FRANCHISE DISCLOSURE DOCUMENT

TWIN PEAKS®

Good as CLUCK WINGS

TWIN RESTAURANT FRANCHISE, LLC
a Delaware limited liability company
5151 Beltline Road, #1200
Dallas, Texas 75254
972-941-3158
www.twinpeaksrestaurant.com
www.goodascluck.com
www.TwinPeaksFranchise.com

You will establish and operate a lodge-themed, sports entertainment oriented full-service restaurant under the name Twin Peaks® with a full bar featuring the Twin Peaks® Girls, who are attractive women dressed in theme-related uniforms that promote the girl-next-door image, and American pub-style cuisine, alcoholic and non-alcoholic beverages, and other products under the Twin Peaks® brand and proprietary system ("Restaurant"). You may elect to also operate a virtual, delivery-only menu from the Restaurant under the name Good as Cluck®, which features chicken sandwiches, chicken wings and related chicken menu items.

The total investment necessary to begin operation of a single Twin Peaks® restaurant ranges from \$2,254,000 to \$5,746,000 if you convert existing restaurant space to a Restaurant, or \$4,654,000 to \$6,946,000 if the Restaurant is newly constructed. These amounts include \$278,400 to \$302,600 that must be paid to the franchisor or affiliate. If you acquire rights to develop more than one restaurant, then you must also pay us a development fee of 50% of the initial franchise fee for all additional Twin Peaks® restaurants you agree to develop (the total amount of the development fee will depend on the number of restaurants you commit to develop). The total investment necessary to begin operation if you acquire development rights (assuming you commit to 2 to 10 restaurants) is \$2,329,000 to \$7,221,000. This includes \$303,400 to \$527,600 that must be paid to the franchisor or affiliate. Restaurants that also feature a Good as Cluck® delivery-only menu will require an estimated additional initial investment in inventory and supplies of \$500.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our affiliate in connection with the franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Clay Mingus at 5151 Beltline Road, #1200, Dallas, Texas 75254 and 972-941-3159.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). You can contact the FTC at 1-877-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: June 20, 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or **Exhibit D.**
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or **Exhibit A** includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Twin Peaks 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 Twin Peaks franchisee?	Item 20 or **Exhibit D** 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 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in **Exhibit I**.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the Disclosure Document Addenda. See the Table of Contents for the location of the Disclosure Document 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 and area development agreement require you to resolve disputes with the franchisor by arbitration in the Office of the International Institute for Conflict Prevention & Resolution nearest to the franchisor's principal place of business, or by litigation in the judicial district where the franchisor's principal place of business is located, currently Dallas County, Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Texas than in your own state.

2. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

<u>THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW</u>

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 335-7567.

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

Twin Peaks® FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

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

To simplify the language in this disclosure document, the term "we" means Twin Restaurant Franchise, LLC, the franchisor. The term "you" means the person buying the franchise, the franchisee. If the franchisee is a general partnership, the term "you" refers to all partners. If the franchisee is a corporation, limited liability company or other business entity, the term "you" refers to the franchisee and the term "principals" refers to any individual or entity with a beneficial ownership in the franchisee (including shareholders of a corporation, members of a limited liability company, general and limited partners of a limited partnership).

Description of the Franchised Business

We sell franchises for restaurants ("Restaurants") with full bars offering a wide variety of American-style menu items and alcoholic and non-alcoholic beverages that feature the "Twin Peaks® Girls," who are attractive women dressed in lodge and sports themed uniforms that enhance the "girl next door" persona. The Restaurants do business under the trademark "Twin Peaks®." We do not operate Restaurants but affiliates of ours operate the Restaurants disclosed as "company-owned" locations in Item 20 below.

Restaurants operate according to the Twin Peaks® proprietary business format and system ("System"), which includes our methods and procedures for development, management and operation, as well as our confidential information and Manuals (defined below), the Marks (defined below), and other business standards and policies. The distinguishing characteristics of the System include distinctive exterior and interior design, décor, and color scheme; furnishings; special recipes and menu items; proprietary beer and brewing equipment; uniform standards, specifications, policies and procedures for operations; service techniques; quality and uniformity of the products and services offered; procedures for inventory, management, and financial control; training and assistance; and advertising and promotional programs, all of which we may change, improve, further develop, or otherwise modify.

A key element of the System is the "blizzard beer" glycol beer system, which dispenses over 32 beers, including several taps brewed especially for Twin Peaks® Restaurants, at 29 degrees Fahrenheit. As indicated above, the System is also known for "Twin Peaks® Girls," who act as the host of the party and bring energy to the Twin Peaks® Restaurant atmosphere by engaging and interacting with patrons while serving food and drinks.

Twin Peaks® Restaurants operate under the Twin Peaks® trade name and service mark and the other trade names, service marks, trademarks, logos, emblems, and other indicia of origin that we designate to identify businesses operating under the System ("Marks").

Restaurants may also offer a virtual, delivery-only concept under the name Good as Cluck®, which features chicken sandwiches, chicken wings and other chicken menu items. Good as Cluck® menu items are ordered online or through food delivery applications that we designate. Good as Cluck® operates under and subject to the terms of the Restaurant's Franchise Agreement and the Good as Cluck® Addendum attached as Exhibit H to the Franchise Agreement. It may not be operated independently of a Restaurant or transferred without a transfer of the Franchise Agreement for the Restaurant with which it is associated.

If we award you multi-unit development rights, you must sign our Area Development Agreement. The Area Development Agreement will state the number of Restaurants to be developed, the geographic area, and the timeframe. You must enter into a separate Franchise Agreement for each Restaurant you develop. The Franchise Agreement for the first Restaurant developed under the Area Development Agreement will be in the form of Exhibit C to this disclosure document and will be signed upon our acceptance of your proposed site where the first Restaurant will be located. For each additional Restaurant developed under the Area Development Agreement, you must sign our then-current Franchise Agreement currently being offered to new franchisees, which may be materially different than our current Franchise Agreement, by the deadline to execute the Franchise Agreement set forth in the Development Schedule (see Item 11).

Market and Competition

The market for restaurant services is well-established and highly competitive. There is active price competition, as well as competition for management personnel and for attractive commercial real estate sites. You will compete with other restaurants offering a wide variety of menu items and alcoholic and non-alcoholic beverages. Competitors may be locally-owned or large, regional or national chains. The restaurant business is also affected by changes in consumer taste, demographics, traffic patterns, and regulatory and economic conditions.

The Franchisor, Its Parents, Predecessors, and Affiliates

We were formed on May 18, 2007, as a Delaware limited liability company. We do business under our corporate name and the names "Twin Peaks®" and "Good as Cluck®." Our agents for service of process in the states that require franchise registration are listed in Attachment B. We began offering franchises on July 11, 2007. We are not engaged in any other businesses, and we have not offered franchises in any other line of business. We do not have any predecessors. Our principal place of business is 5151 Beltline Road, #1200, Dallas, Texas 75254.

We are owned by our immediate parent company, Twin Restaurant Holding, LLC ("TRH"). TRH is a wholly owned subsidiary of Twin Peaks Buyer, LLC ("TPB"). On October 1, 2021, FAT Brands, Inc. ("FAT") acquired all the ownership of TPB through a subsidiary, FAT Brands Twin Peaks I, LLC ("FBTP"), from our former ultimate parent, Twin Peaks Holdings, LLC. FAT and FBTP share a principal business address of 9720 Wilshire Blvd., Suite 500, Beverly Hills, California 90212. On May 13, 2024, our affiliated entity, Twin Hospitality Group Inc., submitted a registration statement to the Securities and Exchange Commission to become a standalone public reporting company. As of the date of this disclosure document, the completion of the transaction remains subject to various conditions.

Our affiliate, Twin Peaks Restaurant N Irving Beverage Holdings, LLC ("TP Beverage"), supplies proprietary beer brands that may be purchased by our franchisees for resale from Restaurants. TP Beverage does not offer franchises in any line of business. TRH, TPB and TP Beverage share our principal business address at 5151 Beltline Road, #1200, Dallas, Texas 75254.

As a result of FAT's acquisition of the ownership of TPB, we are affiliated with the following brands, currently owned directly or directly by FAT, which offer franchises under their own trademarks and systems but do not provide products or services to our franchisees and have never offered franchises in any other line of business. Affiliates listed below share a principal business address of 9720 Wilshire Blvd., Suite 500, Beverly Hills, California 90212.

Fatburger North America, Inc. ("FBNA") has offered franchises under the name "Fatburger" since 1990. Fatburger restaurants primarily serve burgers, shakes, and fries. As of December 31, 2023, there were 189 franchised Fatburger restaurants operating (of which 87 are co-branded with "Buffalo's Café" restaurants).

Buffalo's Franchise Concepts, Inc. has offered franchises under the name "Buffalo's Cafe" since 1989. Buffalo's Cafes offer chicken wings and distinctive homemade wing sauces, burgers, wraps, steaks, salads, and other classic American cuisine. As of December 31, 2023, there were 13 franchised Buffalo's Cafes (and 87 co-branded "Fatburger" and "Buffalo's Café restaurants) operating.

Ponderosa Franchising Company has offered franchises under the name "Ponderosa Steakhouse" since 1994. Ponderosa Steakhouses primarily offer a buffet serving a broad array of steak, chicken and seafood entrees. As of December 31, 2023, there were 29 franchised Ponderosa Steakhouses operating.

Hurricane AMT, LLC has offered franchises under the names "Hurricane Grill & Wings," "Hurricane Sports Grill," "Hurricane Dockside Grill," and "Hurricane BTW Burgers + Tacos + Wings" since 2008. Hurricane restaurants offer jumbo, fresh wings paired with over 35 signature sauces, rubs, and glazes and flavorful fan favorites including fries, tacos, and burgers. As of December 31, 2023, there were 40 franchised Hurricane restaurants (39 Hurricane Grill & Wings and 1 Hurricane BTW Burgers + Tacos + Wings restaurant) operating.

EB Franchises LLC has offered franchises under the name “Elevation Burger” since 2008. Elevation Burger restaurants are fast casual restaurants that specialize in organic burgers. As of December 31, 2023, there were 35 franchised Elevation Burger restaurants operating.

Johnny Rockets Licensing, LLC has offered franchises under the name “Johnny Rockets” since 1989. Johnny Rockets restaurants offer a menu of lunch and dinner products featuring made-to-order hamburgers, crispy fries, chili, hand-spun shakes and malts, classic sandwiches, and other menu items. As of December 31, 2023, there were 256 franchised Johnny Rockets restaurants operating.

Marble Slab Franchising, LLC has offered franchises under the names “Marble Slab” or “Marble Slab Creamery” since 1986. Marble Slab Creameries offer ice cream that customers can order in combination with nuts, fruit, and other “mix-ins” that are blended into ice cream on a chilled marble or granite slab. As of December 31, 2023, there were 384 franchised Marble Slab Creameries operating.

HDOS Franchising, LLC has offered franchises under the name “Hot Dog on a Stick” since 1997. Hot Dog on a Stick businesses offer award-winning lemonade, hot-dog-on-a-stick and cheese-on-a-stick products, French fries, and other food items and beverages. As of December 31, 2023, there were 20 franchised Hot Dog on a Stick businesses operating.

GAC Franchising, LLC has offered franchises under the name “Great American Cookies” since 1977. Great American Cookies offer cookies, brownies, cupcakes, and related food items and beverages. As of December 31, 2023, there were 418 franchised Great American Cookies businesses operating.

PM Franchising, LLC has offered franchises under the name “Pretzelmaker” since 1992. Pretzelmaker businesses offer soft pretzels, pretzel toppings, beverages and other food products. As of December 31, 2023, there were 207 franchised Pretzelmaker businesses operating.

The Round Table Franchise Corporation has offered franchises under the name “Round Table” and “Round Table Pizza” since January 1979. Round Table Pizza restaurants offer pizza and related food items and beverages. As of December 31, 2023, there were 402 franchised Round Table Pizza restaurants operating.

Native Grill & Wings Franchising, LLC has offered franchises under the name “Native Grill & Wings” since 1988. Native Grill & Wings is an American fast casual restaurant chain founded in Arizona, which specializes in wings and features full services bars located in Arizona, Illinois, and Texas. As of December 31, 2023, there were 20 franchised Native Grill &Wings restaurants operating.

Fazoli’s Franchising Systems, LLC has offered franchises under the name “FAZOLI’S®” and “FAZOLI’S RESTAURANTS” since 2006. Fazoli’s is a premium fast-casual Italian food restaurant chain founded in Kentucky, combining the convenience and price of fast food with the food quality and dining atmosphere associated with casual dining. As of December 31, 2023, there were 150 franchised Fazoli’s restaurants operating.

Smokey Bones Franchising LLC has offered franchises under the name “Smokey Bones” since 2024. “Smokey Bones” restaurants are full-service restaurants with a full bar featuring classic American barbeque-style foods, various alcoholic and non-alcoholic beverages and other products under the “Smokey Bones” name that has been in existence since 1988. As of December 31, 2023, there were no franchised Smokey Bones restaurants operating.

