be approved and authorized by Franchisor from time to time in connection with one of Franchisor Restaurants.

(b) Term of Franchise. The Franchise shall be for an initial period (the “Initial Term”) of twenty (20) consecutive years, beginning on the date of this Agreement, unless sooner terminated in accordance with the terms of this Agreement. Franchisee shall make the Franchisee Location fully operational and open for business to the public in accordance with the following phases:

- (i) Franchisee shall have a fully executed lease or closed on the acquisition to purchase the land and any improvements thereon for Franchisee Location by Franchisee Location Secured Date;
- (ii) Franchisee shall have submitted its application and all required documents to receive a building permit from the applicable local government for the construction of Franchisee Location by the Building Permit Submission Date;
- (iii) Franchisee shall have received a building permit from the applicable local government allowing for the construction of Franchisee Location by the Building Permit Completion Date; and
- (iv) Franchisee shall have completed construction and be ready to open and operate Franchisee Location (only pending written approval from Franchisor) by the Commencement Date.

Upon Franchisee’s written request, Franchisor, in its sole and absolute option, may grant a written extension or extensions to the Commencement Date for the period of time that Franchisee requests; provided, however, in the event Franchisor grants such extension(s), Franchisee must pay a non-refundable extension fee of Three Thousand and No/100 Dollars (\$3,000.00) to Franchisor prior to the Commencement Date and/or any extension period(s) (as applicable) for every thirty (30) day period of the agreed extension.

(c) Renewal. Franchisee may, at its sole and absolute option, renew the term of this Agreement and the Franchise granted hereby for one (1) additional ten (10) year period (“Renewal Term”), provided that, with respect to such renewal:

- (i) Franchisee gives Franchisor written notice of such election to renew no earlier than one (1) year and no later than seven (7) months prior to the end of the Initial Term;
- (ii) At the time of both the renewal and the notice given under Section 2(c)(i), Franchisee is not in default of any provision of this Agreement beyond any applicable cure period, and Franchisee shall have substantially and timely complied with all the terms and conditions of this Agreement;
- (iii) At the time of the renewal, Franchisee shall execute the then-current standard Franchisor Agreement, which agreement shall supersede this Agreement in all respects, exclusive of its provisions relative to an Initial Franchise Fee, the geographic boundaries of the Assigned Area (as defined in Section 2(d)), and the renewal period. The then-current standard Franchisor Agreement shall mean the franchise agreement then being offered to new Franchisor franchisees for the establishment and operation of one of Franchisor Restaurants, which agreement may contain different terms, including, without limitation, the Weekly Royalty Fee and/or Advertising Fee Contribution;
- (iv) In lieu of the Initial Franchise Fee contained in then-current standard Franchisor Agreement, Franchisee shall pay a non-refundable renewal fee to Franchisor in an amount equal to ten percent (10%) of Franchisor's then-current Initial Franchise Fee;
- (v) Franchisee shall repair or replace, at Franchisee's cost and expense, Restaurant Equipment as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional Restaurant Equipment as Franchisor may reasonably require for Franchisee to offer and sell new products and services from Franchisee Location, and shall otherwise modernize the premises of Franchisee Location, the Franchisor Equipment, as reasonably required by Franchisor to reflect the then-current standards and image of the Franchisor System as contained in the Franchisor Operations Manual or other manuals, or otherwise provided in writing by Franchisor;
- (vi) Franchisee shall have satisfied all monetary obligations owed to Franchisor and its Affiliates under this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates and shall have materially met those obligations throughout the terms thereof;
- (vii) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of Franchisee Location or obtain Franchisor's approval of a new site for the operation of Franchisee Location for the duration of the renewal term of this Agreement;
- (viii) Franchisee and Franchisee Principals shall execute a general release of all claims against Franchisor and its Affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders; and
- (ix) Franchisee shall comply with all of Franchisor's then-current qualification and training requirements.

(d) Franchise Assigned Area.

(i) The Franchise shall be limited to the location described in Section 2(a). This Agreement does not grant to Franchisee the right or franchise to operate Franchisee Location or to offer or sell any products or services described hereunder at or from any other location.

(ii) Franchisee may offer any products approved by Franchisor for sale at Franchisor Restaurants through delivery or catering services as provided in Section 5(e)(vi), within the Assigned Area; provided, however: (A) if no geographic area is identified as the Assigned Area on Exhibit A, then Franchisee may offer delivery service to only those customers whose order can be delivered within the delivery time period set forth in the then-current Franchisor Operations Manual or other manuals, or as otherwise set forth in writing by Franchisor; and (B) Franchisee may offer delivery and catering services outside of the Assigned Area after first obtaining Franchisor's prior written consent and entering into an amendment to this Agreement for the purpose of establishing an expanded delivery or catering area ("Additional Delivery Area"). Notwithstanding the foregoing, Franchisor may, at its sole and absolute option: (1) withhold, condition, or delay its consent; (2) revise the boundaries of the Additional Delivery Area upon ten (10) days prior written notice; and (3) revoke Franchisee's right to provide delivery and catering services within any or all of the Additional Delivery Area upon ten (10) days prior written notice. Franchisee shall offer delivery and catering services to all customers located in Franchisee's Assigned Area as described in Section 5(e)(vi) and shall not offer delivery or catering services to be performed outside of Franchisee's Assigned Area (as may be modified by this Section 2(d)); provided, however, the order for such delivery or catering services must be placed at Franchisee Location (including, without limitation, orders placed by telephone or internet). Except as otherwise provided for in this Agreement, and for so long as Franchisee is fully compliant with the terms and conditions of this Agreement, Franchisor shall not establish or operate, or license to any party other than Franchisee the right to establish or operate, any of Franchisor Restaurants within Franchisee's Assigned Area; provided, however: (1) Franchisor and its licensees and designees may continue to operate any pre-existing Franchisor Restaurants within Franchisee's Assigned Area and to relocate such Franchisor Restaurants to any other location within the Assigned Area; (2) Franchisee acknowledges and agrees that the Additional Delivery Area is not exclusive and that Franchisor may engage, and/or allow other franchisees and third parties to engage, in any activities Franchisor desires within the Additional Delivery Area without any restrictions whatsoever (including allowing other Franchisor Restaurants to provide delivery services in the Additional Delivery Area); and (3) Franchisor shall not be liable to Franchisee, Franchisee Principals, or Franchisee's Affiliates for any reduction in Franchisee's sales as a result of such activities.

(iii) Franchisor retains all other rights not expressly granted to Franchisee herein, including, without limitation, the right to engage in the following activities, notwithstanding the proximity of such activities to Franchisee Location, or their actual or threatened economic impact on Franchisee Location:

(A) establish and operate, and license to others the right to establish and operate, Franchisor Restaurants at any location outside of the Assigned Area;

(B) establish and operate, and license to others the right to establish and operate, Franchisor Restaurants at any institutional or captive audience facilities, including, without limitation, military bases, airports and other public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, arenas, museums, art centers, theaters, warehouse clubs, theme parks, amusement centers, truck stops, convenience stores, casinos, indoor food courts at

shopping malls and/or centers, “big box” retail sites, and other venues operated by a master concessionaire or a contract food service provider (“Non-Traditional Locations”) within or outside of the Assigned Area;

(C) establish and operate, and license to others the right to establish and operate, Franchisor Restaurants at the site of any event or series of events which Franchisor, at its sole and absolute option, determines is of regional, national, or international proportion, regardless of frequency, such as the Olympics, World’s Fair, a state fair, a political convention, the Super Bowl, World Series, other major sports events, etc., within or outside of the Assigned Area;

(D) establish, acquire or operate, or license to others the right to establish and operate, businesses other than Franchisor Restaurants within or outside of the Assigned Area, including businesses which offer goods or services which may be the same as or substantially similar to the goods and services offered through Franchisor Restaurants;

(E) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on an Internet Site), so long as such sales are not conducted from one of Franchisor Restaurants in the Assigned Area (excluding a Non-Traditional Location); provided, however, an Internet Site may be accessible to or viewable by persons in the Assigned Area (subject to Franchisee’s right of first refusal set forth in Section 2(d)(v));

(F) advertise and promote sales of or by other Franchisor Restaurants, the Franchisor System and Franchisor Marks, at any location, including within the Assigned Area; and

(G) conduct delivery or catering services, and/or permit Affiliates, licensees and/or other franchisees to conduct delivery or catering services, to customers located in the Assigned Area.

(iv) During the term of this Agreement, Franchisor may from time to time revise the boundaries of Franchisee’s Assigned Area as Franchisor deems necessary, in its sole and absolute option, to develop to accommodate additional Franchisor Restaurants, to accommodate changing market conditions, population changes, fluctuating traffic patterns and other relevant considerations. Franchisor shall provide Franchisee with thirty (30) days prior written notice of any such revision to the Assigned Area.

(v) During the term of this Agreement, provided that Franchisee had complied with the terms of this Agreement, as determined by Franchisor in its sole and absolute option, if Franchisor proposes to establish any Franchisor Restaurants on a Non-Traditional Site which is physically located in the Assigned Area, Franchisee shall have the right to enter into a new Franchise Agreement to establish such additional Franchisor Restaurants under the terms and conditions of the then-current form of Franchise Agreements; provided, however, this right shall not apply to “big box” retail sites, and other venues operated by a master concessionaire or a contract food service provider. If Franchisee and Franchisor have not executed a new Franchise Agreement within a period of thirty (30) days after Franchisor provides written notice to Franchisee of Franchisor’s desire to further develop on such Non-Traditional Sites in the Assigned Area, Franchisor will have the right, to the exclusion of Franchisee, to further develop or establish

additional Franchisor Restaurants on Non-Traditional Sites in the Assigned Area on its own or with others, and this Section 2(d)(v) shall be of no further force or effect.

(vi) Notwithstanding the above, Franchisor retains the right, among other things, to establish an Internet Site that provides information about Franchisor Restaurants generally, even though accessible by persons in the Assigned Area. Franchisor has sole and absolute option and control over an Internet Site's design and contents, which may include Internet Site advertising. An Internet Site may include a series of interior pages that identify the locations of Franchisor Restaurants by, among other things, geographic region, address, and telephone number. In the event Franchisee is in default of this Agreement, or any other agreement with Franchisor or its Affiliates, Franchisor may remove all references to Franchisee and Franchisee location from an Internet Site until such default is cured. Franchisor may establish and enforce reasonable rules and regulations, and impose reasonable fees, relating to an Internet Site, and may amend them from time to time at Franchisor's sole and absolute option. Those rules and regulations may be included in the Franchisor Operations Manual or other manuals or may be separately communicated to Franchisee. The rules and regulations may affect, among other things, content, creation, customer service, privacy and access. At Franchisor's sole and absolute option, Franchisee will promptly participate in and pay all applicable fees relating to an Internet Site in accordance with the rules and regulations.

3. FRANCHISOR'S OBLIGATIONS

(a) **Site Selection, Franchisee Location Design and Restaurant Equipment.** Franchisor shall render the following assistance to Franchisee in its selection of a site for Franchisee Location and the design and equipping of the same:

(i) Site Selection. Franchisor shall assist Franchisee in evaluating possible sites for Franchisee Location that have been submitted by Franchisee to Franchisor for approval.

(ii) Restaurant Design and Restaurant Equipment. Within sixty (60) days after the execution of this Agreement, Franchisor shall furnish Franchisee with the following: (1) subject to the exception described below, the Restaurant Plans (the cost of adaptation of which shall be borne by Franchisee), (2) a list of Restaurant Equipment, and (3) Franchisor Standards with which Franchisee must comply in establishing Franchisee Location. Upon submission of a written request by Franchisee to Franchisor detailing variations in the Restaurant Plans and Restaurant Equipment list desired by Franchisee, Franchisor shall advise Franchisee of such of those variations which it finds acceptable and those which it will not approve. If Franchisee shall have any additional construction, refurbishment, or remodeling of an existing facility, Franchisor shall, in lieu of the Restaurant Plans described above, provide Franchisee with a specific list of the Franchisor Standards applicable to Franchisee's remodeling. Franchisee shall, at its sole expense, prepare architectural and design plans and specifications for the remodeling in accordance with the Franchisor Standards. All such remodeling plans and specifications are subject to the review and approval of Franchisor and may not be used without the prior written approval of Franchisor. Franchisee agrees that Franchisor and its agents shall have the right to inspect the construction, refurbishment and/or remodeling at all reasonable times. Franchisee shall cooperate fully with Franchisor and provide Franchisor and its representatives with full access to the site in connection therewith. Once construction, refurbishment and/or remodeling has been completed Franchisee shall open/reopen Franchisee Location to the public within seven (7) days after obtaining Franchisor's written approval for any opening/reopening. Franchisee shall not open/reopen Franchisee Location to the public unless Franchisor has granted its written approval to do so.

(iii) Construction Parties. All work described in this Section 3(a) shall be performed only by architects, contractors and subcontractors (each, a “Construction Party”) previously approved in writing by Franchisor. Franchisee shall submit such information pertaining to each Construction Party as Franchisor may reasonably request prior to signing or otherwise entering any agreement with such Construction Party. Franchisor shall approve or disapprove the proposed Construction Party in writing within fifteen (15) days following Franchisor’s receipt of all the information requested from Franchisee. If Franchisor neither approves nor disapproves a Construction Party within such fifteen (15)-day period, then the proposed party will be deemed to have been disapproved. Once approved, Franchisee shall cause each Construction Party to procure and maintain insurance coverage against such risks, in such amounts, and with such companies as Franchisor may reasonably require. Upon completion of the work and prior to opening Franchisee Location, Franchisee’s architect or general contractor shall provide Franchisor with a certificate stating that the as-built premises comply with the Franchisor’s approved variations in the Restaurant Plans and Restaurant Equipment list and all applicable legal requirements relating to accessibility/accommodations/facilities for those with disabilities, as may be detailed further in Franchisor Standards or by Franchisor. Franchisee acknowledges and agrees that: (i) each condition which must be met in this Section 3(a)(iii) is reasonable and necessary to protect Franchisor System; (ii) Franchisor’s approval or disapproval of a Construction Party will not impose any liability on Franchisor as to Franchisee, a Construction Party, or anyone else; (iii) Franchisor may revise the requirements for any Construction Party, in its sole and absolute option, to accommodate the operation of any one of Franchisor Restaurants; (iv) Franchisor does not guarantee the quality, timeliness or other matters relating to any Construction Party’s work; and (v) the failure of any Construction Party to perform their duties shall not excuse Franchisee from its obligations under this Agreement.

(b) Approved Products, Ingredients, Supplies, Methods and Equipment.

(i) Franchisor Shall Provide Information and Assistance. Franchisor shall (i) furnish Franchisee within a reasonable time after the execution of this Agreement with such information as Franchisor deems appropriate regarding the Franchisor Standards (including approved suppliers) and Restaurant Equipment; (ii) respond to written requests submitted by Franchisee for approval of any other proposed suppliers not previously approved by Franchisor, and (iii) provide such assistance as Franchisor deems necessary in developing sources of supply for any of the foregoing items for which Franchisor does not have an approved supplier.

(ii) Franchisor Not Liable for Availability, Receipt or Delivery. Franchisor shall not be liable to Franchisee for the unavailability of or delay in shipment or receipt of the items referenced in Section 3(b)(i), whether procured by Franchisee from Franchisor or some other supplier, for any reason or cause beyond the reasonable control of Franchisor. Should such unavailability or delay occur, then, with Franchisor’s prior written consent, Franchisee may substitute comparable products until products approved by Franchisor are available.

(c) Training and Consultation.

(i) In General. Franchisor shall, prior to the opening of Franchisee Location to the public, provide Franchisee and certain key management personnel (including, Franchisee or a designated general manager (with at least two years’ comparable experience in a quick service restaurant), and two assistant managers (each with at least two years’ comparable experience in a quick service restaurant) with an initial training program on the various aspects of owning, managing and operating one of Franchisor Restaurants in accordance with Franchisor Standards. However, Franchisor may revise these experience requirements as it deems necessary, in its sole and absolute

option, to accommodate the operation of any one of Franchisor Restaurants. These exceptions may also require significant additional training time or applicable experience. Such initial training program shall be conducted at one of the company-operated Franchisor Restaurants, Franchisee Location or such other location as Franchisor shall designate and shall be for such period of time and be given in such form and manner as Franchisor shall deem appropriate. Franchisor shall advise Franchisee of the Franchisor Standards applicable to on-the-job training of Franchisee's other personnel, which Franchisee is required to give to such employees pursuant to Section 5(d)(iii). Franchisor may, from time to time, offer such special or remedial training in addition to the foregoing to Franchisee, Franchisee Principals, its supervisory staff and other personnel as Franchisor shall deem appropriate. Upon request of Franchisor, attendance at such special or remedial training shall be mandatory. All expenses of travel, room, board, and wages of each trainee shall be paid by Franchisee.

(ii) **Consultation.** Franchisor shall counsel and assist Franchisee on a continuing basis with respect to Franchisee's management and operation of Franchisee Location and will make available to Franchisee the benefits of Franchisor's information, judgment, experience, and knowledge, and will advise with respect to the same. Franchisor shall, from time to time, make advisory visits and inspections of Franchisee Location and Franchisee's business operations and advise Franchisee in writing of its findings and recommendations for improving Franchisee's business operations. Franchisor reserves the right to charge Franchisee a reasonable fee for any extraordinary consultations, including any additional expenses of travel, room, and board incurred by Franchisor.

(d) Maintenance of Franchisor Standards. Franchisor shall continue its efforts to maintain Franchisor Standards of high and uniform quality to protect and enhance the reputation of the Franchisor System, the Franchisor Marks, the Franchisor franchisees, and the public's demand for products and services marketed through the Franchisor System and by Franchisor franchisees.

(e) Improvements to Franchisor System. Franchisor shall provide to Franchisee, from time to time as Franchisor deems appropriate, advice and written materials concerning techniques of managing and operating one of Franchisor Restaurants, including new developments and improvements in equipment, food products, packaging, and preparation.

(f) Franchisor Operations Manual. Franchisor shall loan Franchisee a Franchisor Operations Manual and other manuals that shall always be kept in Franchisee Location and strictly adhered to such Franchisor Standards as are contained therein may be deleted, changed, modified, and supplemented, and new Franchisor Standards added thereto, from time to time, as Franchisor deems necessary for the furtherance of the interests of Franchisor, the Franchisor System and Franchisor's franchisees. Franchisee hereby agrees to always comply with the Franchisor Standards as set forth in the Franchisor Operations Manual and other manuals. The Franchisor Operations Manual and other manuals shall remain Franchisor's or Franchisor's Affiliates exclusive property and Confidential Information, and may not be duplicated, shared or re-distributed. The printed or electronic Franchisor Operations Manual and other manuals that Franchisor maintains is the official version of the Franchisor Operations Manual and other manuals, respectively, unless Franchisor informs Franchisee otherwise in writing.

(g) Confidential Information.

(i) **Franchisee's Use of Confidential Information.** Except as expressly provided herein, Franchisee and Franchisee's Principals shall have no right, title or interest in the Confidential Information. Franchisee and Franchisee's Principals shall only communicate, disclose or use the Confidential Information as expressly permitted herein or as required by law. Franchisee and Franchisee's Principals shall disclose the Confidential Information only to such of Franchisee's

employees, agents, or independent contractors who must have access to it in connection with their employment. The covenant in this Section will survive the expiration, termination, or transfer of this Agreement or any interest in this Agreement and will be perpetually binding upon Franchisee and each of Franchisee's Principals. Notwithstanding anything in this Agreement to the contrary, Franchisee and its owners, directors, officers, managers, agents and representatives, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose information which is part of Franchisor System: (i) in confidence, to federal, state, or local government officials, or to an attorney of Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (ii) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

(ii) Confidentiality Agreements. Franchisee shall cause all employees having access to the Confidential Information to execute confidentiality agreements substantially in the form of Exhibit B stating that they will preserve in confidence all Confidential Information. Franchisee shall deliver copies of such executed agreements to Franchisor immediately upon their execution. Neither Franchisee, Franchisee's Principals, nor their respective employees may at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(iii) Improvements. Franchisee and Franchisee's Principals shall not implement any change, modification, amendment, or improvement to the Franchisor System and Confidential Information without Franchisor's express prior written consent. Franchisee and Franchisee's Principals must notify Franchisor in writing of any change, amendment, modification, or improvement to the Franchisor System or Confidential Information that they propose to make. Franchisee and Franchisee's Principals acknowledge and agree that all rights derived from any such change, amendment, modification, or improvement to the Franchisor System and/or Confidential Information are Franchisor's property. Franchisee and Franchisee's Principals shall not claim any legal or equitable ownership interest, right, privilege, or title thereto, and hereby assign to Franchisor all their rights, title, and interest in such property, without charge. Franchisee and Franchisee's Principals shall sign all instruments and documents and do such acts and things as Franchisor requests to establish, protect and maintain Franchisor's interest in the Franchisor System and Confidential Information, and to transfer and assign any such rights derived from such adaptations, improvements, modifications or changes to Franchisor as Franchisor prescribes, without charge.

(h) Intellectual Property Rights.

(i) Franchisor's Exclusive Ownership. Franchisee acknowledges and agrees to Franchisor's exclusive ownership of or right to sublicense the Intellectual Property and shall neither directly or indirectly infringe, contest or otherwise impair Franchisor's exclusive ownership of, and/or license with respect to, the Intellectual Property either during or after termination or expiration of this Agreement.

(ii) Rights Acquired Through Franchise Agreement. Franchisee has no right, title or interest in the Intellectual Property or the Franchisor System other than as identified in this Agreement. Any rights granted to use the Intellectual Property, or Franchisor System are conveyed through this Agreement and will only be applicable to the operation of Franchisee Location identified in Section 2(a).

(iii) Improvements. Franchisee and Franchisee Principals shall not implement any change, modification, amendment, or improvement to the Intellectual Property without Franchisor's express prior written consent. Franchisee and Franchisee Principals must notify Franchisor in writing of any change, amendment, modification, or improvement to the Intellectual Property that they proposed to make. Franchisee and Franchisee Principals acknowledge and agree that all rights derived from any such change, amendment, modification, or improvement to the Intellectual Property are Franchisor's property. Franchisee and Franchisee Principals shall not claim any legal or equitable ownership interest, right, privilege, or title thereto, and hereby assign to Franchisor all their rights, title, and interest in such property, without charge. Franchisee and Franchisee Principals shall sign all instruments and documents and do such acts and things as Franchisor requests to establish, protect and maintain Franchisor's interest in the Intellectual Property, and to transfer and assign any such rights derived from such adaptations, improvements, modifications or changes to Franchisor as Franchisor prescribes, without charge.

(i) Advertising.

(i) Franchisor has established a national advertising fund for the common benefit of all Franchisor Restaurants (the "National Ad Fund"). The National Ad Fund is a separate segregated fund Franchisor administers for the purpose enhancing the goodwill and public image of Franchisor Restaurants and the Franchisor System through advertising and promotions and the operation of one or more Internet Sites and consists of payments from franchisees pursuant to their franchise agreements. The National Ad Fund may be established on a national or international basis. Franchisee must contribute to the National Ad Fund up to a maximum of two percent (2%) of Franchisee Gross Revenues, at the time and in the manner Franchisor prescribes. The National Ad Fund will be maintained and administered by Franchisor (or its designee, in accordance with Franchisor's standards), as follows:

(A) Franchisor and/or its designees will direct all advertising and other programs produced using National Ad Fund contributions and will have sole and absolute option to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of advertisements, and the allocation of the money in the National Ad Fund to production, placement, or other costs. In administering the National Ad Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that Franchisee or any one of Franchisor Restaurants benefits directly or pro rata from the placement of advertising through the expenditure of National Ad Fund monies.

(B) The National Ad Fund and its earnings shall be used to satisfy any and all costs of maintaining, administering, directing, preparing purchasing and placing advertising, including, without limitation: the cost of preparing and conducting television, internet, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; search engine optimization and locator services for Franchisor Restaurants; research and development (including, without limitation, the development of new recipes and menu items and product and service testing); and employing advertising agencies to assist in those activities. All sums paid by Franchisee to the National Ad Fund will be maintained in a separate account or accounts by Franchisor and/or its designees and up to 10% of the National Ad Fund contributions may be used by Franchisor to defray any of Franchisor's reasonable operating costs and overhead expenses incurred in administering or directing the National Ad Fund and advertising programs for

franchisees and the Franchisor System. The National Ad Fund and its earnings will not otherwise inure to the benefit of Franchisor.

(C) An unaudited statement of the operations of the National Ad Fund will be prepared annually and will be made available to Franchisee upon written request within one hundred and twenty (120) days after the end of each calendar year. The National Ad Fund is operated solely as a conduit for collecting and expending the National Ad Fund fees as outlined above. Franchisor and its designees have no fiduciary duty to Franchisee, or any other franchisees, or their respective principals, including Franchisee Principals regarding the operation or administration of the National Ad Fund.

(D) Franchisor Restaurants owned by Franchisor or its Affiliates are required to contribute to the National Ad Fund. Franchisees located outside of the United States are not required to contribute to the National Ad Fund unless Franchisor determines that they are in a market that derives some benefit from the advertising or promotions.

(E) Although the National Ad Fund is intended to be of perpetual duration, Franchisor may terminate the National Ad Fund. The National Ad Fund will not be terminated, however, until all monies in the National Ad Fund have been expended or returned to contributing Franchisor Restaurants (whether franchised or operated by Franchisor or its Affiliates), without interest, based on their respective contributions. Franchisor reserves the right to structure the National Ad Fund's organization and administration in ways that, in Franchisor's judgment, most effectively and efficiently accomplish the National Ad Fund's objectives. Franchisor may therefore organize or reorganize the National Ad Fund as a separate non-profit corporation or other appropriate entity and transfer the National Ad Fund's assets to the entity to administer the National Ad Fund. Franchisee agrees to become a member of the entity and, in that regard, to sign a participation agreement and take such other steps as Franchisor reasonably specifies.

(F) While Franchisor does not anticipate that National Ad Fund contributions will be used for advertising which is principally for the solicitation of franchisees, Franchisor reserves the right to use National Ad Fund contributions for public relations activities, and for the creation and maintenance of Internet Sites (a portion of which can be used to explain Franchisor's franchise offering), and to include a notation in all advertisements indicating that a franchise opportunity is available.

(ii) Franchisor shall also have the right to designate any geographic area for purposes of establishing local, regional, or national advertising cooperatives (each a "Co-op"), and to determine whether Franchisee must become a member any such Co-op. Any such Co-op will be established and operated in accordance with a Co-Op agreement provided by Franchisor. Franchisor may change, dissolve, merge or otherwise restructure any Co-Op in its sole and absolute option. If a Co-op for the geographic area in which Franchisee Location is located has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately execute such documents as are necessary to become a member of the Co-Op, and shall abide by the by-laws of the Co-op. If a Co-op for the geographic area in which any of the other Franchisor Restaurants are located is established during the term of this Agreement, Franchisee shall execute such documents as are necessary to become a member of such Co-op within thirty (30) days after the date on which the Co-op commences operation, unless otherwise permitted by Franchisor, and shall abide by the by-laws of the Co-op. Franchisee must contribute such amounts to the Co-op as is determined by the Co-op members pursuant to the Co-op's rules and regulations. Franchisee's contributions for the local, regional and/or national Co-op will not exceed 2% of Franchisee Gross Revenues for

each Co-op. Franchisee hereby grants Franchisor the right to collect Franchisee's required Co-op contributions in the same manner as Weekly Royalty Fee payments are collected pursuant to this Agreement. Franchisor must approve all advertising and promotional plans or materials to be used by the Co-op prior to use. Any of Franchisor Restaurants owned by Franchisor located within the geographic area of any Co-op shall become a member of the Co-op and shall participate in and contribute to the Co-op on the same basis as franchisee members.

(iii) Franchisee shall conduct, at Franchisee's sole expense, such grand opening and VIP promotional and advertising activities as Franchisor may reasonably require for the opening of one of Franchisor Restaurants. VIP promotional activities shall be for up to two (2) days and provide guest services prior to Franchisee Location opening to the public. During the VIP promotional activities, Franchisee and Franchisor will invite selected guests, friends, relatives, and such for trial operations without charge. All advertising items and methods (including, without limitation, the media) used by Franchisee in connection with any such grand opening promotion must be approved by Franchisor in accordance with Section 3(i). Amounts paid by Franchisee for any such grand opening promotion shall not be credited toward any other obligation of Franchisee in this Section 3(i).

(iv) Franchisee shall not use the Franchisor Marks (or include any representations about Franchisor Restaurants) in any advertising, promotional, or marketing materials, without Franchisor's prior written consent.

(v) During the term of this Agreement, Franchisor may establish and maintain one or more Internet Site that provides information about the System and the products and services that are offered at Franchisor Restaurants. An Internet Site may also offer delivery, catering services and/or reservations or similar services or sales of items bearing the Franchisor Marks, including Franchisor memorabilia, clothing and pre-packaged food products. Franchisor will have sole and absolute option and control over an Internet Site's design and contents, except that Franchisor will attempt to configure the site to accommodate the pages that this Section 3(i)(v) describes. Franchisor will have no obligation to maintain an Internet Site indefinitely but may discontinue it at any time without liability to Franchisee. Furthermore, as Franchisor has no control over the stability or maintenance of any Internet Site generally, Franchisor is not responsible for damage or loss caused by errors of any Internet Site. Franchisor is not liable for any direct, indirect, special, incidental, exemplary or consequential damages arising out of the use of an Internet Site or the inability to use an Internet Site including loss of profits, goodwill or savings, downtime, damage to or replacement of programs and data, whether based in contract or tort, product liability or otherwise. In addition, the following shall apply to any Internet Site:

(A) Franchisor anticipates that any Internet Site may include a series of interior pages that identify participating Franchisor Restaurants by address, telephone number, and e-mail address. If such interior pages are developed, then upon Franchisee's request and the execution of a Terms of Use agreement in a form provided by Franchisor, Franchisor will endeavor (technology permitting) to include at an Internet Site one or a series of interior pages devoted to information about Franchisee Location. These page(s) must be developed by Franchisee, at Franchisee's expense, following the guidelines and in the form of a template that Franchisor provides. The page(s) will be subject to Franchisor's approval prior to posting as to form, content, and programming quality. Franchisee will not have the capability to modify its page(s) except in coordination with Franchisor's webmaster and in compliance with our policies and procedures.

(B) Upon the request of Franchisor, Franchisee agrees to contribute a reasonable amount toward the cost of an Internet Site's development, maintenance, and further development, which amount may not exceed \$100.00 per month. Franchisor will set any contribution amount in January of each year and will collect the payments monthly. In addition, or alternatively, Franchisor may use part of the Advertising Fee contributions that Franchisor collects under Section 4(c) to maintain and further develop an Internet Site.

(C) If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under this Agreement, Franchisor may temporarily disable Franchisee's Web page(s), until Franchisee pays its outstanding obligations in full.

(D) Franchisee may not use any of the Franchisor Marks on or in connection with an Internet Site, except as permitted by this Section 3(i).

(vi) Franchisor may, at its sole and absolute option, establish and maintain one or more Intranets through which Franchisor Restaurants may communicate and Franchisor may disseminate updates to the Franchisor Operations Manual, other manuals and other Confidential Information. Franchisor may establish, change, or dismantle Intranets at any time. Franchisor may establish policies and procedures pertaining to Franchisee's use of the Intranet(s), including privacy polies. Franchisor shall always have access to, and retain ownership of, all the data and content of the Intranet(s).

(j) Franchisor Marks Protection. Franchisor shall have sole and absolute option to take such action as it may deem appropriate and the right to exclusively control any litigation, or patent and trademark office or other proceeding arising out of any infringement of the Franchisor Marks or challenge to the use of the Franchisor Marks. Upon the request of Franchisor, Franchisee shall assist in the defense of the Franchisor Marks, and the Franchisor System against any claim of prior use within Franchisee's general trade area; provided, however, that Franchisor shall have the right to control all aspects of any defense assisted by Franchisee, and Franchisee's assistance shall not include any obligation to retain its own counsel nor pay for counsel retained by Franchisor. Franchisee shall make every effort to protect, maintain and advance the Franchisor Franchise System, Franchisor Marks, and all distinguishing characteristics in connection therewith.

(k) Acknowledgment of Franchisor's Performance of Obligations. Franchisee shall, upon request by Franchisor, acknowledge in writing the satisfactory performance by Franchisor of any of Franchisor's obligations under this Agreement, such acknowledgment to not be unreasonably withheld, conditioned or delayed.

4. PAYMENTS TO BE MADE BY FRANCHISEE TO FRANCHISOR

(a) Initial Franchise Fee. Upon execution of this Agreement, Franchisee shall pay to Franchisor in cash, in a single payment, an Initial Franchise Fee in the amount of \$30,000.00 - OR - \$18,000.00 - OR - [REDACTED], which shall be deemed fully earned by Franchisor upon the execution of this Agreement by both parties and shall be non-refundable.

(b) Weekly Royalty Fee. Franchisee shall pay Franchisor a royalty fee as follows:

(i) Amount and Calculation. Franchisee shall pay Franchisor on or before each Thursday during the term of this Agreement, a Weekly Royalty Fee in the amount equal to the sum of the products resulting from multiplying each applicable Royalty Fee Percentage by the corresponding

Franchisee Gross Revenues for the seven (7) day period ending as of the close of business on the immediately preceding Sunday.

(ii) **Method of Payment.** All amounts due to Franchisor under this Agreement shall be paid via an electronic funds transfer program, under which Franchisor shall automatically deduct all payments owed under this Agreement or any other agreement between Franchisor and Franchisee from the bank account designated by Franchisee (the “Account”). Franchisee shall execute the ACH Authorization for Direct Payments (ACH Debits) attached as Exhibit C to this Agreement and shall perform such acts and sign and deliver such additional documents as are necessary to accomplish payment via electronic funds transfer. Franchisee shall comply with all of Franchisor’s standards relating to the electronic funds transfer program and shall make sufficient funds available in the Account for withdrawal of all amounts due to Franchisor no later than the due date of each such payment. Franchisor may, at its sole and absolute option, change the timing and method of payment of the Weekly Royalty Fee and any other amounts due to Franchisor under this Agreement upon delivery of written notice to Franchisee. Franchisee’s failure to deliver an Authorization Agreement for Direct Payments to Franchisor or maintain sufficient funds in the Account is an event of default under this Agreement.

(iii) **Weekly Royalty Fee Report.** On the Monday preceding the date that each Weekly Royalty Fee is due Franchisor, Franchisor may require Franchisee to submit a Weekly Royalty Fee Report to Franchisor which is to be in such form as Franchisor shall from time to time direct, and which shall contain at a minimum an accurate statement of Franchisee Gross Revenues for each day of the seven (7) day period to which the Weekly Royalty Fee relates, with such other information and supporting documentation of the same as Franchisor shall from time to time reasonably request.

(iv) **Late Charges.** If Franchisee fails to make any payment of any Weekly Royalty Fee by the date the same is due, or fails to submit any required Weekly Royalty Fee Report on the date the same is due in such form and with such supporting documentation as required by Franchisor, then a late charge in a sum equal to ten percent (10%) of the Weekly Royalty Fee and \$25.00 for failure to file each Weekly Royalty Fee Report, as applicable, shall become immediately due and payable to Franchisor from Franchisee. All payments from Franchisee received by Franchisor shall be applied by Franchisor to each Weekly Royalty Fee then due and owing and any late charge related thereto in the same order that the obligation of Franchisee to pay the same first arose under the terms of this Agreement. If at any time a court of competent jurisdiction shall determine the late charge or otherwise to be interest under the law, Franchisee shall not be required to pay to Franchisor hereunder any amount of late charge that exceeds the maximum rate of interest permitted by law. If for any reason the late charge shall be deemed interest and such interest more than the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

(c) Advertising Expenditures. Franchisee must spend the amounts Franchisor prescribes on advertising pursuant to Section 3(i); provided, however, Franchisee shall not be required to spend more than two percent (2%) of Franchisee Gross Revenues on the National Ad Fund and each of such local, regional and/or national Co-op. Notwithstanding the foregoing, Franchisor reserves the right to increase or otherwise modify the amount of Franchisee’s expenditures on advertising.

(d) Site Evaluation Fee. If Franchisee has not located and obtained the approval of Franchisor for a site within the Assigned Area for the establishment and operation of Franchisee Location prior to the

execution of this Agreement, then Franchisee may be required to pay Franchisor a non-refundable Site Evaluation Fee as set forth in Section 5(a).

(e) Timely and Prompt Payments. Franchisee will timely and promptly pay all amounts owing to third parties in accordance with the terms of any agreement between the parties. Franchisee will also promptly pay all sales taxes, use taxes, personal property taxes, and similar taxes, which are or may be imposed upon Franchisee and its Affiliates. If Franchisor is required to collect or pay any taxes, either because of Franchisee Gross Revenues or any fees collected by Franchisor from Franchisee (but excluding ordinary income taxes), then Franchisor, in its sole and absolute option, may collect such amounts due from Franchisee in the same manner as Weekly Royalty Fees are collected and pay the taxes to the appropriate governmental authority; provided, however, that Franchisee will remain liable for the payment of all sales, use, or other taxes now or hereinafter imposed by any governmental authorities on any and all fees.