Bonanza Restaurant Company has offered franchises under the name “Bonanza Steakhouse” and “Bonanza Steak & BBQ” since 1994. Bonanza Steakhouse restaurants primarily offer fresh farm-to-table salad bars and serve a menu showcase of USDA flame-grilled steaks and house-smoked barbeque. As of December 31, 2023, there were 7 franchised Bonanza Steakhouses operating.

Yalla Mediterranean Franchising Company, LLC has offered franchises under the names "Yalla" and "Yalla Mediterranean" since 2019. Yalla restaurants offer a menu of freshly prepared California-inspired Greek and Mediterranean appetizers, sandwiches, wraps, salads, platters, side dishes and beverages for on-premises and off-premises consumption and catering. As of December 31, 2023, there were no franchised Yalla restaurants operating.

GAC Manufacturing, LLC ("GAC Manufacturing"), an indirect, wholly-owned subsidiary of FAT, is in the business of operating the cookie dough plant that produces proprietary batter, dough, and other ingredients for making cookies ("Cookie Ingredients") that are supplied to certain of our affiliates' franchises who have the right to offer and sell cookies as an add-on menu item. GAC Manufacturing produces proprietary batter, dough and other ingredients that are used in the operation of Great American Cookie stores. GAC Manufacturing has a principal business address of 4685 Frederick Drive, Atlanta, Georgia 30336. GAC Manufacturing (i) does not own or operate any franchises like the franchise that we are offering to you, (ii) has never offered franchises in any line of business, and (iii) except for manufacturing Cookie Ingredients, has never provided any other franchise support services to franchisees.

Industry Specific Regulation

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans fats and sodium contained in a food item. Additionally, the Patient Protection and Affordable Health Care Act requires employers of a certain size to provide health insurance to its employees, and the U.S. Food and Drug Administration has issued regulations that require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to provide additional written nutrition information to consumers upon request.

You will need to obtain a liquor license to operate the Restaurant. State and local laws, regulations, and ordinances vary significantly in the procedures, difficulty, and costs associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption.

The Twin Peaks® System contemplates that you will hire only females to be Twin Peaks® Girls. Consistent with our belief that what we sell is an entertainment experience, we believe the hiring decisions in this regard are protected by free speech rights, and we believe this practice falls under the bona fide occupational qualification defense under Title VII of the Civil Rights Act of 1964, as amended. However, the risk of being challenged on such hiring practices is a business risk you must assume.

You also must comply with all applicable laws, rules, and orders of any governmental authority concerning any pandemic or public health crisis, which may require businesses in the restaurant industry to materially modify, limit, or cease operations for an indeterminate period.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

Unless otherwise indicated, each of the individuals disclosed in this Item is located in our headquarters in Dallas, Texas.

Chief Financial Officer and Co-Chief Executive Officer of FAT – Kenneth J. Kuick

Mr. Kuick has been the Co-Chief Executive Officer of FAT since May 2023. Mr. Kuick has also served as the Chief Financial Officer of FAT and FBNA since May 2021. Mr. Kuick was in between positions from August 2020 to May 2021. Before that, Mr. Kuick served as Chief Financial Officer of Noodles & Company in Broomfield, Colorado from November 2018 to August 2020. Mr. Kuick serves in his present capacities in Beverly Hills, California.

Co-Chief Executive Officer and Head of Debt Capital Markets of FAT: Robert Rosen

Robert Rosen has served as the Co-Chief Executive Officer and Head of Debt Capital Markets of FAT since May 2023. From March 2021 to May 2023, he served as the Executive Vice President of Capital Markets of FAT. Before that, he served as Managing Member of Kodiak Financial Group in Katonah, New York from January 2004 to March 2021. Mr. Rosen serves in his present capacities in Beverly Hills, California.

Chief Executive Officer: Joseph Hummel

Joseph Hummel has served as our Chief Executive Officer since October 2016.

Chief Operating Officer: Roger Gondek

Roger Gondek has served as our Chief Operating Officer since July 2017.

Chief Financial Officer: Scott Gray

Scott Gray has served as Chief Financial Officer since September 2020. Scott served as Chief Financial Officer of Luby's Fuddruckers Restaurants, LLC in Houston Texas from April 2007 to April 2020.

Chief Legal Officer: Clay C. Mingus

Clay C. Mingus was appointed our Chief Legal Officer in July 2017.

Chief Development Officer: Michael P. Locey

Michael P. Locey was appointed our Chief Development Officer in July 2017.

Vice President of Franchise Sales and Development: Ray Bodnar

Ray Bodnar was appointed our Vice President of Franchise Sales and Development in January 2023. Prior to joining our company, Ray was Director of Franchise Sales for Captain D's, LLC in Nashville, Tennessee from May 2022 to January 2023. Before that, Ray was Vice President of Franchise Sales for Dickey's Barbecue Restaurants, Inc. in Dallas, Texas from January 2021 to May 2022. From February 2018 to December 2020, Ray was Vice President of Franchise Sales at Radisson Hotel Group in Minnetonka, Minnesota.

Vice President of Operations: Thomas Weisheyer

Thomas Weisheyer was appointed our Vice President of Operations in February 2019.

Vice President of Strategic Planning and Analysis: Hope Barnes

Hope Barnes was appointed our Vice President of Strategic Planning and Analysis in February 2019.

Vice President of Human Resources and Learning & Development: Lexi Burns

Lexi Burns has served as our Vice President of Human Resources and Learning & Development since January 2018.

Vice President of Marketing: Destinee Rollins

Destinee Rollins has served as our Vice President of Marketing since March 2021. She previously served as our Senior Director of Marketing from February 2019 to March 2021.

ITEM 3
LITIGATION

Concluded Litigation

Commonwealth of Virginia ex rel. State Corporation Commission v. Fatburger North America, Inc. (Case No. SEC-2022-00034). This matter involves allegations by the Virginia State Corporation Commission's Division of Securities and Retail Franchising that, from December 2020 through August 2021, our affiliate, FBNA, offered and sold 3 Virginia franchises at a time when it was not effectively registered in Virginia. Under the Settlement Order, to which FBNA consented (without admitting or denying the allegations) on May 12, 2023, FBNA agreed: (a) to offer the affected franchisees an opportunity to rescind their franchises; (b) to pay $27,000 to the Commonwealth of Virginia; and (3) not to violate the Virginia franchise law in the future.

Robert J. Matthews, et al., v. FAT Brands, Inc., Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick (United States District Court for the Central District of California, Case No. 2:22-cv-01820). On March 18, 2022, plaintiff Robert J. Matthews ("Matthews"), a putative investor in FAT, filed a putative class action lawsuit against FAT, Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), alleging that the defendants were responsible for false and misleading statements and omitted material facts in FAT's reports filed with the U.S. Securities and Exchange Commission under the 1934 Act related to a story published by the Los Angeles Times on February 19, 2022 regarding FAT and its management. The plaintiff alleged that FAT's public statements wrongfully inflated the trading price of its securities. The plaintiff sought to certify the complaint as a class action and sought compensatory damages in an unspecified amount. On April 25, 2022, Kerry Chipman ("Chipman"), another putative investor in FAT, filed a second putative class action lawsuit against FAT, Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick in the United States District Court for the Central Division of California, asserting substantially the same claims as those made by Matthews in the above-referenced lawsuit. On May 2, 2022, the Court entered an order consolidating the actions filed by Matthews and Chipman under the caption *In re FAT Brands Inc. Securities Litigation.* On June 13, 2022, the Court appointed Matthews as lead plaintiff and The Rosen Law Firm, P.A., as lead counsel in the consolidated action. The plaintiffs filed their Consolidated Amended Complaint on June 27, 2022. In August 2022, after mediation, the parties agreed to settle the litigation. Under the settlement, FAT agreed to pay on behalf of the defendants $2,500,000 in cash and $500,000 in Class A common stock of FAT to the class plaintiffs, the plaintiffs released all claims against the defendants, and the action was dismissed with prejudice on February 28, 2023.

Except for the actions above, 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

You must pay us an initial franchise fee of $50,000 when you sign the Franchise Agreement. It is considered fully earned and non-refundable when paid. You also must reimburse us for any reasonable out-of-pocket attorneys' fees that we incur in connection with drafting negotiated amendments to your Franchise Agreement.

If you purchase an existing Restaurant franchise, you do not pay an initial franchise fee. Instead, we receive a $12,500 transfer fee (which is not refundable).

There is no initial fee requirement for rights to feature Good as Cluck® menu items for delivery from the Restaurant.

Development Fee

When you sign the Area Development Agreement, you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed and 50% of the initial franchise fee for each additional Restaurant to be developed under the Area Development Agreement. You also must reimburse us for any out-of-pocket attorneys' fees that we incur in connection with drafting negotiated amendments to your Area Development Agreement.

When you sign the Franchise Agreement for the first Restaurant, we will credit $50,000 of your development fee payment to satisfy the $50,000 initial franchise fee due under the Franchise Agreement. When you sign each additional Franchise Agreement under the Area Development Agreement, you will sign the then-current form of franchise agreement that we offer. In addition, you will pay us the balance due for the initial franchise fee due under the Franchise Agreement, which will be the initial franchise fee minus the applicable portion of the development fee. The development fee is calculated in the same manner for all franchisees entering into Area Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Restaurants you agree to develop. The development fee is considered fully earned and non-refundable when paid.

Referrals

We may, in our sole discretion, offer certain incentives to existing Twin Peaks franchisees who refer to us prospective Twin Peaks franchisees then-operating one or more restaurants under a different brand if the prospective franchisee and we subsequently enter into a Franchise Agreement and/or Area Development Agreement. We reserve the right, in our sole discretion, to offer, modify, or withdraw any incentives without notice to you.

Opening Training Team

We provide an "Opening Training Team" of our trained representatives to provide on-site pre-opening and opening training, supervision, and assistance to you. The team of about 30 people is on site for approximately 26 days to provide training and evaluate the experiences of the guests. You must pay for the compensation, costs of travel, lodging, meals and miscellaneous costs of the Opening Training Team. We estimate that the costs for the Opening Training Team will range from $220,000 to $240,000. Upon payment, these costs are not refundable. If we deem, based on our observations of your personnel, guest experience, and many other factors, that the opening requires additional support longer than the initial 26-day training period, then there will be additional expenses and you must pay for the compensation, costs of travel, lodging, meals and miscellaneous costs of the additional support.

Training Costs

We will provide the Manager In Training Program to your management personnel. Your Unit General Manager and Shift Manager must complete the Manager In Training Program before the Restaurant opens. The Manager In Training Program is up to 17 weeks depending on the job duties of your management personnel. You must pay all expenses you or your management personnel incur in the Manager In Training Program, like travel, lodging, meals, and wages. These costs will vary depending upon your selection of salary levels, lodging and dining facilities, mode of transportation, and distance traveled. You must also pay us a fee of $700 per week for the first 6 weeks of management training for each manager in training. We estimate these fees will range from $8,400 to $12,600, depending on the number of people you send to the Manager In Training Program.

During 2023, franchisees signing our franchise agreement paid, or made commitments to pay, total initial fees as described in this Item 5 to us and/or our affiliates ranging from $35,000 to $50,000.

Except as otherwise described, the initial fees and payments in this Item 5 are uniform in all cases.

ITEM 6
OTHER FEES

Type of Fee(1)	**Amount**	**Due Date**	**Remarks**
Royalty Fee(3)	5% of Gross Sales(2)	Every Tuesday for the preceding Reporting Period(4)	You must pay the Royalty Fees by electronic funds transfer.
Brand Fund Contribution(5)	Up to 4% of Gross Sales(2); currently 2.5%	Every Tuesday for the preceding Reporting Period(4)	You must pay the Brand Fund Contribution by electronic funds transfer.
Local Marketing Expenditure(6)/Advertising Cooperative(7)	0.5% of Gross Sales(2)	Periodically	See Note 6 and Note 7 below. No advertising cooperative fee is currently assessed.
Marketing Materials	Varies	Upon invoice	We may make available to you certain marketing material for display in the Restaurant or in connection with the promotion, advertising and marketing of products and services offered by the Restaurant for purchase in an amount equal to our cost in supplying such marketing materials.