(f) No Deduction or Set-Off Rights. Franchisee's agreement to pay any amount or fee due is and shall be independent of each and every other agreement of this Agreement. Franchisee agrees that any claim by Franchisee against Franchisor shall not be deducted from any amount or fee due nor set off against any claim for such amounts in any action. Any payment by Franchisee or Franchisor's receipt of any payment that is less than the total amount due shall be deemed a payment on the earliest charge of such type of fees or dues owed by Franchisee. No endorsement or statement on any payments or communications regarding payments as amounts or fees due under this Agreement will be deemed an accord and satisfaction, and Franchisor may accept such payments without prejudice to Franchisor's right to recover the balance of such any amounts or pursue any remedies provided in this Agreement or at law.

5. FRANCHISEE'S OBLIGATIONS.

Franchisee acknowledges and agrees to establish and operate one of Franchisor Restaurants at Franchisee Location for a period of twenty (20) years under the terms and conditions of this Agreement. Franchisee will be in default of this Agreement if Franchisee fails to establish and operate Franchisee Location for a twenty (20) year period or otherwise fails to comply with the terms and conditions of this Agreement. In the event of default, Franchisor may exercise its rights pursuant to Section 7 (Default and Termination).

(a) Establishment of Franchisee Location.

(i) **Site Selection.** If Franchisee has not located and obtained the approval of Franchisor for a site within the Assigned Area for the establishment and operation of Franchisee Location prior to the execution of this Agreement, then Franchisee may be required to pay Franchisor a non-refundable Site Evaluation Fee in the sum of \$2,500.00 prior to Franchisor evaluating a site for approval. This fee is used to offset Franchisor's costs in conducting computerized demographic and psychographic analyses for up to 2 sites proposed by Franchisee, for the purposes in determining one or more suitable sites for Franchisee Location. The Site Evaluation Fee is not refundable for any reason; however, if Franchisee signs the then-current form of Agreement within 60 days of paying the Site Evaluation Fee, the charge for the Site Evaluation Fee will be applied to the Initial Franchise Fee. Franchisee agrees that it must use its independent business judgment in determining whether to obtain Franchisor's assistance in performing a site evaluation before submitting the site to Franchisor for final approval. In either event, Franchisee must locate and obtain the approval of Franchisor for a site within the Assigned Area for the establishment and operation of Franchisee Location within one hundred and twenty (120) days after the execution of this Agreement. Upon receipt of all requested documentation, Franchisor will notify Franchisee of its approval or disapproval in writing within a period of thirty (30) days. If Franchisor neither approves nor disapproves a proposed site within such thirty (30)-day period, then the proposed site will be deemed to have been disapproved. Franchisee agrees that Franchisor will have the sole and

absolute option in approving any proposed site and Franchisee agrees to accept any of Franchisor's decisions as final. Franchisee hereby: (i) acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for Franchisee Location or for any other purpose or of the financial success of operating Franchisee Location at such site; and (ii) waives and releases any right or claim in connection therewith against Franchisor or any of its Affiliates, including, but not limited to, any claim relating to the selection or location of Franchisee Location, as well as the location and profitability of Franchisee Location not meeting Franchisee's expectations.

(ii) Designation. Franchisee shall establish, operate, and maintain in accordance with Franchisor Standards, as modified from time to time, Franchisee Location at the location designated in Section 2(a). If not designated in Section 2(a), the location of Franchisee Location is subject to the prior written consent of Franchisor which shall be evidenced by an amendment to this Agreement.

(iii) Commencement. In order to ensure Franchisee Location is fully operational and open for business to the public on or before the Commencement Date, Franchisee shall deliver copies of the following documents to Franchisor during each phase of construction of Franchisee Location by no later than the date established for such phase:

- (A) Franchisee Location Secured Date - a copy of the fully executed lease or agreement (and closing statement) for the acquisition of Franchisee Location;
- (B) Building Permit Submission Date - a copy of the application submitted for a building permit for Franchisee Location;
- (C) Building Permit Completion Date - a copy of the building permit for Franchisee Location; and
- (D) Commencement Date - a certificate from Franchisee's general contractor or architect as to the completion of Franchisee Location.

In addition, Franchisee will notify Franchisor in writing when construction begins on Franchisee Location and thereafter will provide progress reports to Franchisor on a monthly basis (or more frequently, if requested by Franchisor in its sole and absolute option) in form and substance required by Franchisor. Franchisor and its designees shall have the right to enter Franchisee Location and to inspect the construction thereof at all reasonable times. Notwithstanding the foregoing, Franchisee acknowledges and agrees that Franchisor is not, and will not be, responsible for any construction delays due to change orders, acts of God, or for disputes with landlords, architects, contractors, subcontractors, or any other vendor or due to any other action or reason.

The following table illustrates the phases leading to a Commencement Date. THIS TABLE IS FOR ILLUSTRATION PURPOSES ONLY AND HAS NO EFFECT ON THE TERMS, CONDITIONS, AND INTERPRETATIONS OF THIS AGREEMENT. This table only illustrates the phases in either a conversion of another concept's existing restaurant or new construction. It does not apply to an assignment of one of Franchisor Restaurants. The Commencement Date will occur immediately upon the effective date of any assignment of one of Franchisor's Restaurants.

<u>Phases</u>	<u>Conversion of Other Concept's Restaurant</u>	<u>New Construction</u>	<u>Days Calculated From</u>
I: Location	90 days	90 days	Effective Date
	<i>Location either leased or purchased</i>		
II: Design, Equipment, Permit			
(a): Design and Equipment	30 days	30 days	End of Phase I
	<i>Approved plans/equipment Equipment ordered</i>		
(b): Permit Application	60 days	60 days	End of Phase I
	<i>Submitted application for building permit</i>		
III: Permit Completion	210 days	210 days	End of Phase II
	<i>Received building permit</i>		
IV: Commencement Date	104 days	134 days	End of Phase III
	<i>Completed construction Ready to open</i>		
Maximum:	464 days	494 days	

*Note: Phases II(a) and II(b) run concurrently from the end of Phase I.

(iv) Executed Lease or Purchase Agreement. In addition to the original documents thereof, any amendments to a lease or acquisition agreement shall be delivered to Franchisor within ten (10) days after execution thereof. If Franchisee does not own the land and improvements for Franchisee Location, then the lease of such land and improvements shall be for a term equal to at least the unexpired portion of the then-current term (either initial or renewal) of the Franchise Agreement. For purposes of this Agreement, the term of the lease shall include any options to renew the lease, so long as those options are exercisable solely by Franchisee. Additionally, the Addendum to Lease Agreement attached as Exhibit D to this Agreement, shall be executed concurrently with the lease by Franchisor, Franchisee, and the landlord of Franchisee Location.

(v) Secured Lenders. Any documents executed by Franchisee for the purpose of granting a security interest in Franchisee Location or any portion thereof shall contain provisions requiring the secured party to send to Franchisor, at the time sent to Franchisee, copies of all notices of default by Franchisee with respect to any financing secured thereby and shall provide Franchisor with an option to cure any such default. Notwithstanding the foregoing, any such security interest must only attach to an interest in the proceeds of the operation of Franchisee Location and must not entitle or permit the secured party to: (i) take possession of or operate Franchisee Location; (ii) transfer Franchisee's interest in Franchisee Location without Franchisor's consent in accordance with Section 6(b); or (iii) take a security interest in the Franchisor Marks (including, but not limited to, any tradenames).

(vi) Relocation. Franchisee may relocate Franchisee Location only with Franchisor's prior written consent. If the lease for Franchisee Location, if any, expires or terminates through no fault of Franchisee, or if the premises for Franchisee Location is destroyed or materially damaged by fire, flood, or other natural catastrophe ("Innocent Loss or Casualty"), and if Franchisee is not in breach this Agreement or any other agreement between Franchisee and either Franchisor or any Affiliate of Franchisor beyond any applicable cure period; then (subject to the other terms of this Agreement and such conditions as Franchisor may reasonably impose) Franchisor will grant its consent to a relocation of Franchisee Location. Selection of the relocation site and Franchisee Location construction, renovation, and opening will be governed by this Section 5, provided that the new location must meet Franchisor's then-current standards for one of the new Franchisor Restaurants. Franchisee shall execute the then-current form of franchise agreement for the new location, which agreement may contain materially different terms from this Agreement, including, without limitation, different fees, advertising contributions and requirements, and assessments, for a term equal to the unexpired portion of the Franchisee's Initial Term, and all unexpired Renewal Terms; provided, however, that Franchisee shall not be required to pay the Initial Franchise Fee contained in Franchisor's then-current form of franchise agreement. Franchisee shall make provisions acceptable to Franchisor for the removal of all signs and other materials containing Franchisor Marks from the existing site. If the relocation occurred as a result of an Innocent Loss or Casualty, then Franchisee must: (i) identify a new location for Franchisee Location and have it approved by Franchisor consistent with Franchisor's normal procedures and standards for approving locations of its franchised locations within sixty (60) days after the latter of closing at the previous location or receipt from its insurance carrier of total loss of the previous location; and (ii) Franchisee Location must be open for business at the new location within the earlier of one hundred and eighty (180) days after receipt of funds from its insurance carrier related to the Innocent Loss or Casualty or two hundred and seventy (270) days after closing at the previous location. If the relocation occurred for any reason other than an Innocent Loss or Casualty, then Franchisee must open Franchisee Location for business at the new location within five (5) days of closing at the then-current location. Franchisee is solely responsible for all relocation costs and expenses, which may include reimbursement to Franchisor for reasonable administrative fees and reasonable actual costs and expenses, as well as attorneys' fees, associated with reviewing and approving the new location and lease terms for Franchisee Location. Failure to open Franchisee Location at the new location within the time frame specified in this Section 5(a)(vi) will, in Franchisor's sole and absolute option, be cause for termination of this Agreement.

(b) Franchisor Marks.

(i) Use of Mark. Unless otherwise directed by Franchisor, throughout the term of this Agreement, Franchisee shall always operate Franchisee Location under the name identified in Section 2(a). Franchisor shall have the right to adopt marks other than that set forth in Section 2(a); and, upon being so directed by Franchisor, Franchisee shall discontinue the use of the name identified in Section 2(a) and such other marks in connection with operation of Franchisee Location as Franchisor shall direct, including but not limited to, the use of that name and other marks in connection with its supplies, menu boards, signs, identifications and other markings, and shall, at Franchisee's sole expense, commence using in lieu thereof in the operation of Franchisee Location such other marks as Franchisor shall direct.

(ii) Protection of Franchisor Marks.

(A) Franchisee shall employ such of the Franchisor Marks as prescribed by Franchisor, and only such Franchisor Marks, on all stationery, advertising matter, signs, delivery motor vehicles or other articles only in the same combination, arrangement and manner as used

by Franchisor, or the manner prescribed by Franchisor all such usage subject to the approval of Franchisor. Franchisee shall immediately notify Franchisor of any claim or action involving Franchisor Marks and shall cooperate in the prosecution or defense of such actions as provided in Section 3(h). If in Franchisee's general trade area there is a claim of prior use of the name under which Franchisee is authorized to do business, then Franchisee shall immediately provide Franchisor with written notice of such claim and upon the written request of Franchisor, Franchisee shall, at Franchisee's sole expense, use a modification of Franchisor Marks, to clearly avoid any possible confusion between Franchisee Location and any such claimant.

(B) Franchisee and each of Franchisee Principals covenant and agree neither to infringe upon, use or imitate the Franchisor System or any of its distinguishing characteristics, except under written approval from Franchisor and covenants and agrees to conduct the operation of Franchisee Location in the Assigned Area in strict compliance with the terms and provisions of this Agreement and the rules of operation of the Franchisor System. Franchisee agrees that no express or implied right is conferred hereby or herein upon Franchisee to sublicense others to use Franchisor Marks or Franchisor System. Without limiting the generality of the above, Franchisee may not cause or allow all or any recognizable part of the Franchisor Marks to be used or displayed as all or part of an e-mail address, Internet Site domain name, URL or metatag, or in connection with any Internet Site home page, Internet Site, or other Internet Site-related activity without Franchisor's express prior written consent, and then only in the manner and in accordance with the procedures, standards and specifications that Franchisor establishes.

(c) **Copyrights.** The copyright to all advertising and promotional materials that contain any of the Franchisor Marks or that otherwise relate to Franchisee Location or Franchisor Restaurants will belong solely to Franchisor regardless of the party that created those materials. For purposes of this provision on ownership of advertising and promotional material, an Internet Site and all material on an Internet Site including without limitation all informational text, photographs, illustrations, artwork, software, music, sound, photographs, graphics, audio, video, messages, files, documents, images or other materials, as well as all derivative works will be considered advertising and promotional material and will therefore be owned solely by Franchisor. Franchisee will (and will cause its employees and agents to) execute all documents required by Franchisor to confirm this ownership.

(d) **Management, Personnel, Manuals, Training, Menu and Hours.** To assure maximum profitability of the Franchisee Location, Franchisee agrees as follows:

(i) Duty to Manage. Franchisee shall observe all applicable Franchisor Standards relating to the management and operation of Franchisee Location. Franchisee or a designated manager, shall devote full time and efforts to the personal management of the day-to-day operations of the Franchise and Franchisee Location, and either Franchisee or an adequately trained manager shall always be on the premises of Franchisee Location while it is open to the public for business. Franchisee shall use its best efforts to employ personnel who will maintain a neat and clean appearance, be conscientious employees, and render competent and efficient service to Franchisee's customers. Franchisee shall always be responsible for the management and operation of the Franchise and Franchisee Location but shall have the right to appoint such supervisory staff to assist in the management of the same. If Franchisee, or a designated manager, ceases to serve in, or no longer qualifies for, such position, then Franchisee will have thirty (30) days to designate another qualified person to serve in such capacity. Any such proposed replacement must successfully complete the initial training program and such other training (including any state

mandated food safety training) Franchisor requires no later than ninety (90) days after the previous party ceased to serve in such position.

(ii) Area Manager. If Franchisee and/or its Affiliates are operating more than two (2) of Franchisor Restaurants, Franchisor may require in its sole and absolute option that you hire or appoint a full-time area manager, to devote full time and efforts to the management of the day-to-day operations of the Franchisee Location. The area manager need not have an equity interest in Franchisee but must have completed Franchisor's initial training program and all additional training (including food safety training) that Franchisor requires, in Franchisor's sole and absolute option. Franchisor, at its sole and absolute option, may prohibit the Franchisee Location from operating if Franchisee does not have an area manager for every three (3) to five (5) of Franchisor Restaurants owned by Franchisee and/or its Affiliates. If an area manager ceases to serve in, or no longer qualifies for, such position, then Franchisee will have thirty (30) days to designate another qualified person to serve as its area manager. Any such proposed replacement area manager must successfully complete the initial training program and such other training (including food safety training) Franchisor requires, in Franchisor's sole and absolute option, no later than ninety (90) days after the previous area manager ceased to serve in such position.

(iii) Personnel. Franchisee shall, at its sole cost and expense, hire and supervise competent employees in sufficient numbers to operate and maintain Franchisee Location at its maximum capacity and with maximum efficiency. Franchisee shall pay all such individuals' wages, commissions and other compensation as well as all taxes relating to the employment of such individuals with no liability for such payments or taxes on the part of Franchisor. Franchisee shall require all such individuals to work in clean uniforms that shall comply with Franchisor Standards for the same, such uniforms to be furnished at the expense of Franchisee or Franchisee's employees, as Franchisee may determine.

(iv) Manuals. The purpose of all manuals, guidelines, and other materials provided by Franchisor under the Franchisor System, in either hard copy or electronic format, is to maintain consistency of the brand and not to control the Franchisees' day-to-day operations. Any employment related training and/or information that is provided by Franchisor should be used at Franchisee's sole and absolute option and is not a requirement. Franchisor neither dictates nor controls labor or employment matters for Franchisee and its employees. Any applications, schedules, pay stubs, checks, and other work-related materials, given to Franchisee's employees or third parties shall not bear Franchisor's or an affiliate's name or logo, and instead, should clearly identify Franchisee's business Entity, to avoid confusion as to which Entity employs Franchisee's employees or is doing business with any specific vendor. Franchisee should seek the advice of independent legal counsel to assist Franchisee with employment matters related to its operation of Franchisee Location.

(v) Training. Prior to the opening of Franchisee Location to the public, Franchisee and a designated general manager (with at least two years' comparable experience in a quick service restaurant), and two assistant managers (each with at least two years' comparable experience in a quick service restaurant) who is to operate Franchisee Location must attend, at Franchisee's sole cost and expense, and complete to our satisfaction an initial training program on the various aspects of owning, managing and operating one of Franchisor Restaurants in accordance with Franchisor Standards which shall be conducted either at a company-operated restaurant, Franchisee Location, or such other location as Franchisor shall designate. Franchisee will notify Franchisor promptly of any change in the general manager and send any new general manager to attend and satisfactorily complete Franchisor's initial training program, at Franchisee's sole cost and expense, within sixty (60) days after the new general manager begins working at Franchisee Location. Such initial

training shall be for such period of time and be given in such form and manner as Franchisor shall deem appropriate. All personnel of Franchisee shall be initially trained "on-the-job" by Franchisee in accordance with Franchisor Standards relating to such training. Franchisor may, from time to time, offer special or remedial training in addition to the foregoing for Franchisee, Franchisee Principals, and Franchisee's supervisory staff and other personnel and, upon request by Franchisor, Franchisee, Franchisee Principals, its supervisory staff and other personnel shall participate in such training at Franchisee's sole cost and expense. Franchisor reserves the right to charge a reasonable fee for any such special or remedial training. All expenses of travel, room, board, and wages of each trainee shall be paid by Franchisee.

(vi) Menu and Service. Franchisee agrees to: (i) serve the menu items specified by Franchisor; (ii) serve these menu items only in the quantities and sizes specified by Franchisor; (iii) serve these menu items only in meal combinations as specified by Franchisor; (iv) follow all specifications and formulas of Franchisor as to content and mix; and (v) to sell no other food or drink item or any other merchandise of any kind without the prior written approval of Franchisor. No deviations to the specified menu or service for Franchisor Restaurants shall be allowed without the express written consent of Franchisor, in its sole and absolute option.

(vii) Hours and Operations; Holidays. Franchisee shall cause Franchisee Location to be open for business to the public during the hours specified in the Franchisor Operations Manual, other manuals, or otherwise in writing on every day of the year except for New Years' Day, Easter, Thanksgiving and Christmas. Closing Franchisee Location on the above referenced holidays will not be mandatory and if Franchisee elects to close for any of these holidays, notice shall be posted on the doors of Franchisee Location at least seven (7) days prior to that holiday. The closing of Franchisee Location on any other day shall require the prior written consent of Franchisor. Franchisor shall have the right to modify such business hours as it shall deem appropriate for Franchisee to fully realize the potential of the market that Franchisee serves through Franchisee Location and as Franchisor shall deem appropriate for Franchisee to remain competitive in such market. Franchisee agrees that it will comply with any such reasonable modification of such business hours upon receipt of written notice of the same from Franchisor.

(e) Products, Sources, Supplies, Prices, and Revenues.

(i) Approved Products, Ingredients, Supplies, and Methods of Preparation. Franchisee shall offer for sale to the public only products approved by Franchisor for the Franchisor System. Franchisor shall advise Franchisee which approved products Franchisee is always required to offer for sale to the public through Franchisee Location and Franchisee shall offer the same for sale. Franchisee shall offer for sale and sell at and from Franchisee Location the approved products in the manner(s) and style(s) prescribed by Franchisor from time to time, which manner(s) and style(s) may include, but not be limited to, dining-in, delivery, catering, drive-through and carry-out services. Franchisee shall use only ingredients, methods of preparation which are part of the Franchisor System in the preparation and making of approved products. Franchisee shall use only supplies approved by Franchisor for the Franchisor System in connection with its operation of the Franchise. The Franchisor System may be modified, deleted and added to, from time to time, as Franchisor shall deem appropriate, and Franchisee agrees to comply with such modifications, deletions and additions upon receipt of written notice of the same from Franchisor.

(ii) Restaurant Equipment. Franchisee shall furnish Franchisee Location with, and always maintain in or on such premises, Restaurant Equipment. All Restaurant Equipment shall be installed and placed in and on Franchisee Location in accordance with Franchisor's layout and placement design for the same. Franchisee will not cause or permit vending, gaming machines,

pay telephones, automatic teller machines, internet kiosks, or any other mechanical or electrical device to be installed or maintained at Franchisee Location, except as authorized or directed by Franchisor, at its sole and absolute option.

(iii) Sources of Supply. Franchisee shall procure all required ingredients, products, supplies, mixes, and Restaurant Equipment from approved suppliers within the Franchisor System. Prior to purchasing any items from any supplier other than an approved supplier, Franchisee shall submit to Franchisor a written request for approval of such proposed supplier, along with such other information as Franchisor shall reasonably request. In addition, Franchisor may require as a condition of granting approval that its representatives be permitted to inspect the proposed supplier's facilities, and that information, specifications, and samples as it reasonably requires be delivered to Franchisor or to an independent, certified laboratory for testing. Franchisor may charge a fee for testing, which will not exceed the reasonable cost of the inspection and the actual cost of the test. Franchisor will notify Franchisee within sixty (60) days of Franchisee's request as to whether Franchisee may purchase products from the proposed supplier. If Franchisor agrees to evaluate a proposed supplier, then Franchisor will provide the proposed supplier with its standard confidentiality and non-disclosure agreement, and (after the agreement is fully executed) its specifications and standards and criteria for supplier approval. If Franchisor neither approves nor disapproves a proposed supplier within such sixty (60)-day period, then the proposed supplier will be deemed to have been disapproved.

(iv) Mixes. Franchisee shall use the mixes approved for the Franchisor System, in preparing all menu items to be sold through Franchisee Location. Franchisee shall procure the approved mixes exclusively from an approved supplier. Franchisee shall not, nor shall Franchisee permit anyone to analyze or reproduce the approved mixes.

(v) Maintenance of Inventory. Franchisee shall always maintain an inventory of ingredients, products, supplies, and mixes required by the Franchisor System that is adequate in quantity to promptly fulfill the demand by its customers seeking the same.

(vi) Delivery.

(A) Within sixty (60) days of Franchisor's request, Franchisee shall offer delivery and catering services to all customers located within Franchisee's Assigned Area; provided, however, that Franchisee shall not offer delivery service to any customer whose order cannot be delivered within the delivery time period set forth in the Franchisor Operations Manual, other manuals or otherwise set forth in writing by Franchisor, taking into consideration the least favorable driving conditions and strict compliance with all laws, regulations and rules of the road and due care and caution in the operation of delivery vehicles. Franchisee agrees to immediately notify Franchisor if any such delivery time period shall in any manner affect Franchisee's ability to operate the delivery motor vehicles with due care and caution and in strict compliance with all laws, regulations and rules of the road.

(B) Franchisee shall purchase, lease or otherwise arrange for the use of any delivery motor vehicles, at its expense, which may be required to satisfactorily provide the delivery and catering services authorized hereunder or as set forth from time to time in the Franchisor Operations Manual, other manuals or as otherwise set forth by Franchisor in writing. Franchisee shall be solely responsible for the purchase or lease (as applicable), maintenance (including, but not limited to, inspections and repairs), and operations of all delivery motor vehicles utilized by Franchisee and Franchisee hereby acknowledges and

agrees that except as provided in Section 5(d)(vi)(A) and in this Section 5(d)(vi)(B), Franchisor does not set forth any standards and specifications or otherwise exercise control over the purchase or lease, maintenance, or operation of the delivery motor vehicles utilized by Franchisee. However, Franchisee shall utilize the size, appearance and general type (e.g., a van) of delivery motor vehicles and shall equip the vehicles with such equipment, apparatus, and furnishings (e.g., an oven or other food-warming device) as Franchisor deems necessary to maintain and ensure the quality of Franchisee's products and services. In addition, Franchisee shall place such signs and decor items on the delivery motor vehicles as Franchisor may require. Further, Franchisee shall not engage or otherwise utilize any individual in the operation of the delivery motor vehicles in connection with the delivery of approved products who is under the age of 18 and who does not possess a valid driver's license under the laws of the state in which Franchisee provides delivery or catering services.

(C) Subject to the exception provided herein, Franchisee shall only offer delivery and catering services out of, through or from, the Franchisee Locations utilizing vehicles owned, leased or rented by Franchisee and driven by either Franchisee or an employee of Franchisee and not through any third-party food ordering, drop-off/catering, or other delivery services or systems. Franchisor may authorize delivery and catering service at any of Franchisor Restaurants utilizing third parties; provided, however, any such authorization may be revoked or withdrawn at any time in writing by Franchisor in its sole and absolute option.

(D) Subject to the exception provided herein, Franchisee shall only offer delivery and catering services to customers located within Franchisee's Assigned Area and shall courteously refer all calls received from delivery customers located outside of Franchisee's Assigned Area to the appropriate one of Franchisor Restaurants (if any), such referral to be made in the manner specified by Franchisor in the Franchisor Operations Manual, other manuals or otherwise. Franchisee may not deliver or cater to any customer located outside of Franchisee's Assigned Area. Franchisor reserves the right to establish a program (to be administered by Franchisor or a third party) for a local, regional or national telephone number, internet site or other means, for one of Franchisor Restaurants operating under the Franchisor System to facilitate the direction of customer orders and improve service to the public. If established, Franchisee shall participate in such program in accordance with the terms and conditions prescribed by Franchisor, including the payment by Franchisee of a fee for the use of such telephone number and/or the purchase or lease by Franchisee, at Franchisee's sole expense, of such equipment as Franchisor deems necessary to establish and operate such a program.

(vii) Prices. Except as provided below, Franchisee will establish, in its sole discretion, prices for all Approved Products and other products and services sold by Franchisee. From time to time, Franchisor may offer guidance concerning what it believes to be the optimum selling price for approved products and services in order to enhance the competitive position and/or consumer acceptance of Franchisor System for Franchisor Restaurants. Franchisor may establish maximum and minimum retail prices for approved products and services and may implement other price-related required promotions (including, without limitation, free refills and "Buy-One-Get-One-Free" promotions), to the extent permitted by applicable law. Franchisee will comply with all mandatory price requirements as permitted by applicable law. Franchisee acknowledges and agrees that Franchisor has not, and will not, guaranty or warrant that offering the goods, products, or services at Franchisor recommended or required prices will enhance Franchisee's sales or profits,

and irrevocably waives any and all claims arising from or related to Franchisor's recommended or required prices at Franchisee Location.

(viii) Payment of Bills. Franchisee shall timely and promptly pay all invoices, statements and bills rendered to Franchisee by third parties in accordance with the terms thereof.

(f) Books, Records, Accounts and Reports.

(i) Books, Records and Accounts to be Maintained. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete, and accurate books, records and accounts, including, but not limited to, daily cash register tapes, sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals, and ledgers prepared in accordance with generally accepted accounting principles and maintained in the form and manner as may be prescribed by Franchisor from time to time in the Franchisor Operations Manual, other manuals, or in other written directives.

(ii) Reports to be Furnished. Franchisee shall furnish to Franchisor the following reports pertaining to Franchisee Location:

- (A) Any Weekly Royalty Fee Report required under Section 4(b)(iii); and
- (B) A monthly in-house compilation of profit and loss and sales tax report within ten (10) days of Franchisor's written request; and
- (C) A yearly financial statement (including a balance sheet and income statement as of the end of each fiscal year) prepared in accordance with such requirements as Franchisor shall reasonably designate within ninety (90) days after the close of each fiscal year; and
- (D) All other periodic reports in such forms and at such times as Franchisor shall reasonably designate.

(iii) Power of Attorney. Franchisee does hereby appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining all returns and reports filed by Franchisee with any state and/or federal taxing authority (including, without limitation, returns and reports relating to sales and use taxes and corporate taxes). Such power of attorney shall survive the expiration or termination of this Agreement. Franchisor agrees to use its best efforts to keep any financial information provided by Franchisee confidential.

(g) Franchisor Standards. Franchisee acknowledges and agrees to comply with all Franchisor Standards in the operation of Franchisee Location, as may be established or modified from time to time in Franchisor's sole and absolute option, to remain competitive in the fast-food market, expand into new markets, improve the image, reputation, products, services, method of operation, sales and/or profitability of Franchisor and its franchisees and to keep current with developments in the industry. Franchisee also agrees that Franchisor may test or require any such new or revised Franchisor Standards as it deems necessary in Franchisee Location and/or any of the other Franchisor Restaurants. As provided in this Agreement, Franchisee shall offer the approved products in such manner and style prescribed by Franchisor, including, but not limited to, delivery and catering services. The Franchisor Standards, as such may be revised by Franchisor from time to time, shall be set forth in the Franchisor Operations Manual, other manuals, and other written directives of Franchisor. Variations from Franchisor Standards may be required or granted to any of the Franchisor franchisees on a case-by-case basis where, at Franchisor's sole and

absolute option. Any such variations may be based upon such other factors as Franchisor reasonably determines, in its sole and absolute option, to be of importance to the successful operation of one of Franchisor Restaurants. Franchisor shall have the sole and absolute option to deny any such request that Franchisor believes would not be in the best interests of the Franchisor System. Franchisee has no recourse against Franchisor because any variation from standard specifications and practices agreed to, required, or refused by Franchisor with any of the other Franchisor Restaurants or with respect to a license not offered to Franchisee that is offered to another franchisee. Franchisee also has no right to require Franchisor to agree to or refuse a like or similar variation under this Agreement.

(h) Franchisee's Liability, Indemnification and Insurance.

(i) Franchisee's Liability and Indemnification. Franchisee shall bear the risk of loss with respect to Franchisee Location (including any offering under Section 6(g)), and in the event Franchisee Location is destroyed or damaged by fire or other casualty, Franchisee shall, at its sole cost and expense, promptly replace, repair, and restore the same to its original condition immediately prior to such destruction or damage. Franchisee shall be responsible for all loss or damage arising out of or relating to the operation of the Franchise or Franchisee Location and/or arising out of or relating to any acts or omissions or failure to act of Franchisee, any of Franchisee's subsidiaries and Affiliates, and any of Franchisee Principals and the officers, directors, shareholders, partners, agents, independent contractors, servants, employees, and representatives of Franchisee and its subsidiaries and Affiliates in connection with the establishment or operation of Franchisee Location, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any delivery motor vehicle and for all claims for damage to property or for the injury or death of any person or persons directly or indirectly resulting therefrom. Franchisee shall indemnify Franchisor, Franchisor's subsidiaries and Affiliates, successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, employees and contractors and shall hold Franchisor and all such persons harmless from and against all such claims, loss, and damage described in the immediately preceding sentence, including without limitation, Franchisor's and all such persons' court costs and reasonable attorneys' fees. Franchisee further covenants and agrees that it will indemnify and hold Franchisor harmless as to any liability and/or costs incurred because of any mechanic's lien due or claimed for material furnished or claimed to be furnished, or labor performed or claimed to be performed at the instruction or request of Franchisee, or under contract with Franchisee, or on behalf of Franchisee Location. The parties hereto understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any delivery motor vehicles used by Franchisee, beyond the limitations set forth by Franchisor in Section 5(e)(vi), and that the safe operation of delivery service is, therefore, Franchisee's sole responsibility.

(ii) Training Liability and Indemnification. Franchisee and each of Franchisee's Principals represents, warrants, and agrees to: (i) hold Franchisor harmless from, and waive any and all liability of Franchisor and its officers, agents, and employees for any injury or damage which occurs in the course of training at any of Franchisor's designated training facility(s); (ii) have Franchisor, its officers, agents, and employees arrange for medical treatment for any illness or injury that such Franchisee's Principal or the employees of Franchisee might suffer while participating in the training program; and (iii) require that all of Franchisee's employees going through Franchisor's training shall execute a similar indemnification agreement.

(iii) Insurance. Franchisee shall, at its sole cost and expense, maintain in full force and effect throughout the term of this Agreement, the following insurance:

- (A) fire and extended coverage, vandalism and malicious mischief insurance covering the building and contents, with declared values equal to or exceeding one hundred percent (100%) of the actual replacement cost thereof;
- (B) comprehensive general liability insurance, including food products liability insurance, providing coverage of not less than \$1,000,000.00 combined single limit;
- (C) worker's compensation insurance in amounts provided by applicable law (or at the election of Franchisee, any legally appropriate alternative providing reasonable compensation for injured workers); provided that, if permissible under state law, in the event that Franchisee is not a subscriber under the applicable state workers' compensation statute, then Franchisee shall (1) maintain an excess indemnity or "umbrella" policy covering its liability to injured employees, which policy shall contain such coverage amounts as Franchisee and Franchisor shall mutually agree upon and (2) Franchisee shall conduct and maintain such risk management and safety programs for its employees as may be mutually agreed upon by Franchisee and Franchisor; provided, however, Franchisee shall be solely responsible for the conduct and maintenance of such risk management and safety programs (as applicable), including, but not limited to, inspections, repairs, and operations of the Franchisee Location, and Franchisee hereby acknowledges and agrees that except as provided this Section 5(h)(iii)(C), Franchisor does not set forth any standards and specifications or otherwise exercise control over the operation of the Franchisee Location by Franchisee. Such policies shall also include a waiver of subrogation in favor of Franchisor and its directors, officers, shareholders, partners, employees, servants, representatives, and agents;
- (D) automobile liability coverage, including coverage of owned, non-owned, and hired vehicles with coverage in amounts not less than \$500,000.00 combined single limit;
- (E) other insurance policies, such as business interruption insurance (on actual loss sustained basis or loss of income basis for up to 12 months) and unemployment insurance, as Franchisor may require from time to time; and
- (F) other insurance required by law. In addition, Franchisee shall maintain Builder's All Risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor for any construction, renovation, refurbishment, or remodeling of Franchisee Location.

Such insurance shall be placed with a company acceptable to Franchisor, shall name Franchisor and Franchisor's subsidiaries, Affiliates, successors, and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives, and agents as additional insured parties and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions, shall require the insurer to defend all such persons in connection with any liability covered by such insurance, shall not be limited in any way by virtue of the existence of any insurance maintained by Franchisor and/or such other persons, shall not relieve Franchisee of liability under the indemnity provisions set forth in Section 5(h)(i), and shall not be cancelable or materially modified without thirty (30) days prior written notice to Franchisor.

In addition, with respect to the insurance required by clause (A) of this Section 5(h)(iii), such insurance shall provide that the proceeds shall be payable to Franchisee and if Franchisor and Franchisee shall agree that Franchisee Location shall be replaced, repaired or restored pursuant to

Section 5(h)(i), then the proceeds of such insurance shall be used for that purpose. All public liability, property damage, and motor vehicle liability policies shall contain a provision that Franchisee's insurance coverage shall be primary to any coverage maintained by Franchisor and Franchisor shall be entitled to recover under Franchisee's policies for any loss occasioned to Franchisor, its subsidiaries, Affiliates, successors, and assigns, and their respective officers, directors, shareholders, partners, employees, servants, representatives, and agents, for whatever reason.

(iv) Minimum Limits. The insurance coverage will include the minimum limits set forth above (except as may otherwise be specified by Franchisor from time to time).

(v) Evidence of Insurance Coverage. Franchisee will furnish Franchisor with evidence that Franchisee has obtained the required insurance at least ten (10) days prior to the commencement of the operation of Franchisee Location, and each year thereafter while operations of Franchisee Location continues, and at any other time a carrier or coverage is changed. The evidence of coverage will include a statement by the insurer that the policy or policies will not be canceled or materially altered without giving at least thirty (30) days prior written notice to Franchisor.

(vi) Failure to Obtain Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Franchisor Operations Manual, other manuals, or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses incurred in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies in law or in equity that Franchisor may have.

(vii) No Third-Party Recovery or Mitigation. Under no circumstances will Franchisor, Franchisor's subsidiaries and Affiliates, successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, employees and contractors be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee by these parties.

(viii) Survival After Termination, Expiration or Transfer. Franchisee expressly agrees that the terms of Section 5(h)(i) and Section 5(h)(ii) will survive the termination, expiration or transfer of this Agreement or any interest herein.

(i) Ownership of Franchisor System, Franchisor Marks and Confidentiality.

(i) Franchisee and each of Franchisee Principals acknowledge and agree that Franchisor is the sole owner of the Franchisor Marks, the Franchisor System, and the trade secrets and Confidential Information associated therewith, including the Franchisor Operations Manual and other manuals. Franchisee further acknowledges and agrees that by this Agreement Franchisee shall acquire no proprietary interest in such trade secrets or Confidential Information, in the Franchisor Marks, in any goodwill associated therewith, or in the design or trade dress of any of Franchisor Restaurants, and that Franchisee's right to use the Franchisor Marks is derived solely from this Agreement and limited to that necessary for Franchisee to fulfill its obligations hereunder. Any unauthorized use of the Franchisor Marks shall constitute an infringement of the rights of Franchisor. Any changes or alterations to the Franchisor Marks, the Franchisor Operations Manual, or other manuals shall be and remain the sole property of Franchisor.

(ii) Franchisee and each of Franchisee Principals agrees that it shall not, directly or indirectly, at any time during the term of this Agreement or thereafter (i) represent that it has any ownership interest in or rights to the Franchisor System, Franchisor Marks or any confidential or proprietary materials and information now or hereinafter revealed to Franchisee, (ii) register or attempt to register the Franchisor Marks or any mark or name similar thereto, or (iii) take any action to contest or aid in contesting the validity or ownership of the Franchisor System or the Franchisor Marks.

(iii) Upon the expiration or termination of this Agreement, Franchisee shall immediately return to Franchisor all copies of the Franchisor Operations Manual, all other manuals, and all information in its possession or control regarding the Franchisor Standards and shall immediately and permanently cease to use all other supplies and items bearing the Franchisor Marks.

(iv) All goodwill that may arise from Franchisee's use of the Franchisor System and Franchisor Marks is and shall always remain the sole and exclusive property of Franchisor and shall inure to the sole benefit of Franchisor. All improvements to the Franchisor System made by Franchisee, Franchisor, or any other Franchisor franchisees shall also be the sole and exclusive property of Franchisor. Franchisee shall cooperate with Franchisor and do all things necessary for Franchisor to establish its ownership to any improvements brought about by Franchisee.

(v) Franchisee and each of Franchisee Principals acknowledges and agrees that its entire knowledge of the Franchisor System, the development and operation of Franchisee Location, and information constituting the Franchisor Standards, will be derived from information disclosed to Franchisee by Franchisor, including trade secrets, proprietary information, and Confidential Information. Franchisee and each of Franchisee Principals acknowledges and agrees that the unauthorized use or disclosure of such trade secrets or Confidential Information would constitute an act of unfair competition and cause irreparable harm to Franchisor, its competitive position, and goodwill, and Franchisee and each of Franchisee Principals acknowledges and agrees to be responsible for damages caused to Franchisor by such unauthorized use or disclosure.

(vi) Franchisee and each of Franchisee Principals shall therefore hold in strict confidence and shall not disclose any such trade secrets or confidential or proprietary information, including the Franchisor System, except as authorized and to the extent necessary under this Agreement. Franchisee shall regularly take active measures to educate and ensure the compliance of Franchisee Principals, employees, and agents in this regard. Neither Franchisee nor any of Franchisee Principals shall, without Franchisor's prior written consent, copy or permit any person to copy any such Confidential Information, including that contained in the Franchisor Operations Manual, all other manuals, Restaurant Plans, or Franchisor Standards, or permit use or inspection of such information by any person other than Franchisee's directors, officers, employees, agents, or Franchisor's authorized representatives.

(viii) Franchisee's and Franchisee Principals' covenants under this Section 5(i) are agreed to be unconditional and in no way dependent upon the performance by Franchisor of any of its obligations under this Agreement. Franchisee's and Franchisee Principals' non-disclosure obligations under this Section 5(i) shall survive the expiration or termination of this Agreement for any reason.

(ix) Franchisee shall require its managers and, at Franchisor's request, any other personnel of Franchisee Location designated by Franchisor or otherwise having access to any Confidential Information of Franchisor and any holder of a beneficial interest of more than one percent (1%) in the securities of Franchisee or of any corporation directly or indirectly Controls Franchisee, if

Franchisee is a corporation (or of any corporate general partner or of any corporation directly or indirectly Controls a general partner of Franchisee, if Franchisee is a partnership), to execute covenants that they will maintain the confidentiality of the information they receive in connection with their relationship with Franchisee. Such covenants shall be substantially in the form contained in Exhibit B. Failure by Franchisee to obtain execution of the covenants required by this Section 5(i)(ix) shall constitute an event of default under Section 7.

(j) Non-Competition.

(i) Franchisee Shall Not Use Franchisor Systems and Franchisor Marks to Compete. Franchisee and each of Franchisee Principals acknowledges and agrees that the Franchisor System and Franchisor Marks are unique and shall not at any time attempt to use the same in any other type of food service business or attempt to copy or imitate any of the same. Franchisee and Franchisee Principals specifically acknowledge and agree that, pursuant to this Agreement, Franchisee and Franchisee Principals will receive valuable specialized training, trade secrets, and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the Franchisor System which are beyond the present skills and experience possessed by Franchisee, Franchisee Principals, and Franchisee's managers and employees. Franchisee and Franchisee Principals acknowledge and agree that such training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to them in the development of one of Franchisor Restaurants and that gaining access to such training, trade secrets and Confidential Information are, therefore, a primary reason why they are entering this Agreement. In consideration for such training, trade secrets and Confidential Information, Franchisee and each of Franchisee Principals agree that:

(A) during the term of this Agreement (or for each of Franchisee Principals, during the term of this Agreement for so long as such individual or Entity satisfies the definition of Franchisee Principals as set forth in Section 1), neither Franchisee nor any of Franchisee Principals shall, directly or indirectly:

(1) own, maintain, engage in, manage, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any retail food business serving an item that is similar to any product which Franchisor has authorized for sale by Franchisor Restaurants and which represents a significant portion of revenues of Franchisor Restaurants, which is located within a ten (10) mile radius of the address of the Franchisee Location established pursuant to this Agreement, or within a ten (10) mile radius of any Franchisor Restaurants then in operation or under construction; or

(2) enter the employ of or render any service to any person, partnership, association, or corporation engaged in any such business; and

(B) for a period of two (2) years after the expiration (and non-renewal) or termination of this Agreement, regardless of the reason for termination (or with respect to each of Franchisee Principals, for a continuous uninterrupted period commencing upon the earlier of: (1) the expiration (and non-renewal) or termination of this Agreement or (2) the time such individual or Entity ceases to satisfy the definition of "Franchisee Principals" as set forth in Section 1), neither Franchisee nor any of Franchisee Principals shall:

(1) own, maintain, engage in, manage, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of

any retail food business serving an item that is similar to any product which Franchisor has authorized for sale by Franchisor Restaurants and which represents a significant portion of revenues of Franchisor Restaurants, which is located within a ten (10) mile radius of the address of the Franchisee Location established pursuant to this Agreement, or within a ten (10) mile radius of any Franchisor Restaurants then in operation or under construction; or

(2) enter the employ of or render any service to any person, partnership, association, or corporation engaged in any such business.

(ii) Non-Diversion and Acts Affecting Goodwill. During the term of this Agreement and for a period of two (2) years after either the expiration and non-renewal or termination of this Agreement, neither Franchisee nor any of Franchisee's Principals shall, directly or indirectly divert or attempt to divert the business of any Franchisor Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Franchisor Marks, Franchisor System, and/or the Intellectual Property.

(iii) Enforcement. Each of the foregoing provisions of this Section 5(j) shall be enforceable by specific performance and injunctive relief and shall be construed as separate covenants governing competition, and if any court shall finally adjudicate that the restraints provided for herein are too broad as to area, activity or time covered, such area, activity or time covered may be reduced to whatever extent that court deems reasonable and the covenants may be enforced as to such reduced area, activity or time.

(iv) Covenants. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 5(j) from its managers and, upon request of Franchisor, any of the other Franchisor Restaurants personnel of Franchisee who has received or will receive training from Franchisor and any corporation directly or indirectly Controls Franchisee, if Franchisee is a corporation (or of any corporate general partner or any corporation directly or indirectly Controls a general partner of Franchisee, if Franchisee is a partnership). Such covenants shall be substantially in the form set forth in Exhibit B. Failure by Franchisee to obtain execution of the covenants required by this Section 5(j) shall constitute an event of default under Section 7.

(v) Survival After Termination, Expiration or Transfer. Franchisee expressly agrees that the terms of Section 5(j) will survive the termination, expiration or transfer of this Agreement or any interest herein.

(k) Maintenance and Operation of Franchisee Location. Franchisee shall, at its sole cost and expense, always keep Franchisee Location, both interior and exterior, structural and otherwise, free from nuisance and in the highest degree of cleanliness, orderliness and repair in accordance with Franchisor Standards, and shall replace Restaurant Equipment as the same becomes obsolete, beyond reasonable repair, or inefficient, with Restaurant Equipment of the design, specifications, and quality as then required by existing Franchisor Standards for the same.

(l) Compliance with Franchisor Standards and Laws. Franchisee shall always maintain and operate Franchisee Location and Franchise in accordance with Franchisor Standards, and all applicable laws, ordinances, statutes, codes, rules, regulations or any other requirements of any federal, state, county, municipal or other governmental authority. In addition, Franchisee shall not permit any of the property or interests of Franchisee or any of Franchisee Principals to be "blocked" under any Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools

Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, orders and any other requirements of any U.S. federal, state and local authorities, or other jurisdiction in which Franchisee Principals and/or Franchisee is operating, which addresses or in any way relates to terrorist acts and acts of war. Neither Franchisee, Franchisee Principals, nor any of their respective funding sources or related parties is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any terrorist list published by any U.S. government authority, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers. Each of Franchisee Principals and Franchisee are and shall remain in compliance with all Anti-Terrorism Laws.

(m) Inspections.

(i) **Franchisee Location.** Franchisor shall have the right to inspect Franchisee Location at any time during Franchisee's regular business hours for the purpose of (i) inspecting the inventory and Restaurant Equipment; (ii) inspecting the nature and quality of products sold and services rendered by Franchisee; (iii) examining and auditing Franchisee's books and records; (iv) observing the manner and method of Franchisee's operation of Franchisee Location; and (v) otherwise inspecting the same for the purpose of assuring itself that the provisions of this Agreement are being observed by Franchisee. Franchisee shall correct any deficiencies with respect to the foregoing within ten (10) days of receipt by Franchisee of a written notice of the same or if any such deficiency cannot be reasonably remedied in such time period, within a reasonable time after receipt of such notice as is necessary to cure such deficiency.

(ii) **Books and Records.** Franchisor shall, at its sole cost and expense, always have the unqualified right, during Franchisee's normal business hours, to examine and audit all Franchisee's books, records, accounts and correspondence and to make copies thereof. If such examination and audit discloses a deficiency in the payment of Weekly Royalty Fees, Franchisee shall, within five (5) days of receipt from Franchisor of a notice of such deficiency, pay the deficiency together with interest from the date payment should have been paid at the rate of eighteen percent (18%) per annum; provided, however, that if such rate of interest shall be in excess of the maximum rate allowed by law, such rate of interest shall be reduced to the maximum rate allowed by law. If Franchisee shall pay interest on such deficiency under this Section 5(m)(ii), then Franchisee shall not be required to pay the late charge on such amount as provided in Section 4(b)(iv). If Franchisee Gross Revenues as shown by such examination and audit exceeds the sum reported by Franchisee to Franchisor by more than two percent (2%), Franchisee shall also immediately reimburse Franchisor for the reasonable cost of Franchisor's examination or audit. Franchisee shall cooperate with Franchisor and with the person or persons making such examination or audit on behalf of Franchisor.

(n) Promotion of Franchisee Location. Franchisee shall use every reasonable means to encourage and promote the patronage of Franchisee Location by the public within Franchisee's Assigned Area.

(o) Electronic Cash Register, POS and Computer Program. Franchisee shall immediately install and utilize any specific electronic cash register, point of sale (POS) system, or other computer hardware and/or software designated by Franchisor for use at or by Franchisor Restaurants. Franchisee shall enter and always comply with all license agreements required for such items. Franchisee shall immediately upgrade, modernize, alter, reconfigure, acquire or license and utilize new computer hardware and/or software in connection with such register and system, as Franchisor shall from time to time specify. Franchisee shall also immediately install and maintain a telephone modem in accordance with Franchisor's

specifications to permit Franchisor to access by telephone such register and system, thereby permitting Franchisor to inspect and monitor electronically information concerning Franchisee Location, Franchisee Gross Revenues and such other information as may be contained or stored in such register and system. Franchisor shall have telephone access as provided herein at such times and in such manner as Franchisor shall from time to time specify. Franchisee shall immediately acquire, install, and maintain such anti-virus and anti-spyware software as Franchisor requires, and adopt and implement such Internet Site user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the designated POS system. All payments necessary under this Section 5(o) shall be at Franchisee sole cost and expense. Franchisor may provide additional time for Franchisee to comply with this Section 5(o) as it deems necessary in its sole and absolute option.

(p) Intranet. Franchisor may establish and maintain, at its sole and absolute option, either a series of “private” pages on an Internet Site, or a so-called Intranet, through which Franchisor, its franchisees, and their respective employees may communicate with each other and through which Franchisor may disseminate updates to the Franchisor Operations Manual, other manuals, and other Confidential Information.

(i) Upon receipt of notice from Franchisor that an Intranet has become functional, Franchisee agrees to purchase, install and maintain the equipment, make the arrangements, and follow the procedures that Franchisor requires in the Franchisor Operations Manual, other manuals, or otherwise in writing to permit Franchisor to access, download, and retrieve electronically, by telecommunications or other designated method (including the establishment and maintenance of Internet Site, Intranet, or extranet access or other means of electronic communications, as specified by Franchisor from time to time), any information stored in Franchisee’s computer systems, including information concerning the Franchisee Gross Revenues from Franchisee Location, and to permit Franchisor to upload and for Franchisee to receive and download information from Franchisor. All steps taken by Franchisee to comply with this Section 5(p)(i) shall be accomplished at Franchisee’s cost. Franchisee further agrees that Franchisor will have access to the information at the times and in the manner that Franchisor specifies from time to time. If Franchisee ever fails to make that information accessible to Franchisor throughout the term of this Agreement, Franchisor may, in its sole and absolute option and without limitation of any other rights provided for in this Agreement, assess a reasonable monetary charge for that failure. Franchisee’s obligation to maintain connection with the Intranet will continue until this Agreement’s expiration or termination (or, if earlier, until Franchisor discontinues the Intranet). Franchisee’s failure to comply with this Section 5(p)(ii) will constitute an event of default under this Agreement.

(ii) Franchisor will have no obligation to maintain the Intranet indefinitely but may discontinue it at any time without liability to Franchisee.

(iii) Franchisor will establish policies and procedures for the Intranet’s use. These policies, procedures and other terms of use will address issues such as (i) restrictions on the use of abusive, slanderous, or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage default of any franchisee’s franchise agreement with Franchisor; (iii) confidential treatment of materials that Franchisor transmits via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for Franchisor suspension or revocation of access to the Intranet by franchisees and others; and (vi) a privacy policy governing Franchisor access to and use of electronic communications that franchisees, franchisees’ employees and others post on the Intranet. Notwithstanding, subsection 5(p)(iii)(vi), Franchisee acknowledges and agrees that, as administrator of the Intranet, Franchisor can technically access and view any communications that any person posts on the Intranet. Franchisee further acknowledges and agrees that the Intranet

facility and all communications that are posted to it will become Franchisor property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(iv) Franchisee will contribute a reasonable amount, not to exceed \$100.00 per month, toward the cost of the Intranet's maintenance and further development. Franchisor will set the contribution amount in January of each year and will collect the payments monthly.

(v) If Franchisee fails to pay when due any amount payable to Franchisor under this Agreement, or if Franchisee fails to comply with any policy or procedure governing the Intranet, Franchisor may suspend Franchisee's access to all or any aspect of the Intranet (such as a chat room, bulletin board, list serve, or similar feature) until Franchisee fully cures the default. Franchisee will not have any claim against Franchisor or any of our Affiliates arising from such suspension from the Intranet pursuant to this Section 5(p)(v) and Franchisee hereby waives any such claim it may at any time have, and releases Franchisor and its Affiliates from any liability arising therefrom.

(q) Non-Cash Systems. Franchisor may from time to time approve and/or designate the customer payment methods to be accepted by Franchisor Restaurants, including debit cards, credit cards, stored value cards, gift cards, and other non-cash systems. Franchisee shall install such hardware and software as Franchisor designates about such non-cash systems. The parties acknowledge and agree that the protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Franchisor Marks and Franchisor System. Accordingly, Franchisee agrees that the Franchisee Location will always meet or exceed the Payment Card Industry Data Security Standards ("PCI DSS") as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor organization as Franchisor designates, the Fair and Accurate Credit Transactions Act ("FACTA"), and such non-cash system policies and data security polices as Franchisor may from time to time prescribe in the Franchisor Operations Manual or other manuals. Franchisee shall upgrade Franchisee's Computer System and related software, at Franchisee's expense, to maintain compliance with PCI DSS, FACTA, and all related laws and regulations, and Franchisor's non-cash system and data security standards.

(r) National or Regional Meetings. Franchisor may require, in its sole and absolute option, that Franchisee or a manager designated by Franchisee will, at Franchisee's sole cost and expense, attend at least one national or regional meeting each year organized by Franchisor for and on behalf of its franchisees, for setting forth new methods and programs in store operation, training, management, food preparation, sales, and sales promotion programs, and such related and other necessary matters as Franchisor, in its sole and absolute option, requires.

(s) Crisis Management Event. Upon the occurrence of a Crisis Management Event (as defined below), Franchisee shall immediately notify Franchisor by telephone and email (or as otherwise instructed in Franchisor Operations Manual, other manuals, or as set forth in this Agreement), of such event and cooperate fully with Franchisor and with the appropriate authorities with respect to the investigation and management of the Crisis Management Event. Although Franchisee shall remain solely liable for any Crisis Management Event, Franchisee must coordinate with Franchisor on statements and other responses to the Crisis Management Event to mitigate possible damages to Franchisor Marks and Franchisor System. In addition, Franchisee should coordinate with Franchisor on any comments to third parties related to a Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Franchisee Location or in connection with the operation of the Franchisee Location that relates to data breach, food borne illness/health issues, acts of violence, alcohol-related incidents, firearms on the premises, discrimination and harassment, lawsuits/judgments, or any other circumstance which may materially and adversely affect the Franchisor System or the goodwill symbolized by Franchisor Marks.

6. TRANSFERABILITY.

(a) Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations hereunder to any person or legal Entity without Franchisee's consent. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, Franchisor Marks, or Franchisor System to a third party; may merge, acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives against Franchisor any claims, demands or damages arising from or related to the loss of Franchisor System. Nothing contained in this Agreement shall require Franchisor to remain in the business of operating Franchisor Restaurants or other restaurants or to offer any services or products, whether or not bearing the Franchisor Marks, to Franchisee, if Franchisor exercises its rights hereunder to assign its rights in this Agreement.

(b) Transfer by Franchisee.

(i) Franchisee and Franchisee Principals acknowledge and agree that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Franchise in reliance on the business skill, financial capacity, and personal character of Franchisee and Franchisee Principals. Accordingly, except as described in Sections 6(c), 6(h) and 6(i), neither Franchisee nor any successor or assign to any part of Franchisee's interest in this Agreement or in the Franchise granted hereby, nor any individual, partnership, corporation, or other Entity which directly or indirectly has or owns any interest in this Agreement, in Franchisee Location, or in Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement, in Franchisee Location, or in Franchisee without the prior written consent of Franchisor; provided, however, that Franchisor's prior written consent shall not be required for a transfer of less than a one percent (1%) interest in a publicly held corporation. A publicly held corporation is a corporation whose securities are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor required by this Section 6(b)(i) shall be null and void and shall constitute a material event of default under this Agreement, for which Franchisor may then terminate this Agreement without opportunity to cure pursuant to Section 7.

(ii) Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, in Franchisee Location, or in this Agreement; however, Franchisor may, in its sole and absolute option, require any or all the following as conditions of its approval to any transfer:

(A) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its subsidiaries and Affiliates arising under this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or Affiliates shall have been satisfied and Franchisee shall have satisfied all trade accounts and other debts, of whatever nature or kind;

(B) Franchisee shall not be in default under, or as a condition to such transfer shall cure any default of under, this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or Affiliates; and in connection therewith, the transferor shall remain liable for all of the obligations to Franchisor in connection with Franchisee Location prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(C) The transferor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and Affiliates and their respective officers, directors, shareholders, partners, employees, servants, representatives, and agents, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between Franchisee and Franchisor or its subsidiaries or Affiliates related to the Franchise for Franchisee Location and federal, state, and local laws, rules, and ordinances;

(D) The transferee shall enter into a written agreement, in a form prescribed by Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer, all obligations, covenants, and agreements of Franchisee contained in this Agreement; and if transferee is a corporation or partnership, transferee's shareholders, partners, or other investors, as applicable, shall also execute such agreement as Franchisee Principals of the transferee;

(E) The transferee shall demonstrate to Franchisor's satisfaction that transferee meets the criteria which Franchisor considers when reviewing a prospective franchisee's application for a franchise including, but not limited to: (1) Franchisor's educational, managerial, and business standards; (2) transferee's good moral character, business reputation, and credit rating; (3) transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); (4) transferee's financial resources and capital; and (5) the geographic proximity of any other Franchisor Restaurants operated by the transferee;

(F) At Franchisor's sole and absolute option, the transferee shall execute (and shall cause all of Franchisee Principals of the transferee to execute) for a term ending on the expiration date of this Agreement or for a twenty (20) year term as Franchisor shall determine, the form of franchise agreement then being offered to new Franchisor System franchisees and such other ancillary agreements as Franchisor may require for Franchisee Location, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, and may include, without limitation, a higher Weekly Royalty Fee and advertising contribution(s); provided, however, that the transferee shall not be required to pay any Initial Franchise Fee;

(G) The transferee, at its expense, shall renovate, modernize, and otherwise upgrade Franchisee Location to conform to the then-current standards and specifications of Franchisor Restaurants within Franchisor System as reasonably requested by Franchisor, and shall complete such within the time specified by Franchisor;

(H) At the transferee's expense, the transferee and the transferee's managers, and Franchisee Location personnel designated by Franchisor shall complete the initial training program and any other training programs then required, upon such terms and conditions as Franchisor may reasonably require;

(I) The transferee shall pay a transfer fee, as follows: (1) if the transferee is not an existing Franchisor franchisee or a principal of an existing Franchisor franchisee, then the transfer fee shall be in an amount equal to twenty percent (20%) of the Initial Franchise Fee then being charged by Franchisor to new franchisees; and (2) if the transferee is either an existing Franchisor franchisee or a principal of an existing Franchisor franchisee, then

the transfer fee shall be in an amount equal to ten percent (10%) of the Initial Franchise Fee then being charged by Franchisor to new franchisees; and

(J) The transferee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application for transfer, including, without limitation, attorneys' and accounting fees.

(iii) Franchisee hereby acknowledges and agrees that each condition, which must be met by the transferee, is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

(c) Transfer for Convenience of Ownership. If the Franchisee is one or more individuals, and if such Franchisee desires to transfer the Franchise to a corporation or other legal Entity formed solely for the convenience of ownership by Franchisee, then the requirements set forth in Sections 6(b)(ii)(C), (E), (F), (G), (I), and (J) shall not be conditions to receipt of Franchisor's consent to such transfer; provided that, Franchisee shall be the owner of all the voting stock or interest of the corporation and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as each individual had in Franchisee prior to the transfer.

(d) Right of First Offer and Right of First Refusal.

(i) Any party holding any interest (including any purchase of an interest pursuant to Section 6(c) hereof) in Franchisee, in Franchisee Location, or in this Agreement ("Franchisee Interests"), who desires to offer for sale of the Franchisee Interests or who desires to accept any bona fide offer from a third party to purchase Franchisee Interests (other than (y) in accordance with Section 6(g) hereof or (z) in a sale to other parties already holding some Franchisee Interests), shall notify Franchisor in writing of such intent or offer, and shall provide such information and documentation relating to the offer (with all material business terms of such proposed offer including, without limitation, such party's proposed sales price) as Franchisor may require and the offering party possesses or has the legal right to possess. Franchisor shall have the exclusive right, for a period of thirty (30) days following receipt of all information and documentation required under this Section 6(d) to negotiate with offering party to purchase Franchisee Interests either directly or indirectly through one of Franchisor Affiliates; provided, however, such period shall be extended to sixty (60) days if the offer includes the sale of real property (the "Exclusivity Period"). The negotiations between the Franchisor and offering party shall be third party arms-length negotiations; neither party shall be under any fiduciary obligations to the other with respect to such negotiations. If, after the expiration of the Exclusivity Period, the parties have not entered into a definitive agreement concerning the purchase and sale of Franchisee Interests, the offering party shall be permitted to negotiate and enter into an agreement for the purchase and sale of Franchisee Interests with third parties containing terms and conditions materially similar to those which the party has previously negotiated with Franchisor. However, if a party is subsequently willing to sell Franchisee Interests on terms which are materially different from that set forth to Franchisor, then such party shall provide Franchisor with a revised notice in accordance with the terms of this Section 6(d)(i) and Franchisor shall have all of the same rights as set forth herein. Franchisor shall approve or disapprove any such sale in accordance with this Agreement and its standard practices. Participation in such purchase and sale by other parties holding Franchisee Interests through contractual agreements providing for "Drag Along" or "Tag Along" or other similar rights shall not be subject to an additional right of first offer or right of first refusal; provided, however, Franchisor's determination on any such Franchisee Interests shall run concurrently with Franchisor's determination on the principal Franchisee Interests.

(ii) Failure to comply with the provisions of this Section 6(d)(i) prior to the transfer of any Franchisee Interests shall constitute a material event of default under Section 7.

(iii) For purposes of this Section 6(d)(i), the term materially different means that the value of the consideration accepted from a third-party is less than 95% of the value of the consideration offered by Franchisor prior to the expiration of the Exclusivity Period for the Franchisee Interests inclusive of any reduction in fees and/or commissions borne by a third-party. Franchisee and Franchisor agree that, due to the difficulty in valuing non-financial terms of an assignment, differences in indemnity obligations, representations and warranties, continuing debt guaranties (exclusive of other contractual guaranties, such as leases), and similar terms shall not be considered material.

(iv) Notwithstanding any provision herein to the contrary, if Franchisor fails to exercise its right of first offer with respect to a particular offer for sale of Franchisee Interests, whether because Franchisor was uninterested in such offer or because Franchisee had failed to notify Franchisor of the offer, Franchisor shall nevertheless have a right of first refusal with respect to such offer for sale under the same terms and conditions in Section 6(d)(i).

(e) Transfer Upon Death or Permanent Disability.

(i) Upon the death of any Franchisee or any of Franchisee Principals (the “Deceased”), the executor, administrator, or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

(ii) Upon the Permanent Disability (as defined below) of any person with an interest in this Agreement, Franchisee Location, or in Franchisee, Franchisor may, in its sole and absolute option, require such interest to be transferred to Franchisor, either directly or indirectly through one of Franchisor Affiliates, or a third party approved by Franchisor within six (6) months after notice to Franchisee. “Permanent Disability” shall mean any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent Disability shall be determined upon examination of the person by a licensed practicing physician selected by Franchisor; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Section 6(e)(ii). The costs of any examination required by this Section 6(e)(ii) shall be paid by Franchisor.

(iii) In the event of the death or Permanent Disability of any person with a twenty-five percent (25%) or more interest in this Agreement, Franchisee Location, or in Franchisee, or any person with an interest less than twenty-five percent (25%) if Franchisor determines, in its sole and absolute option, that such person had substantial control or supervision over the management of Franchisee Location, Franchisor at its option may elect to operate Franchisee Location during the interim twelve (12) months following such death or the interim six (6) months following such Permanent Disability, as applicable, until the interest of such person is transferred in accordance with this Section 6(e) or until the applicable interim period expires, whichever comes first. As compensation for managing Franchisee Location, Franchisor will charge a management fee of two

percent (2%) of Franchisee Gross Revenues from Franchisee Location for each week of operations, which will be in addition to the Weekly Royalty Fee and advertising fees and any other fees or payments due and owing to Franchisor. Franchisor shall utilize its best efforts in managing Franchisee Location but shall not be liable for any losses incurred by Franchisee Location during the time of such management and thereafter. In the event Franchisor elects to operate Franchisee Location pursuant to this Section 6(e)(iii), Franchisee shall indemnify Franchisor for losses and expenses incurred by Franchisor because of such operation to the same extent as provided in Section 5(h)(i).

(iv) Upon the death or claim of Permanent Disability of any Franchisee or any of Franchisee Principals, Franchisee or a representative of Franchisee must promptly notify Franchisor of such death or claim of Permanent Disability. Any transfer upon death or Permanent Disability shall be subject to the same terms and conditions as described in this Section 6 for any inter vivos transfer.

(v) If an interest is not transferred upon death or Permanent Disability as required in this Section 6(e) and in accordance with the terms and conditions of this Section 6, Franchisor may terminate this Agreement pursuant to Section 7.

(f) Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in Franchisee, Franchisee Location, or this Agreement shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(g) Offerings by Franchisee. Any offerings of Debt Securities or Equity Securities in Franchisee and Franchisee's Principals may be offered, only with the prior written consent of Franchisor, which consent will not be unreasonably withheld. Such consent will be subject to the following:

(i) All registration materials required for such offering by federal or state law will be submitted to Franchisor for review prior to their being filed with any government agency;

(ii) No offering material (for either a public or private offering) will express or imply (by use of the Intellectual Property or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Franchisee, Franchisee's Principals, or Franchisor securities. Such offering materials will contain the following written statement, and any additional written statement prescribed by Franchisor concerning the limitations described in the preceding sentence, at Franchisor's sole and absolute option:

**GOLDEN FRANCHISING CORPORATION
DISCLAIMER STATEMENT FOR OFFERING**

GOLDEN FRANCHISING CORPORATION IS NOT PARTICIPATING IN OR ENDORSING THE ISSUANCE OF THE OFFERED INTERESTS AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF ANY STATEMENTS MADE OR INFORMATION CONTAINED IN THE OFFERING, OR ANY OTHER DOCUMENTS OR INFORMATION PROVIDED TO ANY INVESTOR IN CONNECTION WITH SUCH OFFERING. [INSERT FRANCHISEE NAME] DOES NOT IN ANY WAY STATE OR IMPLY THAT GOLDEN FRANCHISING CORPORATION IS PARTICIPATING IN OR ENDORSING THE ISSUANCE OF THE OFFERED INTERESTS AND HAS AGREED TO INDEMNIFY GOLDEN FRANCHISING CORPORATION FOR ANY DAMAGES OR

LIABILITIES THAT GOLDEN FRANCHISING CORPORATION MAY INCUR IN CONNECTION WITH THE OFFERING.

- (iii) In addition to the indemnification provided under Section 5(h)(i), upon the request of Franchisor, Franchisee, Franchisee's Principals and the other participants in the registration and offering must provide additional agreements indemnifying Franchisor in connection with the offering;
- (iv) For each proposed offering, other than offerings which are exempt from registration, Franchisee will pay to Franchisor a non-refundable fee of Ten Thousand and No/100 Dollars (\$10,000.00) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees;
- (v) Franchisor's receipt of a legal opinion from counsel satisfactory to Franchisor stating (a) that the offering materials and the conduct of the offering comply in all material respects with the laws of the applicable jurisdiction from which an offer of securities originates or into which an offer of securities is directed, and (b) that neither the conduct nor consummation of the offering will result in a violation of any anti-terrorism or anti-money laundering laws; and
- (vi) Franchisee and Franchisee's Principals will give Franchisor at least sixty (60) days' prior written notice before the effective date of any offering or other transaction covered by this Section 6(g).

(h) Transfers Under Section 9-408 of the Uniform Commercial Code. The granting by Franchisee of a security interest in the furniture, fixtures, equipment or other improvements pursuant to Article 9 of the Uniform Commercial Code shall not constitute a transfer requiring the consent of Franchisor; provided however, Franchisor's prior written consent shall be required, and Franchisee shall comply in all respects with the requirements of Sections 6(b), 6(d), 6(e) and 6(g), if Franchisee proposes to create a right in favor of any secured lender or any other person to take possession of Franchisee Location, to manage Franchisee Location or to replace any of the officers or managers of Franchisee Location.

(i) Permitted Transfers. Notwithstanding any provision herein to the contrary, each Initial Franchisee Principal may transfer their interest to an Immediate Family Member. For purposes hereof, "Immediate Family Member" means a spouse, domestic partner, child, step-child, foster child, grandchild, parent, step-parent, and foster parent (herein referred to as a "Permitted Transfer"). Other relatives, even when living permanently in the same household as an Initial Franchisee Principal, will not be considered to be an Immediate Family Member. In addition, a Permitted Transfer may be made only by stock transfer, inter vivos transfer, or at the death or permanent disability of the transferring Initial Franchisee Principals. No such Permitted Transfer shall constitute a transfer as defined in Section 6 which invokes the provisions of Sections 6(e) (Transfer Upon Death or Permanent Disability) or 6(g) (Offerings by Franchisee), no consent of Franchisor shall be required prior to such Permitted Transfer, no transfer fees shall be payable with respect to such Permitted Transfer, and no rights of first offer or rights of first refusal of Franchisor under Section 6(d) shall be triggered as a result of such Permitted Transfer.

7. DEFAULT AND TERMINATION.

(a) Automatic Termination. This Agreement shall terminate immediately upon the occurrence of any of the following material events of default, in the sole and absolute option of Franchisor, without requiring any notice or waiving any other remedies available at law or equity:

- (i) Termination of Franchisee's right to possession of Franchisee Location or by default under a financing agreement wherein the party extending credit obtained a security interest in Franchisee Location and failure to cure the default, or any default under the lease or sublease by Franchisee of Franchisee Location and failure to cure such default under the terms thereof.
- (ii) A general assignment for the benefit of creditors, or a bankruptcy petition is filed by or against Franchisee under the federal Bankruptcy Code or the laws of any state or territory relating to relief of debtors, for reorganization, arrangement, receivership, or other similar relief, unless such petition is dismissed within thirty (30) days after it is filed.
- (iii) Appointment of any receiver, trustee, sequestrator, or similar officer to take charge of Franchisee's business, or any attachment, execution, levy, seizure or appropriation by any legal process of Franchisee's interest in this Agreement or in any assets of Franchisee Location, unless the appointment of such officer is vacated or discharged, or the effect of such legal process is otherwise released within thirty (30) days.
- (iv) Franchisee is convicted of or enters a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole and absolute option of Franchisor, to adversely affect Franchisee Location, Franchisor Restaurants, Franchisor Marks, including the goodwill and Franchisor's interest therein, or the Franchisor System.
- (v) Franchisee or a Franchisee Principal fail to comply with Section 6 (Transferability) while attempting a transfer or making any offerings of Debt Securities or Equity Securities, other interest in Franchisee or any right or obligation under this Agreement to a third party.
- (vi) Franchisee or a Franchisee Principal fail to comply with Section 5(i) (Ownership of Franchisor System, Franchisor Marks and Confidentiality) including, but not limited to, covenants against competition and disclosure of Confidential Information.
- (vii) Franchisee maintains false books or records or submits false reports to Franchisor.
- (viii) Franchisee commits a default under Section 4 (Payments to be Made by Franchisee to Franchisor) or Section 5 (Franchisee's Obligations) after receiving a notice for the same default under Section 7(b).
- (ix) Franchisee repeatedly fails to comply with any terms of this Agreement, whether or not cured after receiving a notice for any default under Section 7(b).
- (x) Franchisee fails to cure an event of default under Section 7(b)(iv), (viii) or (ix) within the time period specified by Franchisor in its sole and absolute option, or such longer period required by law, after Franchisee Location has been closed under Section 7(b).
- (xi) Franchisee hires or uses anyone under 18 years old to provide delivery services who does not have a valid driver's license in the state where Franchisee offers delivery services.
- (xii) Franchisee makes a willful and material falsification about the source, nature, or quality of goods sold or services rendered.
- (xiii) Franchisee misuses or makes any unauthorized use of the Franchisor Marks or otherwise materially impairs Franchisor's goodwill or rights therein.

(xiv) Franchisee is involved in any business or markets any service or product under a name or mark that, in Franchisor's sole and absolute option, is confusingly similar to Franchisor Marks.

(xv) Franchisee fails to comply with the requirements of any applicable laws, ordinances, statutes, codes, rules, regulations or Anti-Terrorism Laws set forth in Section 5(l).

(b) Termination with Notice. This Agreement shall terminate after notice (and failure to cure) of any of the following events of default, in the sole and absolute option of Franchisor; provided, however: (A) such notice shall be at least ten (10) days prior to the effective date of termination for defaults under Sections 7(b)(i) - (xi), and thirty (30) days prior to the effective date of termination for defaults under Sections 7(b)(xii) - (xvii); and (B) Franchisee may avoid termination by curing the default to Franchisor's satisfaction within such ten (10)-day and thirty (30)-day period, as applicable:

10-Day Notice Period

(i) Franchisee fails to make any payment when due to Franchisor including, but not limited to, payments under Section 4 or if such payment bounces or otherwise fails to clear the bank.

(ii) Franchisee fails to submit any reports or other documents pursuant to this Agreement including, but not limited to, documents mandated by Section 4.

(iii) Franchisee fails to deliver to Franchisor a copy of the fully executed lease or agreement (and closing statement) for the acquisition of Franchisee Location by the Franchisee Location Secured Date.

(iv) Franchisee fails to deliver to Franchisor a copy of the application submitted for a building permit for Franchisee Location by the Building Permit Submission Date.

(v) Franchisee fails to deliver to Franchisor a copy of the building permit for Franchisee Location Building Permit Completion Date.

(vi) Franchisee fails to deliver to Franchisor a certificate from Franchisee's general contractor or architect as to the completion of Franchisee Location by the Commencement Date.

(vii) Franchisee fails to construct, open and operate the Franchisee Location by the Commencement Date.