Type of Fee[1]	Amount	Due Date	Remarks
Additional Training; Retraining	Reasonable fee (currently $275 day for each person providing the training) plus expenses	Upon invoice	
Inspection and Testing for Unapproved Suppliers, Products or Equipment	Cost of inspection, if applicable, and cost of test.	Upon invoice	Before approving a new supplier, product or equipment, we may require you to pay the cost of testing the supplier's products and/or equipment and inspecting its facilities.
Quality Assurance Inspections	$450-$500	Upon invoice	If you receive a failing score on inspection, you will reimburse us for the cost of such inspection as well as the cost of a follow-up inspection to confirm quality deficiencies have been cured.
Audits	Cost of audit plus Interest	Upon invoice	You pay the cost of an audit only if it shows an understatement of your Gross Sales, Royalty Fees, or Brand Fund Contributions or an understatement of 1.25% or more from data reported to us in respect to any other item that is material to the computation of fees or analysis of the operation.
Certified Training Restaurant – Initial Certification and Audits	Costs and expenses	Upon invoice	You will reimburse us for out-of-pocket costs incurred by us in connection with certifying your Certified Training Restaurant and audits conducted to confirm that your Certified Training Restaurant continues to qualify for such certification, including travel, lodging, meal and wages for the Training Manager and/or Director of Operations.
Improvements	Currently, up to $500,000 for improvements required during the initial term of the Franchise Agreement	Upon invoice	Payable to us as reimbursement for any required improvements we make to your Restaurant following your failure to make the improvements within the time period described in the Franchise Agreement
Transfer Fee[8]	$12,500	Upon application for consent to transfer	Payable to us when you request our consent to transfer the franchise or your ownership.

Type of Fee[1]	Amount	Due Date	Remarks
Successor Fee	50% of the then-current initial franchise fee	30 days before the end of the expiring term	Based upon the current initial franchise fee is $50,000, the successor fee is $25,000.
Securities Offering Review	$10,000	Upon invoice	Payable if you engage in a public or private securities offering that includes a prospectus or offering memorandum that we review
Late Fee	$150 for each delinquent report or payment	Automatically upon next Electronic Transfer of Funds	You must pay this fee in addition to interest for any payment or report received by Franchisor after the prescribed due date.
Interest	18% per annum or maximum lawful rate	On demand	Interest is charged when any of the Royalty Fee, Brand Fund Contribution, transfer or successor fee payments, or any other sum due to us is not paid when due or an audit reveals underpayment based on incorrect Gross Sales.
Insurance[9]	Premiums vary depending on location; currently, $45,000-$70,000 for annual premiums	When premiums are due	We have the right to obtain insurance for your Restaurant at your expense for premium if you fail to purchase or renew your required insurance and provide proof of coverage to us.
Indemnification	Varies depending upon claim and resolution of claim.	Upon billing	Payable if and when we defend a claim for which you indemnify us under the Franchise Agreement or Area Development Agreement (if applicable).
Costs and Legal Fees	Actual legal fees and expenses	Upon billing	Incurred only if a court determines that you have breached the Franchise Agreement or Area Development Agreement, if applicable. Legal fees and expenses will vary depending on factors such as the nature of the legal matter, venue and the complexity of the legal matter.
Liquidated Damages (Undeveloped Restaurants)	$50,000 per undeveloped Restaurant	Upon demand	You are required to pay us for all losses and expenses incurred by us in connection with any third party claim for which you are required to indemnify us under the Franchise Agreement or Area Development Agreement (if applicable), including compensatory, exemplary or punitive damages; arbitration costs; mediation

Type of Fee[1]	Amount	Due Date	Remarks
			costs; settlement amounts; judgments; court costs; fines; charges; costs; and expenses, including, without limitation, reasonable legal' fees; and damages and injury that result from your negligent performance of or other breach of the Franchise Agreement or Area Development Agreement, including lost profits and compensation for damages to reputation and goodwill and costs of or resulting from delays, financing, marketing materials and media time and space plus any costs of changing, substituting or replacing the same.
Liquidated Damages (Termination of Franchise Agreement)	If we terminate your Franchise Agreement following your breach of the Agreement and failure to cure within the time period described in the Agreement, if any, then in addition to other remedies we may have under the Agreement and at law, and to the extent permitted by applicable law, you must pay to us as liquidated damages and not as a penalty in a lump sum payment, calculated as follows:(a) where there are less than two years remaining in the Term, the greater of (1) the average Royalty Fee paid by you per month during the previous two years of operation of the Restaurant multiplied by the number of months remaining in the Term and (2) $500,000; (b) where there are two or more years remaining in the Term and the Restaurant has operated for at least two years, the average Royalty Fee paid by you during the previous two years of operation of the Restaurant multiplied by 24 months; or (c)where there	Upon demand	If we terminate your Area Development Agreement following your failure to develop Restaurants as required, then in addition to other remedies that we may have under the Area Development Agreement and at law, and to the extent permitted by applicable law, you must pay to us as liquidated damages and not as a penalty the balance of the initial franchise fee in the amount of $50,000 for each undeveloped Restaurant.

Type of Fee(1)	Amount	Due Date	Remarks
	are two or more years remaining in the Term and the Restaurant has operated for less than two years, the average aggregate Royalty Fee paid by all Twin Peaks franchisees for the month that termination of the Franchise Agreement is effective, multiplied by 24 months		

Notes:

(1) You pay all fees to us, and all fees are uniformly imposed, unless otherwise noted. All fees are non-refundable.

(2) "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to your Twin Peaks® Restaurant and, if applicable, Good as Cluck® business, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Sales when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail prices of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Gross Sales during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Sales will expressly exclude the following: complimentary food and beverage service (provided that such food and beverage service does not exceed 4% of Gross Sales in any Reporting Period), meals provided to employees, tips and gratuities, and sums collected and actually paid by Franchisee for any sales, drink, or other excise tax imposed by any duly constituted government authority. In the case of promotional discounts implemented by us at the Restaurant, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of the term Gross Sales. Gross Sales also includes the proceeds of any business interruption insurance applicable to your Restaurant.

(3) The "Royalty Fee" for the initial term will be an amount equal to 5% of Gross Sales for each Reporting Period. We may, however, in our sole discretion, offer incentives to area developers that meet our current criteria for Twin Peaks area developers and purchase the rights to develop three or more Twin Peaks restaurants under an Area Development Agreement, or, for existing area developers, those area developers that develop Twin Peaks restaurants earlier than the deadlines set forth in the development schedule. For eligible area developers, we will waive the Royalty Fee for the initial 12 months of operation for the Restaurants developed in accordance with the above-described terms of the incentive program. We reserve the right, in our sole discretion, to offer, modify, or discontinue the incentive program at any time.

(4) "Reporting Period" means the period from Monday to Sunday (unless we designate otherwise).

(5) We reserve the right to increase the Brand Fund Contribution upon 60 days written notice to you, but the Brand Fund Contribution, when combined with the Local Marketing Expenditure requirement, will not exceed 4% of Gross Sales for the initial term of your Franchise Agreement.

(6) You must spend at least 0.5% of Gross Sales on approved local marketing ("Local Marketing Expenditure"). The expenses for local marketing must be paid by you directly to the vendors.

(7) Currently, there is no established advertising cooperative (a "Cooperative"). We may require that you participate in an approved local or regional Cooperative with certain other franchisees and

sign our then-current form of cooperative advertising agreement. The contribution amount designated by the Cooperative will be at least 0.5% of Gross Sales per Restaurant but may be greater if desired by the members of the Cooperative, provided that the contribution will not exceed 2% of Gross Sales. If a Cooperative is established, any amounts you contribute to the Cooperative will be credited against your Local Marketing Expenditure up to the maximum contribution then required for the Local Marketing Expenditure.

(8) The transfer fee is reduced if you are transferring multiple Restaurants to a single transferee as part of one transaction: $12,500 for the first Restaurant you transfer, $2,500 for the second through the tenth Restaurants, with no additional transfer fee beyond the tenth Restaurant (although the fee may include up to an additional $10,000 to cover our costs and expenses). The transfer fee is nonrefundable even if the proposed transfer does not occur for any reason (including if we disapprove the transfer), and in which case the transfer fee you paid us for the failed transfer will not be applied to any future requests for our consent to transfer.

(9) If you, for any reason, fail to obtain or maintain the insurance required by each Franchise Agreement entered into between us and you, as these requirements may be revised by us in the Manuals (described in Item 11 below) or otherwise in writing, we have the right and authority (but not the obligation), to immediately obtain such insurance and to charge the same to you, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice. Insurance costs are non-refundable. Insurance coverage requirements are uniformly imposed on all new franchisees. However, the costs of this coverage may not be uniform for all franchisees because premiums may vary according to the insurer, marketplace conditions, the location of the insured's premises, the insurance requirements of applicable law and other factors. These costs will not be collected or imposed in whole or in part on behalf of any third party by us and are payable to the applicable insurer or agent.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Single Franchise Agreement

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Conversion Space	New Construction Space			
Initial Franchise Fee[(1)]	$50,000	$50,000	Lump Sum	When you sign the Franchise Agreement	Us
Leasehold Improvements and Deposits[(2)]	$800,000 to $3,500,000	$2,700,000 to $4,600,000	As Arranged	As Arranged	Contractor
Equipment, Furniture, Fixtures, and Signage[(3)]	$900,000 to $1,400,000	$1,400,000 to $1,500,000	As Arranged	As Invoiced	Suppliers
Liquor License[(4)]	$1,000 to $14,000	$1,000 to $14,000	As Arranged	As Invoiced	Government Agencies, Lawyers, Other Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Conversion Space	New Construction Space			
Business Licenses and Permits(5)	$3,000 to $4,000	$3,000 to $4,000	As Arranged	As Invoiced	Government Agencies, Lawyers, Other Third Parties
Initial Training Costs(6)	$50,000 to $65,000	$50,000 to $65,000	As Arranged	As Invoiced	Employees and Suppliers
Opening Training Team Costs(7)	$220,000 to $240,000	$220,000 to $240,000	As Arranged	As Invoiced	Us or our Affiliates
Initial Inventory and Supplies(8)	$60,000 to $140,000	$60,000 to $140,000	As Arranged	As Arranged	Suppliers
Professional Services(9)	$10,000 to $25,000	$10,000 to $25,000	As Arranged	As Arranged	Accountants, Lawyers, Architect, Site Evaluation, etc.
Restaurant Opening Promotion(10)	$10,000	$10,000	As Arranged	As Arranged	Suppliers
Insurance(11)	$50,000 to $108,000	$50,000 to $108,000	As Arranged	As Arranged	Insurance Broker
Additional Funds for Initial 3-Month Period(12)	$100,000 to $190,000	$100,000 to $190,000			
TOTAL	**$2,254,000 to $5,746,000**	**$4,654,000 to $6,946,000**			

Area Development Agreement (Two to Ten Restaurants)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Conversion Space	New Construction Space			
Development Fee(13)	$75,000 - $275,000	$75,000 - $275,000	Lump Sum	When you sign the Development Agreement	Us
Estimated initial investment for first Restaurant(14)	$2,254,000 to $5,746,000	$4,654,000 to $6,946,000			
TOTAL	**$2,329,000 to $6,021,000**	**$4,729,000 to $7,221,000**			

Notes:

(1) If you develop a single Restaurant, your initial franchise fee is $50,000. If you commit to develop multiple Restaurants under an Area Development Agreement, we credit the allocable portion of your development fee against each applicable initial franchise fee. See Item 5 for more information about the initial franchise fee.

(2) Twin Peaks® Restaurants are typically located in commercially zoned shopping or entertainment areas. Conversion Space: The "Leasehold Improvements" amounts for a Conversion Space assume that you will lease the premises for the Restaurant and do not include costs of land acquisition and construction of a building. The Conversion Space Leasehold Improvements estimate is based on the cost of converting an existing space, including patio areas, and adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 6,000 to 8,000 conditioned square feet. New Construction: The Leasehold Improvements amounts for New Construction include the site improvement costs and the costs to build a building, but they do not include amounts to purchase land as land costs vary due to a variety of factors, including region, state, population density, and proximity to other retail/restaurants. The New Construction Leasehold Improvements estimate is based on the cost of adapting our prototypical architectural and design plans (including architect fees) to build a facility containing approximately 6,000 to 8,000 conditioned square feet with 150 or more parking spaces and a patio area.

The Leasehold Improvements ranges for all Restaurants, whether a Conversion or New Construction, will be affected by various factors like the location of the Restaurant and local market conditions. The estimates do not include pre-commencement date rent and lease deposits which, in our experience, typically are not charged by landlords of Twin Peaks restaurant premises. In addition, the estimates assume that the landlord will provide connections to adequate electrical, gas, water, and sewage service. Your actual costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your landlord. If your landlord contributes to the cost of finish-out, total leasehold improvement costs could be reduced. These costs are our best estimate based on commercial leasing and remodeling/finish-out rates that our affiliates have experienced with company-owned Twin Peaks® Restaurants. These estimates may vary substantially based on your ability to negotiate with your landlord and your financial creditworthiness, as well as on local commercial leasing and labor rates and other local conditions. If you open a Restaurant that has more square footage than our prototype plans, you should expect these costs to increase.

(3) These amounts include the cost of the furniture, fixtures, equipment (including our approved glycol beer system), decor items, signage, a POS System and multiple terminals, computer hardware and software, and audio-visual equipment system required for your Twin Peaks® Restaurant. If you open a Restaurant that has more square footage than the ranges stated in Note (3), above, then you should expect to pay more. The high end of the range assumes that all items in this category were purchased as new item, not used or refurbished items.

(4) The costs associated with obtaining your liquor license may vary significantly depending on factors like location, the availability of liquor licenses, the ability to transfer or assign a license, and the market value of liquor licenses.

(5) This amount represents the estimated cost of health and various operating licenses required at the local, regional, or state level.

(6) We provide initial training to your initial Operator, Unit General Manager, and all Shift Managers prior to opening your Restaurant. We will continue to train Unit General Managers until such time your Restaurant qualifies as a certified training restaurant. The Manager In Training Program is up to 17 weeks depending on the job duties of the Unit General Manager and Shift Manager. The initial training takes place at one of our certified training restaurants. You must pay all expenses you or your management personnel incur in the initial training program, like travel, lodging, meals, and wages. These costs will vary

depending upon your selection of salary levels, lodging and dining facilities, mode of transportation, and distance traveled. Due to the wide variances in wages, the range of estimated costs does not include wages or salaries; the lower dollar amount assumes trainees live near one of our certified training restaurants and that no hotel or transportation costs are incurred. There will be a cost of $700 per week for the first 6 weeks of management training for each manager in training. You will be invoiced for the cost and payment will be due within 10 days of submission.

(7) We provide an Opening Training Team of our trained representatives to provide on-site pre-opening and opening training, supervision, and assistance to you. The team of about 30 people is on site for approximately 26 days to provide training and evaluate the experiences of the guests. This support is provided for the opening of your first three Restaurants unless additional assistance is requested, or we determine at our sole option that such assistance is required. You must pay for the compensation, costs of travel, lodging, and per diem of the Opening Training Team.

(8) We estimate that the range given will be enough to cover food and paper inventory needs for the first week of operations when training and dry runs of Restaurant services occur prior to the opening of the Restaurant to the general public. These amounts may vary according to your sales volume during the indicated period, current market conditions, and local suppliers' terms. The high estimate includes an estimate of $500 of additional inventory items needed to begin operations of Good as Cluck®.

(9) This estimate includes the costs to establish your franchisee entity and to have the franchise documentation reviewed. This fee also includes the cost of hiring a company that specializes in helping restaurant operators submit and obtain licenses and permits. The cost of professional services and the costs associated with obtaining liquor licenses can vary widely depending upon the experience of the service provider and your state's laws and regulations. The range that we have provided is our best estimate of these costs based upon our affiliates' experience in obtaining these professional services.

(10) You must carry out a grand opening promotion for the Restaurant that complies with our written specifications. We must approve all advertising items, methods, and media.

(11) The costs of insurance may vary substantially depending on the insurer, the location of the Restaurant, the value of the equipment and improvements and your claims history. The amount of such premiums will vary widely based upon state insurance markets, number of employees, and other factors.

(12) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses, including monthly rent and security deposit. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the Royalty Fees and other related fees described in Item 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our affiliates' company-owned Twin Peaks® Restaurants to compile these estimates. You should review these figures carefully with your business advisor.

(13) The development fee is equal to 100% of the initial franchise fee for the first Restaurant plus 50% of the initial franchise fee for each additional Restaurant to be developed under the Area Development Agreement. For example, if you commit to develop a minimum of two Restaurants, the development fee would equal $75,000. See Item 5 for more information about the development fee.

(14) For each Restaurant that you develop under an Area Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Restaurant as described in the first table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. The estimate does not include the initial franchise fee since the development fee includes 100% of the initial franchise fee for the first Restaurant.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Approved Suppliers

You are required to purchase certain sauces, rubs, spices and other ingredients for proprietary recipes from approved suppliers. We do not permit franchisees to contract with any alternative suppliers for the products described in this paragraph, nor do we issue specifications for these items.

You must purchase from us or from suppliers we approve or designate: (1) fixtures, furniture, equipment, glycol beer system, computer and audio-visual systems, interior and exterior signage, graphics, decor, Restaurant design consulting services, general contractor services, engineering services, architect services, audio-visual installation services, and music and music video services; (2) food products and ingredients developed by or for us pursuant to a special recipe, formula, or specifications; (3) all fountain and bottled beverages, alcoholic and non-alcoholic, including but not limited to our or our affiliates' proprietary beer brands; (4) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing our Marks); (5) advertising, point-of-purchase materials, and other printed promotional materials; (6) gift certificates and stored value cards; (7) stationery, contracts, and forms; (8) bags, packaging, and supplies bearing our Marks; and (9) all other goods and/or services as we require. In addition to approved suppliers, we may require you to buy your requirements of food, beverages, ingredients, and supplies from affiliated or third-party distributors. Information concerning approved and designated suppliers will be communicated to you via the Manuals, which may include the standards and specifications for certain non-proprietary products, services and equipment.

You may purchase items and services for which we have not identified approved suppliers from any supplier, if the items and services meet our specifications. These specifications may include brand requirements. If brand requirements have been identified, you may purchase and use only approved brands.

Currently, you must purchase the following entertainment and media to be played and/or shown in your Restaurant: music and music videos in the format and from the vendors we require; satellite television service from DIRECTV; certain pay-per-view events, as we require, that are offered by UFC, ESPN, and NFL Sunday Ticket. We also reserve the right to prohibit you from playing and/or showing programming that we do not approve. Our current requirements for audio-visual systems include multiple flat panel televisions, amplifiers, speakers, and other audio-visual related equipment. Your audio/visual system must be installed by an installation service provider that we approve. We will provide you with a list of approved providers. If you prefer to use a provider that is not on our approved list, you must submit information about your provider set forth in our confidential development, training and brand standards manuals (collectively, the "Manuals"). We reserve the right to require you to use one of our then-current approved audio/visual installation service providers if your provider fails to install your audio/visual system in accordance with the standards set forth in the Manuals.

You must purchase the point-of-sale cash registers, computer systems, software, and equipment that we prescribe for Twin Peaks® Restaurants. Currently, we require you to purchase and install and run the NCR Aloha point-of-sale software, Aloha Enterprise polling software, and inventory management and online training platform software. Item 11 of this disclosure document provides more detailed information about our computer hardware and software requirements.

In addition, we may require you to purchase and utilize any upgrades, additions, enhancements or replacements of the hardware, software or audio/visual system, some of which may be developed and licensed by or on behalf of us or an affiliate, or otherwise required by us at such cost as we or our approved vendors make such upgrades, additions, enhancements, and replacements available to franchisees. Franchisee will have sole and complete responsibility for the acquisition, operation, maintenance, and upgrading of the Technology System. (See Items 6 and 11).

We do not permit franchisees to contract with any alternative suppliers of computer hardware, software or audio/visual system for use with or in the Restaurant, nor do we issue specifications for these items. You may use standard, off the shelf general business applications software such as Microsoft Office obtained from an authorized reseller for use in the franchised Restaurant.

Currently, one of our affiliates, Twin Peaks Restaurant of Irving Beverage Holdings, LLC, is a supplier of our proprietary beer brands that we require franchisees to sell in their Restaurants if located in Texas. For franchised Restaurants outside of Texas, we require franchisees to purchase a certain percentage of their draught beer taps (currently, 80% of draught beer taps) from our approved beer supplier and purchase only those beers from such approved suppliers designated by us for sale in the Restaurants. Other than as stated above, neither we nor any of our affiliates are designated or approved suppliers for any other products or services, and neither we, nor any of our officers owns an interest in any other privately held suppliers or a material interest in any publicly held suppliers of our franchise system.

We currently engage a third-party provider to perform quality assurance evaluations. All Restaurants are inspected three times per year at Franchisor's cost. If your Restaurant receives a failing score on an evaluation, you are required to reimburse us for the cost of such failed evaluation as well as the subsequent evaluation to confirm that all quality deficiencies have been corrected. The current fee for quality assurance evaluation is approximately $450-$500 per evaluation.

You are required to use an architect we approve for the planning and design of your Restaurant. We will provide you with a list of approved architectural firms. You will be required to independently and at your own expense have the design plans and specifications adapted for the finish-out or renovation of your Restaurant by our approved architect. If you have developed at least three Restaurants and, in connection with the development of your fourth Restaurant, you prefer to use an architect that is not on our approved list, you must submit the information regarding your architect as required in the Manuals and your proposed contract for our prior approval. We may withhold our approval if we determine that your proposed architect does not demonstrate the experience, credentials or qualifications for a project such as a Twin Peaks® Restaurant, or our prior experience with the architect has not been satisfactory. Any franchisee requesting an alternate architect must submit its proposal to us. We reserve the right to require you to use one of our then-current approved architects if your architect fails to adapt our prototypical design plans and specifications consistent with the standards set forth in the Manuals or fails to meet the development timeframe in your Franchise Agreement.

You are required to use a general contractor we approve for the construction of the Restaurant. If you prefer to use a general contractor that is not on our approved list, you must submit information about your general contractor as required in the Manuals. At any time during construction, we reserve the right to require you to use one of our then-current approved general contractors if your contractor fails to complete construction in accordance with the standards set forth in the Manuals or fails to meet the development timeframe in your Franchise Agreement.

If you choose to offer delivery services, including for Good as Cluck® menu items, you must use one of our designated delivery service providers in your area. You may, but are not required to, participate in third-party discount voucher programs (i.e. Groupon or Living Social) that have been approved by us. You may not use any third-party delivery or voucher company that has not been approved by us. We may add or remove vendors from the approved list at any time.

We may also provide you with written guidelines governing the minimum standards and specifications of certain products, services and equipment which you procure from unrelated third parties. These standards and specifications will be set forth in the Manuals. We may modify these standards and specifications, as well as the other standards and specifications discussed in this Item 8, by providing you with written notification.

Insurance

Within 30 days after the execution of the lease or purchase of the premises for the Restaurant you must obtain all required insurance policies solely from insurance agents/brokers or other providers approved by us or that meet our criteria as described below. We may or may not receive compensation or other economic benefits from approved insurance agents/brokers or other providers.

Such policy or policies will be written by an insurance carrier or insurance carriers that has received and maintains an A.M. Best Rating of "(A) V" or better and an A.M. Best Class Rating of VIII, and will include, at a minimum, the following for each Restaurant:

A. Commercial General Liability. The commercial general liability policy will be written on an occurrence basis and will include coverage for products/completed operations on the Restaurant premises through ISO form CG 24 07 or equivalent coverage and must not include an exclusion or sublimit for assault and battery. The commercial general liability policy will have a minimum per occurrence liability limit of $1,000,000 and a general aggregate liability limit of $2,000,000. The commercial general liability policy will also have the following endorsements: the additional insured coverage for us and our affiliates and their respective principals, directors, officers, employees, agents, successors and assignees (collectively, the "Franchisor Indemnitees") will include premises-operations, contractual liability, independent contractors, and products and completed operations. The additional insured coverage will not be limited to our vicarious liability and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Restaurant.

B. Crime (inside/outside) and Employee Dishonesty Insurance: Crime (moneys and securities) inside/outside coverage will have a minimum per occurrence liability limit of $100,000 for inside crime and a minimum per occurrence liability limit of $100,000 for outside crime. Employee dishonesty coverage will have a minimum per occurrence liability limit of $100,000.

C. Worker's Compensation Insurance. Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to us, provided that you (i) maintain insurance coverage that provides at least $1,000,000 in excess indemnity limits covering employer's liability, indemnity and medical expenses for on the job accidents acceptable to us; and (ii) conducts and maintains a risk management and safety program for your employees as you deem appropriate.

D. Automobile Liability Insurance. Automobile liability insurance coverage for owned, non-owned, and hired vehicles with a liability limit of not less than $1,000,000 combined single limit (which will include, without limitation, coverage for your delivery, including home delivery, if applicable, and catering operations).

E. Liquor liability insurance. You will carry liquor liability insurance with a minimum per occurrence liability limit of $1,000,000 per Restaurant location. The liquor liability insurance will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will not be limited to our vicarious liability and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Restaurant. The coverage will include a separation of insureds provision.

F. Building and personal property insurance coverage: Property coverage for physical loss or damage to personal property and real property including leasehold improvements, at each Restaurant location. The policy will include all risk replacement cost property insurance for your Restaurant and its contents, including without limitation awnings, equipment, signs, glass, additions under construction, outdoor fixtures, personal property, as well as business interruption insurance for income loss for at least 12 months and Royalty Fees due under your Franchise Agreement for the applicable Restaurant, food spoilage, equipment breakdown, business ordinance, debris removal, preservation of property, fire department service charges, pollutant clean up and removal, newly acquired or constructed property, property of others, property off premises, and stock. This policy will include us as a loss payee for equipment and supplies financed by us either by a loan, line of credit, or an open account.