(viii) Franchisee fails to construct, refurbish, or remodel the Franchisee Location in accordance with Section 3(a).

(ix) Franchisee (and/or agreed upon key management personnel) fails to complete the training required by Section 3(c), in Franchisor's sole and absolute option.

(x) Franchisee fails to Continuously Operate Franchisee Location or otherwise abandons Franchisee Location.

(xi) Franchisee fails to use approved delivery or catering services or uses services which are not approved by Franchisor.

30-Day Notice Period

- (xii) Franchisee fails to maintain and operate the Franchisee Location in accordance with Franchisor Standards.
- (xiii) Franchisee fails to notify Franchisor promptly of any change in general manager and/or have any new general manager satisfactorily complete Franchisor's training program within sixty (60) days after they begin working at Franchisee Location.
- (xiv) Franchisee fails to indemnify Franchisor or provide insurance under Section 5(h).
- (xv) Franchisee is insolvent or otherwise fails to satisfy a final judgement against Franchisee for thirty (30) days or longer (unless a supersedes bond is filed), which in Franchisor's sole and absolute option substantially impairs Franchisee's ability to perform under this Agreement.
- (xvi) Franchisee fails to join and contribute amounts owed to a Co-Op formed by Franchisor.
- (xvii) Franchisee fails to perform any obligation imposed by this Agreement or any other agreement with Franchisor or an Affiliate of Franchisor.

In addition, in the event of an event of default under Section 7(b)(viii), (xii) or (xiii), Franchisor may, in its sole and absolute option and without waiving any rights, require Franchisee to close Franchisee Location until it has taken the necessary steps to bring Franchisee Location (including, without limitation, operation, maintenance, repair and restoration of Franchisee Location) into strict conformity with Franchisor Standards and this Agreement. Franchisee shall reimburse Franchisor within seven (7) days' notice thereof for the reasonable cost incurred by Franchisor to ensure that Franchisee: (A) completes the construction, refurbishment, or remodeling of the Franchisee Location in accordance with Section 7(b)(viii); (B) maintains and operates the Franchisee Location in accordance with Section 7(b)(xii) (including any related examination or audit costs); and (C) provides notice of any change in general manager and/or has such general manager satisfactorily complete Franchisor's training program in accordance with Section 7(b)(xiii).

(c) Premature Termination.

- (i) As previously set forth in Section 5, Franchisee is obligated to Continuously Operate Franchisee Location for the entire twenty (20) year term. The obligation to Continuously Operate Franchisee Location, separate and apart from whatever moneys are paid to Franchisor by Franchisee, is valuable to Franchisor because, *inter alia*, it assures Franchisor of a steady source of income and a continuous presence in the market, it broadens the base of the Franchisor System, and it avoids the negative stigma of a franchised restaurant going out of business and the costs of locating a new franchisee and re-establishing market presence. The loss of such values caused by premature termination, while certain, cannot be fairly or reasonably calculated in money damages, as they are too difficult to estimate. For these reasons, the parties agree that, in the event this Agreement is prematurely terminated by Franchisor in accordance with this Agreement, or by Franchisee in default of this Agreement, Franchisee shall compensate Franchisor for the specific harms of premature termination by paying to Franchisor, at the time of termination, a lump-sum equal to the **lesser of:** (a) the average Weekly Royalty Fee due during the twenty-four (24) months preceding such termination multiplied by the number of then-unexpired weeks in the term of this Agreement; or (b) the total sum of all Weekly Royalty Fees due by Franchisee under Section 4(b) for the twenty-four (24) calendar months of operation of Franchisee Location preceding the termination (or twenty-four (24) times the average of such amounts for all previous months if

Franchisee Location has not been in operation for twenty-four (24) months). This sum shall be regarded as “liquidated damages” for the specific harms of premature termination, and not as compensation or damages for any other harm to Franchisor or for any default under this Agreement by Franchisee.

(ii) Damages, if any, attributable to any such other harm or default under this Agreement by Franchisee shall be separately compensated for as the law may allow. Franchisor expressly disclaims any interest in or right to collect actual damages in addition to liquidated damages as compensation for the specific harm of premature termination; provided, however, that in the event Franchisor is not able or allowed to recover liquidated damages, Franchisor may alternatively pursue a claim for actual damages compensating the harm of premature termination. The parties further agree that, in the event a court determines, based upon satisfactory proof made by Franchisee, the amount of liquidated damages provided for herein to be disproportionate to the amount of actual or likely damages suffered by Franchisor for the premature termination, the amount of liquidated damages provided for herein shall be reformed by the court to the proportionate.

(d) Obligations On and After Termination. Upon the expiration or sooner termination of this Agreement, Franchisee shall cease to be an authorized franchisee in any respect whatsoever of Franchisor, and Franchisee and Franchisee Principals, shall, at Franchisee’s sole cost and expense:

(i) Promptly pay all sums owing to Franchisor and its subsidiaries and Affiliates. Such sums shall include late charges or interest, as applicable, on any past due amounts as prescribed in this Agreement and, in the event of termination for any default of Franchisee, shall include all damages, costs and expenses, including reasonable attorneys’ fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, delivery motor vehicles, signs, fixtures, and inventory owned by Franchisee and at Franchisee Location at the time of default.

(ii) Immediately and permanently discontinue the use of the Franchisor System, the Franchisor Marks, the Intellectual Property, the Confidential Information, and any of the Restaurant Equipment that is unique to the Franchisor System, and all material and information and materials prepared or furnished by Franchisor to Franchisee containing information regarding the Franchisor Standards.

(iii) Remove and deliver to Franchisor, (at Franchisees expense) or, if directed to do so by Franchisor obliterate, destroy or make such changes on its signs (including sign enclosures), and menu boards. Make sure changes to identification markings, color schemes, buildings, fixtures, apparatus, equipment, and furnishings, as Franchisor shall reasonably direct, to eliminate the design, decor, style and other characteristics which are associated with a retail fast-food restaurant which is a part of the Franchisor System.

(iv) Promptly destroy or surrender to Franchisor all supplies, stationery, forms, printed matter, promotional displays, advertising, and other items containing any Franchisor Marks.

(v) Immediately and permanently discontinue all advertising that in any manner whatsoever uses the Franchisor Marks, or refers to Franchisor, or otherwise represents to the public that Franchisee remains associated with Franchisor or remains an authorized Franchisor franchisee.

(vi) At Franchisor’s sole and absolute option, which option may be exercised by Franchisor providing written notice thereof to Franchisee within thirty (30) days after termination or

expiration, Franchisor may purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of Franchisee Location (including but not limited to the approved mixes), at Franchisee's cost or fair market value on a liquidation basis, whichever is less, under the following terms and conditions:

- (A) Franchisor shall be purchasing Franchisee's assets only and shall be assuming no liabilities whatsoever.
- (B) If the parties cannot agree on a fair market value on a liquidation basis within thirty (30) days from the date of Franchisor's notice to exercise its option, an independent appraiser shall be designated by each party, and the two (2) independent appraisers so designated shall select a third independent appraiser. The determination of fair market value on a liquidation basis of the majority of appraisers so chosen shall be binding.
- (C) The time and place for the closing of the purchase and sale of such assets shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, whichever is later, unless the parties mutually agree to designate a subsequent date or place.
- (D) At closing, Franchisee shall deliver to Franchisor, in a form satisfactory to Franchisor, such bills of sale, assignments, releases of liens, federal and state tax certificates and such other documents and instruments which Franchisor deems reasonably necessary to perfect Franchisor's title and possession in and to the assets being purchased and to certify that the requirements of all taxing and other governmental authorities have been satisfied. If at the time of closing Franchisee has not obtained all the foregoing certificates and other documents, Franchisor may, in its sole and absolute option, place the purchase price in escrow pending the issuance of any required certificates or documents.
- (E) At closing, Franchisor shall have the right to set off all amounts owed by Franchisee to Franchisor and its subsidiaries and Affiliates, and the cost of the appraisal, if any, (including reasonable attorneys' fees) and the cost incurred by Franchisor in connection with any escrow arrangement, against any payment for such items, and shall pay the remaining amount in cash.

- (vii) At Franchisor's sole and absolute option, assign to Franchisor any interest that Franchisee has in any lease or sublease for Franchisee Location or for any equipment used in the operation of Franchisee Location. Franchisor may exercise such options at or within thirty (30) days after either termination or expiration of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the premises of Franchisee Location, Franchisee shall make such modifications or alterations to the premises operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other restaurants under the Franchisor System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 7(d)(vii), Franchisor shall have the right to enter upon the premises of Franchisee Location, without being guilty of trespass or any other crime or tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense (including reasonable attorneys' fees) Franchisee agrees to pay upon demand.
- (viii) Franchisee, at the sole and absolute option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of Franchisee Location and any related Yellow Pages, all e-mail

addresses, URLs, domain names, Internet Site listings, and Internet Site accounts related to Franchisee Location and other business listings and execute all forms and documents required by any telephone company to transfer such service and numbers to Franchisor. Franchisee does hereby appoint Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. Such power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, business listings, addresses and names at or in connection with any subsequent business conducted by Franchisee.

(ix) Cease purchasing from Franchisor approved suppliers who are operating under purchasing agreements. Franchisee authorizes Franchisor to contact any approved supplier for the purposes of discontinuing service to Franchisee.

(x) Promptly execute and file such documents as may be necessary to revoke, abandon, or terminate any assumed name registration under any tradenames owned, licensed and/or used by Franchisor; provided, however, if Franchisee fails to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to do so for and on behalf of Franchisee, at Franchisee's sole cost and expense.

(e) **Injunctive Relief.** Franchisee agrees that the remedy at law of Franchisor would be inadequate and that Franchisor shall be entitled to injunctive or other equitable relief for any violation of this Section 7 along with any other relief which a court of competent jurisdiction shall see fit to render for a violation of Section 7, and Franchisee agrees to pay all costs and expenses, including reasonable attorneys' fees and court costs incurred by Franchisor, in enforcing this Section 7 of this Agreement.

(f) **General Provisions Regarding Expiration and Termination.** The expiration or termination of this Agreement under any circumstances shall not abrogate, impair, release, or extinguish any debt, obligation or liability of Franchisee to Franchisor that may have accrued hereunder, and Franchisor may pursue all remedies provided or permitted by law or equity against Franchisee and Franchisee Principals. All covenants and agreements of Franchisee and Franchisee Principals which by their terms or by reasonable implication are to be performed, in whole or in part, after the expiration or earlier termination of this Agreement, shall survive such expiration or earlier termination including, but not limited to, Franchisee's and Franchisee Principals' obligation to maintain the secrecy and confidentiality of the trade secrets and its agreements not to compete as provided in Sections 5(J). In the event Franchisee continues to operate Franchisee Location identified in Section 2(a) after the expiration of this Agreement without exercising any available option to renew and executing a new franchise agreement it shall be deemed to be operating Franchisee Location as a holdover franchisee from month-to-month subject to all the conditions, provisions and obligations of this Agreement insofar as the same are applicable to a month-to-month franchise; provided, however, this month-to-month franchise may be terminated at any time upon ten (10) days written notice from Franchisor or such other period as may be required by local law during which period this Agreement shall remain in effect on a month-to-month basis. Franchisee's right to maintain month-to-month franchise following this Agreement's expiration shall be subject to Franchisor's sole and absolute option.

(g) **No Cross Default.** The termination or expiration of this Agreement for any reasons shall not result in the concurrent, or automatic, termination of any between the Franchisor and Franchisee or an Affiliate of Franchisee.

8. ADVISORY COMMITTEES

(a) Franchisee-Franchisor Advisory Committees. Franchisor may from time to time establish one or more Franchisee-Franchisor Advisory Committees (the “Advisory Committees”). The primary purpose of such Advisory Committees shall be to consider and discuss common issues relating to the operation of Franchisor Restaurants and to make recommendations to Franchisor with respect to rules of operation, marketing, and all other related matters. The recommendations of the Advisory Committees shall be transmitted to Franchisor and regarded by Franchisor as expressing the consensus of members of the respective Advisory Committees on matters within the scope of the Advisory Committees.

9. MISCELLANEOUS PROVISIONS

(a) Franchisee as Independent Contractor.

(i) This Agreement does not in any way constitute Franchisee as agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose. Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor or to create any obligation express or implied, on behalf of Franchisor.

(ii) Franchisee shall post on or about Franchisee Location and in each delivery motor vehicle used in the operation of Franchisee Location in such places as may be designated by Franchisor (including an employee bulletin board) signs, window decals, or other notifications that Franchisee Location is operated as an independent operator and not by Franchisor. Franchisee shall not use any stationery, invoices, checks, or any other instruments or documents that do not clearly disclose that Franchisee Location is being operated by Franchisee as an independent contractor. Franchisee shall inform each of its employees that Franchisor is not such employee’s employer. In addition, Franchisee shall take any actions necessary to ensure it complies with the terms of this Section 9(a).

(iii) Neither this Agreement nor the Franchisor System controls or otherwise affects the time, manner or method of Franchisee’s day-to-day operation of the Franchisee Location. This Agreement and the Franchisor System only ensure: (i) the Franchisee Location is perceived positively by its customers and vendors; (ii) the Franchisor System is protected; and (iii) the Franchisor Standards are maintained. Any aspect of the Franchisor System (including Franchisor Standards) that might apply to Franchisee’s employment practices is provided for informational purposes only and does not represent mandatory policies and procedures from Franchisor.

(b) Approvals, Consents and Waivers. Except as otherwise provided in this Agreement, approvals, designations, and consents required under this Agreement will not be effective unless evidenced by a writing signed by the duly authorized officer or agent of the party giving such approval or consent. No waiver, delay, omission, or forbearance on the part of Franchisor or Franchisee to exercise any right, option or power arising from any default by the other party, or to insist upon strict compliance by the other party with any obligation or condition hereunder, will affect or impair the rights of Franchisor or Franchisee, respectively, with respect to any such default or subsequent default of the same or of a different kind. Any delay or omission of either party to exercise any right arising from any such default will not affect or impair such party’s rights with respect to such default or any future default. Franchisor will not be liable to Franchisee for providing (or denying) any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement or by reason of any delay or denial of any request.

(c) Severability. Except as otherwise provided in this Agreement, each term, covenant or provision of this Agreement will be considered severable; and if, for any reason any term, covenant or provision of

this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other terms, covenants or provisions of this Agreement as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties hereto. To the extent possible, such invalid or unenforceable terms, covenants or provisions of this Agreement will be deemed to be replaced with a term, covenant or provision that is valid and enforceable and most nearly reflects the original intent of the invalid or unenforceable term, covenant or provision. Nothing in this Agreement is intended, or will be deemed, to create any third-party beneficiary or confer any rights or remedies under or by reason of this Agreement upon any person other than Franchisor (and its affiliates), Franchisee, or Franchisee Principals, and their respective permitted successors and assigns.

(d) Notices. All notices, requests, demands and claims required or desired to be given hereunder will be in writing and will be served in person, by Express Mail, by certified mail, by private overnight delivery, facsimile, or email transmission. Such notices, requests, demands and claims will be deemed conclusively given: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposited in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (iv) twenty-four (24) hours after delivery if served by private overnight delivery; and (v) at the time of the facsimile or email transmission, if the transmission occurs prior to 5:00 p.m., at the recipient's location set forth below, on a business day and a copy thereof is mailed within twenty-four (24) hours after the transmission.

All notices, requests, demands and claims will be given to the intended party at the location set forth below; provided, however, either party may change its location for receiving notices, requests, demands and claims by giving written notice to the other party in the manner set forth above:

Notices to Franchisor:

Golden Franchising Corporation
1131 Rockingham, Suite 250
Richardson, TX 75080
Attention: Legal Department
(972) 831-0911
(972) 831-0401 (fax)
franchise@legaldeps.com (email)

Notices to Franchisee and Franchisee Principals:

Attention: _____
(____) _____ (fax)
(____) _____ (email)

(e) Entire Agreement. This Agreement and the attachments hereto constitute the entire agreement between Franchisor, Franchisee and Franchisee Principals concerning the subject matter hereof. All prior agreements, discussions, representations, warranties, and covenants are merged herein. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED, BETWEEN THE PARTIES EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. Each party acknowledges that it has not made any promise or representation that is not expressed in this Agreement; and that it has not been induced into entering this Agreement by any representation about the nature and extent of its existing or potential claims or damages made by the other Party or by the other Party's attorney, representative, or agent. The parties are not relying upon, and disclaim reliance upon, any statement or representation that is not in this Agreement but are instead relying solely upon their own judgment in consultation with their respective attorneys. Except those permitted to be made unilaterally by Franchisor, any amendments or modifications of this Agreement will be in writing and executed by Franchisor and Franchisee. Notwithstanding anything in this Agreement to the contrary, nothing in this

Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document.

(f) Cost of Enforcement or Defense. In addition to any provision for the payment of attorneys' fees and other costs and expenses to Franchisor hereunder in connection with the enforcement of this Agreement, in the event Franchisor or Franchisee is required to employ legal counsel or to incur other expense to enforce any obligation of the other hereunder (or one of Franchisee Principals, if applicable), or to defend against any claim, demand, action, or proceeding by reason of the other's failure to perform any obligation imposed on the other by this Agreement, and provided legal action is filed by or against Franchisor or Franchisee (or one of Franchisee Principals, if applicable) and such action or the settlement thereof establishes Franchisor or Franchisee (or any applicable Franchisee Principals) are in default hereunder, then the prevailing party shall be entitled to recover from the other the amount of all reasonable attorney's fees of such counsel as it shall employ and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

(g) Controlling Law.

(i) *The laws of the State of Texas (exclusive of the choice of law provisions thereof) shall govern this Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof.*

(ii) *The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Texas in the judicial district in which Franchisor has its principal place of business; provided, however, with respect to any action which includes injunctive relief or seeks possession or disposition of, or other relief relating to, real property, either party may bring such action in any court in any state which has jurisdiction. The parties do hereby waive all questions of personal jurisdiction or venue for carrying out this provision.*

(iii) *To the fullest extent permitted by applicable law, neither Franchisee nor any of Franchisee Principals will: (i) join together with any other franchisee of Franchisor in bringing any litigation against Franchisor, its Affiliates, owners, officers, agents, or employees ("Franchisor Parties"); (ii) maintain any claim against any of Franchisor Parties in a class action, whether as a representative or as a member of a class or purported class; or (iii) seek to consolidate, or consent to the consolidation of, all or any part of any litigation against any of Franchisor Parties with any other litigation against any of Franchisor Parties.*

(iv) Franchisee and Franchisor acknowledge and agree that the parties' agreement regarding applicable state law and forum set forth in Sections 9(g)(i) and (ii) provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of the parties' relationship hereto. Each of Franchisee and Franchisor further acknowledge and agree the receipt and sufficiency of mutual consideration for such benefit.

(v) Franchisee and Franchisor acknowledge and agree that the execution of this Agreement occurred in Dallas County, Texas and further acknowledge and agree that the performance of certain obligations of Franchisee arising under this Agreement, including but not limited to the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Dallas County, Texas.

(h) References and Headings. All references in this Agreement to Sections refer to corresponding Sections of this Agreement unless expressly provided otherwise. Headings appearing at the beginning of

any of such Sections are for convenience only and shall not constitute part of such Section and shall be disregarded in construing the language contained in such Section. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Section unless expressly so limited. The terms "including" or "includes," as used herein, shall mean "including, without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

(i) Judgment; Sole and Absolute Option. Franchisee and Franchisor acknowledge and agree that various provisions of this Agreement specify certain matters that are within the sole and absolute option or judgment of Franchisor or are otherwise to be determined unilaterally by Franchisor. If the exercise of Franchisor's sole and absolute option or judgment as to any such matter is subsequently challenged, the parties to this Agreement expressly direct the trier of fact that Franchisor's reliance on a business reason in the exercise of its sole and absolute option or judgment is to be viewed as a reasonable and proper exercise of such sole and absolute option or judgment, without regard to whether other reasons for its decision may exist, without regard to whether the trier of fact would independently accord the same weight to the business reasons, and without regard to whether such sole and absolute option or judgment is exercised in the best interests of Franchisee.

(j) Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original, and all of which together constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" ("pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, constitutes effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile, electronic mail, or any other electronic means are deemed to be their original signatures for all purposes.

(k) Exhibits. All Exhibits referenced herein are attached hereto and incorporated herein by those references for all pertinent purposes.

(l) Acknowledgements. Franchisee hereby acknowledges and agrees to the following:

(i) The term of this Agreement is set forth in Section 2(b) with no promise or representation as to the renewal of this Agreement or the grant of a new franchise agreement other than as set forth in Section 2(c);

(ii) Franchisee and Franchisee Principals received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission Entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least fourteen (14) calendar days before the date on which they executed this Agreement;

(iii) Franchisee received a copy of this Agreement, has read and understands all obligations being undertaken, and has had an opportunity to consult with an attorney with respect thereto at least seven (7) calendar days prior to execution;

(iv) Franchisee and Franchisee Principals have received no representation, warranty, guaranty, or promise, other than those expressly set forth in this Agreement and in the Franchise Disclosure Document. No representation, warranty, guaranty, or promise was made by Franchisor or any other person or entity to induce Franchisee into signing this Agreement. Neither Franchisor nor any other

party can guarantee Franchisee's business success or state the exact cost of opening and operating one of Franchisor Restaurants, and that such success and Costs will dependent primarily upon Franchisee's own effort. No representation has been made by Franchisor as to the future profitability of Franchisee Location;

(v) Franchisee has had ample opportunity to contact existing franchisees of Franchisor and investigate all representations made by Franchisor relating to the Franchisor System prior to the execution of this Agreement;

(vi) The Franchisee Location is located at the site set forth in Section 2(a). There are no "exclusive," "protected," or other territorial rights granted or inferred under this Agreement;

(vii) This Agreement supersedes all prior agreements, negotiations, commitments, representations and undertakings of the parties with respect to the subject matter of this Agreement; however, nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document;

(viii) Franchisor or its Affiliates are the sole owner(s) of Franchisor Marks, and goodwill associated therewith, respectively, and Franchisee acquires no right, title, or interest in Franchisor Marks, and goodwill, other than the right to use them only in the manner and to the extent prescribed and approved by Franchisor;

(ix) No future franchise or offers of a franchise for any additional Franchisor Restaurants, other than this Agreement, have been promised to Franchisee and any other franchise offer shall only be in writing, executed by an officer or franchising director of Franchisor, and identified as a Franchise Agreement or new offer letter;

(x) Neither Franchisor nor anyone acting on its behalf has made any representations, inducements, promises, or agreements, orally or otherwise, respecting the subject matter of this Agreement, which is not embodied herein or set forth in the Franchise Disclosure Document; and

(xi) This Agreement is offered to Franchisee personally and to no others, and may not be accepted by any other person, partnership, or corporation, or transferred by assignment, will, or operation of law except as may be provided for in this Agreement.

[Signatures on following pages.]

IN WITNESS WHEREOF, Franchisor and Franchisee have caused this Agreement to be duly executed as of the Effective Date.

FRANCHISOR:

GOLDEN FRANCHISING CORPORATION,
a Delaware corporation

FRANCHISEE:

_____,
a _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SIGNATURE PAGE OF PRINCIPALS

Each of the undersigned acknowledges and agrees to the following as of the Effective Date:

- (1) The persons signing this signature page constitute all of Franchisee Principals (as defined in Section 1 of this Agreement) of the Franchisee; and
- (2) Each of the persons signing this signature page has read and agrees to the terms and conditions of this Agreement; and
- (3) Each is included in the term "Franchisee Principals" as described; and
- (4) In further consideration and as a condition of the rights granted to Franchisee herein, each individually, jointly and severally makes all the covenants, representations, and agreements of Franchisee Principals set forth in this Agreement and is obligated to perform thereunder; and
- (5) Further, each of Franchisee Principals individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under this Agreement will be punctually paid and performed. Upon default by Franchisee or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Franchisee under this Agreement. Without affecting the obligations of any of Franchisee Principals under this guaranty, Franchisor may, without notice to Franchisee Principals, waive, renew, extend, modify, amend, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims that Franchisor may have against Franchisee. Each of Franchisee Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Franchisee. Franchisor may pursue its rights against any of Franchisee Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy or shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of Franchisee Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Franchisee Principals shall continue in full force and effect.

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

EXHIBIT A

ASSIGNED AREA

[*Note: In accordance with Section 2(d)(ii), if no geographic area is identified as the Assigned Area on this Exhibit A, then Franchisee may offer delivery service to only those customers whose order can be delivered within the delivery time period set forth in the then-current Franchisor Operations Manual, other manuals, or as otherwise set forth in writing by Franchisor.]

EXHIBIT B

EMPLOYEE CONFIDENTIALITY AGREEMENT

This EMPLOYEE CONFIDENTIALITY AGREEMENT (the “Agreement”) is made and entered into as of _____, 20____ (the “Effective Date”), by and between Golden Franchising Corporation, a Delaware corporation (the “Franchisor”), _____, a _____ (“Franchisee”) and _____ (“Employee”).

WHEREAS, Franchisor and Franchisee have entered into the Franchise Agreement dated _____ (“Franchise Agreement”), pursuant to which Franchisor has granted Franchisee the right to develop and establish one of its GOLDEN CHICK® restaurants (“Franchisee Location”) which uses the trade names, trademarks, service marks, trade dress, logos, symbols, proprietary marks and other indicia of origin that are now or later designated by Franchisor (“Franchisor Marks”) and those standards and specifications adopted from time to time by Franchisor (“Franchisor Standards”) in order to operate a distinctive system developed, operated and franchised by Franchisor for restaurants (“Franchisor System”);

WHEREAS, Franchisor has provided, or will provide to Franchisee, a confidential operations manual and such other written or printed material to explain the operation of the Franchisor System and aid in its use (“Documentation”) and certain confidential information, knowledge, and know-how concerning the construction and methods of operation of the Franchisee Location relating to the Franchisor System, including the Documentation, drawing, materials, equipment, techniques, products, recipes, and other data of Franchisor (“Confidential Information”);

WHEREAS, the Franchisor Marks and Confidential Information provide economic advantages to Franchisor and the Confidential Information is not generally known to, and are not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Employee and Franchisee acknowledge and agree that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Employee and Franchisee.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. All information and materials, including without limitation, drawings, specifications, techniques and compilations of data that the Franchisor shall designate as confidential shall be deemed Franchisor Trade Secrets for the purposes of this Agreement.
2. Employee acknowledges and agrees that the Franchisor operations manual and other manuals (“Franchisor Manuals”) described in the Franchise Agreement is loaned by the Franchisor to Franchisee for limited purposes only and remains the property of the Franchisor and may not be reproduced, in whole or in part, without the Franchisor’s written consent. Employee shall surrender any copies of the Franchisor Manuals and any other material containing some or all the Franchisor Trade Secrets: (i) upon request to Franchisee or the Franchisor; (ii) upon termination of employment by Franchisee; or (iii) upon conclusion of the use for which the Franchisor Manuals or other information or material may have been furnished to the Employee.

3. Employee shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill associated with the Franchisor Trade Secrets and the Franchisor System.

4. To protect the goodwill and unique qualities of the Franchisor System and the confidentiality and value of the Franchisor Trade Secrets, and in consideration for the disclosure to Employee of the Franchisor Trade Secrets, Employee further undertakes and covenants that during the time Employee is employed by Franchisee and for two (2) years following the termination of his or her employment by Franchisee, Employee will:

a. Not divert or attempt to divert, directly or indirectly without the prior written consent of Franchisor, any business, business opportunity or customer of any Franchisor Restaurants to any competitor of Franchisor.

b. Hold in strict confidence and shall not disclose any trade secrets or confidential or proprietary information, including the Franchisor System, except as authorized and to the extent necessary under this Agreement. Employee shall not, without Franchisor's prior written consent, copy or permit any person to copy any Confidential Information, including that contained in the Franchisor's operations manual, all other manuals, restaurant plans, or Franchisor Standards, or permit use or inspection of such information by any person other than Franchisee's directors, officers, employees, agents, or Franchisor's authorized representatives.

5. Franchisee undertakes to use its best efforts to ensure that Employee acts as required by this Agreement.

6. Employee agrees that in the event of a default of this Agreement, the Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a default, or threatened or attempted default of any of the provisions of this Agreement, the Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

7. Employee agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by the Franchisor and Franchisee in enforcing this Agreement.

8. Any failure by the Franchisor or Franchisee to object to or act with respect to any default of any provision of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that default or any subsequent default by Employee.

9. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CHOICE OF LAW PRINCIPLES. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT WITHIN THE STATE OF TEXAS IN THE JUDICIAL DISTRICT IN WHICH THE FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, ANY PARTY HERETO MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. THE PARTIES DO HEREBY WAIVE ALL

QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

10. Notwithstanding anything in this Agreement to the contrary, Employee and its representatives, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose information which is part of Franchisor System: (a) in confidence, to federal, state, or local government officials, or to an attorney of Employee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

11. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Franchisor is a party, Employee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

12. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. Only a duly authorized writing executed by all parties may modify this Agreement.

13. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or telecommunication, facsimile or email (provided that the sender confirms the telecommunication, facsimile or email by sending an original confirmation copy thereof by certified or registered mail or expedited delivery service within three (3) business days after transmission thereof), to the respective parties.

To Franchisor:

Golden Franchising Corporation
1131 Rockingham, Suite 250
Richardson, TX 75080
Attention: Legal Department
(972) 831-0911
(972) 831-0401 (fax)
franchise@legaldeps.com (email)

To Franchisee:

Attention: _____
(____) ____ - _____
(____) ____ - _____ (fax)

(email)

To Employee:

(____) ____ - _____
(____) ____ - _____ (fax)

(email)

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telecommunication or facsimile shall be deemed given upon receipt, provided confirmation is made as provided above. Any notices sent by expedited delivery service or certified or registered mail shall be

deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving fifteen (15) days written notice of such change to the other party.

14. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of Franchisee and the Employee hereunder are personal in nature and may not be assigned by Franchisee or Employee, as applicable.

IN WITNESS WHEREOF, the undersigned have entered this Agreement as of the Effective Date.

FRANCHISOR:

Golden Franchising Corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

EMPLOYEE:

By: _____

Name: _____

EXHIBIT C

ACH AUTHORIZATION FOR DIRECT PAYMENTS (ACH DEBITS) (Please complete and sign this form)

Franchisee Information	
Franchisee Name:	
Location Number & Address:	
Name and E-mail for ACH Advice:	
Authorization Agreement	
I (we) hereby authorize Golden Franchising Corporation ("Franchisor") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize Franchisor to initiate direct deposits into this account if a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.	
I agree to indemnify Franchisor for any loss arising if any withdrawals from my (our) account will be dishonored, whether with or without cause and whether intentionally or inadvertently.	
This agreement will remain in effect until Franchisor has received advanced written notice of cancellation from Franchisee in such time and manner as to afford Franchisor a reasonable opportunity to act on it, and in no event will such notice period be less than thirty (30) days.	
Franchisee Account Information	
Name of Bank:	
Name of Account:	
Account Number:	
Account Type:	Checking <input type="checkbox"/> Savings <input type="checkbox"/>
Routing Number (9 digits):	
<i>Please provide a voided check, MICR encoded slip, or a MICR specification sheet from your Bank to verify the account number and routing number. A check must be preprinted with the name of the account, account number, and routing number.</i>	
Franchisee's Authorized Signature(s)	
Signature (Primary):	Date:
Signature (Joint):	Date:



Account holder(s), please sign here. Joint accounts require the signature of all people having authority over the account.

Please attach voided check, MICR encoded slip, or a MICR specification sheet. Contact us with any questions at: (972) 831-0911 or franchise@legaldepts.com.

ATTACH VOIDED CHECK HERE

EXHIBIT D

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT (the “Addendum”) is made and entered into this _____ day of _____, 20____ (the “Effective Date”), by and among Golden Franchising Corporation, a Delaware Corporation (“Franchisor”), _____ (“Landlord”), with its principal offices at _____; and _____ (“Tenant”), with its principal offices at _____.

WITNESSETH:

WHEREAS, Franchisor and Tenant are parties to that certain Franchise Agreement dated _____, 20____ (“Franchise Agreement”);

WHEREAS, Tenant and Landlord desire to enter a lease (“Lease”) pursuant to which Tenant will occupy the premises located at _____ (“Premises”) for the operation of a GOLDEN CHICK® restaurant licensed under the Franchise Agreement (“Franchisee Location”); and

WHEREAS, as a condition to entering the Lease, the Tenant is required under the Franchise Agreement to execute this Addendum along with the Landlord and Franchisor;

NOW, THEREFORE, the parties in consideration of the mutual undertakings and commitments of each party to the other party set forth herein and in the Franchise Agreement, mutually agree as follows:

- 1. Use of Premises.** During the term of the Franchise Agreement, Landlord consents to Tenant’s use of such trademarks, service marks, and signs, decor items, color schemes and related components of the GOLDEN CHICK® system as Franchisor may prescribe for the Franchisee Location.
- 2. Notice to Franchisor.** Landlord agrees to use reasonably commercial business efforts to deliver notice of any Tenant default at the same time as notice is delivered to Tenant. All notices to Franchisor shall be delivered to: Golden Franchising Corporation, Attn: Legal Department, 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080.
- 3. Franchisor Right of Entry.** Landlord and Tenant agree that all interior and exterior signage, menu boards, items bearing or supporting any of the Franchisor’s proprietary trademarks, service marks and related items (“Licensed Assets”) are the sole property of the Franchisor. Tenant has no right to pledge the Licensed Assets and Landlord has no right to place any liens on or make any claims to the Licensed Assets. Franchisor shall have the right to enter the Premises to remove the Licensed Assets or make any modification or alteration necessary to protect the GOLDEN CHICK® system and proprietary trademarks and service marks or to cure any default under the Franchise Agreement or Lease, without being guilty of trespass or any other crime or tort; provided, however, Franchisor shall reimburse Landlord for the cost of repair of any physical damage caused by such actions.
- 4. Tenant Default.** In the event of Tenant’s default under the terms of the Lease, Franchisor may, but is not required, to cure the default and may assume the Lease in Franchisor’s name. Within thirty (30) days after Franchisor receives notice of the default, Franchisor will have the sole and absolute option to cure the default and assume the Lease. If Franchisor elects to cure the default and assume the Lease, Franchisor will notify Landlord of its intent to cure such default and to assume the Lease. Franchisor will cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within

such thirty (30) day period, then Franchisor will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Franchisor elects to assume the Lease, Landlord agrees to recognize Franchisor as the tenant under the Lease and Tenant will no longer have any rights thereunder. Landlord shall provide to Franchisor an estoppel certificate confirming that no additional defaults exist, and no acts or omissions have occurred which, with the passage of time, would result in default.

5. Assignment or Amendment. Tenant shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor. Landlord and Tenant shall not amend or otherwise modify the Lease in any manner that could materially affect any of the requirements in this Addendum without the prior written consent of Franchisor.

6. Expiration or Termination of Franchise Agreement. Tenant agrees to assign the Lease to Franchisor or one of its Affiliates upon: (i) the expiration or earlier termination of the Franchise Agreement and, (ii) Franchisor's consent to such assignment. Landlord hereby consents to any such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment or require Franchisor to pay any past due rent or other financial obligation of Tenant to Landlord. In the event of such assignment, Franchisor or any Affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Tenant remaining under the Lease, and assume Tenant's occupancy rights, and any right to sublease the Premises, for the remainder of the term of the Lease. Landlord agrees to look solely to the Tenant for any rents or other financial obligations accrued prior to the assignment of the Lease. Landlord and Tenant agree that Franchisor is not a party to the Lease and has no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

7. Assignment and Subleasing. If Franchisor or one of its Affiliates assumes the Lease under Section 7, then Franchisor is expressly authorized to assign or sublet the Premises: (i) to any third party with the consent of the Landlord, and (ii) to an authorized franchisee of Franchisor without the consent of the Landlord; provided, however, such assignment or subletting is specifically subject to the terms and conditions of the Lease and Franchisor remains liable for the tenant's performance under the Lease. Franchisor shall give written notice to Landlord no later than twenty-one (21) days prior to any such assignment or subletting. Landlord's consent under this Section 8 shall not be unreasonably withheld, conditioned or delayed. Landlord's failure to respond in writing within fifteen (15) days of Franchisor's notice under this Section 8 shall be deemed to be a consent to such assignment or subletting.

8. Conflicting Terms. The terms of this Addendum shall supersede any conflicting terms of the Lease.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to Lease to be executed as of the Effective Date.

Landlord:

By: _____

Name: _____

Title: _____

Franchisee (Tenant):

By: _____

Name: _____

Title: _____

Franchisor:

GOLDEN FRANCHISING CORPORATION

By: _____

Name: _____

Title: _____

**ATTACHMENT F
DEVELOPMENT AGREEMENT**

[See Attached.]