G. Umbrella liability insurance. Umbrella coverage over the above-described general commercial liability, liquor liability, automobile liability and employer's liability insurance policies listed above and provide coverage at least as broad as these underlying policies. Such coverage will be written on a per occurrence basis. If you operate five or less Restaurants, the policy must provide coverage of at least a $5,000,000 per occurrence limit and $5,000,000 aggregate limit. If you operate six to ten Restaurants, the policy must provide coverage of at least $10,000,000 per occurrence limit and $10,000,000 aggregate limit. The umbrella liability insurance will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will not be limited to our vicarious liability and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the franchised business.

H. Employment Practices Liability Insurance. Employment practices liability insurance ("EPLI") coverage with coverage limits of at least $1,000,000 for Developers of 1 – 4 restaurants; at least $2,000,000 for Developers of 5 – 9 restaurants; and at least $4,000,000 for Developers of 10 or more restaurants. The policy must include coverage for third party claims. In addition, the policy must have a sublimit for defense costs relating to wage and hour claims. If an additional insured endorsement is not available, you will have a vicarious liability endorsement protecting Franchisor Indemnitees.

I. Data Privacy/Cyber Liability Insurance. Data privacy/cyber liability insurance coverage will have coverage limits of at least $2,000,000 and include first party loss (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third-party coverage. The additional insured coverage for Franchisor Indemnitees will not be limited to our vicarious liability and will include coverage for liability arising out of the operations of the Restaurant.

J. Insurance Required Under Applicable Law. Any insurance which may be required by statute or rule of the state or locality in which your Restaurant will be operated.

K. Deductibles. The insurance coverages described above may not have any deductible, self-insured retention, self-funded retention, or any similar provision unless prior written consent is given by Franchisor. Should consent be given by Franchisor for a deductible or similar provision to be included for any required insurance coverage, the deductible or other similar provision amount may not exceed $25,000. The coinsurance percentage will not be less than 80%.

L. Within 30 days after the execution of the lease for the Restaurant and, thereafter, at least 60 days prior to the expiration of any such policy, you will deliver to us certificates of insurance indicating the contracted for insurance coverages as well as the description of special provisions (e.g., additional named insured status). All policies must name Franchisor Indemnitees as additional insureds, include a waiver of subrogation provision or endorsement in favor of Franchisor Indemnitees; be primary and non-contributory to any other insurance that any of Franchisor Indemnitees has procured itself; provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of such policy; and include such other provisions as we may require from time to time. You will also provide a binder, declarations page, or confirmation of insurance, describing and confirming the coverages afforded by the required policies described above upon request.

Approval of Alternate Suppliers

If we require that an item be purchased from an approved supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval and must include pertinent information about the supplier as required in the Manuals. You may not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria. We may re-inspect the facilities and products of any approved supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. We are not required to approve any supplier. We will notify you of our approval or disapproval within 30 to 180 days depending upon, among other factors, the type of products involved. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

Revenue from Franchisee Purchases and Payments from Designated Suppliers

We and our affiliates may derive revenue from your purchases and leases to the extent that you purchase products or services from us or our affiliates. We may also receive payments or material benefits from suppliers based on your purchases or leases. We have negotiated a national pricing and supply contract with soft drink suppliers that make periodic payments to us ranging from 1% to 3% of franchisee purchases, and we may enter into additional rebate arrangements with other suppliers. During our fiscal year ended December 31, 2023, we received $2,411,391 as a result of these arrangements, or approximately 13.8% of our total revenue of $17,458,943. During the fiscal year ended December 31, 2023, our affiliate's revenues from the sale of our proprietary beer brands to franchisees was $165,532.

We and our affiliates received no other revenue based on franchisee purchases. We and our affiliates apply such sums to defray our costs in discharging our duties and obligations to franchisees, to partially fund the Brand Fund, and to generate revenues.

Percentage of Total Purchases Represented by Required Purchases

We anticipate that the required purchases and leases from approved suppliers will constitute most of the purchases by you for the development and operation of the Restaurant. We estimate that up to 40% to 60% of your initial investment to establish and open the Restaurant will be applied to required purchases and leases, and that approximately 35% to 38% of your expenditures to operate the Restaurant will be applied to required purchases and leases in the operation of the Restaurant.

Cooperatives

There are no purchasing or distribution cooperatives, although we retain the right to establish them.

Negotiated Purchases

We have negotiated volume discount arrangements with certain designated suppliers for our franchisees (including pricing and payment terms), based upon volume purchases by the System. These suppliers may require you to enter into separate contracts with them. The primary designated supplier is Sysco Corporation.

Material Benefit

We do not provide any material benefits to franchisees based upon their use of designated or approved suppliers. We reserve the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure to follow and support our System, including its recommended purchase of particular products or services or use of particular supplies.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement, Area Development Agreement, and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 5(a)-5(c) of the Franchise Agreement Section 5(a)-5(b) of the Area Development Agreement	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 5(e), 7(d), 8(a)-8(c), 11(i) and 15 of the Franchise Agreement	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	Section 5 of the Franchise Agreement Sections 4 and 5 of the Area Development Agreement	Items 7, 8, and 11
d.	Initial and ongoing training	Sections 6 and 11 of the Franchise Agreement	Items 5, 6, 7, and 11
e.	Opening	Sections 5(f), 6(b) and 10(f) of the Franchise Agreement Sections 4 and 5 and Exhibit A of the Area Development Agreement	Items 5, 7, and 11
f.	Fees	Sections 4, 18(c), 18(g) and 20(b) of the Franchise Agreement Sections 6(a), 11(c), 11(f) and 12(f) of the Area Development Agreement	Items 5, 6, and 7
g.	Compliance with standards and policies/operating manual	Sections 5, 7(a) and 11 of the Franchise Agreement Section 5 of the Area Development Agreement	Items 6, 7, 8, 11, 14, and 16

	Obligation	Section in Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	Sections 2(e), 16 and 19(b) of the Franchise Agreement; Sections 2(b), 8(b) and 13(b) of the Area Development Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2(e), 2(f), 7(a), 7(d), 7(f), 11(a), 11(g), 11(i) and 11(l) of the Franchise Agreement	Items 6, 8, 11, and 16
J	Warranty and customer service requirements	Sections 7(a) and 11(m) of the Franchise Agreement	Item 8
k.	Territorial development and sales quotas	Sections 2 and 5 and Exhibit G of the Franchise Agreement Sections 2 and 4 and Exhibit A of the Area Development Agreement	Item 12
1.	Ongoing product/service purchases	Sections 7, 8, 11(g) and 11(i) of the Franchise Agreement	Items 6, 7, 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 7 and 8 of the Franchise Agreement	Items 6, 8, and 11
n.	Insurance	Sections 15 of the Franchise Agreement	Items 6, 7, and 8
o.	Advertising	Section 10 of the Franchise Agreement	Items 6, 7, and 11
p.	Indemnification	Section 18(g) and 23 and Exhibit B of the Franchise Agreement Sections 10 and 11(f) and Exhibit C of the Area Development Agreement	Item 6
q.	Owner's participation/management/staffing	Sections 7(a), 11(a) and 13 of the Franchise Agreement Sections 7(f) and 7(g) of Area Development Agreement	Items 11 and 15
r.	Records and reports	Sections 4(f), 14(a) and 14(c) of the Franchise Agreement	Item 11
s.	Inspections and audits	Sections 5(e), 7(f), 8(a), 14(b) of the Franchise Agreement	Items 6, 8 and 11
t.	Transfer	Section 18 and Exhibit B of the Franchise Agreement	Items 6 and 17

	Obligation	Section in Agreement	Disclosure Document Item
		Section 11 and Exhibit C of the Area Development Agreement	
u.	Renewal	Sections 3(b) and 3(c) of the Franchise Agreement Section 3(b) of the Development Agreement	Items 6 and 17
v.	Post-termination obligations	Section 21 of the Franchise Agreement Section 13 of the Area Development Agreement	Item 17
w.	Non-competition covenants	Section 19(a) and Exhibits B and D of the Franchise Agreement; Section 8(a) and Exhibits C and E of Area Development Agreement	Item 17
x.	Dispute resolution	Section 26 of the Franchise Agreement Section 15 of the Area Development Agreement	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations.

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 Obligations

Before you open your Restaurant, we, or our designated affiliate or third party, will:

1. Designate your protected territory. (Franchise Agreement, Section 2(a) and Area Development Agreement, Section 2).

2. Provide you with site selection criteria and general building and design requirements for your Restaurant. (Franchise Agreement, Section 5 and Area Development Agreement, Section 5).

3. Review the site you propose for your Restaurant and accept or not accept such site. For additional information, see Site Section and Opening below. (Franchise Agreement, Section 5 and Area Development Section 5).

4. Provide you with the contact information for our approved architect, general contractor, engineer and A/V System installation provider. We must review and approve all plans and specifications for the finish out or renovation of your Restaurant. We do not assist in conforming the building plans or

your premises to local ordinances and building codes or in obtaining any required permits. (Franchise Agreement, Section 5 and Area Development Agreement, Section 5)

5. Provide you with access to our Manuals. (Franchise Agreement, Section 11(a)).

6. Provide you with a list of approved suppliers and preferred vendors, as set forth in the Manuals and other written directives as we deem appropriate. (Franchise Agreement, Section 7(d)).

7. Review all new Restaurant opening promotional materials and advertising. (Franchise Agreement, Section 10).

8. Provide the initial training programs and the Opening Training Team. (Franchise Agreement, Sections 6(a) and 6(b)).

Continuing Obligations

During your operation of the Restaurant, we will:

1. Notify you of any additions, replacements or other changes regarding the menu items or pricing or products and services approved for sale by us. (Franchise Agreement, Sections 7(d) and 7(f)).

2. Provide additional initial training programs for successor and replacement managers and Restaurant management personnel and other on-site and Internet/Web-based training programs and seminars as we deem appropriate. We will not provide any assistance in hiring any of your employees; but all employees must be able to perform the job responsibilities for the position and your managers must successfully complete the certified management training program. For additional information, see Item 11, "Training." (Franchise Agreement, Sections 6(c) and 6(e)).

3. Conduct, at our option, meetings, seminars, and other related activities regarding the operation of Restaurants for franchisees generally, which you must attend. Except as approved by us, any costs incurred by you or your Restaurant personnel in attending such events will be your responsibility. (Franchise Agreement, Section 6(d)).

4. Inspect the Restaurant and evaluate the Restaurant's products and services at such times as we may deem advisable to maintain the high standards of quality, appearance and service of the System, in person or remotely by telephone where possible. (Franchise Agreement – Section 14(b)).

5. Provide, as we deem appropriate, advice and written materials concerning techniques of managing and operating the Restaurant, including new developments and improvements in restaurant equipment, food products, packaging, preparation, and operational systems. (Franchise Agreement – Sections 7 and 11).

6. Provide you with guidelines on pricing policies. You have the right to sell your food products and merchandise and offer services at any prices you may determine, so long as you are in compliance with our general guidelines on advertised pricing policies as set forth in the Manuals or otherwise in writing. Subject to applicable legal constraints, you must participate in and comply with all sales and promotional programs promulgated by us. (Franchise Agreement – Section 10(i)).

7. Approve or disapprove of any advertising, marketing and promotional materials and programs you propose. (Franchise Agreement – Section 10(d)). For additional information, see this Item 11, "Advertising."

8. Establish or modify a gift card acceptance program and/or loyalty program for so long as we elect to do so. (Franchise Agreement – Section 9).

Except as described above, we do not have any obligation to provide you with assistance regarding the development and operation of your Restaurant.

Site Selection and Opening

You are responsible for locating an acceptable Restaurant site. We anticipate that the premises for the majority of Twin Peaks® Restaurants will be leased, but you are not prohibited from acquiring a site that we have approved. We do not typically own the premises for franchised Twin Peaks restaurants and lease them to our franchisees. You must submit your proposed site for the Restaurant premises with all of the information regarding such site as required in the Manuals to us for approval within the time period stated in the Site Application procedures included in the Manuals. We will consider information in your site application (which may include the demographics, traffic patterns, proximity of competition, other commercial characteristics of the area, the size of the premises, appearance, and other physical characteristics of the location) and notify you in writing within 30 days after receiving your completed site application if we approve the proposed site. If we do not respond within the 30-day period, we will be considered to have rejected the proposed site. You must obtain our written acceptance of the Restaurant premises within the Search Area within 90 days after the effective date of the Franchise Agreement. Within 30 days after we accept the site for the Restaurant premises, you must provide us for our review and approval a copy of the proposed lease for the site, which will include the Lease Addendum (the current form of which is attached as Exhibit F to the Franchise Agreement). You must sign the lease for the Restaurant premises within 30 days after we accept the proposed lease. If you do not acquire a site for your Restaurant within the time periods stated in the Franchise Agreement (including if you do not present a site for approval that meets our site criteria), we may terminate the Franchise Agreement immediately upon written notice to you.