**DEVELOPMENT AGREEMENT
BY AND BETWEEN
GOLDEN FRANCHISING CORPORATION
AND**

(Developer)

DATED: _____, 20____

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SCHEDULE 1A

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

SCHEDEULE 1B

DEVELOPMENT AREA

EXHIBIT A

DEVELOPMENT AGREEMENT ADDENDUM

EXHIBIT B

FRANCHISE AGREEMENT

EXHIBIT C

EMPLOYEE CONFIDENTIALITY AGREEMENT

EXHIBIT D

CONDITIONAL RELEASE AGREEMENT

DEVELOPMENT AGREEMENT
[INSERT AREA]

THIS DEVELOPMENT AGREEMENT as more particularly described below (“Agreement”) is made and entered in Dallas County, Texas as of _____ day of _____, 20____ (“Effective Date”) by and between GOLDEN FRANCHISING CORPORATION, a Delaware corporation (“Franchisor”), and _____, a _____ (“Developer”).

RECITALS

WHEREAS, Franchisor has developed and is the owner of the Franchisor System (as defined below);

WHEREAS, Developer desires to obtain from Franchisor and Franchisor desires to grant to Developer certain rights to use the Franchisor System to develop and establish multiple Franchisor Restaurants (as defined below) at approved sites, which sites are more particularly described below (“Developer Business”).

NOW THEREFORE, in recognition of the foregoing and mutual promises and covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Developer hereby agree as set forth in this Agreement.

1. DEFINITIONS.

“**AAA**” has the meaning given such term in Section 16(b).

“**Action**” means any cause of action, suit, proceeding, claim, demand, investigation or inquiry (whether a formal proceeding or otherwise) with respect to which Developer’s indemnity applies.

“**Affiliate(s)**” means as to any person or Entity, any other person or Entity that, directly or indirectly, Controls, or is under the Control of such person or Entity (as those terms are defined below).

“**Agreement**” means this Development Agreement and any agreed upon addendum substantially in the form the Development Agreement Addendum (as defined below) of Exhibit A which modifies portions of this Development Agreement to ensure that the certain agreed upon modifications are included for the benefit of Developer or an Affiliate of Developer.

“**Anti-Terrorism Laws**” has the meaning given to such term in Section 18(b).

“**Certified Operator**” means a person approved in Franchisor’s sole and absolute option as capable of overseeing Developer’s rights and duties under this Agreement including, but not limited to, such person successfully completing Franchisor’s then-current initial training, and compliance with other then-current standards, criteria, conditions and/or requirements set by Franchisor for a Certified Operator.

“**Confidential Information**” means the terms of this Agreement and all exhibits, attachments and amendments hereto, all information relating to the Franchisor System and each component thereof, the Franchisor Operations Manual, other manuals, written directives and all recipes (including batter mix, and marinades), drawings, technical information, methods, processes, formulae, compositions, systems, techniques, inventions, machines, computer and supplier programs, research projects, business information, customer lists, pricing data, sources of supply, financial data and marketing, production, or merchandising systems and plans, and all other information, data, know-how, materials and data imparted or made

available by Franchisor or its Franchisor Affiliates (as defined below) to Developer, however learned or received, either in writing, orally or in electronic format, which relates to operating one of Franchisor Restaurants or the Franchisor System or is: (i) designated as confidential; (ii) known by Developer to be considered confidential by Franchisor; or (iii) by its nature inherently or reasonably to be considered confidential.

“Construction Party” has the meaning given such term in Section 5(a).

“Control(s)” means the direct or indirect ownership of more than 50% of the voting Equity Securities (as defined below) in Developer, or if there is no one voting Equity Securities of more than 50%, then it means the largest undivided voting Equity Securities in Developer, having the right to elect a majority of the members of the board of directors or other governing body of Developer, or otherwise having the power to direct the management and policies of Developer, whether through the ownership of voting securities, by contract or otherwise.

“Copyrighted Materials” means Franchisor’s recipes, newsletters, advertising and marketing materials, including newspaper and magazine advertisements, jingles, radio and television commercials, promotional materials, merchandising materials, referral or sales aids, referral or sales brochures, Franchisor Operations Manual, other manuals, information on any Internet Site (as defined below) or Intranet Site (as defined below) maintained by Franchisor, or, if applicable, reproduced on an approved website on the internet with changes that Franchisor authorizes, and any other original materials created by or on behalf of Franchisor, any developer, area representative or franchisee based on materials relating to Franchisor System, whether or not the copyrights are registered.

“Crisis Management Event” has the meaning given such term in Section 2(d)(vii).

“Debt Securities” means debt obligations, other than U.S. Government Securities, of Developer or Developer’s Principals, whether evidenced by bonds, notes, debentures, certificates, book entry deposits, certificates of deposit, commercial paper, bankers’ acceptances, reinvestment letters, funding agreements or other instruments.

“Developer Credits” has the meaning given such term in Section 4(c).

“Developer Interests” has the meaning given such term in Section 11(b)(ii)(A).

“Developer’s Principals” means, collectively or individually: (a) if Developer is an individual, Developer’s spouse; and (b) if Developer is a legal Entity, all persons owning a direct or beneficial interest in Developer, all members of the governing body of Developer and all officers and other persons exercising control over the management and operations of Developer, all as listed on Schedule 1A attached hereto.

“Development Agreement Addendum” means the form of addendum attached hereto as Exhibit A.

“Development Area” means the geographic area described in Schedule 1B.

“Development Area Map” has the meaning given to such term in Schedule 1B.

“Development Area Table” has the meaning given to such term in Schedule 1B.

“Development Fee” means the non-refundable fee paid to Franchisor prior to or upon the execution of this Agreement described in Section 4(a).

“Development Schedule” means the schedule pursuant to which Developer will establish each of Franchisor Restaurants as set forth in Section 5(a).

“Entity” means a corporation, partnership, limited liability company, trust, or other form of business entity.

“Equity Securities” means any class or series of capital stock of Developer or Developer’s Principals, and all securities that are convertible into, exchangeable or exercisable for, and all rights, warrants and options to acquire, any of the foregoing; provided that any security that has a fixed maturity, redemption or repayment, or that entitles the holder(s) thereof to require, whether subject to condition, notice or lapse of time the Developer, Developer’s Principals, or affiliates of either, to redeem, retire, repay or defease, in whole or in part, such as, but not in limitation, convertible debt, shall be deemed Debt Securities and not Equity Securities.

“Exclusivity Period” has the meaning given to such term in Section 11(b)(ii)(A).

“Force Majeure” has the meaning given to such term in Section 5(b).

“Franchise Agreement” means the then-current form of franchise agreement for the operation of one of Franchisor Restaurants in accordance with this Agreement (a current copy of which is attached hereto as Exhibit B).

“Franchise Conditions” has the meaning given to such term in Section 5(e).

“Franchisor Affiliate(s)” means as to Franchisor, any person or Entity that, directly or indirectly, Controls, or is under the control of Franchisor. For purposes of Franchisor Affiliate, Control means the direct or indirect ownership of more than 50% of the voting Equity Securities in either Franchisor or the Franchisor Affiliate, or if there is no one voting Equity Securities of more than 50%, then it means the largest undivided voting Equity Securities in Franchisor or the Franchisor Affiliate, having the right to elect a majority of the members of the board of directors or other governing body of Franchisor or the Franchisor Affiliate, or otherwise having the power to direct the management and policies of Franchisor or Franchisor Affiliate, whether through the ownership of voting securities, by contract or otherwise.

“Franchisor Marks” means such trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including but not limited to GOLDEN CHICK®, and such other trade names, service marks, and trademarks as Franchisor may develop in the future for the purposes of identifying for the public the source of services and products marketed under such marks and under Franchisor System and representing the Franchisor System’s high standards of quality, appearance, and service.

“Franchisor Operations Manual” means the operations manuals and all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MPRs, and other written or electronic data prepared by Franchisor detailing Franchisor Standards with which a franchisee must comply in the establishment, maintenance, operation, and marketing of one of Franchisor Restaurants, as such Franchisor Operations Manual is supplemented or amended from time to time by Franchisor.

“Franchisor Parties” has the meaning given to such term in Section 16(a).

“Franchisor Restaurants” means a quick service restaurant system that is established and operated in accordance with the Franchisor System using Franchisor Marks by Franchisor or a franchisee pursuant to the terms of a Franchise Agreement between Franchisor and Developer, an Affiliate of Developer, or some other third-party (including one of Franchisor Affiliates).

“Franchisor Standards” means those standards and specifications adopted from time to time by Franchisor and made applicable within the Franchisor System and to developers, area representatives, and franchisees of Franchisor designed to: (i) maintain uniform and consistently high standards of quality with respect to the products and services offered for sale at one of Franchisor Restaurants; and (ii) present a consistent image to the general public, all of which may be changed, improved or further developed at Franchisor’s sole and absolute option.

“Franchisor System” means the distinctive system developed, operated and franchised by Franchisor for restaurants, the distinguishing characteristics of which include, without limitation: (i) distinctive exterior and interior design, decor, color and identification schemes; (ii) specially-designed equipment and equipment layouts; (iii) Intellectual Property; (iv) approved products, suppliers, and supplies; (v) Franchisor Standards; (vi) community and social networking presence and protocols; (vii) techniques and procedures for inventory, management, and financial controls; (viii) record keeping, reporting forms, and POS system; (ix) training and assistance; and (x) advertising and promotional programs, all of which may be changed, improved or further developed at Franchisor’s sole and absolute option.

“Fully Earned Developer Credits” has the meaning given to such term in Section 14(c).

“Immediate Family” has the meaning given to such term in Section 11(b)(v).

“Indemnified Parties” means Franchisor, its Franchisor Affiliates, and their respective directors, officers, agents, employees, attorneys, owners, and shareholders.

“Initial Developer’s Principals” has the meaning given to such term in Section 11(b)(v).

“Initial Franchise Fee” means the then-current amount to be paid by a franchisee to Franchisor upon execution of a Franchise Agreement, which shall be deemed fully earned by Franchisor upon the execution of the Franchise Agreement by both parties and shall not be refundable. No Initial Franchise Fee shall be paid in part or under an installment plan.

“Intellectual Property” means all of the elements and components of the Copyrighted Materials, the Franchisor Marks, copyrights, trade dress, trade secrets, recipes, patents, and proprietary technology, programs, appliances, materials, internet domain names and rights associated therewith, and any walk-around character costume, some of which also constitute Confidential Information, that have been or may later be developed or created by or on behalf of Franchisor, or which is or may be based on materials relating to the Franchisor System that Developer or any other developer, area representative, or franchisee creates, develops, modifies, improves, or otherwise changes.

“Internet Site” means any method of electronic communications that employs inter-connected computer networks to communicate information (of any kind) including the computers, telecommunications facilities and similar means (both equipment and software) that comprise the interconnected worldwide network of networks that employ the TCP/IP (Transmission Control Protocol/Internet Protocol) or any predecessor or successor protocols to that protocol.

“Intranet Site” means the collection of Internet Sites and applications, including any hosted applications, made available by Franchisor to: (i) Franchisor employees and Franchisor Affiliates; and (ii) Franchisor’s developers, area representatives, and franchisees in good standing and their employees, and all of the content, information, applications, data, images, other materials and services accessible through those Internet Sites and applications.

“Losses and Expenses” means all losses, compensatory, exemplary or punitive damages, fines, penalties, charges, costs, expenses, lost profits, assessments and fees (including reasonable attorneys’, experts’, accountants’ and consultants’ fees); interest, court costs, settlement or judgment amounts, financing costs, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other similar amounts incurred, charged against or suffered by the Indemnified Parties in connection with any Action.

“Non-Traditional Sites” means any institutional or captive audience facilities, including, without limitation, military bases, airports and other public transportation facilities, government offices or institutions, educational institutions, health care facilities, toll road or highway rest stops, parks, stadiums, arenas, museums, art centers, theaters, warehouse clubs, theme parks, amusement centers, casinos, indoor food courts at shopping malls and/or centers, “big box” retail sites, and other venues operated by a master concessionaire or a contract food service provider. Franchisor will determine, in its sole and absolute option, whether a particular facility qualifies as a Non-Traditional Sites.

“OFAC” has the meaning given to such term in Section 18(b).

“Operational” means, when used in reference to one of Franchisor Restaurants, that it is fully constructed and finished out as approved by Franchisor and is legally permitted to render its products and services to, and is open to, the general public pursuant to a Franchise Agreement.

“Operational Date” means the date each of Franchisor Restaurants listed in the Development Schedule is Operational.

“Patents” means all inventions, improvements, processes, ideas, designs, and discoveries whatsoever that are discovered, made, invented, conceived, produced, developed, designed or owned by Franchisor, its Franchisor Affiliates or any other Developer, solely or jointly with others, that relate to Franchisor Restaurants, or the Franchisor System, or any future patent applications filed by or on behalf of Franchisor or its Franchisor Affiliates or predecessors, together with any continuation, continuation-in-part, divisional, reissue, reexamination, extension, follow-on, and substitution patents and patent applications relating to such patents and patent applications, including foreign counterparts and equivalents thereof.

“Permanent Disability” has the meaning given to such term in Section 11(b)(iii).

“Permitted Transfer” has the meaning given to such term in Section 11(b)(v).

“Primary Contact” has the meaning given to such term in Section 8(h).

“Products and Services” means those products and services authorized by Franchisor to be sold at one of Franchisor Restaurants.

“Site” means the location for the establishment and operation of one of Franchisor Restaurants which is approved pursuant to a duly executed Franchise Agreement.

“Special Events” means any event or series of events which Franchisor, at its sole and absolute option, determines is of regional, national, or international proportion, regardless of frequency, such as the Olympics, World’s Fair, a state fair, a political convention, the Super Bowl, World Series, etc. Franchisor will determine, in its sole and absolute option, whether a particular event or series of events qualify as Special Events.

“Term” has the meaning given such term in Section 3(a).

“**Training Program**” has the meaning given to such term in Section 2(a)(iii).

“**Training Restaurant**” has the meaning given to such term in Section 2(a)(iii).

“**Transfer**” means the sale, assignment, conveyance, pledge, gift, mortgage or other encumbrance, whether direct or indirect, in whole or in part, or in one or a series of related transactions or occurrences, of: (i) this Agreement or of any or all rights or obligations of herein; (ii) any Equity Securities in Developer; or (iii) any assets of Developer beyond transfers necessary in the ordinary course of business.

2. GRANT OF RIGHTS.

(a) Grant. Subject to the terms, conditions, and limitations of this Agreement, Franchisor hereby grants to Developer the right, and Developer undertakes the obligation to establish and operate multiple Franchisor Restaurants set forth in Section 5(a) at duly approved Sites in the Development Area and pursuant to duly executed Franchise Agreements; provided, however:

- (i) Developer has no right to operate or function as a master franchisee, sub-franchisor, franchise broker, or to otherwise franchise the Franchisor Restaurants to any other Entity or person or delegate its duties under this Agreement. Franchisor retains all other rights;
- (ii) The establishment and/or operation of one of Franchisor Restaurants will be governed by the applicable Franchise Agreement;
- (iii) Developer must have two of Franchisor Restaurants Operational as Franchisor’s certified training sites (each, a “Training Restaurant”) during the Term: (a) one of which must be Operational by the first Operational Date listed in the Development Schedule; and (b) two which must be Operational by the third Operational Date listed in the Development Schedule. These Training Restaurants must be located strategically at sites approved by Franchisor within the Development Area to service training and growth within the Development Area (i.e., East/West, North/South, etc.) and continue to be Operational at the existing or approved relocation sites throughout the Term. Each of these Training Restaurants must always be available to a Developer operating independently or under any area representative agreement (or Franchisor, if necessary) for Franchisor’s initial and ongoing training programs (including “refresher” on-the-job training at reasonable intervals) that is consistent with Franchisor Standards (“Training Program”) for the personnel of a Developer operating independently or under any area representative agreement, its subsidiaries and franchisees within the Development Area. The Training Program shall be deemed property of Franchisor as a work made for hire and shall constitute Copyrighted Materials;
- (iv) Developer must have an experienced Certified Operator (either directly or under any area representative agreement as an employee, independent contractor or a combination thereof) in place and capable of scaling as additional Franchisor Restaurants are Operational within the Development Area throughout the Term;
- (v) Developer shall have an annual meeting and/or communication with Franchisor on the status of development activities and projections within thirty (30) days after the end of each calendar year. Developer shall also have regular meetings and/or communications, as necessary, with Franchisor on general development activities as deemed necessary by Franchisor in its sole and absolute option. All of these meetings and/or communications may be in person or by telephone and/or email; and

(vi) Franchisor may require, in its sole and absolute option, that Developer or an owner or operator designated by Developer will, at Developer's sole cost and expense, attend at least one national or regional meeting each year organized by Franchisor for and on behalf of its franchisees, for setting forth new methods and programs in store operation, training, management, food preparation, sales, and sales promotion programs, and such related and other necessary matters as Franchisor, in its sole and absolute option, requires.

(b) Exclusivity. For so long as Developer is in compliance with this Agreement and it has not otherwise terminated or expired, Franchisor will not, without Developer's prior written consent, establish or operate, or license anyone other than Developer to establish or operate one of Franchisor Restaurants, at or from a site which is physically located in the Development Area, or perform, or engage any third party to perform, any of the services that comprise the Developer Business in the Development Area, excluding Special Events located within the Development Area and Non-Traditional Sites (subject to Developer's right of first refusal set forth in Section 2(c)), provided that Franchisor and its licensees and designees may continue to develop new or operate any existing Franchisor Restaurants within Developer's Development Area if they are covered by an existing agreement as of the Effective Date (specifically including any Franchisor Restaurants remaining to be developed under existing agreements as of the Effective Date); and to relocate such pre-existing or developed Franchisor Restaurants to any location within the Development Area that is within their then-current trade area. In the event that Developer fails to provide any of such services that comprise the Developer Business, Franchisor and its licensees and designees may provide the services that Developer has failed to provide, and any costs incurred by Franchisor or amounts paid to a third party shall be deducted from the amounts that would otherwise be paid to Developer under this Agreement.

(c) Right of First Refusal on Non-Traditional Sites. During the term of this Agreement, provided that Developer had complied with the terms of this Agreement, as determined by Franchisor in its sole and absolute option, if Franchisor proposes to establish any of Franchisor Restaurants on a Non-Traditional Site which is physically located in the Development Area, Developer shall have the right to enter into a new development agreement and/or Franchise Agreement to establish such additional Franchisor Restaurants under the terms and conditions of the then-current form of Development and/or Franchise Agreements; provided, however, this right shall not apply to "big box" retail sites, and other venues operated by a master concessionaire or a contract food service provider. If Developer and Franchisor have not executed a new Development and/or Franchise Agreement within a period of thirty (30) days after Franchisor provides written notice to Developer of Franchisor's desire to further develop on such Non-Traditional Sites in the Development Area, Franchisor will have the right, to the exclusion of Developer, to further develop or establish additional Franchisor Restaurants on Non-Traditional Sites in the Development Area on its own or with others, and this Section 2(c) shall be of no further force or effect.

(d) Limitation of Rights. Franchisor retains all other rights not expressly granted to Developer herein, including, without limitation, the right to engage in the following activities, notwithstanding the proximity of such activities to Developer's Franchisor Restaurants(s), or their actual or potential financial impact on Developer's Franchisor Restaurants(s):

- (i) establish and operate, and license to others the right to establish and operate, any of Franchisor Restaurants at any location outside of the Development Area;
- (ii) establish and operate, and license to others the right to establish and operate, any of Franchisor Restaurants at Special Events and Non-Traditional Sites (subject to Developer's right of first refusal set forth in Section 2(c)) within or outside of the Development Area;

- (iii) establish, acquire or operate, or license to others the right to establish and operate, businesses other than Franchisor Restaurants within or outside of the Development Area, including businesses which offer goods or services which may be the same as or substantially similar to the goods and services offered by Franchisor Restaurants;
- (iv) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products, services or merchandise, from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet Site), so long as such sales are not conducted from one of Franchisor Restaurants in the Development Area, excluding Special Events and Non-Traditional Sites (subject to Developer's right of first refusal set forth in Section 2(c)); provided, however, an Internet Site may be accessible to or viewable by persons in the Development Area;
- (v) advertise and promote sales (including through any Internet Site or Intranet Site maintained by Franchisor) of or by one of Franchisor Restaurants of the Franchisor System and Franchisor Marks, at any location, including within the Development Area;
- (vi) conduct delivery or catering services, and/or permit Affiliates, licensees and/or other franchisees to conduct delivery or catering services, to customers located in the Development Area; and
- (vii) upon the occurrence of a Crisis Management Event (as defined below), Developer shall immediately notify Franchisor by telephone and email (or as otherwise instructed in Franchisor Operations Manual, other manuals, or as set forth in this Agreement), of such event and cooperate fully with Franchisor and with the appropriate authorities with respect to the investigation and management of the Crisis Management Event. Although Developer shall remain solely liable for any Crisis Management Event, Developer must coordinate with Franchisor on statements and other responses to the Crisis Management Event to mitigate possible damages to Franchisor Marks and Franchisor System. In addition, Developer should coordinate with Franchisor on any comments to third parties related to a Crisis Management Event. "Crisis Management Event" means any event that occurs at or about one of Franchisor Restaurants in the Development Area or in connection with the operation of one of Franchisor Restaurants in the Development Area that relates to data breach, food borne illness/health issues, acts of violence, alcohol-related incidents, firearms on the premises, discrimination and harassment, lawsuits/judgments, or any other circumstance which may materially and adversely affect the Franchisor System or the goodwill symbolized by Franchisor Marks.

3. TERM.

- (a) Term.** Unless terminated sooner as provided for herein, the term of this Agreement and all rights granted hereunder will commence on the Effective Date and expire on the earlier to occur of: (i) the last Operational Date set forth in Development Schedule; or (ii) the date upon which you have the cumulative number of Franchisor Restaurants Operational in the Development Area that are set forth in the Development Schedule ("Term").
- (b) No Option.** Developer will have no option to renew or otherwise extend the Term for an additional period of time, except as otherwise provided in the Agreement.
- (c) Not Govern Franchise Term.** This Agreement will not govern the term or renewal of any Franchise Agreement.

4. FEES AND CREDITS.

(a) Development Fee. Upon the execution of this Agreement, Developer shall deliver to Franchisor a non-refundable development fee in an amount equal to Nine Thousand and No/100 Dollars (\$9,000.00) multiplied by the cumulative number of Franchisor Restaurants identified in the Development Schedule. This Development Fee shall be in consideration for the administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of Franchisor's entering into this Agreement with Developer ("Development Fee").

(b) Initial Franchise Fees. Upon the execution of each of the Franchise Agreements executed in accordance with the Development Schedule by Developer, an Affiliate of Developer or a third-party not affiliated with Developer (as the case may be), Franchisor shall be paid the following non-refundable and fully earned Initial Franchise Fees in consideration for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred because of Franchisor's entering into such Franchise Agreements:

First Franchise Agreement: (i) Eighteen Thousand and No/100 Dollars (\$18,000.00) if the franchisee is Developer or an Affiliate of Developer; or (ii) Thirty Thousand and No/100 Dollars (\$30,000.00) if the franchisee is a third-party who is not an Affiliate of Developer; and

Each Additional Franchise Agreement: The greater of Eighteen Thousand and No/100 Dollars (\$18,000.00) or Sixty Percent (60%) of the then-current Initial Franchise Fees for a third-party who is not an Affiliate of Developer, even if the additional Franchise Agreements are executed by Developer or an Affiliate of Developer.

(c) Developer Credits. Developer will receive credits equal to Nine Thousand and No/100 Dollars (\$9,000.00) towards the then-current Initial Franchise Fees for each of the first _____ (_____) Franchise Agreements executed under this Agreement ("Developer Credits"); provided, however: (i) Developer must not be in default of this Agreement beyond any period of notice or opportunity to cure at the time each such Franchise Agreement is executed (whether it is executed by Developer, an affiliate of Developer, or a third-party who is not an Affiliate of Developer); and (ii) the Developer Credits are not fully earned on any particular Franchise Agreement until payment of the Initial Franchise Fees has been received by Franchisor for such Franchise Agreement. In the event that Franchise Agreements are being executed by Developer or an Affiliate of Developer, then Developer may offset the Initial Franchise Fees due under Section 4(b) for any such particular Franchise Agreement by the amount of the Developer Credits due on each. In the event that a Franchise Agreement is being executed by a third-party who is not an Affiliate of Developer, then Franchisor shall pay the Developer Credits within fifteen (15) days after payment of the Initial Franchise Fees has been received by Franchisor for such Franchise Agreement.

(d) Payment and Taxes. All payments made by Developer to Franchisor pursuant to this Agreement will be in United States dollars and will be made free and clear of any tax, deduction, offset or withholding of any kind. All taxes and penalties on any payment made by Developer pursuant to this Agreement now or in the future will be fully borne by Developer (excluding only income taxes payable based on Franchisor's income). In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Developer may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall Developer permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of any Franchisor Restaurants, or any improvements thereon.

5. DEVELOPMENT SCHEDULE.

(a) Development Schedule. Acknowledging that time is of the essence, Developer agrees to establish and operate the cumulative number of Franchisor Restaurants in the Development Area in accordance with the following schedule (“Development Schedule”), unless otherwise consented to in writing by Franchisor, and agrees that any delay in its performance under the Development Schedule will constitute a default of this Agreement:

<u>Operational Date (Number of Years after Effective Date)</u>	<u>New Restaurants Developed by Each Operational Date</u>	<u>Minimum Number of Restaurants by Operational Date(s)</u>
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____

In order to satisfy the terms and conditions of this Development Schedule, Developer must have:

- (i) the then-current Franchise Agreement for each of Franchisor Restaurants executed by Developer, an Affiliate of Developer, or a third-party who is not an Affiliate of Developer and payment made to Franchisor for the then-current Initial Franchise Fees (as may be adjusted from time to time);
- (ii) each of Franchisor Restaurants Operational by the Operational Date set forth in the Development Schedule;
- (iii) the cumulative number of Franchisor Restaurants Operational by the Operational Dates set forth in the Development Schedule.
- (iv) the Training Restaurant(s) and the Certified Operator required under Section 2(a);
- (v) qualified architects, contractors and subcontractors (each, a “Construction Party”), as determined in Developer’s reasonable option; provided, however Franchisor reserves the right to have any Construction Party replaced which is not conforming to Franchisor Standards. Developer shall ensure that each franchisee submits such information pertaining to each Construction Party as Franchisor may reasonably request prior to signing or otherwise entering any agreement with such Construction Party. Franchisor shall approve or disapprove the proposed Construction Party in writing within fifteen (15) days following Franchisor’s receipt of all the information requested from each franchisee. If Franchisor neither approves nor disapproves a Construction Party within such fifteen (15)-day period, then the proposed party will be deemed to have been disapproved. Once approved, Developer shall ensure that the franchisee shall cause each Construction Party to procure

and maintain insurance coverage against such risks, in such amounts, and with such companies as Franchisor may reasonably require. Developer will provide monthly progress reports to Franchisor throughout construction in a form and substance required by Franchisor; provided, however, Franchisor in its sole and absolute option may request progress reports on a more frequent basis or request photographs and any other evidence showing progress with the construction and equipping of each of Franchisor Restaurants. Upon completion of the work and prior to opening of one of Franchisor Restaurants, Developer shall ensure that each franchisee's architect or general contractor shall provide Franchisor with a certificate stating that the as-built premises complies with the Franchisor's approved variations in the Restaurant Plans and Restaurant Equipment (as those terms are defined in each franchise agreement) list and all applicable legal requirements relating to accessibility, accommodations, and facilities for those with disabilities, as may be detailed further in Franchisor Standards or by Franchisor. Developer acknowledges and agrees that: (i) each condition which must be met in this Section 5(a) is reasonable and necessary to protect Franchisor System; (ii) Franchisor's approval or disapproval of a Construction Party will not impose any liability on Franchisor as to Developer, a franchisee, a Construction Party, or anyone else; (iii) Franchisor in its sole and absolute option may revise the requirements for any Construction Party to accommodate the operation of any one of Franchisor Restaurants; (iv) Franchisor does not guarantee the quality, timeliness or other matters relating to any Construction Party's work; and (v) the failure of any Construction Party to perform their duties shall not excuse Developer or a franchisee from its obligations under this Agreement or its franchise agreement, respectively.

(b) Force Majeure. If Developer cannot meet the Development Schedule solely as the result of Force Majeure which results in Developer's inability to construct or operate one or more of Franchisor Restaurants, the Operational Date(s) relating to such one or more of Franchisor Restaurants will be extended for a period equal to the time during which such Developer was unable to perform such action or task as a result of an event of Force Majeure, up to a maximum of six (6) months. For purposes of this Section 5, "Force Majeure" means acts of God (such as tornadoes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, riot, or other civil disturbance; epidemics; acts of governments, such as the exercise of eminent domain rights and condemnation (if caused by reasons beyond Developer's control); or other forces beyond Developer's reasonable control, provided Developer notifies Franchisor in writing no later than five (5) days after the occurrence of the commencement of the Force Majeure. Force Majeure does not include, among other things, economic depression or recession, insufficiency of funds, a franchisee's inability or failure to construct or operate one of Franchisor Restaurants, Developer's inability to satisfy the terms and conditions for an Extension Term, or failure to make any payment required hereunder.

(c) Extensions. Upon Developer's written request, Franchisor in its sole and absolute option may grant a written extension or extensions to the period for the execution of the then-current Franchise Agreement and/or Operational Date for the period of time that Developer requests. In the event Franchisor grants such extension, Developer agrees to pay the Franchisor a non-refundable extension fee of Three Thousand and No/100 Dollars (\$3,000.00) for every thirty (30) day period of the agreed extension for each Franchise Agreement and/or Operational Date so extended.

(d) Franchise Conditions. Developer and Developer's Principals acknowledge and agree that the rights and duties set forth in this Agreement are personal to Developer and Developer's Principals, and that Franchisor has granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance of the duties hereunder by, Developer and Developer's Principals. Developer and Developer's Principals have represented to Franchisor that they have entered this Agreement for the purpose of and with the intention of fully complying with the development obligations set forth hereunder, and not for the purpose of reselling the development rights granted herein. Developer shall enter

into a Franchise Agreement and establish and operate each of Franchisor Restaurants to be developed pursuant to this Agreement either directly or through a subsidiary in which Developer has a majority Ownership Interest. Developer and Developer's Principals understand and agree that this Agreement does not confer upon Developer a right to open or operate any of Franchisor Restaurants but is intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain the right to open and operate each of Franchisor Restaurants under a Franchise Agreement. Developer's right to enter into Franchise Agreements pursuant to this Agreement shall be conditioned upon Developer's full compliance with all of the following obligations ("Franchise Conditions"):

- (i) Developer shall have fully and timely complied with all of the terms and conditions of this Agreement and any Franchise Agreement or other agreements between Developer and Franchisor and its Franchisor Affiliates;
- (ii) Developer, including its Affiliates, Subsidiaries, and Developer's Principals have combined assets equal to Two Hundred Thousand and No/100 Dollars (\$200,000.00) multiplied by the cumulative number of Franchisor Restaurants in the Development Schedule;
- (iii) No Franchise Agreement or other agreement (excluding any termination of a restaurant management or administrative services agreement) between Developer and Franchisor or its Franchisor Affiliates shall have been terminated; and
- (iv) Neither Developer nor any of Developer's Principals (as applicable) shall have transferred a majority Ownership Interest in Developer, except in accordance with Section 11 below.

If Franchisor determines that Developer, its Affiliates or Developer's Principals have not met one (1) or more of the Franchise Conditions described above, Franchisor may in its sole and absolute option (in addition to any other rights or remedies Franchisor may have, including but not limited to, declaring this Agreement in default): (i) suspend Developer's right to develop Franchisor Restaurants until the conditions are satisfied without extending the term of this Agreement; or (ii) modify or restate the Development Schedule (including modifications or reductions in the number of Franchisor Restaurants, Operational Dates, and/or the Development Area).

(e) Right to Develop Real Property. Developer shall have the right to, for its own account or those of its Affiliates or third-party franchisees, buy or lease real properties for use by one of Franchisor Restaurants; provided, however, the proposed Site for each of Franchisor Restaurants must be approved by Franchisor pursuant to a duly executed Franchise Agreement.

6. CONFIDENTIAL INFORMATION.

(a) Developer's Use of Confidential Information. Except as expressly provided herein, Developer and Developer's Principals shall have no right, title or interest in the Confidential Information. Developer and Developer's Principals shall only communicate, disclose or use the Confidential Information as expressly permitted herein or as required by law. Developer and Developer's Principals shall disclose the Confidential Information only to such of Developer's employees, agents, or independent contractors who must have access to it in connection with their employment. The covenant in this Section 6 will survive the expiration, termination, or transfer of this Agreement or any interest in this Agreement and will be perpetually binding upon Developer and each of Developer's Principals. Notwithstanding anything in this Agreement to the contrary, Developer and its owners, directors, officers, managers, agents and representatives, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose information which is part of Franchisor System: (i) in confidence, to federal, state, or local government officials, or to an attorney of Developer, for the sole purpose of reporting or investigating a

suspected violation of law; or (ii) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

(b) Confidentiality Agreements. Developer shall cause all employees having access to the Confidential Information to execute confidentiality agreements substantially in the form of Exhibit C stating that they will preserve in confidence all Confidential Information. Developer shall deliver copies of such executed agreements to Franchisor immediately upon their execution. Neither Developer, Developer's Principals, nor their respective employees may at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(c) Improvements. Developer and Developer's Principals shall not implement any change, modification, amendment, or improvement to the Franchisor System and Confidential Information without Franchisor's express prior written consent. Developer and Developer's Principals must notify Franchisor in writing of any change, amendment, modification, or improvement to the Franchisor System or Confidential Information that they propose to make. Developer and Developer's Principals acknowledge and agree that all rights derived from any such change, amendment, modification, or improvement to the Franchisor System and/or Confidential Information are Franchisor's property. Developer and Developer's Principals shall not claim any legal or equitable ownership interest, right, privilege, or title thereto, and hereby assign to Franchisor all their rights, title, and interest in such property, without charge. Developer and Developer's Principals shall sign all instruments and documents and do such acts and things as Franchisor requests to establish, protect and maintain Franchisor's interest in the Franchisor System and Confidential Information, and to transfer and assign any such rights derived from such adaptations, improvements, modifications or changes to Franchisor as Franchisor prescribes, without charge.

7. OWNERSHIP OF FRANCHISOR SYSTEM.

(a) Franchisor is Exclusive Owner. Developer acknowledges and agrees to Franchisor's exclusive ownership of or right to sublicense the Intellectual Property and Franchisor System, and shall neither directly or indirectly infringe, contest or otherwise impair Franchisor's exclusive ownership of, and/or license with respect to, the Intellectual Property and/or Franchisor System either during or after termination or expiration of this Agreement.

(b) Developer Has No Rights Under Agreement. Developer has no right, title or interest in the Intellectual Property or the Franchisor System by virtue of this Agreement. Any rights granted to use the Intellectual Property, or Franchisor System will be conveyed through the Franchise Agreement(s) negotiated to operate the individual restaurant(s).

(c) Improvements Owned by Franchisor. Developer and Developer's Principals shall not implement any change, modification, amendment, or improvement to the Intellectual Property without Franchisor's express prior written consent. Developer and Developer's Principals must notify Franchisor in writing of any change, amendment, modification, or improvement to the Intellectual Property that they propose to make. Developer and Developer's Principals acknowledge and agree that all rights derived from any such change, amendment, modification, or improvement to the Intellectual Property are Franchisor's property. Developer and Developer's Principals shall not claim any legal or equitable ownership interest, right, privilege, or title thereto, and hereby assign to Franchisor all their rights, title, and interest in such property, without charge. Developer and Developer's Principals shall sign all instruments and documents and do such acts and things as Franchisor requests to establish, protect and maintain Franchisor's interest in the Intellectual Property, and to transfer and assign any such rights derived from such adaptations, improvements, modifications or changes to Franchisor as Franchisor prescribes, without charge.

8. REPRESENTATIONS AND WARRANTIES.

(a) Representations, Warranties and Covenants of Developer. If Developer is not an individual, then Developer and each of Developer's Principals represent, warrant and covenant to Franchisor that:

- (i) **Due Incorporation.** Developer is an Entity that is duly formed and organized, validly existing and in good standing under the laws of the jurisdiction of its organization with all requisite power and authority to enter into this Agreement and perform the obligations contained herein.
- (ii) **Authorization.** The execution, delivery and performance by Developer of this Agreement and all other agreements contemplated herein has been duly authorized by all requisite actions on the part of Developer and no further actions are necessary to make this Agreement or such other agreements valid and binding upon it and enforceable against it in accordance with their respective terms.
- (iii) **Exclusivity.** Developer's corporate charter, written partnership agreement, limited liability company agreement, membership agreement or other governing documents will at all times provide that Developer's activities are confined exclusively to the development and establishment of the Franchisor Restaurants, and other quick service and fast food restaurants which are not a direct competitor of Franchisor unless otherwise consented to in writing by Franchisor.
- (iv) **Execution and Performance.** Neither the execution, delivery nor performance by Developer of this Agreement or any other agreements contemplated hereby will conflict with, or result in a breach of any term or provision of Developer's charter, by-laws, articles of organization, or partnership agreement and/or other governing documents and any amendments thereto, any indenture, mortgage, deed of trust or other material contract or agreement to which Developer is a party or by which it or any of its assets are bound, or breach any order, writ, injunction or decree of any court, administrative agency or governmental body.
- (v) **Corporate Documents.** Certified copies of Developer's charter by-laws, articles of organization, partnership agreement, membership agreement and/or other governing documents and any amendments thereto, including board of directors' or partners' resolutions authorizing this Agreement have been delivered to Franchisor. Any amendments or changes to such governing or charter documents subsequent to the date of this Agreement, and/or not consistent with the provisions of Section 8(a)(iii), will not be undertaken without Franchisor's prior written consent.
- (vi) **Ownership Interests.** All Equity Securities in Developer are accurately and completely described in Schedule 1A. Developer will maintain at all times a current list of all owners of record and all beneficial owners of Equity Securities in Developer. Developer will make such list of available to Franchisor upon request. Franchisor shall disclose information on Developer's ownership interests only to such of Franchisor's employees, agents, or independent contractors who must have access to it in connection with their employment or engagement; provided, however, nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.
- (vii) **Stop Transfer Instructions.** If Developer is a corporation, Developer will maintain stop-transfer instructions against the transfer on Developer's records of any of its Equity Securities and each stock certificate will have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement; but the requirements of this Section 8 will not apply to the transfer of Equity Securities of a publicly-held corporation. If Developer is a partnership or limited liability company, its written

partnership or limited liability company agreement will provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

If Developer is an individual, then Developer represents, warrants and covenants that neither the execution, delivery nor performance by Developer of this Agreement or any other agreements contemplated hereby conflicts with, or results in a breach of any contract or agreement to which Developer is a party or a breach of any order, writ, injunction or decree of any court, administrative agency or governmental body.