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately 6 to 12 months. Factors that may affect this period may include whether you have a site selected when you sign the Franchise Agreement, your ability to obtain a site, prepare a site survey, arrange leasing and financing, make leasehold improvements, install fixtures, equipment, and signs, decorate the Restaurant, meet local requirements, obtain inventory, obtain liquor permit, and similar factors.

You must open and begin operating your Restaurant by the scheduled opening date identified in Exhibit G of your Franchise Agreement (which will be agreed upon by you and us but which must be on or before the eighteenth month anniversary of the effective date of the Franchise Agreement). If you fail to begin operations within the stated time, we may terminate the Franchise Agreement. A developer must begin operation of the Restaurants to be developed under the Area Development Agreement according to the development schedule ("Development Schedule") in the Area Development Agreement. The intervals for opening individual Restaurants depend upon the negotiated Development Schedule and are generally 12 to 18 months for the first Restaurant and according to the Development Schedule for subsequent Restaurants, which may have timelines that are shorter, and that supersede, the timelines described in the Franchise Agreement. Failure to open the Restaurant in accordance with the Development Schedule may result in termination of the applicable Franchise Agreement and Area Development Agreement. If you fail to comply with the Development Schedule, we may terminate the Area Development Agreement and exercise any other rights and remedies that we may have.

You must start substantial construction of your Restaurant at least 150 days before the scheduled opening date and complete construction of your Restaurant no later than 30 days before that date. Failure to meet these deadlines may result in termination of your Franchise Agreement. In addition, on or before the deadlines to start construction you must submit a notice to our construction department of the name of your general contractor. Upon our request, you also will submit a signed copy of the agreement with your general contractor. In the event that you fail to comply with any of our standards for development and construction of your Restaurant and do not cure such failure upon notice from us, we will have the right to terminate the Franchise Agreement, and, if applicable, the Area Development Agreement. In addition, you must comply with the requirements for constructing and equipping your Restaurant, which may include without limitation providing construction reports in the form we designate, and photographs of the progress made in constructing and equipping your Restaurant.

Advertising

We have no obligation to conduct advertising except through the Brand Fund described below. We advertise nationally through our website and place most broadcast advertising in local and regional media placements. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. We have an in-house advertising function that works with outside regional and national advertising agencies. We have no obligation to spend any amount on advertising in an area where each franchisee is located. (Franchise Agreement – Section 10).

We have established and intend to maintain a URL website, www.twinpeaksrestaurant.com, promoting the System and identifying the location of franchise and company-owned Restaurants. You are required to authorize us to identify and promote your Restaurant on our website and further authorize us to modify our website and to conduct promotions on a system-wide basis, and you and your Restaurant will participate in all such promotions. You are prohibited from establishing or utilizing your own URL website, mobile apps appearing on smartphones or other electronic devices (including, for example, Android Marketplace or the Apple Store), or social media webpage to promote your Restaurant, except as described in our Social Media policy set forth in the Manuals. (Franchise Agreement – Section 10(j)).

We will review and approve or disapprove your local advertising, marketing and promotional activities and campaigns. In addition, we may develop and administer from time-to-time advertising, marketing and sales promotional programs (e.g. alcoholic beverage menu and marketing promotions and specialized menu offerings) in which you will participate according to the terms and conditions that we prescribe. We also maintain customer loyalty and gift card programs and you must honor redemptions of loyalty program rewards and gift cards at your Restaurant. Finally, we will review your proposed budget and advertising plan for the grand opening of your restaurant and advise you of any required modifications to such plan and budget (provided that no modification of the budget will require you to spend in excess of the "Grand Opening Amount" described in your Franchise Agreement). (Franchise Agreement, Sections 10(d), 10(e), and 10(f)).

Advertising Cooperatives

We have the right to establish and maintain local or regional advertising cooperatives and composed of certain other franchisees located in the geographic area in which you are located. Membership in, and the coverage of, each advertising cooperative will be defined geographically and typically will be based upon the metropolitan area in which the Restaurant is located. We may establish advertising cooperatives in some but not all geographic areas. If you are required to participate in an advertising cooperative established by us, you will contribute the amount designated by your advertising cooperative (which will be based upon a percentage of your Gross Sales) and your contribution will be credited against the amount you are required to spend for local marketing. Each Twin Peaks® Restaurant within an advertising cooperative's geographic area, including Twin Peaks® Restaurants owned by us or our affiliates, will be a member of the advertising cooperative will have one vote per Restaurant. Each member of an advertising cooperative will contribute the same percentage of the Gross Sales of its Restaurant to the advertising cooperative. Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the advertising cooperative to amend such bylaws from time to time. We will provide each advertising cooperative with a sample form of bylaws that it must use containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph. Members of the advertising cooperative will be entitled to obtain a copy of the bylaws upon written request. Each advertising cooperative must submit to us its meeting minutes upon our request and must obtain our written approval of all promotional and advertising materials and activities, creative execution, and media schedules before their implementation. The members of each advertising cooperative and their elected officers will be responsible for the administration of the advertising cooperative. We reserve the right to administer the advertising cooperative's funds and require payment from its members via electronic funds transfer. Upon our request, an advertising cooperative must engage the services of a professional media buyer or advertising agency approved by us that has expertise in the industry and in the particular market. Also, each advertising cooperative will be required to have an independent certified public accountant prepare annual unaudited financial statements, which will be available to us and to all franchisee members of the advertising cooperative. Currently, there are no advertising cooperatives. We have the right to require advertising cooperatives to be formed, changed, dissolved, or merged.

Currently, there is no established advertising council comprised of franchisees that advise us on advertising policies although we may informally consult franchisees in connection with marketing, promotional or advertising initiatives.

At present, we do not require you to contribute to any other advertising fund. We reserve the right to establish other advertising funds in the future. You must participate in any advertising fund we establish.

Brand Fund

We or our designee administers a marketing fund for the purpose of promoting the brand and producing marketing materials for the System on a System-wide basis (the "Brand Fund"). You are required to make a continuous contribution to the Brand Fund in an amount equal to 2.5% of the monthly Gross Sales of your Restaurant. As of the date of this Disclosure Document, all franchisees under the System are required to contribute these percentages of their Gross Sales to the Brand Fund. At any time, we may defer or reduce a franchisee's contributions to the Brand Fund. We may increase the required Brand Fund Contribution at any time upon 60 days' written notice to you, provided that at no time will the aggregate amount that you are required to spend on local marketing for your Restaurant and the Brand Fund Contribution exceed 4% of the monthly Gross Sales of your Restaurant. The Brand Fund is maintained and administered by us or our designee as follows:

The Brand Fund is intended to maximize general public recognition and acceptance of the Marks. We will direct all programs that the Brand Fund finances, with sole control over creative concepts, materials, endorsements used and their geographic market and media placement and allocation. Our company-owned Restaurants do not contribute a percentage of Gross Sales to the Brand Fund but do subsidize a portion of the Brand Fund in an amount that meets or exceeds 2.5% of monthly Gross Sales for the company-owned Restaurants. In administering the Brand Fund, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

The Brand Fund may be used by us at our sole option to satisfy or defray any and all costs of maintaining, administering, directing and preparing marketing campaigns, promotions and advertising (including without limitation the cost of preparing and conducting television, radio, Internet/Web-based, magazine, newspaper and electronic media advertising campaigns); developing, implementing and maintaining an electronic commerce website and/or related strategies; the cost of market research, costs of administering customer loyalty programs, direct mail and outdoor billboard advertising; public relations activities; product and operations-related research and development (including without limitation food and beverage, sports entertainment and uniform research and development) employing advertising agencies to assist therein; costs of our personnel and other department costs for advertising that is internally administered or prepared by us; costs associated with gift card programs; costs of providing other advertising materials to Restaurants; and costs of maintaining customer service lines and/or franchisee service telephone numbers if we elect to establish such service. All sums paid by you to the Brand Fund are maintained in a separate account by us or our designee and are not used to defray any of our general operating expenses except for such reasonable administrative costs, salaries and overhead that we may incur in activities reasonably related to the administration or direction of the Brand Fund and development and implementation of marketing, advertising and promotional programs for franchisees and the System. The Brand Fund Contributions are not held in a trust or escrow account, and we do not have any fiduciary obligations to you with respect to your Brand Fund Contribution. Any funds not spent in the fiscal year in which they accrue will be carried forward and used in connection with marketing, advertising and promotional programs and activities conducted during subsequent fiscal years. The Brand Fund will not be used by us for the targeted purpose of promoting franchise sales, but the application of the Brand Fund may indirectly benefit franchise sales. The Brand Fund and its earnings will not otherwise inure to the benefit of us and will be operated solely as a conduit for collecting and expending the advertising fees as outlined above.

We are not obligated to provide an accounting of each marketing, advertising or promotional program and spend for your individual Restaurant. The Brand Fund is audited on an annual basis as part of our annual audit. For fiscal year ending December 31, 2023, monies in the Brand Fund were expended as follows:

Category	**Percentage**
Marketing Support Center	11.0%
Production	2.6%
Media Planning, Design and Placement	71.4%
Other[1]	15.0%

Although the Brand Fund is intended to be of perpetual duration, we may terminate the Brand Fund at our sole option at any time. However, the Brand Fund will not be terminated until all monies in the Brand Fund have been expended for marketing, advertising and promotional purposes or returned to contributing franchised Restaurants without interest based on their respective contributions. (Franchise Agreement – Section 10(a)).

Technology

Before commencement of the operation of your Restaurant, you must purchase the required computer hardware, software, internet connections and service, required dedicated telephone and power lines and other related accessories, peripherals, consoles and equipment required to operate our then-current mandatory point of sale system and audio/visual system.

We may require you to purchase, license and use point of sale systems, audio/visual systems, operations, catering, on-line ordering, delivery, back office, accounting, customer service, loyalty program processing and other hardware and software in the operation of your Restaurant, including additions, upgrades, enhancements and replacements of the current software and hardware (including point of sale systems and audio/visual systems), provided that such upgrades will not exceed in the aggregate with all required improvements to the Restaurant $500,000 during the initial term of the Franchise Agreement. Some or all of these may be developed, supplied or licensed by or on behalf of us or an affiliate, at such cost as we or our approved vendors make such systems, hardware, software, upgrades, enhancements and replacements available to franchisees. We require that our franchisees use the Aloha Point-of-Sale system (including such add-on consoles as we may require). The Aloha Point-of-Sale system is available from Radiant Systems, Inc., the only supplier currently approved by us. We require that Restaurants with 6,000 to 8,000 square feet of interior space purchase and maintain between four and seven point-of-sale terminals. If your Restaurant has greater than 8,000 square feet of interior space, we may require you to purchase and maintain additional point-of-sale terminals. The cost of maintaining, updating, upgrading or replacing your point of sale system, audio/visual system and other required technology cannot be estimated at this time because it will depend on your repair history, local costs of computer maintenance and service in your area and technological advances which we cannot predict.

We require that you implement and use a reporting system as approved by us and may also require you to purchase and maintain remote servers, off-site electronic repositories, and broadband or other high-speed Internet connections. You may be required to pay a software license fee for some or all software we require you to use. You must acquire, install, and maintain such anti-virus and anti-spyware software as we require

[1] The category of "Other" includes Brand support, social media and public relations.

and must comply with such data security and consumer privacy policies as we may prescribe from time to time as set forth in the Manuals.

We estimate the cost of purchasing all required computer hardware and software systems to be approximately $50,000. You must maintain the point-of-sale system and related consoles and keep them in good repair. We may at any time require that you upgrade your payment processing hardware and software including requiring you to use "chip and pin" technology to ensure that credit card payment processing is consistent with PCI Standards. We may, at our option, provide basic technology support during Restaurant operating hours for point-of-sale, back of house computer(s) and other basic office equipment in your Restaurant. If we make available such technology support services, you may, at your option, elect to receive such service from us, provided you must execute our then-current form of technology support agreement and pay the fees associated with such technology support services.

The point-of-sale system will store information concerning your sales, inventory, accounting and other operations. You may not further modify or manipulate (except for pricing) the database for the computer software systems without our prior consent. We may retrieve from your point-of-sale system and other technology any and all information we consider necessary, desirable or appropriate. There is no contractual limitation on our right to access information from your point-of-sale system or other required technology. If necessary, we may utilize remote access to provide required upgrades and installation of hardware your point-of-sale system. You will have independent access to the information that will be generated or stored in the point of sale and reporting system, but you may not manipulate the data that is generated or block or restrict our access to the data.

You must: (a) use any proprietary software programs, system documentation manuals, and other proprietary materials that we require in connection with the operation of the Restaurant; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner prescribed by our approved vendors, and pay all fees imposed under the agreements. (Franchise Agreement – Section 8).

Confidential Manuals

After you sign your Franchise Agreement, we will give you access to our Manuals. The Manuals may be in electronic format. The tables of contents of the Manuals are attached to this Disclosure Document as Exhibit F. We consider the contents of the Manuals to be proprietary and confidential and you are bound by the restrictive covenants regarding our confidential information set forth in the Franchise Agreement with respect to your use of the Manuals. The Manual for development of the Restaurant contains 36 pages and the Manual for operation of the Restaurant contains 147 pages. (Franchise Agreement – Section 11).