(b) Financial Statements Provided to Franchisor. Developer and each of Developer's Principals, at Franchisor's request, have provided Franchisor with their most recent financial statements in the form and for the time periods specified by Franchisor. The financial statements must: (i) present fairly Developer's financial position and the financial position of each of Developer's Principals, as applicable, at the dates indicated therein and, with respect to Developer, the results of its operations and cash flow for the periods then ended; (ii) be certified as true and correct by Developer's Chief Financial Officer or President, as applicable; and (iii) have been prepared in conformity with generally accepted accounting principles in the United States, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, exist as of the date of this Agreement which are not reflected as liabilities on Developer's financial statements or those of Developer's Principals.

(c) Change in Developer's Principals. Developer will notify Franchisor within ten (10) days following the date that any person previously identified as Developer's Principal ceases to qualify as such or that any new person succeeds to or otherwise comes to occupy a position which would qualify such person as one of Developer's Principals. That person will immediately execute all documents and instruments (including, as applicable, this Agreement) required by Franchisor to be executed by others in a comparable position; but if there is any conflict between this Section 8 and the transfer provisions of Section 11, the provisions of Section 11 will control.

(d) Non-Competition During Term. In consideration of the rights granted to Developer herein and the disclosure to Developer of the Franchisor System and the Confidential Information, during the term of this Agreement (or for each of Developer's Principals, officers, directors, or owners during the term of this Agreement for so long as such individual or Entity is one of Developer's Principals), neither Developer nor any of Developer's Principals, officers, directors, or owners shall, directly or indirectly:

- (i) own, maintain, engage in, manage, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any retail food business serving an item that is similar to any product which Franchisor has authorized for sale by Franchisor Restaurants and which represents a significant portion of revenues of Franchisor Restaurants, which is located: (A) within Developer's Development Area; (B) within a ten (10) mile radius of the address of any Franchisor Restaurants established pursuant to this Agreement; or (C) within a ten (10) mile radius of any Franchisor Restaurants which is Operational or under construction; or
- (ii) enter into the employ, association, or corporation engaged in any such business.

(e) Non-Competition after Term. In consideration of the rights granted to Developer herein and the disclosure to Developer of the Franchisor System and the Confidential Information, for a period of two (2) years after either the expiration and non-renewal or termination of this Agreement, regardless of the reason for termination (or with respect to each of Developer's Principals, officers, directors, or owners, for a continuous uninterrupted period commencing upon the earlier of: (1) the expiration and non-renewal or termination of this Agreement or (2) the time such individual or Entity ceases to satisfy the definition of

Developer's Principals), neither Developer nor any of Developer's Principals, officers, directors, or owners shall, directly or indirectly:

- (i) own, maintain, engage in, manage, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any retail food business serving an item that is similar to any product which Franchisor has authorized for sale by Franchisor Restaurants and which represents a significant portion of revenues of Franchisor Restaurants, which is located: (A) within Developer's Development Area; (B) within a ten (10) mile radius of the address of any Franchisor Restaurants established pursuant to this Agreement; or (C) within a ten (10) mile radius of any Franchisor Restaurants which is Operational or under construction; or
- (ii) enter into the employ association, or corporation engaged in any such business.

(f) Non-Diversion and Acts Affecting Goodwill. During the term of this Agreement and for a period of two (2) years after either the expiration and non-renewal or termination of this Agreement, neither Developer nor any of Developer's Principals shall, directly or indirectly divert or attempt to divert the business of any Franchisor Restaurants to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Franchisor Marks, Franchisor System, and/or the Intellectual Property.

(g) Independent Covenants. Each of the covenants in Sections 8(d), 8(e), and 8(f) will be construed as independent of any other covenant or provision of this Agreement.

- (i) Developer and each of Developer's Principals acknowledge and agree that Franchisor in its sole and absolute option may reduce the scope of any covenant set forth in Sections 8(d), 8(e), and 8(f), or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer and Developer's Principals agree that they will comply with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 18(e) hereof.
- (ii) Developer and each of Developer's Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in Sections 8(d), 8(e), and 8(f).
- (iii) Developer and each of Developer's Principals acknowledge and agree that the covenants not to compete contained in Sections 8(d), 8(e), and 8(f) are reasonable and necessary to protect the business and goodwill of the Franchisor System and to avoid misappropriation or other unauthorized use of the Franchisor System and Franchisor's other trade secrets.
- (iv) Developer and each of Developer's Principals acknowledge and agree that Developer and Developer's Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating one or more of Franchisor Restaurants pursuant to this Agreement and any Franchise Agreements.

(h) Additional Covenants by Employees. Developer will require and obtain for the benefit of Franchisor execution of covenants similar to those set forth in this Sections 8(d), 8(e), and 8(f) from any and all of its employees having access to materials or information furnished or disclosed to Developer by Franchisor, including, without limitation, the Primary Contact and any director of operations. Developer shall deliver copies of such executed agreements to Franchisor immediately upon their execution. For purposes of this Section 8, "Primary Contact" means a full-time employee responsible for Developer's

obligations under this Agreement.

(i) No Right to Use Sublicensed Material. Developer and Developer's Principals acknowledge and agree that Developer is granted no right to use any sublicensed material. Any rights granted to use the sublicensed material will be set forth in a separate Franchise Agreement which will limit the use thereof to the term of the Franchise Agreement at each of the applicable Franchisor Restaurants.

(j) Franchisor Does Not Assume Liability. Developer acknowledges and agrees that Franchisor will not, by virtue of any approvals, advice or services provided to Developer, assume responsibility or liability to Developer or any third parties to which it would not otherwise be subject.

(k) Franchisor's Use of Agents. Franchisor may in its sole and absolute discretion delegate its obligations under this Agreement to third-party agents. Agents are not: (i) employees of Franchisor; (ii) authorized to enter into or execute any agreements on behalf of Franchisor; or (iii) authorized to bind Franchisor without Franchisor's prior written consent. Franchisor's liability for the actions of any agents is limited to those actions performed by such agents solely as a result of Franchisor's obligations under this Agreement. Agents will be paid directly by Franchisor based upon amounts paid by a franchisee, but they will not share in any payments made for the National Ad Fund or Co-op.

9. INDEMNIFICATION.

(a) Indemnification. Developer and Developer's Principals agree to and hereby, jointly and severally, indemnify, defend (by counsel chosen by Franchisor) and agree to hold harmless each of the Indemnified Parties from all Losses and Expenses alleged, incurred or assessed in connection with:

- (i) Developer's or any Developer's Principal's alleged infringement or alleged violation of any trademark or other proprietary name, mark, or right allegedly owned or controlled by a third party;
- (ii) The violation, breach or asserted violation or breach, by Developer or any of Developer's Principals, of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;
- (iii) Libel, slander or any other form of defamation of Franchisor, the Franchisor System or any developer, area representative or franchisee operating under the Franchisor System, by Developer or by any of Developer's Principals;
- (iv) The violation or default by Developer or any of Developer's Principals, of any warranty, representation, agreement or obligation in this Agreement or in any other agreement, between Developer, its subsidiaries and Affiliates, and a third-party provider or Franchisor, its subsidiaries and Franchisor Affiliates or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees thereof; and
- (v) Acts, errors or omissions of Developer, any of Developer's subsidiaries or Affiliates or any of Developer's Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer and its subsidiaries and Affiliates in connection with the activities contemplated under this Agreement, including the operation of the Franchisor Restaurants or any offerings under Section 11(b)(iv).

Notwithstanding anything in this Agreement to the contrary, this Section 9(a) shall not apply to any Losses and Expenses arising from or related to the gross negligence or willful misconduct of the Indemnified Parties.

(b) Notice of an Action. Developer and each of Developer's Principals agree to give Franchisor immediate notice of any Action. Franchisor may engage, at its expense, separate counsel to represent the Indemnified Parties in such Action and/or elect to assume (but under no circumstance is obligated to undertake) the defense and/or reasonable settlement of any Action. Subject to Section 9(c), Developer shall be entitled to consent and approve any proposed settlement giving rise to an obligation to indemnify any of the Indemnified Parties. Franchisor's election to settle will not diminish Developer's and each of Developer's Principal's obligation to defend, indemnify and hold the Indemnified Parties harmless from all Losses and Expenses.

(c) Settlement or Remedial Actions. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its sole judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective actions it deems expedient with respect to any Action if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

- (i) any of the acts or circumstances enumerated in Section 9(a)(i)-(iv) have occurred; and
- (ii) any act, error, or omission as described in Section 9 (a)(v) may result directly or indirectly in damage, injury, or harm to any person or any property.

(d) Expenses Paid by Developer. All Losses and Expenses incurred under this Section 9 will be chargeable to and paid by Developer or any of Developer's Principals pursuant to Developer's obligations of indemnity under this Section 9 regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

(e) No Third-Party Recovery or Mitigation. Under no circumstances will the Indemnified Parties be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer or any of Developer's Principals. Developer and each of Developer's Principals agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Developer or any of Developer's Principals by the Indemnified Parties.

(f) Survival After Termination, Expiration or Transfer. Developer and Developer's Principals expressly agree that the terms of this Section 9 will survive the termination, expiration or transfer of this Agreement or any interest herein.

10. INSURANCE.

(a) Maintain Insurance Policies. Prior to the date on which Developer commences the performance of its obligations hereunder, but in no event later than thirty (30) days after Effective Date of this Agreement, and for the entire term of each respective Franchise Agreement, Developer will obtain and maintain insurance protecting Developer and the Indemnified Parties, in accordance with the terms and conditions of each Franchise Agreement, against any demand or claim arising or occurring in connection with the construction of the Franchisor Restaurants. The insurance policies will name the Indemnified Parties as additional insureds.

(b) Minimum Limits. The insurance coverage will include the minimum limits set forth in the Franchise Agreements (except as may otherwise be specified by Franchisor from time to time).

(c) Evidence of Insurance Coverage. Developer will furnish Franchisor with evidence that Developer has obtained the required insurance at least ten (10) days prior to the commencement of any operations of the Developer Business, and each year thereafter while operations of the Developer Business continues, and at any other time a carrier or coverage is changed. The evidence of coverage will include a statement by the insurer that the policy or policies will not be canceled or materially altered without giving at least thirty (30) days prior written notice to Franchisor.

(d) Continuing to Maintain Insurance Coverage. Developer's obligation to obtain and maintain the insurance coverage in the amounts specified in this Agreement does not relieve it of liability under the indemnification provisions of this Agreement, nor the responsibility to maintain such additional insurance coverage as it may consider advisable or in the amounts indicated by Franchisor upon thirty (30) days prior written notice. If Developer fails to obtain or maintain the insurance coverage required by this Agreement, or as may otherwise be indicated by Franchisor, then Franchisor shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. Developer shall reimburse Franchisor for all out-of-pocket costs incurred by Franchisor in obtaining such insurance immediately upon Developer's receipt of an invoice therefor.

11. TRANSFER OF INTEREST.

(a) Transfer by Franchisor. Franchisor will have the right to transfer or assign this Agreement, its rights to the Intellectual Property, and all or any part of its rights or obligations herein to any person or legal Entity without the consent of Developer or Developer's Principals. Upon such transfer by Franchisor, any transferee or assignee of Franchisor will become solely responsible for all such obligations of Franchisor under this Agreement from the date of transfer or assignment. Without limiting the foregoing, Developer acknowledges and agrees that Franchisor may sell its assets (including its rights in the Intellectual Property and the Franchisor System) to a third party; may offer its securities privately or publicly; may merge, acquire other legal entities or be acquired by another legal Entity; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands, or damages against Franchisor or its Franchisor Affiliates arising from or related to Franchisor's transfer of its rights in this Agreement, the Intellectual Property or the Franchisor System to any other party. Nothing contained in this Agreement will require Franchisor to remain in the business of operating or licensing the operation of the Franchisor Restaurants or other businesses or to offer any services or products to Developer, whether or not bearing or not bearing the Intellectual Property, if Franchisor transfers or assigns its rights in or obligations under this Agreement.

(b) Transfer by Developer. Developer and Developer's Principals acknowledge and agree that the rights and duties set forth in this Agreement are personal to Developer and are granted, in part, in reliance upon the skill, aptitude, business and financial capacity of Developer and Developer's Principals and their intention of complying with its terms and conditions. Therefore, if Developer and/or Developer's Principals desire to Transfer any interest to any individual or Entity (including a trust), they must first obtain the prior written approval of Franchisor. Any such attempted Transfer not approved by Franchisor will be null and void from its purported inception.

(i) General Requisites. Prior to authorizing a Transfer by Developer of any interest, Franchisor may require, among other things, satisfaction of any or all of the following:

(A) Developer will be in full compliance with all of the terms and conditions of this Agreement;

(B) Developer and any of Developer's Principals will remain liable for the performance of their obligations contained in this Agreement through the date of Transfer and will execute all instruments reasonably requested by Franchisor to evidence such liability;

(C) The transferee will satisfy, in Franchisor's reasonable judgment, Franchisor's then existing criteria for a Developer including, without limitation: (1) education; (2) business skill, experience and aptitude; (3) character and reputation; and (4) financial resources;

(D) The transferee and all owners of any record or beneficial interest in the capital stock (or other interest) of transferee will execute all instruments (including a new development agreement) reasonably requested by Franchisor to evidence acceptance and assumption of all of the terms and conditions of this Agreement. Such new development agreement may contain terms materially different from this Agreement, including higher fees and will be for a term equal to the then unexpired Term hereof;

(E) Developer and Developer's Principals (if applicable) must have executed a conditional release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its Franchisor Affiliates, and the officers, directors, members, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement between Developer or any of Affiliates of Developer and Franchisor or any of its Franchisor Affiliates or under federal, state or local laws, rules, regulations or orders. Franchisor's current form of conditional release is attached hereto as Exhibit D;

(F) Developer must deliver to the transferee all Confidential Information, the Franchisor Operations Manual, other manuals, materials containing trade secrets, Intellectual Property, and all copies of each of the preceding;

(G) Developer pays a transfer fee equal to: (1) one quarter (¼) of then-current initial Development Fee applicable to the number of Franchisor Restaurants described in the Development Schedule for which Franchise Agreements have not then been executed by the parties hereto, if the Transfer would result in a change in Control of Developer or it is a Transfer of this Agreement or of any or all rights or obligations of herein, interest in Developer or any assets of Developer beyond transfers necessary in the ordinary course of business; or (2) an amount equal to the greater of the reasonable costs incurred by Franchisor or One Thousand and No/100 Dollars (\$1,000.00) if the Transfer would not result in a change in Control of Developer;

(H) The transferee has complied with Franchisor's then-current application requirements for a new development agreement, including, but not limited to, being provided with Franchisor's current form of disclosure document, and a receipt evidencing the date of delivery of the disclosure document(s) to the transferee has been delivered to Franchisor, provided, however, Franchisor will not be liable for any representations other than those contained in the disclosure document(s).

(ii) Right of First Offer and Right of First Refusal.

(A) Any party holding any interest in Developer, in Development Area, or in this Agreement ("Developer Interests"), who desires to offer for sale of the Developer Interests or who desires to accept any bona fide offer from a third party to purchase Developer

Interests (other than in a sale to other parties already holding some Developer Interests), shall notify Franchisor in writing of such intent or offer, and shall provide such information and documentation relating to the offer (with all material business terms of such proposed offer including, without limitation, such party's proposed sales price) as Franchisor may require and the offering party possesses or has the legal right to possess. Franchisor shall have the exclusive right, for a period of thirty (30) days following receipt of all information and documentation required under this Section to negotiate with offering party to purchase Developer Interests either directly or indirectly through one of Franchisor Affiliates; provided, however, such period shall be extended to sixty (60) days if the offer includes the sale of real property (the "Exclusivity Period"). The negotiations between the Franchisor and offering party shall be third party arms-length negotiations; neither party shall be under any fiduciary obligations to the other with respect to such negotiations. If, after the expiration of the Exclusivity Period, the parties have not entered into a definitive agreement concerning the purchase and sale of Developer Interests, the offering party shall be permitted to negotiate and enter into an agreement for the purchase and sale of Developer Interests with third parties containing terms and conditions materially similar to those which the party has previously negotiated with Franchisor. However, if a party is subsequently willing to sell Developer Interests on terms which are materially different from that set forth to Franchisor, then such party shall provide Franchisor with a revised notice in accordance with the terms of this Section and Franchisor shall have all of the same rights as set forth herein. Franchisor shall approve or disapprove any such sale in accordance with this Agreement and its standard practices. Participation in such purchase and sale by other parties holding Developer Interests through contractual agreements providing for "Drag Along" or "Tag Along" or other similar rights shall not be subject to an additional right of first offer or right of first refusal; provided, however, Franchisor's determination on any such Developer Interests shall run concurrently with Franchisor's determination on the principal Developer Interests.

(B) Failure to comply with the provisions of this Section prior to the transfer of any Developer Interests shall constitute a material event of default under Section 12.

(C) For purposes of this Section, the term materially different means that the value of the consideration accepted from a third-party is less than 95% of the value of the consideration offered by Franchisor prior to the expiration of the Exclusivity Period for the Developer Interests inclusive of any reduction in fees and/or commissions borne by a third-party. Developer and Franchisor agree that, due to the difficulty in valuing non-financial terms of an assignment, differences in indemnity obligations, representations and warranties, continuing debt guaranties (exclusive of other contractual guaranties, such as leases), and similar terms shall not be considered material.

(D) Notwithstanding any provision herein to the contrary, if Franchisor fails to exercise its right of first offer with respect to a particular offer for sale of Developer Interests, whether because Franchisor was uninterested in such offer or because Developer had failed to notify Franchisor of the offer, Franchisor shall nevertheless have a right of first refusal with respect to such offer for sale under the same terms and conditions in Section 11(b)(ii)(A).

(iii) Death or Disability. Within fifteen (15) days after the death or Permanent Disability (as defined below) of Developer or any of Developer's Principals, Developer or a representative of Developer must notify Franchisor in writing. Any transfer upon death or Permanent Disability will be subject to the same terms and conditions as described in this Section 11 for any inter vivos Transfer.

Upon the death of Developer (if a natural person) or any Developer's Principal who is a natural person and who has an interest in this Agreement, or in Developer, the executor, administrator, or other person representative of the deceased will transfer the interest of the deceased to Franchisor, either directly or indirectly through one of Franchisor Affiliates, or a third party approved by Franchisor within twelve (12) months after the date of death. If no personal representative is designated or appointed and no probate proceedings are instituted with respect to the estate of the deceased, then the distributee of the interest of the deceased must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee will transfer the interest of the deceased to a third party approved by Franchisor within twelve (12) months after the date of death of the deceased.

Upon the Permanent Disability of Developer (if a natural person) or any of Developer's Principals who is a natural person and who has an interest in this Agreement, in the Franchised Business or in Developer, Franchisor may require the interest to be transferred to a third party in accordance with the conditions described in this Section 11 within six (6) months after notice to Developer. For purposes of this Section 11(b)(iii), "Permanent Disability" means any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is permanently disabled, the existence of Permanent Disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then (for the purpose of this Section 11(b)(iii)) the person automatically will be considered permanently disabled as of the date of refusal. The costs of any examination required by this Section 11(b)(iii) will be paid by Franchisor.

If an interest is not transferred upon death or Permanent Disability as required in this Section 11(b)(iii) then the failure will constitute a default under this Agreement.

(iv) Offerings. Any offerings of Debt Securities or Equity Securities in Developer and Developer's Principals may be offered, only with the prior written consent of Franchisor, which consent will not be unreasonably withheld. Such consent will be subject to the following:

(A) All registration materials required for such offering by federal or state law will be submitted to Franchisor for review prior to their being filed with any government agency;

(B) No offering material (for either a public or private offering) will express or imply (by use of the Intellectual Property or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Developer, Developer's Principals, or Franchisor securities. Such offering materials will contain the following written statement, and any additional written statement prescribed by Franchisor concerning the limitations described in the preceding sentence, at Franchisor's sole and absolute option:

**GOLDEN FRANCHISING CORPORATION
DISCLAIMER STATEMENT FOR OFFERING**

GOLDEN FRANCHISING CORPORATION IS NOT PARTICIPATING IN OR ENDORSING THE ISSUANCE OF THE OFFERED INTERESTS AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF ANY STATEMENTS MADE OR INFORMATION CONTAINED IN THE OFFERING, OR ANY OTHER DOCUMENTS OR INFORMATION PROVIDED TO ANY INVESTOR IN CONNECTION WITH SUCH OFFERING. [INSERT DEVELOPER NAME] DOES NOT IN ANY WAY STATE OR IMPLY THAT GOLDEN FRANCHISING CORPORATION IS PARTICIPATING IN OR ENDORSING THE ISSUANCE OF THE OFFERED INTERESTS AND HAS AGREED TO INDEMNIFY GOLDEN FRANCHISING CORPORATION FOR ANY DAMAGES OR LIABILITIES THAT GOLDEN FRANCHISING CORPORATION MAY INCUR IN CONNECTION WITH THE OFFERING.

- (C) In addition to the indemnification provided under Section 9(a), upon the request of Franchisor, Developer, Developer's Principals and the other participants in the registration and offering must provide additional agreements indemnifying Franchisor in connection with the offering;
- (D) For each proposed offering, other than offerings which are exempt from registration, Developer will pay to Franchisor a non-refundable fee of Ten Thousand and No/100 Dollars (\$10,000.00) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees;
- (E) Franchisor's receipt of a legal opinion from counsel satisfactory to Franchisor stating (a) that the offering materials and the conduct of the offering comply in all material respects with the laws of the applicable jurisdiction from which an offer of securities originates or into which an offer of securities is directed, and (b) that neither the conduct nor consummation of the offering will result in a violation of any anti-terrorism or anti-money laundering laws; and
- (F) Developer and Developer's Principals will give Franchisor at least sixty (60) days' prior written notice before the effective date of any offering or other transaction covered by this Section 11(b)(iv).

(v) Permitted Transfers. Notwithstanding any provision herein to the contrary, the Developer's Principals listed on Schedule 1A as of the Effective Date ("Initial Developer's Principals") may transfer his or her interest to another of the Initial Developer's Principals, member(s) of his or her Immediate Family, one or more trusts for the benefit of such Immediate Family members, or one or more partnerships where such Immediate Family members are the only partners, if Developer obtains the prior written consent of Franchisor for such transfer, and Developer does not receive any consideration in any form whatsoever for said transfer ("Permitted Transfer"). A Permitted Transfer may be made inter vivos or at the death or permanent disability of the transferring Initial Developer's Principals. A Permitted Transfer does not constitute a Transfer under this Section 11, require a transfer fee, or trigger Franchisor's rights of first offer or rights of first refusal. For purposes of this Agreement, "Immediate Family" means the children, grandchildren or spouse of Developer.

12. DEFAULT AND TERMINATION.

(a) Automatic Termination. This Agreement shall terminate immediately upon the occurrence of any of the following material events of default, in Franchisor's sole and absolute option, without requiring any notice or waiving any other remedies available at law or equity:

- (i) A general assignment for the benefit of creditors, or a bankruptcy petition is filed by or against Developer under the federal Bankruptcy Code or the laws of any state or territory relating to relief of debtors, for reorganization, arrangement, receivership, or other similar relief, unless such petition is dismissed within thirty (30) days after it is filed.
- (ii) Appointment of any receiver, trustee, sequestrator, or similar officer to take charge of Developer's business, or any attachment, execution, levy, seizure or appropriation by any legal process of Developer's interest in this Agreement or in any assets of Developer, unless the appointment of such officer is vacated or discharged, or the effect of such legal process is otherwise released within thirty (30) days.
- (iii) Developer or one of Developer's Principal is convicted of or enters a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in Franchisor's sole and absolute option, to adversely affect Developer, Franchisor Restaurants, Franchisor Marks, including the goodwill and Franchisor's interest therein, or the Franchisor System.
- (iv) Developer or one of Developer's Principal fail to comply with Section 11(b) (Transfer by Developer) while attempting a transfer or making any offerings of Debt Securities or Equity Securities, other interest in Developer or any right or obligation under this Agreement to a third party.
- (v) Any of the following occurs in excess of Fifty Thousand Dollars and No/100 (\$50,000.00): (A) final judgment against Developer remains unsatisfied for thirty (30) days (without a supersedeas bond being filed); (B) a suit to foreclose any lien or mortgage against Developer's business or any asset thereof is not dismissed within thirty (30) days; or (C) execution is levied upon Developer's business or property.
- (vi) Developer or one of Developer's Principal fail to comply with Section 7 (Ownership of Franchisor System).
- (vii) Developer commits a default under Section 2 (Grant of Rights), Section 4 (Fees and Credits) or Section 5 (Development Schedule) after receiving a notice for the same default under Section 12(b) or Section 12(c).
- (viii) Developer fails to comply with any terms of this Agreement, whether or not cured after receiving a notice for any default under Section 12(b) or Section 12(c).
- (ix) Developer fails to cure an event of default under Section 12(b) or Section 12(c) within the time period specified, or such longer period required by law.
- (x) Any party holding any interest in Developer, in Development Area, or in this Agreement fails to comply with the provisions of Section 18(b) (Compliance with Franchisor Standards and Applicable Laws).

(b) Termination upon Ten Day Notice. Developer shall have ten (10) days after its receipt from Franchisor of a written notice within which to remedy Developer's failure, refusal, or neglect to comply with its obligations under Section 5 (Development Schedule). If any such default is not cured within that time, this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the ten (10) day period.

(c) Termination upon Thirty Day Notice. Except as otherwise provided in this Section 12, Developer shall have thirty (30) days after its receipt from Franchisor of a written notice within which to remedy any default of the terms of this Agreement and the exhibits and attachments hereunder and provide evidence thereof, satisfactory to Franchisor. If any such default is not cured within that time, this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the thirty (30) day period.

13. EFFECT OF TERMINATION OR EXPIRATION.

(a) Concurrent and Automatic Termination of Other Agreements. Except as expressly provided in this Section 13, termination or expiration of this Agreement for any reasons shall result in the concurrent, and automatic, termination of all agreements between the parties pertaining to any area representative business and Developer Business (as defined in this Agreement); provided, however, Franchisor's termination of this Agreement shall not result in the termination of any Franchise Agreements or other agreements outside of the scope of any area representative business and Developer Business between the Franchisor and any area representative or an Affiliate of any area representative. Nevertheless, any area representative shall comply with the additional obligations set forth in the other contracts applicable upon their termination or expiration.

(b) Proceedings on Validity of Termination. In any proceeding in which the validity of termination of this Agreement is at issue, Franchisor shall not be limited to the reasons set forth in any notice of default or termination given to Developer.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION.

(a) Obligations upon Termination or Expiration. Upon termination or expiration of this Agreement for any reason, all rights of Developer under this Agreement will immediately terminate, and Developer will have the following duties which will survive termination of this Agreement:

(i) **Confidential Information.** Except as provided for Transfers in Section 11, Developer shall immediately return all Confidential Information to Franchisor, and shall retain no copy or record of any Confidential Information, excepting only Developer's copy of this Agreement and of any correspondence between the parties, and any other documents which Developer and Developer's Principals reasonably need for compliance with any provision of law.

(ii) **Assumed Name.** Except for any Franchisor Restaurants in which Developer or an Affiliate of Developer is then operating pursuant to a valid Franchise Agreement with Franchisor, Developer shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any of the Franchisor Marks, and Developer and Developer's Principals shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

(iii) **Payments.** Developer and Developer's Principals will promptly pay all sums owing to Franchisor and its Franchisor Affiliates, including all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Developer. Until

those amounts are paid in full, the obligation to pay them will give rise to and remain a lien in favor of Franchisor against all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer and on the premises of the Site or Franchisor Restaurants at the time of default.

(iv) **Confidentiality and Non-Competition.** Developer and Developer's Principals will comply with the non-competition covenants and the restrictions on confidential information contained in Section 6 and Sections 8(d) and (e) of this Agreement. Any other person required to execute similar covenants pursuant to Section 6 will also comply with those covenants.

(v) **Compliance with Other Surviving Provisions.** Developer and Developer's Principals shall comply with all other obligations of this Agreement which expressly or by reasonable implication are intended to survive the termination or expiration of this Agreement.

(b) Developer Pays Damages, Costs and Expenses. Developer and Developer's Principals will pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.

(c) No Further Right to Payment. Upon expiration or termination of this Agreement, Developer shall have no claim for a refund of any portion of the Development Fee that Developer has paid to Franchisor or Franchisor Affiliates. Developer shall be paid all Fully Earned Developer Credits (as defined below) due under the terms and conditions of this Agreement up to the date of expiration or earlier termination of this Agreement but shall have no right to any Developer Credits thereafter. For purposes of this Agreement, "Fully Earned Developer Credits" mean Developer Credits due on Initial Franchise Fees for which the conditions described in this Agreement have been satisfied. Franchisor shall immediately assume control of and manage all pending franchise transactions in the Development Area.

(d) Continuing Obligations. All obligations of Franchisor and Developer and Developer's Principals that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to termination or expiration of this Agreement until they are satisfied in full. Developer and Developer's Principals shall remain fully liable for any and all obligations of the Developer Business, whether incurred before, or after, termination or expiration of this Agreement, including, without limitation, obligations arising under this Agreement and obligations owed to third parties (such as salaries to employees and taxes).

(e) Third Party Rights; Available Remedies. No person acting for the benefit of Developer's creditors or any receiver, trustee in bankruptcy, sheriff or any other officer of a court or other person in possession of Developer's assets or business shall have the right to assume Developer's obligations under this Agreement without Franchisor's prior consent. Franchisor's right to terminate this Agreement shall not be its exclusive remedy in the event of Developer's default, and Franchisor shall be entitled, in its sole discretion and election, alternatively or cumulatively, to affirm this Agreement in the event of an Developer's default and obtain damages arising from the default, injunctive relief to compel Developer to perform its obligations under this Agreement or to prevent Developer from breaching this Agreement, and any other remedy available under applicable law.

15. REMEDIES UPON DEFAULT OR TERMINATION.

(a) Remedies Available to Franchisor. Upon the occurrence of an uncured default or subsequent termination pursuant to Section 12, Franchisor may exercise one or more of the following remedies set forth

in Sections 15(b), (c), (d) and (e) or such other remedies as may be available either under Section 12, or at law or in equity (each of the following remedies are non-exclusive and non-cumulative): termination, modification of rights, cure, or specific enforcement.

(b) Termination and Modification. Franchisor in its sole and absolute option may terminate the Agreement or, alternatively: (i) reduce the number of Franchisor Restaurants that Developer was required to open and Operational pursuant to Section 5(a); (ii) reduce or otherwise modify the size of the Development Area described in Schedule 1B; (iii) terminate or reduce the territorial exclusivity granted Developer pursuant to Section 2(b); (iv) withhold evaluation or acceptance of site proposal packages and refuse to permit the opening of any of Franchisor Restaurants then under construction or not otherwise not ready to commence operations, pending satisfactory cure of any such default; (v) accelerate the Development Schedule; and/or (vi) pursue any other remedies available under this Agreement (including termination) or at law or in equity. In the event that this Agreement is modified by Franchisor under this Section 15(b), the remaining terms or provisions of this Agreement, as modified, will continue in full force and effect.

(c) Franchisor Right to Cure. Franchisor, at Franchisor's sole and absolute option and without obligation, may cure such default at Developer's expense and, in connection therewith, Developer: (i) hereby grants to Franchisor all rights and powers necessary or appropriate to accomplish such cure; (ii) shall indemnify, defend (by counsel chosen by Franchisor) and agree to hold harmless each Indemnified Parties from all Losses and Expenses alleged, incurred or assessed against any of the Indemnified Parties in connection with Franchisor's cure; and (iii) shall reimburse or pay such costs or damages within ten (10) days of receipt of Franchisor's invoice therefore.

(d) Equitable Relief. Franchisor may, in addition to pursuing any other remedies, specifically enforce Developer's and Developer's Principal's obligations, covenants and agreements or obtain injunctive or other equitable relief in connection with the violation or anticipated violation of Developer's obligations, covenants and agreements without the necessity of showing: (i) actual or threatened harm; (ii) the inadequacy of damages as a remedy; or (iii) likelihood of success on the merits, and without being required to furnish bond or other security. Nothing in this Agreement shall impair Franchisor's right to obtain equitable relief.

(e) General Provisions Regarding Expiration and Termination. The expiration or termination of this Agreement under any circumstances shall not abrogate, impair, release, or extinguish any debt, obligation or liability of Developer to Franchisor that may have accrued hereunder, and Franchisor may pursue all remedies provided or permitted by law or equity against Developer and Developer's Principals. All covenants and agreements of Developer and Developer's Principals which by their terms or by reasonable implication are to be performed, in whole or in part, after the expiration or earlier termination of this Agreement, shall survive such expiration or earlier termination including, but not limited to, Developer's and Developer's Principals' obligation to maintain the secrecy and confidentiality of the trade secrets and its agreements not to compete as provided in this Agreement. In the event Developer continues to operate as a developer of Franchisor after the expiration of this Agreement without exercising any available option to renew and executing a new agreement it shall be deemed to be operating as a holdover developer from month-to-month subject to all the conditions, provisions and obligations of this Agreement insofar as the same are applicable to a month-to-month agreement; provided, however, this month-to-month agreement may be terminated at any time upon ten (10) days written notice from Franchisor or such other period as may be required by local law during which period this Agreement shall remain in effect on a month-to-month basis. Developer's right to maintain its month-to-month status following this Agreement's expiration shall be subject to Franchisor's sole and absolute option.

16. CHOICE OF LAW AND DISPUTE RESOLUTION.

(a) Controlling Law.

(i) *The laws of the State of Texas (exclusive of the choice of law provisions thereof) shall govern this Agreement, including all matters relating to the validity, construction, performance, and enforcement.*

(ii) *The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Texas in the judicial district in which Franchisor has its principal place of business; provided, however, with respect to any action which includes injunctive relief or seeks possession or disposition of, or other relief relating to, real property, either party may bring such action in any court in any state which has jurisdiction. The parties do hereby waive all questions of personal jurisdiction or venue for carrying out this provision.*

(iii) *To the fullest extent permitted by applicable law, neither Developer nor any of Developer's Principals will: (i) join together with any other developer, area representative or franchisee of Franchisor in bringing any litigation against Franchisor, Franchisor Affiliates, owners, officers, agents, or employees ("Franchisor Parties"); (ii) maintain any claim against any of Franchisor Parties in a class action, whether as a representative or as a member of a class or purported class; or (iii) seek to consolidate, or consent to the consolidation of, all or any part of any litigation against any of Franchisor Parties with any other litigation against any of Franchisor Parties.*

(iv) Developer and Franchisor acknowledge and agree that the parties' agreement regarding applicable state law and forum set forth in this Section provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of the parties' relationship hereto. Each of Developer and Franchisor further acknowledge and agree the receipt and sufficiency of mutual consideration for such benefit.

(v) Developer and Franchisor acknowledge and agree that the execution of this Agreement occurred in Dallas County, Texas and further acknowledge and agree that the performance of certain obligations of Developer arising under this Agreement, including but not limited to the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Dallas County, Texas.

(b) **Mediation.** Developer and Developer's Principals agree that as a condition precedent to initiating any action to enforce any rights hereunder or to assert a claim for damages in connection herewith, that Developer and Developer's Principals will give Franchisor ten (10) days prior written notice of their intent to bring such action and, upon Franchisor's election, mediate such claim or dispute as provided herein (which election shall be made by written notice given by Franchisor to Developer and Developer's Principals within ten (10) days). Developer and Developer's Principals agree to submit to non-binding mediation in Dallas, Texas before the American Arbitration Association ("AAA") in accordance with the AAA Commercial Mediation Rules then in effect. Developer's and/or Developer's Principals' failure to give the notice required by this Section 16(b) shall be grounds for the staying of any such legal action pending submission to non-binding mediation. The parties shall share the cost of the mediation service equally, but each party shall bear its own other costs, including, but not limited to, legal fees, in conjunction with the mediation proceeding. Any and all discussions, negotiations, findings or other statements by the mediator and/or the parties in connection with the mediation shall be privileged and confidential and shall not be admissible into evidence in any arbitration or litigation proceedings. The provisions of this Section

16(b) do not apply to actions that are not required under the mandatory arbitration provisions of this Agreement.