Training

No later than 150 days before the opening date of your Restaurant, your Operator, Unit General Manager, one or more Shift Managers and such other management personnel as determined by us based on the estimated one million dollars per yearly sales must attend and successfully complete, to our satisfaction, our initial training program. You may not open your Restaurant with less than the required number of management personnel that we require, as set forth in the Manuals. Currently, we require at least 6 managers to attend training. In addition, if you sign an Area Development Agreement, your Designated Principal (as defined in Item 15) must also attend and successfully complete, to our satisfaction, our initial training program, beginning 28 weeks before the opening date of your first Restaurant. Before attending training, each participant must submit to us completed application forms and, upon our request, a signed liability waiver in the form prescribed by us and complete any other pre-training requirements described in the Manuals. The Manager in Training Program lasts up to 17 weeks depending on the job duties of the

Unit General Manager and must be successfully completed at least 7 weeks before the opening date of your Restaurant. There will be a cost of $700 per week for the first 6 weeks of the Manager in Training Program for each manager who attends. Shift Manager training also lasts up to 17 weeks and must be successfully completed at least 3 weeks before the opening date of your Restaurant. The training materials currently consist of the e-learning based materials, Manuals, checklists, demonstrations and on the job-training. We reserve the right to charge additional amounts for uniforms used by your management personnel during training. Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and manuals and changes in personnel. Other than described above, we do not charge for this training or for materials, but you are responsible for all costs and expenses you and your personnel incur in connection with completing our initial training program, including without limitation the cost of obtaining required certifications, compensation, travel, lodging, meals, wages, and other miscellaneous costs. Our initial training program is held on an as needed basis and may be conducted at our offices in Dallas, Texas, at any of our company-owned Restaurants or at any restaurant that we designate a "certified training restaurant."

If you have at least three Restaurants open and operating, then you may apply to be a "certified training restaurant." If your Restaurant(s) qualify to be a "certified training restaurant," then each eligible Restaurant must be certified by our Training Manager and Director of Operations prior to you conducting training for your Operator, Unit General Manager and/or Shift Managers required to attend our initial training program for the fourth (or subsequent) Restaurants that you develop (as well as training of any replacement Operator, Unit General Manager or Shift Manager). Each "certified training restaurant) must satisfy our then-current requirements for certified training restaurants set forth in the Manuals. Each "certified training restaurant" is subject to annual audit, at your expense, to confirm that the Restaurant continues to meet the then-current requirements for a "certified training restaurant." If the results of any audit indicate that your Restaurant fails to meet the then-current requirements, then you will have 60 days to implement the corrective actions we prescribe to retain the certification for your "certified training restaurant." Any restaurant that loses its certification must reapply for initial certification.

Once your Restaurant(s) are certified as a "certified training restaurant," then you may perform initial training for your Operator, Unit General Manager and Shift Managers at such certified training restaurant. All trainees must complete the initial training program in accordance with the requirements set forth in the Manuals to our satisfaction, wherever conducted.

We will determine whether your Operator, Unit General Manager and Shift Managers have satisfactorily completed initial training. If any of your designated participants fail to meet the admission requirements for the initial training program, if the initial training program is not satisfactorily completed by your trainees after meeting the admission requirements, or if we, in our reasonable business judgment based upon the performance of your trainees, determine that the initial training program cannot be satisfactorily completed by such person(s), you must immediately designate a replacement trainee(s), as applicable, to apply for and complete such training before the opening date of your Restaurant. We reserve the right to charge you a training fee for training any additional or replacement management personnel. (Franchise Agreement – Section 6(a)).

If you fail to designate replacement trainee(s) who have satisfied the admission requirements, if the initial training program is not satisfactorily completed by any replacement trainee (or the initial trainee, if no replacement is designated) by the deadline set forth above, or if we determine that the training program cannot be satisfactorily completed by such person(s), and you fail to satisfy the initial training program requirements within 30 days following notice from us, we may, at our sole option, delay the opening of your Restaurant or terminate the Franchise Agreement upon notice to you and retain the initial franchise fee and any other fees paid by you under the Franchise Agreement. (Franchise Agreement – 20(a)(1)(d)).

Your management personnel may attend such additional or remedial training programs and seminars as we may offer. We may require that certain of your management personnel complete such additional training (including on-site remedial training). For all such training, we will provide the instructors and training materials; however, we reserve the right to impose a reasonable fee for such training, including costs of travel, lodging, meals, and compensation for our representatives. You are responsible for any and all expenses incurred by you or your trainees in connection with such additional training including the costs of travel, lodging, meals, and wages. (Franchise Agreement Sections 6(c), 6(d) and 6(e)).

In connection with the opening of the Restaurant, we will provide you with one or more of our training personnel to provide on-site training, supervision and assistance, with respect to such matters and for such period of time determined by us (but no more than 28 days). The on-site training, supervision and assistance may not be provided for consecutive days and may be provided either before and/or after the opening of the Restaurant. Except as otherwise provided in this Item 11, you will be responsible for training all Restaurant personnel under the specifications and standards regarding such training described in the Manuals or otherwise in writing by us. (Franchise Agreement –Sections 6(b) and 13).

Lexi Burns, our Vice President of Human Resources and Learning & Development, conducts training. She has over 28 years of experience in the restaurant industry and has been with us since May 2011. Other employees who have training experience or experience in some area of the operation of a Twin Peaks® Restaurant (for example, opening, operations, or systems management) also assist in training.

Below is a summary of the subject matters, hours of classroom training, hours of on-the-job training and the location for our initial training program.

TRAINING PROGRAM

ALL MANAGEMENT PERSONNEL (INCLUDING OPERATOR)

Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location[2]**
Back of House Operations	—	130-160 (3 weeks)	Certified Training Restaurant
Front of House Operations	—	130-160 (3 weeks)	Certified Training Restaurant
Observed Management	—	260-300 (11 weeks)	Certified Training Restaurant
TOTAL	—	520-620 (17 weeks)	

In addition, your Operators and Non-Operator-Owners must also attend and complete to our satisfaction a special training class for one week on the design and construction of your Restaurant and to familiarize your Operator with processes for opening a Twin Peaks® Restaurant. We do not charge for this training, but you must pay all costs and expenses incurred by your Operator to attend such training, including without limitation compensation, travel, lodging, meals and miscellaneous costs.

[2] We may offer certain training modules electronically (e.g. via our intranet, the Internet or other electronic access) which may be accessed from your Restaurant.

OPERATOR, NON-OPERATOR-OWNER TRAINING FOR DEVELOPMENT AND OPENING

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location[2]
Restaurant Design and Construction	—	20-24 (2 days)	Certified Training Restaurant
Restaurant Opening Processes	—	60-76 (5 days)	Certified Training Restaurant
TOTAL	—	80-100 (1 week)	

As further described in Item 15, your Operator must attend the annual meeting, convention, or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense.

If you have entered into an Area Development Agreement for three or more Restaurants and none of the Restaurants has been approved by us as a certified training restaurant (or, no longer satisfies the requirements for a certified training restaurant), we reserve the right to charge a training fee for any of your management personnel to complete our initial training program for the fourth and subsequent Restaurants you develop pursuant to such Area Development Agreement.

GOOD AS CLUCK®

Subject	Hours of Classroom Training	Hours of On-the-job Training	Location[2]
Operations	—	30 minutes – 1 hour	Certified Training Restaurant
Packaging and Processes	—	10 – 30 minutes	Certified Training Restaurant
TOTAL	—	40 minutes – 1.5 hours	

If you choose to operate Good as Cluck® from the Restaurant, additional training will be required before the Restaurant may feature the Good as Cluck® virtual menu items. Training will include use of Good as Cluck® tablets, food preparation and packaging. There is no fee requirement for this training.

<u>ITEM 12</u>
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that own, or from other channels of distribution or competitive brands that we control.

<u>Franchise Agreement</u>

The Franchise Agreement grants to you the right to operate a Twin Peaks® Restaurant at a single location selected by you and approved by us. You do not have the right to use alternative channels of distribution (as further described below) in connection with offering the products and services of the System unless otherwise approved by us.

The Restaurant will be located within a designated geographic area (the "Designated Area") as described in the Franchise Agreement. When you sign the Franchise Agreement, we will identify a geographic area in which you may conduct a search for a site for your Restaurant (the "Search Area"). At such time as you propose and we accept your proposed Restaurant location identified at a specific address such that it becomes the "Premises," the Designated Area will be reduced to an area described in Exhibit G and illustrated in the map in Attachment G-1 of your Franchise Agreement. You will confirm the address of the Premises (as well as the scheduled opening date for your Restaurant) by signing the Designated Area and Premises addendum attached to the Franchise Agreement as Exhibit G. You are required to operate the Restaurant only at the Premises and may not relocate the Restaurant without our prior written consent. If we consent, you must comply with our then-current site selection and construction standards. Your Franchise Agreement does not give you any options, rights of first refusal or similar rights to acquire additional franchises, but you may apply for the right to operate additional Twin Peaks® Restaurants under separate Franchise Agreements.

We will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Twin Peaks® Restaurant in the Designated Area identified in Exhibit G of the Franchise Agreement. We expect that, in most cases, the Designated Area will be at least a 3-mile radius around the Premises and will generally be a 5-mile radius around the Premises. However, the exact size of the Designated Area will be determined based on several factors, including without limitation the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; Restaurant co-tenants, traffic generators, driving times; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas. The consumer service area or trade area of another Twin Peaks® Restaurant may overlap with your Designated Area.

We will not, except as provided below and as long as you are in full compliance with the Franchise Agreement, establish and operate or license or authorize any other party to establish or operate a Twin Peaks® Restaurant within the Designated Area for the remainder of the term of the Franchise Agreement. Except as expressly limited by the previous sentence, we and our affiliates retain all rights with respect to Twin Peaks® Restaurants, the Marks, the sale of similar of dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire. Specifically, we and our affiliates reserve the following rights:

1) Advertise and promote the System within and outside the Designated Area;

2) Operate, and license others to operate, Twin Peaks® Restaurants at any location outside the Designated Area, including locations that are adjacent to the Designated Area;

3) Except for the restriction against the establishment of another Twin Peaks® Restaurant in the Designated Area, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Twin Peaks® Restaurants (such as pre-packaged food and beverage products, clothing and other Twin Peaks® memorabilia), under the Marks or other marks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, business or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, the Internet (or any other existing or future form of electronic commerce), other retail or restaurant locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by Twin Peaks® Restaurant);

4) Establish and operate, and license others to establish and operate, any business other than a Twin Peaks® Restaurant, including other restaurants or food-related businesses, under the Marks or under other marks, including restaurants or other businesses that we or our affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and

5) Establish and operate, and license others to operate, Twin Peaks® Restaurants and other food service facilities in any location that by its nature is unique and separate in character from locations generally developed as Twin Peaks® Restaurants, including without limitation military bases, airports, food courts, shopping malls, hospitals, campuses, schools, hotels, stadiums, arenas, race tracks, ballparks, festivals, fairs, amusement and theme parks, casinos and other mass gathering locations or events, whether or not located within the Designated Area.

You may face competition from other competitive brands that we are currently affiliated with, or with which we affiliate in the future. We are not required to compensate you in any way for offering or selling in your Designated Area any of the products or services described in (1)-(5) above. The restrictions on our right to operate in your Designated Area do not apply to any Twin Peaks® Restaurant existing or under development in your Search Area on the date the Franchise Agreement is signed. Without limiting our reserved rights described above, neither we nor any of our affiliates operates or franchises, or plans to operate or franchise, any business under a different trademark that will sell goods or services that are the same as or similar to those that you will sell in your Restaurant.

We and any other Twin Peaks® franchisees may also, at any time, advertise and promote the System. During the term of your Franchise Agreement, we will not engage in catering and delivery services in your Designated Area, but we have no obligation to enforce similar restrictions against other Twin Peaks® franchisees. You may compete with other Twin Peaks® franchisees for off-premises catering and delivery orders which may be delivered to locations in your Designated Area. All customer orders must be delivered on a ready to eat basis in the Restaurant for on-premises dining or take out or by a third-party local delivery service or Restaurant catering program approved by us. You are prohibited from selling products and menu items identified by the Marks through any other channels or methods of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, without our prior consent. Except for authorized catering and delivery services, you may not solicit or sell Twin Peaks menu items or products, or services identified by the Marks outside the Designated Area.

Such restrictions do not apply, however, to the receipt of delivery orders for Good as Cluck® menu items through designated third-party delivery service vendors. Orders placed through such vendors are directed to Restaurants in accordance with the standards and practices such vendors establish and operate by from time to time. We do not control or restrict the way such vendors operate or process orders for Good as Cluck® menu items.