(c) Arbitration. Subject to Section 16(b) hereof, Franchisor and Developer and Developer's Principals agree that any and all disputes between Franchisor and its Franchisor Affiliates and Developer and Developer's Principals, and any claim or controversy arising out of, or related to this Agreement, or the making, performance, or interpretation thereof, whether during the term or after the termination thereof for whatever cause, shall be referred to arbitration at the request of either party. The arbitration will be under the Commercial Arbitration Rules of the AAA, as amended, the governing/substantive law will be the laws of the State of Texas, without regard to its conflicts of law principles, and the venue will be Franchisor's headquarters or the AAA's offices closest to Franchisor's headquarters. The parties will jointly choose a sole arbitrator, and in the event the parties are unable to reach agree upon an arbitrator within thirty (30) days after a demand for arbitration has been issued, the sole arbitrator will be chosen by the AAA. Franchisor and Franchisor Affiliates and Developer and Developer's Principals agree to be bound by the award given by the sole arbitrator, and to bear the administrative cost (exclusive of each party's attorney's fees and costs) of such arbitration in equal shares. The claims of Developer and Developer's Principals may only be individually arbitrated with Franchisor. Developers' and Developer's Principals' claims may not be joined with those of any other party or heard on a class action basis. The binding effect of any decision will be limited to the actual dispute or claim arbitrated. Judgment upon the award of the arbitrator will be submitted for confirmation within the State of Texas in the judicial district in which Franchisor has its principal place of business, and if confirmed, may be subsequently entered in any court having competent jurisdiction. No arbitration decision will have any collateral effect on any other dispute or claim of any kind whatsoever, including, without limitation, litigation, arbitration, or other dispute resolution. The parties will not be required to first attempt to arbitrate a controversy, dispute, or claim through arbitration as set forth in this Section 16(c) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any intellectual property rights in the Franchisor Marks, the Franchisor System, or in any Confidential Information or Intellectual Property; (ii) any restrictive covenants contained in this Agreement; or (iii) a party's failure to pay any amounts due to the other party or their Affiliates pursuant to this Agreement.

(d) Procedural Waivers. To the extent permitted by applicable law, Franchisor and Developer and Developer's Principals irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by any of them against any of the others, whether or not there are other parties in such action or proceeding. To the extent permitted by applicable law, any and all claims and actions arising out of or relating to this Agreement brought by any party hereto against the other, shall be commenced within two (2) years (provided, however, that tort claims and actions shall be commenced within one (1) year) from the occurrence of the facts giving rise to such claim or action, whether the occurrence of such facts is known or unknown, or such claim or action shall be barred. Franchisor and Developer and Developer's Principals hereby waive, to the fullest extent permitted by law, any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

17. SUPERSEDING STATE AND FEDERAL LAW.

(a) Certain federal laws and, in certain states, an applicable state statute may regulate aspects of the relationship between Franchisor and Developer and affect some of the provisions contained in this Agreement. If a statute of that nature applies to this Agreement, then a reference to the statute and a description of the way the statute changes, modifies, supplements or otherwise affects the provisions contained in the preceding Sections of this Agreement, will be set forth in the applicable state addendum, if any, and as set forth below.

(b) To the extent of any conflict, that is not preempted by applicable federal law, between the following and the printed provisions of the Agreement the following will control:

(i) The following states have statutes which may supersede the Agreement in Developer's relationship with Franchisor including some or all of the areas of waiver, release, arbitration, transfer fees, jurisdiction, venue, choice of law, termination, renewal and extension of the Agreement: ARKANSAS [Ark. Code Ann. § 4-72-207, and MISSISSIPPI [Code § 75-24-51]. These and other states may have court decisions, laws and regulations which may supersede the Agreement in Developer's relationship with Franchisor including some or all of the areas of waiver, release, arbitration, transfer fees, jurisdiction, venue, choice of law, renewal, extension, and termination of Developer's franchise. With respect to arbitration, federal law may preempt the application of such state laws and regulations.

(ii) The following states have statutes which limit Franchisor's ability to restrict Developer's activity after the Agreement has ended: OKLAHOMA [Okla. Stat. §15-217-19]. Other states have court, decisions, laws, and regulations limiting Franchisor's ability to restrict Developer's activity after the Agreement has ended.

(iii) The enforceability of Section 12(a)(i)-(ii) of the Agreement is a matter governed by Federal Bankruptcy Law and enforceability or unenforceability is subject to that law and rulings of a court of competent jurisdiction.

18. MISCELLANEOUS.

(a) Developer as Independent Contractor.

(i) This Agreement does not in any way constitute Developer as agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose. Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor or to create any obligation express or implied, on behalf of Franchisor.

(ii) Developer shall post on or about its business office(s) in such places as may be designated by Franchisor (including an employee bulletin board) signs, window decals, or other notifications that its business office(s) are operated as an independent operator and not by Franchisor. Developer shall not use any stationery, invoices, checks, or any other instruments or documents that do not clearly disclose that Developer's business office(s) are being operated by Developer as an independent contractor. Developer shall inform each of its employees that Franchisor is not such employee's employer. In addition, Developer shall take any actions necessary to ensure it complies with the terms of this Section 18(a).

(b) Compliance with the Franchisor Standards and Applicable Laws. Developer shall, at all times, fulfill its obligations hereunder in accordance with Franchisor Standards, and all applicable laws, ordinances, statutes, codes, rules, regulations or any other requirements of any federal, state, county, municipal or other governmental authority. In addition, Developer shall not permit any of the property or interests of Developer or any of Developer's Principals to be "blocked" under any Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, orders and any other requirements of any U.S. federal, state and local authorities, or other jurisdiction

in which Developer's Principals and/or Developer is operating, which addresses or in any way relates to terrorist acts and acts of war. Neither Developer, Developer's Principals, nor any of their respective funding sources or related parties is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Laws or identified by name or address on any terrorist list published by any U.S. government authority, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers. Each of Developer's Principals and Developer are and shall remain in compliance with all Anti-Terrorism Laws.

(c) Further Assurances by the Parties. Franchisor and Developer will execute and deliver any and all additional papers, documents, and other assurances and will do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

(d) Judgment; Sole and Absolute Option. Developer and Franchisor acknowledge and agree that various provisions of this Agreement specify certain matters that are within the sole and absolute option or judgment of Franchisor or are otherwise to be determined unilaterally by Franchisor. If the exercise of Franchisor's sole and absolute option or judgment as to any such matter is subsequently challenged, the parties to this Agreement expressly direct the trier of fact that Franchisor's reliance on a business reason in the exercise of its sole and absolute option or judgment is to be viewed as a reasonable and proper exercise of such sole and absolute option or judgment, without regard to whether other reasons for its decision may exist, without regard to whether the trier of fact would independently accord the same weight to the business reasons, and without regard to whether such sole and absolute option or judgment is exercised in the best interests of Developer.

(e) Approvals, Consents and Waivers. Except as otherwise provided in this Agreement, approvals, designations, and consents required under this Agreement will not be effective unless evidenced by a writing signed by the duly authorized officer or agent of the party giving such approval or consent. No waiver, delay, omission, or forbearance on the part of Franchisor or Developer to exercise any right, option or power arising from any default by the other party, or to insist upon strict compliance by the other party with any obligation or condition hereunder, will affect or impair the rights of Franchisor or Developer, respectively, with respect to any such default or subsequent default of the same or of a different kind. Any delay or omission of either party to exercise any right arising from any such default will not affect or impair such party's rights with respect to such default or any future default. Franchisor will not be liable to Developer for providing (or denying) any waiver, approval, consent, or suggestion to Developer in connection with this Agreement or by reason of any delay or denial of any request.

(f) Notice. All notices, requests, demands and claims required or desired to be given hereunder will be in writing and will be served in person, by Express Mail, by certified mail, by private overnight delivery, facsimile, or email transmission. Such notices, requests, demands and claims will be deemed conclusively given: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposited in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (iv) twenty-four (24) hours after delivery if served by private overnight delivery; and (v) at the time of the facsimile or email transmission, if the transmission occurs prior to 5:00 p.m., at the recipient's location set forth below, on a business day and a copy thereof is mailed within twenty-four (24) hours after the transmission.

All notices, requests, demands and claims will be given to the intended party at the location set forth below; provided, however, either party may change its location for receiving notices, requests, demands and claims by giving written notice to the other party in the manner set forth above:

Notices to Franchisor:

Golden Franchising Corporation
1131 Rockingham Drive, Suite 250
Richardson, Texas 75080
Attention: Legal Department
(972) 831-0911 (o)
(972) 831-0401 (fax)
franchise@legaldeps.com (email)

Notices to Developer:

Attention: _____ (o)

Attention: _____ (fax)

Attention: _____ (email)

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original, and all of which together constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" ("pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, constitutes effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile, electronic mail, or any other electronic means are deemed to be their original signatures for all purposes.

(h) References and Headings. All references in this Agreement to Sections refer to corresponding Sections of this Agreement unless expressly provided otherwise. Headings appearing at the beginning of any of such Sections are for convenience only and shall not constitute part of such Section and shall be disregarded in construing the language contained in such Section. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Section unless expressly so limited. The terms "including" or "includes," as used herein, shall mean "including, without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

(i) Costs of Enforcement or Defense. In addition to any provision for the payment of attorneys' fees and other costs and expenses to Franchisor hereunder in connection with the enforcement of this Agreement, in the event Franchisor or Developer is required to employ legal counsel or to incur other expense to enforce any obligation of the other hereunder (or one of Developer's Principals, if applicable), or to defend against any claim, demand, action, or proceeding by reason of the other's failure to perform any obligation imposed on the other by this Agreement, and provided legal action is filed by or against Franchisor or Developer (or one of Developer's Principals, if applicable) and such action or the settlement thereof requires Franchisor or Developer (or one of Developer's Principals, if applicable) to pay the other party hereto, then the prevailing party shall be entitled to recover from the other the amount of all reasonable attorney's fees of such counsel as it shall employ and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

(j) Severability. Except as otherwise provided in this Agreement, each term, covenant or provision of this Agreement will be considered severable; and if, for any reason any term, covenant or provision of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other terms, covenants or provisions of this Agreement as may remain otherwise

intelligible, and the latter will continue to be given full force and effect and bind the parties hereto. To the extent possible, such invalid or unenforceable terms, covenants or provisions of this Agreement will be deemed to be replaced with a term, covenant or provision that is valid and enforceable and most nearly reflects the original intent of the invalid or unenforceable term, covenant or provision. Nothing in this Agreement is intended, or will be deemed, to create any third-party beneficiary or confer any rights or remedies under or by reason of this Agreement upon any person other than Franchisor (and its affiliates), Developer, or Developer's Principals, and their respective permitted successors and assigns.

(k) Exhibits. All Exhibits referenced herein are attached hereto and incorporated herein by those references for all pertinent purposes.

(l) Entire Agreement. This Agreement and the exhibits and attachments hereto constitute the entire agreement between Franchisor, Developer and Developer's Principals concerning the subject of this Agreement. All prior agreements, discussions, representations, warranties and covenants are merged herein. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED, BETWEEN THE PARTIES EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. Each party acknowledges that it has not made any promise or representation that is not expressed in this Agreement; and that it has not been induced into entering this Agreement by any representation about the nature and extent of its existing or potential claims or damages made by the other Party or by the other Party's attorney, representative, or agent. The parties are not relying upon, and disclaim reliance upon, any statement or representation that is not in this Agreement but are instead relying solely upon their own judgment in consultation with their respective attorneys. Except those permitted to be made unilaterally by Franchisor, any amendments or modifications of this Agreement will be in writing and executed by Franchisor and Developer. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document furnished to Developer prior to the Effective Date of this Agreement.

19. ACKNOWLEDGMENTS. Developer hereby acknowledges and agrees to the following:

(a) Term and Renewal Rights. The Term and conditional Renewal Term of this Agreement are set forth in Section 3 hereof, and this Agreement does not grant Developer any additional right to renew or extend this Agreement;

(b) Receipt of Disclosure. Developer and Developer's Principals have received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission Entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least fourteen (14) calendar days before the date on which this Agreement was executed;

(c) Receipt of Agreement. Developer hereby represents that Developer has received a copy of this Agreement, has read and understands all obligations being undertaken, and has had an opportunity to consult with Developer's attorney with respect thereto at least seven (7) calendar days prior to execution;

(d) No Representation or Warranty as to Earnings. Developer and Developer's Principals have received no representation, warranty, guaranty, or promise (including as to future profitability), other than those expressly set forth in this Agreement and in the franchise disclosure document referenced in Section 18(l), and that no representation, warranty, guaranty, or promise (including as to future profitability) was made by Franchisor or any other person or Entity to induce Developer into signing this Agreement. Developer and Developer's Principals further recognize that neither Franchisor nor any other party can guarantee Developer's business success or state the exact cost of opening and operating one or more of Franchisor Restaurants, and that such success and Costs will dependent primarily upon Developer's own

effort;

(e) Opportunity to Review. Prior to the execution of this Agreement, Developer has had ample opportunity to contact existing developers, area representatives and franchisees of Franchisor and to investigate all representations made by Franchisor relating to the Franchisor System;

(f) Entire Agreement. This Agreement supersedes any and all other agreements and representations respecting each and every one of Developer's Franchisor Restaurants and contains all the terms, conditions, and obligations of the parties with respect to the grant of this Agreement; however, nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document referenced in Section 18(m);

(g) No Right, Title, or Interest in Marks. Franchisor or its Franchisor Affiliates are the sole owner(s) of Franchisor Marks, and goodwill associated therewith, respectively, and Developer acquires no right, title, or interest in Franchisor Marks, and goodwill, other than the right to use them only in the manner and to the extent prescribed and approved by Franchisor;

(h) No Other Inducements. Neither Franchisor nor anyone acting on its behalf has made any representations, inducements, promises, or agreements, orally or otherwise, respecting the subject matter of this Agreement, which is not embodied herein or set forth in the franchise disclosure document referenced in Section 18(l). No future or additional Franchisor Restaurants, other than in this Agreement, have been offered to Developer and any other offer shall only be in writing, executed by an officer or franchising director of Franchisor, and identified as a Franchise Agreement or new offer letter; and

(i) Obligations are Personal to Developer. This Agreement is offered to Developer personally and to no others, and may not be accepted by any other person, partnership, or corporation, or transferred by assignment, will, or operation of law except as may be provided for in this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first written above.

FRANCHISOR:

GOLDEN FRANCHISING CORPORATION

DEVELOPER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

SIGNATURE PAGE OF PRINCIPALS

Each of the undersigned acknowledges and agrees to the following as of the Effective Date:

- (1) The persons signing this signature page constitute all of Developer's Principals (as defined in Section 1 of this Agreement) of the Developer; and
- (2) Each of the persons signing this signature page has read and agrees to the terms and conditions of this Agreement; and
- (3) Each is included in the term "Developer's Principals" as described; and
- (4) In further consideration and as a condition of the rights granted to Developer herein, each individually, jointly and severally makes all the covenants, representations, and agreements of Developer's Principals set forth in this Agreement and is obligated to perform thereunder; and
- (5) Further, each of Developer's Principals individually, jointly, and severally unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Developer's obligations under this Agreement will be punctually paid and performed. Upon default by Developer or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Developer under this Agreement. Without affecting the obligations of any of Developer's Principals under this guaranty, Franchisor may, without notice to Developer's Principals, waive, renew, extend, modify, amend, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims that Franchisor may have against Developer. Each of Developer's Principals waives all demands and notices of every kind with respect to the enforcement of this guaranty, including, without limitation, notice of presentment, demand for payment or performance by Developer, any default by Developer or any guarantor, and any release of any guarantor or other security for this Agreement or the obligations of Developer. Franchisor may pursue its rights against any of Developer Principals without first exhausting its remedies against Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy or shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of Developer Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under this Agreement existing at the time of death, and in such event, the obligations of the remaining Developer Principals shall continue in full force and effect.

Signature: _____

Printed Name: _____

Signature: _____

Printed Name: _____

SCHEDULE 1A

STATEMENT OF OWNERSHIP INTERESTS AND DEVELOPER'S PRINCIPALS

A. The following is a list of stockholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest. All such individuals and entities will be deemed to be Developer's Principals described in and designated pursuant to the Agreement:

B. The following is a list of all other of Developer's Principals not described in "A", above, described in and designated pursuant to the Franchise Agreement:

SCHEDULE 1B
DEVELOPMENT AREA

The “Development Area” consists of the area set forth in Section 2 as of the Effective Date and is further identified by the following table of counties, cities, towns and/or villages (“Development Area Table”), and the area highlighted on the map below (“Development Area Map”). Political boundaries described in this Schedule 1B shall be considered fixed as of the Effective Date and shall not change for purposes hereof, notwithstanding a political reorganization or change to such boundaries or regions. Unless otherwise specified, all street boundaries shall be deemed to include only the side of the street within the Development Area. Except as otherwise provided above, in the event of any inconsistency between the Development Area Table and the Development Area Map, the Development Area Table shall prevail.

Development Area Table

*Note: The Development Area specifically excludes any Franchisor Restaurants remaining to be developed under existing agreements as of the Effective Date.

Development Area Map

[Insert Map]

EXHIBIT A

DEVELOPMENT AGREEMENT ADDENDUM

[If Necessary]

EXHIBIT B
FRANCHISE AGREEMENT

EXHIBIT C
EMPLOYEE CONFIDENTIALITY AGREEMENT

This EMPLOYEE CONFIDENTIALITY AGREEMENT (the “Agreement”) is made and entered into as of _____, 20____ (the “Effective Date”), by and between Golden Franchising Corporation, a Delaware corporation (the “Franchisor”), _____, a _____ (“Developer”) and _____ (“Employee”).

WHEREAS, Franchisor and Developer have entered into the Development Agreement dated _____ (“Development Agreement”), pursuant to which Franchisor has granted Developer the right to develop and establish GOLDEN CHICK® restaurants (“Franchisor Restaurants”) that use the trade names, trademarks, service marks, trade dress, logos, symbols, proprietary marks and other indicia of origin that are now or later designated by Franchisor for Developer’s use in the operation of the Franchisor Restaurants (“Franchisor Marks”) which produce chicken as a primary menu item and related products for sale to the general public, other businesses or governmental entities (“Franchisor System”);

WHEREAS, Franchisor has provided, or will provide to Developer, a confidential operations manual and such other written or printed material to explain the operation of the Franchisor System and aid in its use (“Documentation”) and certain confidential information, knowledge, and know-how concerning the construction and methods of operation of the Franchisor Restaurants relating to the Franchisor System, including the Documentation, drawing, materials, equipment, techniques, products, recipes, and other data of Franchisor (“Confidential Information”);

WHEREAS, the Franchisor Marks and Confidential Information provide economic advantages to Franchisor and the Confidential Information is not generally known to, and are not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Employee and Developer acknowledge and agree that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Employee and Developer.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. All information and materials, including without limitation, drawings, specifications, techniques and compilations of data that the Franchisor shall designate as confidential shall be deemed Franchisor Trade Secrets for the purposes of this Agreement.
2. Employee acknowledges and agrees that the Franchisor Operations Manual and other manuals (“Franchisor Manuals”) described in the Development Agreement is loaned by the Franchisor to Developer for limited purposes only and remains the property of the Franchisor and may not be reproduced, in whole or in part, without the Franchisor’s written consent. Employee shall surrender any copies of the Franchisor Manuals and any other material containing some or all the Franchisor Trade Secrets: (i) upon request to Developer or the Franchisor; (ii) upon termination of employment by Developer; or (iii) upon conclusion of the use for which the Franchisor Manuals or other information or material may have been furnished to the Employee.

3. Employee shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill associated with the Franchisor Trade Secrets and the Franchisor System.

4. To protect the goodwill and unique qualities of the Franchisor System and the confidentiality and value of the Franchisor Trade Secrets, and in consideration for the disclosure to Employee of the Franchisor Trade Secrets, Employee further undertakes and covenants that during the time Employee is employed by Developer and for two (2) years following the termination of his or her employment by Developer, Employee will:

a. Not divert or attempt to divert, directly or indirectly without the prior written consent of Franchisor, any business, business opportunity or customer of any other of Franchisor Restaurants to any competitor of Franchisor.

b. Hold in strict confidence and shall not disclose any trade secrets or confidential or proprietary information, including the Franchisor System, except as authorized and to the extent necessary under this Agreement. Employee shall not, without Franchisor's prior written consent, copy or permit any person to copy any Confidential Information, including that contained in the Franchisor's operations manual, all other manuals, restaurant plans, or Franchisor Standards, or permit use or inspection of such information by any person other than Developer's directors, officers, employees, agents, or Franchisor's authorized representatives.

5. Developer undertakes to use its best efforts to ensure that Employee acts as required by this Agreement.

6. Employee agrees that in the event of a default of this Agreement, the Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a default, or threatened or attempted default of any of the provisions of this Agreement, the Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Development Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

7. Employee agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by the Franchisor and Developer in enforcing this Agreement.

8. Any failure by the Franchisor or Developer to object to or act with respect to any default of any provision of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that default or any subsequent default by Employee.

9. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO ITS CHOICE OF LAW PRINCIPLES. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT WITHIN THE STATE OF TEXAS IN THE JUDICIAL DISTRICT IN WHICH THE FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, ANY PARTY HERETO MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION. THE PARTIES DO HEREBY WAIVE ALL**

QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

10. Notwithstanding anything in this Agreement to the contrary, Employee and its representatives, may, in accordance with any applicable law including the federal Defend Trade Secrets Act, disclose information which is part of Franchisor System: (a) in confidence, to federal, state, or local government officials, or to an attorney of Employee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

11. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Franchisor is a party, Employee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

12. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. Only a duly authorized writing executed by all parties may modify this Agreement.

13. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or telecommunication, facsimile or email (provided that the sender confirms the telecommunication, facsimile or email by sending an original confirmation copy thereof by certified or registered mail or expedited delivery service within three (3) business days after transmission thereof), to the respective parties.

To Franchisor:

Golden Franchising Corporation
1131 Rockingham, Suite 250
Richardson, TX 75080
Attention: Legal Department
(972) 831-0911
(972) 831-0401 (fax)
franchise@legaldeps.com (email)

To Developer:

Attention: _____
(____) ____ - _____
(____) ____ - _____ (fax)

(email)

To Employee:

(____) ____ - _____
(____) ____ - _____ (fax)

(email)

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telecommunication or facsimile shall be deemed given upon receipt, provided confirmation is made as provided above. Any notices sent by expedited delivery service or certified or registered mail shall be

deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving fifteen (15) days written notice of such change to the other party.

14. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of Developer and the Employee hereunder are personal in nature and may not be assigned by Developer or Employee, as applicable.

IN WITNESS WHEREOF, the undersigned have entered this Agreement as of the Effective Date.

FRANCHISOR:

Golden Franchising Corporation

By: _____

Name: _____

Title: _____

DEVELOPER:

By: _____

Name: _____

Title: _____

EMPLOYEE:

By: _____

Name: _____

EXHIBIT D
CONDITIONAL RELEASE AGREEMENT

THIS CONDITIONAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20____ (“Effective Date”), by _____ (“Developer”), and _____ and _____ (“Developer’s Principals”).

WHEREAS, Golden Franchising Corporation (“Franchisor”) and Developer entered into that certain Development Agreement dated _____ (“Development Agreement”), for the establishment of a Golden Chick restaurant located at _____ (“Golden Chick”);

WHEREAS, the Developer’s Principals are described in the Development Agreement as “Developer’s Principals” and as such, have among other things, agreed to be bound by certain of the obligations contained in the Development Agreement; and

WHEREAS, Developer desires to transfer the Development Agreement and the Development Agreement provides that as a condition to such transfer, Developer and the Developer’s Principals will, among other things, execute a conditional release as contained herein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, Developer and the Developer’s Principals agree as follows:

1. DEVELOPER SETTLEMENT. In complete and full satisfaction and in lieu of all claims for payments from Developer, its owners, directors, officers, employees, affiliates, successors and assigns, Developer will pay to Franchisor an aggregate of \$ _____ in accordance with the following: Developer will immediately pay to Franchisor the sum of \$ _____, [as payment in full, upon the execution of this Agreement by all of the parties --OR-- as a partial payment, upon the execution of this Agreement and thereafter shall pay the remaining balance in accordance with a separate agreement pursuant to the following schedule: _____]. In the event that Developer and/or Developer Principals fail to satisfy this or any other provision herein, Franchisor may enforce any and all rights and remedies available hereunder or under the Development Agreement or applicable law and Franchisor shall be entitled to collect from Developer and/or Developer Principals the costs of such enforcement.

2. MUTUAL RELEASE.

(a) Release by Franchisor. Subject to and conditioned upon Developer’s and Developer Principals full and complete compliance, to the reasonable satisfaction of Franchisor, with all of their covenants contained in this Agreement as well as all post-termination covenants contained in the Development Agreement, Franchisor, for itself and its owners, directors, officers, employees, affiliates, successors and assigns does hereby expressly, voluntarily, knowingly and irrevocably release, acquit and discharge Developer and Developer Principals and their owners, directors, officers, employees, affiliates, successors and assigns of and from any and all charges, complaints, liabilities, obligations, promises, agreements, controversies, damages, actions, losses, debts, expenses (including attorneys’ fees and costs), claims, rights, demands and causes of action arising out of or from the Development Agreement occurring prior to the date of this Agreement. This Section does not release claims for violations of this Agreement and/or the Development Agreement to the extent that provisions of the Development Agreement survive the termination of the Development Agreement and impose thereafter obligations and liabilities on the Developer and/or Developer Principals that occur after the date of this Agreement.

(b) Release by Developer. Developer and Developer Principals, individually and collectively, for themselves and their owners, directors, officers, employees, affiliates, successors and assigns do hereby expressly, voluntarily, knowingly and irrevocably release, acquit and discharge Franchisor and its owners, directors, officers, employees, affiliates, successors and assigns of and from any and all charges, complaints, liabilities, obligations, promises, agreements, controversies, damages, actions, losses, debts, expenses (including attorneys' fees and costs), claims, rights, demands and causes of action arising out of or from the Development Agreement occurring prior to the date of this Agreement. This Section does not release claims for violations of this Agreement and/or the Development Agreement (to the extent that provisions of the Development Agreement survive the termination of the Development Agreement and thereafter impose obligations and liabilities on Franchisor) that occur after the date of this Agreement.

3. CONSIDERATION FOR RELEASE. Developer and Developer's Principals agree that fair consideration has been given for this Release and each fully understands that this is a negotiated release of all of Developer and Developer's Principals' claims. DEVELOPER AND DEVELOPER'S PRINCIPALS, JOINTLY AND SEVERALLY, WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS RELEASE BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE DEVELOPER AND/OR DEVELOPER'S PRINCIPALS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS RELEASE.

4. MISCELLANEOUS

(a) Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(b) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

(c) Severability. If any term of this Release is declared illegal, invalid, or incapable of being enforced, then such term shall be excluded, and the remaining terms shall continue in full force and effect without regard to such illegal, invalid, or unenforceable term.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original, and all of which together constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" ("pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, constitutes effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile, electronic mail, or any other electronic means are deemed to be their original signatures for all purposes.

(e) No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Development Agreement or any of its ancillary agreements, except as expressly provided herein, a waiver by Franchisor any of its rights and remedies under the Development Agreement or any of its ancillary agreements, or any of them, or at law or in equity.

(f) Construction. Each Developer and each of Developer Principals signatory hereto acknowledges that it has been represented by its own legal counsel in connection its execution of this

Agreement, that it has exercised independent judgment with respect to this Agreement, and that it has not relied on Franchisor or on Franchisor's counsel for any advice with respect to this Agreement.

IN WITNESS WHEREOF, Developer and the Developer's Principals have executed this Release as of the Effective Date.

FRANCHISOR:

Golden Franchising Corporation

By: _____

Name: _____

Title: _____

DEVELOPER:

By: _____

Name: _____

Title: _____

DEVELOPER'S PRINCIPALS:

Name: _____

Name: _____

ATTACHMENT G
CONDITIONAL RELEASE AGREEMENT

THIS CONDITIONAL RELEASE AGREEMENT (“Release”) is made and entered into this _____ day of _____, 20____ (“Effective Date”), by _____ (“Franchisee”), and _____ and _____ (“Franchisee’s Principals”).

WHEREAS, Golden Franchising Corporation (“Franchisor”) and Franchisee entered into that certain Franchise Agreement dated _____ (“Franchise Agreement”), for the establishment of a Golden Chick restaurant located at _____ (“Golden Chick”);

WHEREAS, the Franchisee’s Principals are described in the Franchise Agreement as “Franchisee’s Principals” and as such, have among other things, agreed to be bound by certain of the obligations contained in the Franchise Agreement; and

WHEREAS, Franchisee desires to [transfer -OR- renew or otherwise extend the term of] the Franchise Agreement and the Franchise Agreement provides that as a condition to such [transfer -OR-renewal], Franchisee and the Franchisee’s Principals will, among other things, execute a conditional release as contained herein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, Franchisee and the Franchisee’s Principals agree as follows:

1. FRANCHISEE SETTLEMENT. In complete and full satisfaction and in lieu of all claims for payments from Franchisee, its owners, directors, officers, employees, affiliates, successors and assigns, Franchisee will pay to Franchisor an aggregate of \$ _____ in accordance with the following: Franchisee will immediately pay to Franchisor the sum of \$ _____, [as payment in full, upon the execution of this Agreement by all of the parties --OR-- as a partial payment, upon the execution of this Agreement and thereafter shall pay the remaining balance according to the following schedule: _____]. In the event that Franchisee and/or Franchisee Principals fail to satisfy this or any other provision herein, Franchisor may enforce any and all rights and remedies available hereunder or under the Franchise Agreement or applicable law and Franchisor shall be entitled to collect from Franchisee and/or Franchisee Principals the costs of such enforcement.

2. MUTUAL RELEASE.

(a) Release by Franchisor. Subject to and conditioned upon Franchisee’s and Franchisee Principals full and complete compliance, to the reasonable satisfaction of Franchisor, with all of their covenants contained in this Agreement as well as all post-termination covenants contained in the Franchise Agreement, Franchisor, for itself and its owners, directors, officers, employees, affiliates, successors and assigns does hereby expressly, voluntarily, knowingly and irrevocably release, acquit and discharge Franchisee and Franchisee Principals and their owners, directors, officers, employees, affiliates, successors and assigns of and from any and all charges, complaints, liabilities, obligations, promises, agreements, controversies, damages, actions, losses, debts, expenses (including attorneys’ fees and costs), claims, rights, demands and causes of action arising out of or from the Franchise Agreement occurring prior to the date of this Agreement. This Section does not release claims for violations of this Agreement and/or the Franchise Agreement to the extent that provisions of the Franchise Agreement survive the termination of the Franchise

Agreement and impose thereafter obligations and liabilities on the Franchisee and/or Franchisee Principals that occur after the date of this Agreement.

(b) Release by Franchisee. Franchisee and Franchisee Principals, individually and collectively, for themselves and their owners, directors, officers, employees, affiliates, successors and assigns do hereby expressly, voluntarily, knowingly and irrevocably release, acquit and discharge Franchisor and its owners, directors, officers, employees, affiliates, successors and assigns of and from any and all charges, complaints, liabilities, obligations, promises, agreements, controversies, damages, actions, losses, debts, expenses (including attorneys' fees and costs), claims, rights, demands and causes of action arising out of or from the Franchise Agreement occurring prior to the date of this Agreement. This Section does not release claims for violations of this Agreement and/or the Franchise Agreement (to the extent that provisions of the Franchise Agreement survive the termination of the Franchise Agreement and thereafter impose obligations and liabilities on Franchisor) that occur after the date of this Agreement.

3. CONSIDERATION FOR RELEASE. Franchisee and Franchisee's Principals agree that fair consideration has been given for this Release and each fully understands that this is a negotiated release of all of Franchisee and Franchisee's Principals' claims. FRANCHISEE AND FRANCHISEE'S PRINCIPALS, JOINTLY AND SEVERALLY, WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS RELEASE BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE FRANCHISEE AND/OR FRANCHISEE'S PRINCIPALS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS RELEASE.

4. MISCELLANEOUS

(a) Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(b) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

(c) Severability. If any term of this Release is declared illegal, invalid, or incapable of being enforced, then such term shall be excluded, and the remaining terms shall continue in full force and effect without regard to such illegal, invalid, or unenforceable term.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original, and all of which together constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" ("pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, constitutes effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile, electronic mail, or any other electronic means are deemed to be their original signatures for all purposes.

(e) No Novation. This Agreement shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Franchise Agreement or any of its ancillary agreements, except as

expressly provided herein, a waiver by Franchisor any of its rights and remedies under the Franchise Agreement or any of its ancillary agreements, or any of them, or at law or in equity.

(f) Construction. Each Franchisee and each of Franchisee Principals signatory hereto acknowledges that it has been represented by its own legal counsel in connection its execution of this Agreement, that it has exercised independent judgment with respect to this Agreement, and that it has not relied on Franchisor or on Franchisor's counsel for any advice with respect to this Agreement.

[Signatures on next page.]

IN WITNESS WHEREOF, Franchisee and the Franchisee's Principals have executed this Release as of the Effective Date.

FRANCHISOR:

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

FRANCHISEE'S PRINCIPALS:

Name: _____

Name: _____

ATTACHMENT H
GOLDEN FRANCHISING CORPORATION
SBA LOAN ADDENDUM

[See SBA Form 2462 Attached.]

ATTACHMENT I
VETFRAN ADDENDUM TO
GOLDEN FRANCHISING CORPORATION
FRANCHISE AGREEMENT

This VETFRAN ADDENDUM TO GOLDEN FRANCHISING CORPORATION FRANCHISE AGREEMENT (“Addendum”) is made and entered into by and between Golden Franchising Corporation, a Delaware corporation (“Franchisor”), and _____, a _____ (“Franchisee”) as of _____, 20____ (“Effective Date”).

WHEREAS, Franchisor and Franchisee have entered into a Golden Franchising Corporation Franchise Agreement dated _____, 20____ for the Golden Chick located at _____ (“Franchise Agreement”) simultaneously herewith;

WHEREAS, Franchisor is a member of the International Franchise Association (“IFA”) and participates in the IFA’s voluntary VetFran Program to encourage franchise ownership by offering financial incentives to honorably discharged veterans;

WHEREAS, Franchisor offers certain financial incentives under its VetFran Program to honorably discharged veterans of the United States Armed Forces who are new to the Golden Chick system, have DD Form 214 documents, have majority interests in their franchised businesses, and who otherwise meet the requirements of its VetFran Program (each a “VetFran Participant”);

WHEREAS, Franchisee, who qualifies to be a VetFran Participant and Franchisee, and Franchisor wish to modify and amend certain terms of the Franchise Agreement in order to provide Franchisee with the financial incentives Franchisor provides to VetFran Participants.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The recitals set forth above are incorporated herein by reference. Unless otherwise specified, all terms shall have those meanings ascribed to them in the Franchise Agreement.

2. Notwithstanding anything to the contrary contained in Section 4(a) of the Franchise Agreement, Franchisee’s Initial Franchise Fee for its first Golden Chick Restaurant shall be reduced by 33.33% of Franchisor’s then-current Initial Franchise Fee.

[Signatures on next page.]

IN WITNESS WHEREOF, Franchisor and Franchisee have caused this Addendum to be duly executed as of the Effective Date.

FRANCHISOR:

Golden Franchising Corporation,
a Delaware Corporation

By: _____

Name: _____

Title: _____

FRANCHISEE:

a _____

By: _____

Name: _____

Title: _____

ATTACHMENT J
LIST OF CURRENT AND FORMER FRANCHISEES
(Restaurant in Operation as of January 1, 2023)

Franchisee	Address	City	ST	Zip	Phone No.
Texas					
3W Brands	5125 Buffalo Gap Rd.	Abilene	TX	79606	(325) 793-9242
3W Brands	3889 North 1st Street	Abilene	TX	79603	(325) 672-4110
A & Z Food Management, LLC	1144 E. Airport Blvd	Austin	TX	78702	(512) 927-1000
A.B. Stover Holdings, LLC	223 ½ N. Saint Joseph St.	Gonzales	TX	78629	(830) 672-8343
Adam Fried Chicken, LLC	1714 East 14th Street	Plano	TX	75074	(972) 424-4653
AIG Foods Enterprises, LLC	663 West Commerce	Brownwood	TX	76801	(325) 643-5533
AIG-S Foods Enterprises, LLC	1112 West Washington	Stephenville	TX	76401	(254) 965-2474
Ali, Humera	6340 N. Josey Lane	Lewisville	TX	75056	(214) 469-2420
Alimentos Integrados, LLC	1700 S. Dumas Avenue	Dumas	TX	79209	(806) 421-0579
Alimentos Integrados, LLC	521 Highway 87	Dalhart	TX	79022	(806) 421-0579
Alimentos Integrados, LLC	6020 S. Coulter Street	Amarillo	TX	79119	(806) 350-3371
Alton Food Enterprises, LLC	200 S. Alton Blvd	Alton	TX	78573	(956) 585-9800
Austin Fast Food Management, Ltd.	7107 Highway 71 West	Austin	TX	78735	(512) 288-3949
B & C Chicken, LLC	400 E. Florida	Midland	TX	79701	(432) 247-1206
BALE Horizon, LLC	1207 East Wise	Bowie	TX	76230	(940) 872-8877
Best of Cluck, LLC	1232 Robert B. Cullum Blvd.	Dallas	TX	75210	(214) 421-6000
Best of Cluck, LLC	1326 N. Masters Drive	Dallas	TX	75217	(469) 709-8001
Best of Cluck, LLC	5580 S. Buckner Blvd.	Dallas	TX	75149	(214) 321-3555
Best of Cluck, LLC	4500 Matlock Rd.	Arlington	TX	76018	(682) 320-8065
Best of Cluck, LLC	3801 W. Camp Wisdom Rd.	Dallas	TX	75237	(972) 322-2949
Best of Cluck, LLC	901 E Berry St.	Fort Worth	TX	76110	(682) 707-5007
Best of Cluck, LLC	3209 Forest Hill Cir	Forest Hill	TX	76140	(682) 224-2427
Best of Cluck, LLC	1128 N Beltline	Grand Prairie	TX	75050	(214) 755-4577
Bo Stover Belton, LLC	610 E. 6 th Street	Belton	TX	76513	(254) 939-1672
Bo Stover Elgin-Giddings, LLC	407 W. Hwy 290	Elgin	TX	78621	(512) 285-2484
Bo Stover Elgin-Giddings, LLC	615 E. Austin	Giddings	TX	78942	(979) 542-0803
Bo Stover Hutto, LLC	405 FM 685	Hutto	TX	78634	(512) 846-2312
Bo Stover LaGrange, LLC	312 E. Travis	LaGrange	TX	78945	(979) 968-8939
Bo Stover Lockhart, LLC	640 S. Colorado	Lockhart	TX	78644	(512) 398-4442
Bo Stover, LLC	1706 West 2 nd Street	Taylor	TX	76574	(512) 309-4710
Bruno Acquisitions, LLC	688 Las Palmas Blvd.	Cotulla	TX	78014	(830) 483-9269

Franchisee	Address	City	ST	Zip	Phone No.
Burton Business Brands LLC	13600 S Post Oak	Houston	TX	77045	(346) 406-4021
CC NEWAventures, LLC	728 E. Main St.	Uvalde	TX	78801	(830) 900-7199
CC Stirling Ventures, LLC	508 North Oak XFR 6-1-14	Pearsall	TX	78061	(830) 334-2025
CC Stirling Ventures, LLC	1445 Junction Hwy	Kerrville	TX	78028	(830) 890-0099
CC Stirling Ventures, LLC	275 Hwy 90 E.	Hondo	TX	78861	(830) 426-4000
CC Stirling Ventures, LLC	415 Hwy 90 E.	Castroville	TX	78009	(830) 355-4600
Coastal Foods, Inc.	2503 SE Military Drive	San Antonio	TX	78223	(210) 560-0924
Country Chicken, LLC	1943 N. Kings Highway	Nash	TX	75569	(903) 255-7494
Country Chicken, LLC	117 West IH 30	Royse City	TX	75168	(972) 635-2397
Country Chicken, LLC	101 LR Campbell Road	Italy	TX	76651	(972) 483-1811
Encino Foods Inc.	22002 Hwy 281 N	San Antonio	TX	78258	(210) 776-7330
First Momentum Enterprises, LLC	1400 Turner Warnell Road	Mansfield	TX	76063	(817) 473-4300
Food Trio, Inc.	3044 North Josey Lane	Carrollton	TX	75007	(972) 492-6600
Foster Foods Inc.	4110 Foster Road	San Antonio	TX	78244	(210) 661-6758
G.C. Dallas – NW Highway 2015, Ltd. *	11805 E. Northwest Hwy	Dallas	TX	75238	(469) 458-3114
G.C. Dallas – NW Highway 2015, Ltd. *	2906 Central Frwy	Wichita Falls	TX	76306	(940) 855-7750
G.C. Dallas – Stemmons 2015, Ltd. *	8260 N. Stemmons	Dallas	TX	75247	(214) 579-9994
G.C. Ft. Worth – Altamesa 2016, Ltd. *	3001 Altamesa Blvd.	Fort Worth	TX	76133	(817) 294-5200
G.C. Ft. Worth – Craig 2016, Ltd. *	5701 Craig Street	Fort Worth	TX	76112	(817) 653-7111
G.C. Ft. Worth – Renaissance 2016, Ltd. *	2820 E. Berry Street	Fort Worth	TX	76105	(682) 841-0278
G.C. Garland 2014, Ltd. *	2702 Lavon Drive	Garland	TX	75040	(972) 905-5160
G.C. Garland-IH 30 2015, Ltd. *	430 E. IH 30	Garland	TX	75043	(972) 807-6721
G.C. Garland-IH 30 2015, Ltd. *	2616 SW Parkway	Wichita Falls	TX	76308	(940) 691-2884
G.C. Granbury Hwy – 377 2018, Ltd. *	1160 E Hwy 377	Granbury	TX	76048	(682) 936-4370
G.C. Houston – Bissonet 2016, Ltd. *	12180 Bissonet Street	Houston	TX	77099	(281) 965-3717
G.C. Irving – Regent 2017, Ltd. *	3511 Regent Boulevard	Irving	TX	75063	(972) 457-0269
G.C. Lancaster 2014, Ltd. *	1444 W. Pleasant Run	Lancaster	TX	75146	(972) 227-1851
G.C. Lancaster 2014, Ltd. *	2409 5 th St	Wichita Falls	TX	76301	(940) 767-3509
G.C. Mesquite-Davis 2015, Ltd. *	1001 E. Davis Street	Mesquite	TX	75419	(972) 329-8222
G.C. Mesquite-Davis 2015, Ltd. *	3900 Jacksboro Hwy	Wichita Falls	TX	76302	(940) 767-3527
G.C. Plano Independence 2016, Ltd. *	808 Independence Prkwy	Plano	TX	75075	(469) 969-0860
GC @ Spears Road, LLC	2824 Spears Road	Houston	TX	77067	(832) 955-1549
GC 360 LLC	5010 S Highway 360	Grand Prairie	TX	75052	(214) 235-0096
GC Hurst Management, LLC	4440 Golden Triangle Blvd.	Fort Worth	TX	76244	(817) 482-1177
GC Red Bluff, LLC	4019 Red Bluff Road	Pasadena	TX	77503	(346) 754-5853

Franchisee	Address	City	ST	Zip	Phone No.
GC Restaurants SA, LLC	2299 NW Military Hwy	Castle Hills	TX	78213	(210) 248-9461
GC Restaurants SA, LLC	11207 Potranco Road	San Antonio	TX	78253	(210) 679-0675
GC Restaurants SA, LLC	2738 Woodland Drive	Pleasanton	TX	78064	(210) 844-1483
GC Restaurants SA, LLC	300 N. Alamo	Refugio	TX	78377	(361) 526-7084
GC Restaurants SA, LLC	4315 South Gevers	San Antonio	TX	78223	(210) 532-2037
GC Restaurants SA, LLC	22002 Hwy 281 N	San Antonio	TX	78258	(210) 776-7330
GC Carrier Pkwy LLC	900 S. Carrier Parkway	Grand Prairie	TX	75051	(214) 412-3270
GC Terrell LLC	1700 Highway 34 South	Terrell	TX	75160	(972) 563-2800
GCVA-1251, LLC	151 S. Henry Hynds Expwy	Van Alstyne	TX	75495	(903) 482-4160
Golden Fast Foods LLC	106 S. Cockrell Hill Road	Desoto	TX	75115	(972) 223-6346
GWP Ventures, LLC	9103 Lakeview Pkwy	Rowlett	TX	75088	(972) 905-5832
Hagan, John	1901 Hutchings Avenue	Ballinger	TX	76821	(325) 365-2646
Hagan, John	1602 S Bridge	Brady	TX	76825	(325) 597-5333
Hagan, John	633 W IH20	Colorado City	TX	79512	(325) 728-9373
Hagan, John	2602 Sherwood Way	San Angelo	TX	76901	(325) 224-0805
Hagan, John	3339 Knickerbocker	San Angelo	TX	76904	(325) 224-0905
Hagan, John	307 NE Georgia	Sweetwater	TX	79556	(325) 236-6283
Hagan, John	1524 Hewitt Drive	Waco	TX	76712	(254) 230-0266
Hatcher, R.D.	1910 Avenue F Northwest	Childress	TX	79201	(940) 937-6869
Isenhour Management, Inc.	501 Avenue F	Del Rio	TX	78840	(830) 775-2442
IB & GC Inc.	2520 N. Story Road	Irving	TX	75062	(469) 284-5600
ISOSA Inc.	901 W. 7 th Street	Corsicana	TX	75110	(903) 872-2888
ISOSA Inc.	7979 S. Hampton Rd.	Dallas	TX	75232	(972) 780-9000
ISOSA Inc.	1100 E. Pleasant Run Rd # 300	Desoto	TX	75115	(469) 530-5525
ISOSA Inc.	1061 E. Main Street	Midlothian	TX	76065	(469) 612-5211
ISOSA Inc.	865 FM 548	Forney	TX	75126	(972) 552-5885
ISOSA Inc.	2253 S. Buckner Blvd.	Dallas	TX	75227	(972) 275-5757
ISOSA Inc.	1700 Highway 34 South	Terrell	TX	75160	(972) 563-2800
Itasca Express Mart, Inc.	1201 South Files	Itasca	TX	76055	(254) 337-8600
Jensen's Golden Goodness Corp.	3965 S. Lake Forest Dr.	McKinney	TX	75070	(972) 369-7388
Jensen's Golden Goodness Corp.	2631 Sam Rayburn Hwy	Melissa	TX	75454	(469) 301-7189
JETX Golden Corporation	308 S. Greer Blvd.	Pittsburg	TX	75686	(903) 708-7507
Kess Management Corporation	179 N. Valley Prkwy	Lewisville	TX	75067	(972) 436-2400
Khandaker's Fried Food Inc.	125 Remington Valley	Houston	TX	77073	(281) 982-3899
Korpal Golden Investments LLC	1716 N. 16 th Street	Orange	TX	77630	(409) 238-5007

Franchisee	Address	City	ST	Zip	Phone No.
KP Chicken LLC	2803 Big Springs Road	Midland	TX	79705	(432) 247-1771
Kraemer Chicken, LLC	405 W. 4th Street	Cameron	TX	76520	(254) 697-2000
Kroozin Company LLC	14191 Fayridge Drive	Houston	TX	77048	(346) 204-5776
KY Frontier LLC	17858 Preston Road	Dallas	TX	75252	(972) 930-0318
L&P Franchising, Ltd.	830 Rebel Road	Kyle	TX	78640	(512) 268-8174
La Vernia Foods Inc.	14427 Hwy 87	La Vernia	TX	78121	(830) 779-2184
LMSAD Enterprises Inc.	26735 U.S. Hwy 380 E	Little Elm	TX	76227	(469) 481-2240
Lucel Enterprises, Inc.	525 East Highway 83	La Joya	TX	78560	(956) 584-1432
MAS Energy, LLC	401 W. Lennon Drive	Emory	TX	75440	(903) 473-0000
McAllen GC, LLC	401 S. Sugar Road	Edinburg	TX	78539	(956) 386-9225
McAllen GC, LLC	4501 N. 23 rd	McAllen	TX	78504	(956) 631-2544
McAllen GC, LLC	1911 N. Raul Longoria Rd.	San Juan	TX	78589	(903) 510-8670
MRN Food Services LLC	14430 Marsh Lane	Addison	TX	75001	(972) 406-9799
MRN Food Services LLC	6100 Independence Prkwy	Plano	TX	75023	(972) 618-0928
MURPHYWYLIEGC LLC	3201 FM 544	Wylie	TX	75098	(469) 367-0903
Nam's Family, Inc.	9531 CF Hawn Freeway	Dallas	TX	75217	(214) 309-9493
Nerway Fried Chicken, Inc.	2760 E Trinity Mills Rd # 200	Carrollton	TX	75006	(469) 986-1024
New Kess LLC	300 N Bell	Denton	TX	76029	(940) 898-1000
NJ Euless LLC	708 N. Industrial	Euless	TX	76039	(683) 504-4811
P & K Development, LLC	1420 N. Old Decatur Rd	Saginaw	TX	76179	(682) 703-1083
Palo Alto Foods Inc.	8534 IH 35 S	San Antonio	TX	78211	(210) 932-9663
Parkim 7 Complete Service Inc.	14501 Trinity Blvd, Suite 501	Fort Worth	TX	76155	(817) 684-7618
Parkim 77 LLC	740 Airport Freeway	Hurst	TX	76054	(817) 510-3333
Pointbreak Ventures, Inc.	616 Stassney	Austin	TX	78745	(512) 445-4242
PPA55.B85, LLC	9600 N Lamar	Austin	TX	78753	(512) 873-3336
Prosperity Brands LLC	1601 SW Wilshire Blvd.	Burleson	TX	76028	(817) 426-1234
Prosperity Brands LLC	820 S Crowley Rd	Crowley	TX	76036	(817) 297-2456
Prosperity Brands LLC	3209 Forest Hill Circle	Forest Hill	TX	76140	(682) 224-2427
Prosperity Brands LLC	1001 W University Dr	McKinney	TX	75069	(972) 548-9600
Rising Star Enterprises, LLC	1690 W. Main Street	Gun Barrel City	TX	75156	(903) 340-8593
RTMT Holdings Inc.	1101 North Main	Weatherford	TX	76086	(817) 594-4031
RUYI, Inc.	410 West Kiest Blvd.	Dallas	TX	75224	(214) 371-2400
RUYI, Inc.	202 South Cedar Ridge Drive	Duncanville	TX	75116	(972) 298-1010
RUYI, Inc.	3330 Broadway	Garland	TX	75043	(972) 840-6060
RUYI, Inc.	4525 Gus Thomason Road	Mesquite	TX	75150	(972) 613-6300

Franchisee	Address	City	ST	Zip	Phone No.
RUYI, Inc.	839 Baumgartner Way	Allen	TX	75013	(214) 785-7181
RUYI, Inc.	201 W. Cartwright Rd	Mesquite	TX	75149	(214) 468-4866
S & T Foods LLC	7121 Cullen Blvd	Houston	TX	77021	(281) 974-3750
S. De Oro Ventures, LLC	3138 South Padre Island Dr.	Corpus Christi	TX	78415	(361) 442-2146
SABA Automotive, LLC	491 East Princeton Drive	Princeton	TX	75407	(972) 734-6943
SACHSEGC LLC	7050 S. State Hwy 78	Sachse	TX	75048	(972) 905-5545
Sandhu Gainesville Chicken LLC	1200 N. I 35 Frontage Road	Gainesville	TX	76240	(940) 464-9052
Serna, Roberto	701 West Zavala	Crystal City	TX	78839	(830) 374-5162
Silguero Enterprises, LLC	622 West Avenue J	Robstown	TX	78380	(361) 767-8625
SLV Golden, LP	3113 Northeast 2nd Street	Mineral Wells	TX	76067	(940) 325-2974
SOULMATE, LLC	1218 IH 30	Greenville	TX	75402	(903) 455-8195
SXThree LLC	610 Indian Trail	Harker Heights	TX	76543	(254) 690-4433
SXThree LLC	1610 South Ft Hood Street	Killeen	TX	76543	(254) 554-7939
SXThree LLC	1545 N Custer Rd	McKinney	TX	750071	(214) 592-8687
SXThree LLC	1210 Lamar Avenue	Paris	TX	75460	(903) 737-1971
SXThree LLC	7050 S State Hwy 78	Sachse	TX	75048	(972) 905-5455
SXThree LLC	501 S State Hwy 78	Wylie	TX	75098	(972) 442-2339
Tatari Management, LLC	9700 FM 1641	Talty	TX	75160	(972) 552-9317
TAWARA Corporation	200 Corsicana Highway	Hillsboro	TX	76645	(254) 582-2147
Tender Lovers, LLC	3507 McCann	Longview	TX	75605	(903) 757-2828
Tender Lovers, LLC	638 West Broad	Mineola	TX	75773	(903) 569-0404
The Chicken & Fish Depot, LLC	7601 Midcities Blvd.	N Richland Hills	TX	76180	(817) 427-5000
The Chicken & Fish Depot, LLC	7100 Rufe Snow	N Richland Hills	TX	76148	(817) 479-7580
The Chicken & Fish Depot, LLC	100 S Industrial Blvd	Euless	TX	76040	(682)503-4618
The Golden Menorah, LLC	26210 Canyon Golf Road	San Antonio	TX	78258	(210) 481-9098
TK & PK Inc.	4341 W. Risinger Road	Fort Worth	TX	76123	(817) 615-6516
Unique Foods Company LLC	2813 Fort Worth Hwy	Hudson Oaks	TX	76087	(817) 599-6646
Universal Food Corp LLC	10206 N. Houston Rosslyn Rd	Houston	TX	77088	(832) 617-7003
Venture Foods, LLC	524 N. Loop 340	Bellmead	TX	76705	(254) 870-0027
Venture Foods, LLC	1036 Patrick Street	Dublin	TX	76446	(254) 445-1922
Venture Foods, LLC	2305 N. St. Mary's	Beeville	TX	78102	(361) 358-5525
Venture Foods, LLC	227 Enterprise Blvd.	Hewitt	TX	76643	(254) 3076761
Venture Foods, LLC	1215 N. Hwy 35 Bypass	Rockport	TX	76904	(361) 450-1088
Venture Foods, LLC	3601 N. 19 th Street	Waco	TX	76708	(254) 300-4500
Venture Foods, LLC	1500 S. 18 th Street	Waco	TX	76706	(254) 301-7102

Franchisee	Address	City	ST	Zip	Phone No.
Venture Foods, LLC	1702 Central Texas Expwy	Lampasas	TX	76550	(737) 234-6023
W.G.G., Inc.	11620 IH 35	Jarrell	TX	76537	(512) 598-3808
WGG Leander Interests, Inc.	901 South US 183	Leander	TX	78641	(512) 528-0341
WGG, INC.	1010 Austin Avenue	Georgetown	TX	78626	(512) 863-5451
WGG, INC.	1103 West Pecan	Pflugerville	TX	78660	(512) 251-3648
WGG, INC.	400 West Round Rock	Round Rock	TX	78664	(512) 255-0950
WGG, INC.	13282 W Hwy 29	Liberty Hill	TX	78642	(512) 548-6352
WTI - GC #1, LLC	3117 Faudree Rd	Odessa	TX	79765	(432) 934-0930
WTI - GC #2, LLC	1363 E 8 th Street	Odessa	TX	79761	(432) 653-5799
WTI - GC #3, LLC	4231 N. Dixie Blvd.	Odessa	TX	79762	(432) 614-1827
WTI - GC Texas, LLC – Series D	1406 N. Richmond Rd.	Wharton	TX	77488	(979) 531-3070
WTI - GC Texas, LLC – Series E	500 S. Gregg Street	Big Spring	TX	79720	(432) 517-4415
WTI - GC Texas, LLC – Series F	3000 College Avenue	Snyder	TX	79549	(325) 436-0197
Y&I Restaurants, Inc.	728 East Main	Uvalde	TX	78801	(830) 591-1300
Zayaan Property Inc.	5300 Genoa Red Bluff Rd.	Pasadena	TX	77505	(832) 230-3897
Florida					
Xelsior Industries, LLC	3710 W. Hwy 98	Panama City	FL	32401	(850) 481-8641
Louisiana					
RASS RE Enterprises LLC	8248 Airline Highway	Baton Rouge	LA	70815	(225) 223-6100
Oklahoma					
89th Enterprises, LLC	250 South Midwest Blvd	Midwest City	OK	73110	(405) 733-9996
89th Enterprises, LLC	12320 N. Macarthur Blvd	Oklahoma City	OK	73142	(405) 824-8351
89th Enterprises, LLC	5800 S. Pennsylvania Ave.	Oklahoma City	OK	73119	(405) 824-8351
89th Enterprises, LLC	11301 Westmark Dr.	Yukon	OK	73099	(405) 824-8351
Backer Inc.	1906 W. Broadway	Sulphur	OK	73086	(580) 622-6521
Bluth Banana Stand LLC	2111 NW 23 rd	Oklahoma City	OK	73107	(405) 528-9191
GC Guthrie Oklahoma, Inc.	2629 E Oklahoma Avenue	Guthrie	OK	73044	(405) 260-1702
GC Ponca City LLC	121 W. Doolin Avenue	Blackwell	OK	74631	(580) 262-5040
Hometown Eateries LLC	618 North Main Street	Hennessey	OK	73742	(405) 853-2445
JENNA, LLC	1613 North Rockwell Avenue	Oklahoma City	OK	73008	(405) 470-3636
LMSA LLC	2111 NW 23 rd Street	Oklahoma City	OK	73107	(405) 528-9191
SXThree LLC	202 North Van Buren	Enid	OK	73703	(580) 234-9996
SXThree LLC	5610 W Owen K Garriott, Ste A	Enid	OK	73703	(580) 233-9996
SXThree LLC	2224 N 14 th St	Ponca City	OK	74601	(580) 762-4425
SXThree LLC	116 E. McElroy	Stillwater	OK	74075	(405) 332-1324

Franchisee	Address	City	ST	Zip	Phone No.
S & A G.C 1 LLC	11121 N. May Avenue	Oklahoma City	OK	73120	(405) 849-6551

* Franchisee is a GC Partnership in which one of our affiliates (GFC Leasing) is the general partner. Additional information about GC Partnerships is on Page 2 of this Franchise Disclosure Document.

LIST OF OUR AFFILIATES*
(Restaurant in Operation as of January 1, 2023)

Affiliate	Address	City	ST	Zip
Golden Operating Corporation	1800 S. Cooper Street	Arlington	TX	76013
Golden Operating Corporation	10443 N. Central Expressway	Dallas	TX	75231
Golden Operating Corporation	11823 Plano Road	Dallas	TX	75243
Golden Operating Corporation	16740 Hillcrest Road	Dallas	TX	75248
Golden Operating Corporation	2600 W Euless Blvd	Euless	TX	76040
Golden Operating Corporation	2172 N. Jupiter Rd	Garland	TX	75044
Golden Operating Corporation	1504 Hwy 16 South	Graham	TX	76450
Golden Operating Corporation	1517 East End Blvd.	Marshall	TX	75671
Golden Operating Corporation	2887 Ovilla Rd	Ovilla	TX	75154
Golden Operating Corporation	1702 Richmond Rd.	Texarkana	TX	75503
Golden Operating Corporation	445 West Arapaho Road	Richardson	TX	75080
Golden Operating Corporation	1101 N Main	Weatherford	TX	76086
Golden Operating Corporation	1022 Highway 377 North	Whitesboro	TX	76244
Golden Operating Corporation	1906 W Broadway	Sulphur	OK	73086

* GC Partnerships are not included as affiliates because of the extent of the investor's involvement in the operation of the business.

LIST OF CURRENT FRANCHISEES
(Restaurants not yet Open as of January 1, 2023)

Franchisee	Address	City	ST	Zip	Phone No.
DPEG Foods, LLC	727 E Louetta Rd	Spring	TX	77373	(281) 651-4114
Golden Operating Corporation	11932 Elam Rd	Balch Springs	TX	75180	(972) 831-0911
G.C. Garland 2014, Ltd.	96 Grapevine Hwy	Hurst	TX	76054	(972) 831-0911
Alimentos Integrados, LLC	2808 SW 34 th Avenue	Amarillo	TX	79045	(806) 478-1427
Alimentos Integrados, LLC	515 N. 25 Mile Avenue	Hereford	TX	79045	(806) 478-1427
Best of Cluck, LLC	2516 W Illinois Avenue	Dallas	TX	75233	(972) 240-5225
Best of Cluck, LLC	1199 Abrams Rd	Dallas	TX	75243	(972) 240-5225
Country Chicken, LLC	116 N Jim Miller Rd	Dallas	TX	75217	(214) 228-1312

Franchisee	Address	City	ST	Zip	Phone No.
Countrywide Foods, LLC	205 W SW Loop 9323	Tyler	TX	75701	(214) 395-3707
DPEG Foods, LLC	4000 N Sam Houston Pkwy	Houston	TX	77086	(281) 561-5135
GC Alvin, LLC	1824 E Hwy 6	Alvin	TX	77511	(832) 428-8595
GC at Galveston Rd LLC	4805 Galveston Rd	Houston	TX	77017	(281) 935-4392
GC at Hwy 36 LLC	1099 W Blue Bell Rd	Brenham	TX	77833	(281) 935-4392
GC Restaurants SA, LLC	537 10 th St	Floresville	TX	78114	(210) 878-0034
GC Restaurants SA, LLC	Hwy 151	San Antonio	TX	78015	(210) 878-0034
GC Wayside, LLC	2008 Wayside Dr	Houston	TX	77023	(832) 622-1184
Golden Operating Corporation	1111 N Market Street	Shreveport	LA	71101	(972) 831-0911
Golden Operating Corporation	Market Street	Ardmore	OK	73401	(972) 831-0911
Golden Operating Corporation	4415 W 7 th Street	Texarkana	TX	75501	(972) 831-0911
Golden Operating Corporation	6102 N Jupiter Rd	Garland	TX	75044	(972) 831-0911
Golden Operating Corporation	Cedardale Dr	Lancaster	TX	75134	(972) 831-0911
Golden Operating Corporation	White Hills Dr	Rockwall	TX	75084	(972) 831-0911
Golden Operating Corporation	405 W IH 30	Mount Vernon	TX	75457	(972) 831-0911
Golden Operating Corporation	8400 South Frwy	Fort Worth	TX	76134	(972) 831-0911
Golden Operating Corporation	N State Line Ave	Texarkana	TX	75501	(972) 831-0911
Khandaker's Fried Food Inc.	8206 Garth Rd	Baytown	TX	77521	(281) 577-1152
Korpal Golden Investments II, LLC	4940 Concord Rd	Beaumont	TX	77708	(409) 238-5007
Mannat Panther Inc.	FM 423	Little Elm	TX	75000	(972) 398-3828
Mannat Hart Inc.	111 Eldorado Pkwy	Little Elm	TX	75068	(972) 398-3828
P & K Development	111 Blue Mound Rd	Saginaw	TX	48601	(940) 745-1684
SXThree LLC	451 S Angel Pkwy	Lucas	TX	75002	(440) 986-0733
SXThree LLC	1544 E Main St	Cushing	OK	74023	(440) 986-0733
SXThree LLC	4601 Clear Creek	Killeen	TX	76549	(440) 986-0733
SXThree LLC	6200 US Hwy 98	Hattiesburg	MS	39402	(440) 986-0733
RUYI Inc.	111 Cedar Hill	Cedar Hill	TX	75104	(972) 678-0541
RUYI Inc.	2828 E Ledbetter Dr	Dallas	TX	75216	(972) 678-0541
TNM Properties LLC	550 Hwy 275	Seagoville	TX	75126	(469) 644-7027
Universal Food Corp LLC	11702 FM 1960 W	Houston	TX	77065	(409) 548-3682
Universal Food Corp LLC	6690 W Airport Blvd	Houston	TX	77061	(409) 548-3682
WESLACO GC LLC	1635 N Westgate Dr	Weslaco	TX	78599	(956) 655-2205
West of Cluck, LLC	2360 N MLK Blvd	Las Vegas	NV	89106	(214) 682-5655
West of Cluck, LLC	W Craig Rd	Las Vegas	NV	89130	(214) 682-5655
Westrun Food Management, LLC	23524 Aldine Westfield Rd	Spring	TX	77373	(832) 275-8194

Franchisee	Address	City	ST	Zip	Phone No.
3SS Ventures, LLC	1127 League Line Rd	Conroe	TX	77403	(281) 451-3338

LIST OF FORMER FRANCHISEES
(Restaurant not in Operation as of January 1, 2023)

	Franchisee	City	ST	Restaurant Phone No.
**	Prosperity Brands LLC	Forest Hills	TX	(682) 224-2427
*	GC of McAlester LLC	McAlester	OK	(918) 715-3413
*	BACKER Inc.	Whitesboro	TX	(903) 564-7676
*	BACKER Inc.	Wichita Falls	TX	(940) 691-2884
*	BACKER Inc.	Wichita Falls	TX	(940) 767-3527
*	BACKER Inc.	Wichita Falls	TX	(940) 767-3509
*	BACKER Inc.	Wichita Falls	TX	(940) 855-7750
*	BACKER Inc.	Sulphur	OK	(580) 622-6521
*	BACKER Inc.	Euless	TX	(817) 545-8000
*	BACKER Inc.	Graham	TX	(940) 549-2626
*	JennKpop LLC	Grand Prairie	TX	(214) 412-3270
	Pointbreak Ventures, Inc.	San Marcos	TX	(512) 392-9584
*	Gainesville Chicken, LLC	Gainesville	TX	(940) 464-9052
**	Best of Cluck LLC	Fort Worth	TX	(682) 707-5007
*	TJDNS-2 LLC	Grand Prairie	TX	(214) 235-0096
*	LMSAD Enterprises Inc.	Little Elm	TX	(469) 481-2240
	MRN Food Services LLC	Plano	TX	(972) 905-5848
*	LMSA LLC	Oklahoma City	OK	(405) 528-9191
*	RMT Holdings Inc.	Weatherford	TX	(817) 594-4031
*	Yara Masri Management Company	Ovilla	TX	(469) 552-6558
**	GC Restaurants SA LLC	Helotes	TX	(210) 695-1800
**	ISOSA Inc.	Ennis	TX	(972) 878-0049
**	Prosperity Brands LLC	Sachse	TX	(972) 905-5455
**	Prosperity Brands LLC	Wylie	TX	(972) 442-2339
*	SACHSEGC LLC	Sachse	TX	(972) 878-0049
*	MURPHYWYLYIEGC LLC	Wylie	TX	(972) 442-2339
*	AKS Food, Corp	Denton	TX	(940) 898-1000
*	G.C. Houston – S Post Oak 2017, Ltd.	Houston	TX	(346) 406-4021
*	Sam Lovern Inc.	Enid	OK	(580) 233-9996
*	Simon & DK Group Inc.	Little Elm	TX	(469) 481-2240

	Franchisee	City	ST	Restaurant Phone No.
*	LSL, Inc	Enid	OK	(580) 234-9996
*	Delano & Delano, Ltd.	Harker Heights	TX	(254) 213-4261
*	Delano & Delano, Ltd.	Killeen	TX	(254) 213-4110
*	Margie Kraemer	Cameron	TX	(254) 697-2000
*	Golden Ohana LLC	Paris	TX	(903) 737-1971
**	GC Restaurants SA LLC	San Antonio	TX	(210) 661-6758
**	GC Restaurants SA LLC	San Antonio	TX	(210) 776-7330
**	GC Restaurants SA LLC	San Antonio	TX	(210) 932-9663
**	GC Restaurants SA LLC	La Vernia	TX	(830) 779-2184
*	GC Ponca City LLC	Ponca City	OK	(580) 762-4425
*	GC Ponca City LLC	Stillwater	OK	(405) 332-1324

* Golden Chick Restaurant location was acquired by another franchisee or one of our affiliates.

** Golden Chick Restaurant location was acquired by another franchisee or one of our affiliates. However, this franchisee continues to be involved in our concept at another Golden Chick Restaurant location.

The franchisees listed above have had a location terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or have not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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ATTACHMENT K
RECEIPT
[RETAIN FOR YOUR RECORDS]

The Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read the Franchise Disclosure Document and all agreements carefully. If Golden Franchising Corporation offers you a franchise, it must provide the 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. If Golden Franchising Corporation does not deliver the 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 appropriate state agency listed in Attachment A. The issuance date of this Franchise Disclosure Document is April 17, 2023.

Only the following persons within Golden Franchising Corporation have the authority to offer and sell Golden Chick franchises: Mark Parmerlee (CEO), Brian Loescher (President), Monty Whitehurst (Sr. VP, Development), Casey Clark (VP, Franchise Operations), and Scott Stevenson (VP, Development and Construction), 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080 (972-831-0911). In addition, the following Area Representatives (who are each considered a "Franchise Seller") has the authority to offer and sell Golden Chick franchises only within its area: [Houston Area] WTI - GC, LP, c/o WTI - GC Management, LLC, 500 West Ohio Avenue, Suite 200 Midland, Texas 79701 (713-294-3331), [Las Vegas Area] West of Cluck, LLC, 1602 Wynn Joyce Road, Garland, Texas 75043 (214-682-5655), and [San Antonio Area] GC Franchise SA, LLC, 16109 University Oak, San Antonio, Texas 78249 (210-878-0034). Additionally, we have an independent franchise broker: Kathy "Kat" Davidson, Monarch Franchise Consulting, LLC, P.O. Box 19127, Dallas, Texas 75035 (678) 485-8413. Area Representative and any franchise brokers have no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. Area Representative and any franchise brokers are independent contractors responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from their operations. The name and address of our registered agent authorized to receive service of process is located in Item 1 of the Franchise Disclosure Document.

I have received a Golden Franchising Corporation Franchise Disclosure Document dated April 17, 2023, that included the following Attachments: State Appendix to Disclosure Document; (A) List of State Administrators; (B) List of Agents for Service of Process; (C) Table of Contents of Golden Chick Operations Manual; (D) Financial Statements; (E) Franchise Agreement; (F) Development Agreement; (G) Conditional Release Agreement; (H) SBA Addendum; (I) VetFran Addendum; (J) List of Current and Former Franchisees; and (K) Receipts.

PROSPECTIVE FRANCHISEE:

If Franchisee will be a Company:

Company Name: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

If Franchisee will be an Individual:

Signature: _____

Print Name: _____

Date: _____

Please insert all information (including date you received this Franchise Disclosure Document) and return the completed Receipt to us by fax (972-831-0401), email (franchise@legaldepts.com), or regular mail (Golden Franchising Corporation, Attn: Legal Department, 1131 Rockingham Drive, Suite 250, Richardson, TX 75080).

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ATTACHMENT K
RECEIPT
[RETURN THIS COPY TO US]

The Franchise Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read the Franchise Disclosure Document and all agreements carefully. If Golden Franchising Corporation offers you a franchise, it must provide the 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. If Golden Franchising Corporation does not deliver the 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 appropriate state agency listed in Attachment A. The issuance date of this Franchise Disclosure Document is April 17, 2023.

Only the following persons within Golden Franchising Corporation have the authority to offer and sell Golden Chick franchises: Mark Parmerlee (CEO), Brian Loescher (President), Monty Whitehurst (Sr. VP, Development), Casey Clark (VP, Franchise Operations), and Scott Stevenson (VP, Development and Construction), 1131 Rockingham Drive, Suite 250, Richardson, Texas 75080 (972-831-0911). In addition, the following Area Representatives (who are each considered a "Franchise Seller") has the authority to offer and sell Golden Chick franchises only within its area: [Houston Area] WTI - GC, LP, c/o WTI - GC Management, LLC, 500 West Ohio Avenue, Suite 200 Midland, Texas 79701 (713-294-3331), [Las Vegas Area] West of Cluck, LLC, 1602 Wynn Joyce Road, Garland, Texas 75043 (214-682-5655), and [San Antonio Area] GC Franchise SA, LLC, 16109 University Oak, San Antonio, Texas 78249 (210-878-0034). Additionally, we have an independent franchise broker: Kathy "Kat" Davidson, Monarch Franchise Consulting, LLC, P.O. Box 19127, Dallas, Texas 75035 (678) 485-8413. Area Representative and any franchise brokers have no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. Area Representative and any franchise brokers are independent contractors responsible for all obligations and liabilities of, and for all loss or damage to, or resulting from their operations. The name and address of our registered agent authorized to receive service of process is located in Item 1 of the Franchise Disclosure Document.

I have received a Golden Franchising Corporation Franchise Disclosure Document dated April 17, 2023, that included the following Attachments: State Appendix to Disclosure Document; (A) List of State Administrators; (B) List of Agents for Service of Process; (C) Table of Contents of Golden Chick Operations Manual; (D) Financial Statements; (E) Franchise Agreement; (F) Development Agreement; (G) Conditional Release Agreement; (H) SBA Addendum; (I) VetFran Addendum; (J) List of Current and Former Franchisees; and (K) Receipts.

PROSPECTIVE FRANCHISEE:

If Franchisee will be a Company:

Company Name: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

If Franchisee will be an Individual:

Signature: _____

Print Name: _____

Date: _____

Please insert all information (including date you received this Franchise Disclosure Document) and return the completed Receipt to us by fax (972-831-0401), email (franchise@legaldepts.com), or regular mail (Golden Franchising Corporation, Attn: Legal Department, 1131 Rockingham Drive, Suite 250, Richardson, TX 75080).