The territorial rights granted to you under the Franchise Agreement are not dependent upon the achievement of a certain sales volume, market penetration or other contingency. During the term of your Franchise Agreement, we may not alter your Designated Area described in Exhibit G and illustrated in Attachment G-1 of your Franchise Agreement. However, we may modify your Designated Area upon renewal. You do not receive the right to acquire additional franchises within or outside of your Designated Area unless you sign an Area Development Agreement or another Franchise Agreement with us.

Area Development Agreement

Under an Area Development Agreement, you are assigned a geographic area (the "Territory") within which you are required to develop two or more Twin Peaks® Restaurants under a prescribed Development Schedule. The size of the Territory may range from a portion of a city or an unincorporated area to a single or multi-county or single state area and will be described in the Area Development Agreement by reference to a description, an area marked on a map, streets or highways, political jurisdiction boundaries, by an area encompassed within a radius of a specific distance (or a range of distances) or of a distance sufficient to encompass a specified population (or range of populations) or by such other method of delineation as we may prescribe.

Subject to your full compliance with the Area Development Agreement and the remaining part of this paragraph, neither we nor our affiliates will establish, or authorize any other person or entity, other than you, to establish a Twin Peaks® Restaurant in the Territory (subject to all of the reservations and limitation related to a Designated Area described above, which also apply to a Territory) until the earlier of: (i) the expiration or termination of the Area Development Agreement; (ii) the date upon which you must sign the Franchise Agreement for your last Restaurant to be developed under the Development Schedule set forth in the Area Development Agreement; or (iii) our modification of your development rights in the Territory (including without limitation your exclusivity in the Territory) following your failure to satisfy the Development Schedule in your Area Development Agreement (as further described below). If your Territory is divided into a series of "markets" to be developed, then exclusivity will terminate with respect to each such market included within your Territory upon execution of the last Franchise Agreement required to fulfill the development obligations for such market. At that time, the Designated Area for each Franchise Agreement in the market will remain as the only territorial protection in the market and we will have the right to franchise or open Twin Peaks® Restaurants outside the Designated Area(s) within such market.

You must develop your Restaurants in accordance with the Development Schedule set forth in your Area Development Agreement. The territorial rights granted to you under the Area Development Agreement are not dependent upon the achievement of a certain sales volume, market penetration or other contingency except as stated in the following paragraph. Also, except as stated in the following paragraph, there are no circumstances under which the Territory may be altered prior to the expiration or termination of the Area Development Agreement.

As a condition to exercising your development rights under your Area Development Agreement and executing a Franchise Agreement for development of each Restaurant, you must satisfy the following:

1) You and your affiliates and principals must be in full compliance with all provisions of your Area Development Agreement and any other agreements (including any Franchise Agreements) between you and your affiliates and us and our affiliates. You must have opened each Restaurant in a timely manner as required under the Development Schedule. You must have always operated, and continue to operate, each of your existing Restaurants in accordance with our standards set forth in the Manuals. Additionally, you must demonstrate you can operate each proposed Restaurant required under the Development Schedule in accordance with our standards.

2) You and your principals must satisfy our then-current financial criteria for developers of Twin Peaks® Restaurants as set forth in the Manuals. You must not be in default and have not been in default during the 12 months preceding your request for financial approval, of any monetary obligations owed to us or our affiliates under any Franchise Agreement or other agreement between you or any of your affiliates and us and any of our affiliates.

3) You must have prepared or obtained, and submitted to us upon our request, in a timely manner, all information and documents requested by us in connection with the Area Development Agreement or any other agreements to be executed between you and any of your affiliates and us or any of our affiliates, and you must have taken such additional actions in connection therewith as may be requested by us.

4) Neither you nor any of your principals will have made any transfer or attempted transfer of a controlling interest in the Developer entity without our prior consent.

If you fail to comply with the Development Schedule, including failing to submit for our approval a site that satisfies our then-current criteria for a Twin Peaks restaurant premises, execute a Franchise Agreement or open a Restaurant by the deadline set forth in the Development Schedule, or otherwise commit a material event of default under the Area Development agreement as described in Item 17, we may, in addition to other remedies, terminate, modify or reduce the Territory granted to you or modify or reduce the number of Restaurants you may develop within the Territory. If you develop a Restaurant outside of your Territory, we will modify the Territory granted to you in your Area Development Agreement by requiring you to release a portion of your Territory identified by us in exchange for incorporating the Restaurant developed outside your Territory.

ITEM 13
TRADEMARKS

The Franchise Agreement gives you a license to operate a Twin Peaks® Restaurant under the mark, "Twin Peaks®" and to use any future Marks we authorize.

Our affiliate, Twin Restaurant IP, LLC ("Twin IP") owns the following Marks on (or as indicated, pending registration on) the Principal Register of the United States Patent and Trademark Office, and all required affidavits have been filed.

Mark	***Register***	**Registration Number**	**Registration Date**
Twin Peaks (standard characters)	Principal	3,252,349	June 12, 2007 (Renewed November 4, 2016)
EATS. DRINKS. SCENIC VIEWS (standard characters)	Principal	4,076,127	December 27, 2011 (renewed December 8, 2021
Mountain Logo	Principal	3,993,004	July 12, 2011 (Renewed August 7, 2020)
Twin Peaks (& design) TWIN PEAKS	Principal	3,993,003	July 12, 2011 (Renewed August 7, 2020)
EATS • DRINKS • SCENIC VIEWS	Principal	5,368,227	January 2, 2018
TWIN PEAKS	Principal	5,664,000	January 29, 2019
TWIN PEAKS	Principal	5,668,094	February 5, 2019

Mark	*Register*	Registration Number	Registration Date
	Principal	6,804,098	July 26, 2022
	Principal	6,503,989	September 28, 2021

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator, of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to its ownership, use, or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the Marks and the proprietary System know-how are derived from a nonexclusive, royalty-free, perpetual license ("Intercompany License") between us and Twin IP. The Intercompany License grants us the right to use the Marks and the proprietary know-how for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. We have the right to require a franchisee to discontinue the use of any Marks at any time (including, for example, if our right to use a Mark under the Intercompany License Agreement is terminated). We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you. You are authorized to use the above-described Marks only in accordance with our Brand and logo guidelines set forth in the Manuals.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your principals must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge, or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or U.S. Patent and Trademark Office (or other) proceeding, from any infringement, challenge, or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "™", or "SM", as appropriate. You may use the Marks only in connection with the operation and promotion of your Restaurant(s), and only in the manner we prescribe. You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, including but not limited to any gaming website, social networking website, mobile application or marketing/discounting website; as part of any user name; or as part of any email address unless expressly approved by us in writing.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the Marks if the Marks can no longer be used, or if we determine that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents and do not have any pending patent applications that are material to the franchise.

We do not own any copyrights and do not have any pending copyright applications that are material to the franchise. However, we do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Twin Peaks® Restaurants and the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement or Area Development Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our copyrighted works on the Internet without our written permission. This includes display of the copyrighted works on commercial websites, gaming websites, advertising and promotion websites, mobile applications and social networking websites.

"Confidential Information" means all proprietary and confidential information relating to the development and operation of Twin Peaks® Restaurants, including, without limitation, all information, knowledge, know-how, trade secrets, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which we provide to you, or which you or your affiliates or your respective employees develop or have access to, in connection with the Franchise Agreement, Area Development Agreement or the development and operation of the Restaurant(s) thereunder, including, without limitation, any ingredients, formulae, recipes, and menu items; product sourcing, manufacturing, inventory management and control, supply, distribution; pricing; standards for site selection, general contractors, architects, architectural and construction plans, and trade dress (i.e. the unique, distinctive, and non-functional overall appearance and image of the Restaurant in the marketplace, including without limitation our standards related thereto); technology, point of sale, and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data (i.e. any information from, about, or relating to customers of the Restaurant that identifies, or can be used to identify, contact, locate or be traced back to the specific person or entity to whom such information pertains, or from which identification or contact information of a person or entity can be derived. "Customer data" includes any personally identifiable information, such as a person's or entity's name, address, phone number, fax number, email address, passport number, financial profile, credit card information or any other information by which one is reasonably able to personally identify one or more persons or entities); financial data and statements; training and management programs; and any other information or data regarding our or any of our affiliates' business that would reasonably be considered the proprietary or confidential information of us or our affiliates.

You and your employees must maintain the confidentiality of all Confidential Information. Additionally, you and your principals must agree not to communicate or use our Confidential Information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your principals must also agree not to use our Confidential Information at all after the Franchise Agreement terminates or expires. You and your principals can give this Confidential Information only to your employees who need it to operate your Twin Peaks® Restaurant. You must have your Operator, Unit General Manager, Shift Managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants.

If you or any of your principals develop any new concept, process, or improvement in the operation or promotion of your Twin Peaks® Restaurant, you must promptly notify us and give us all information we require about the new process or improvement, without compensation. You and each of your principals agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees as we determine appropriate.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

During the term of the Franchise Agreement, your Operator and your Unit General Manager must devote full-time to the management of the Restaurant. Your "Operator" is the individual who has the authority to actively direct the day-to-day business affairs regarding the Restaurant and who is responsible for overseeing the general management of the Restaurant.

Your Operator and your Unit General Manager must provide direct on-premises supervision to the Restaurant. The Operator, the Unit General Manager, and all Shift Managers must complete our training course. You must always have at least one manager per estimated one million dollars of yearly sales (based on your good faith calculations) that have completed training to our satisfaction, and we do not require that these managers have any equity interest in the franchisee entity. If any of them fails to satisfactorily complete the training program, you may designate a different individual, who must then complete the training program to our satisfaction and at your expense. The use of an Operator and Unit General Manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that the Restaurant is operated in accordance with our standards. We have the right to require that the Operator and the Unit General Manager be at the Restaurant for any inspection or evaluation we conduct.

Your Operator must attend the annual meeting, convention, or conference of franchisees and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, restaurant management, sales or sales promotion, or similar topics, at your own expense. Your Unit General Manager(s) may attend, at your expense, such annual meeting, convention or conference only if we grant you our prior written approval. However, your Unit General Manager(s) must attend the annual training meeting for Unit General Managers, at your expense. In addition, we reserve the right to require that you and/or your Operator and/or your Unit General Manager attend any additional meetings and training that we deem appropriate under special circumstances.

All shareholders, officers, directors, partners, members, multi-unit supervisors, and all managers and other employees having access to our proprietary information must sign non-disclosure agreements in a form we require. In addition, your Operator under the Franchise Agreement, Designated Principal (defined below) under the Area Development Agreement and, if requested by us, any other management personnel receiving training from us, must sign covenants not to compete in a form that we require.

Your principals will be individually and jointly and severally bound by all of your obligations and the obligations of principals under the Franchise Agreement and Area Development Agreement by signing the Guaranty and Assumption of Obligations. We do not require that the spouses of your principals (if any) sign the Guaranty and Assumption of Obligations.

If you sign an Area Development Agreement for 3 or more Restaurants, you must hire or engage a full-time person to manage the site selection and development of the Restaurants, and such person must meet our qualifications and be approved by us in writing (the "Designated Principal"). The Designated Principal must complete the initial training to our satisfaction. The Designated Principal must have an ownership interest in the Developer, must have the authority to make decisions for the Developer, and must devote his or her energy and time to the supervision and oversight of the development business. The Designated Principal will serve as the leader of the Developer's operations team and the liaison between the Developer and us on all operations-related topics. If the Designated Principal fails to serve in this capacity, you must promptly designate a replacement, whom we approve, and ensure that he or she satisfactorily completes the training that we then require within 150 days. If you sign an Area Development Agreement for more than 11 Restaurants, you also must hire and maintain a full-time development executive and a professional training executive that meet our qualifications and that we approve in writing.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products you use or sell at the Restaurant must conform to our standards and specifications. These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all appropriate governmental approvals for the Restaurant.

You must offer and sell only the menu items, products, and services that we have expressly approved in writing. You must stop selling any menu items, products, or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard menu, and you must promptly comply with any changes that we make to the menu. You must prepare all menu items using the procedures for preparation contained in our Manuals or other written instructions. You must not use or offer nonconforming items unless we first give you our written consent. You must open and operate the Restaurant during the operating hours and days as we specify in the Manuals or otherwise in writing.

You must participate in all market research programs that we require, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products. You must provide us with timely reports and test results for all such programs.

We may make available to you and may require you to purchase for resale to your customers certain merchandise like Twin Peaks® logoed items and memorabilia in amounts as we require.

You may not advertise, promote, post, or list information relating to the Restaurant on the Internet (through the creation of a Website or otherwise), without our prior written consent.

You may only offer catering, delivery, or event services with our prior written approval, which includes approving your catering menu and meeting all our related standards and specifications. Once your catering menu is approved by us, you will not be required to obtain any additional approvals from us relating to catering within your Designated Area, unless you make changes to your catering menu. You must notify us of, and obtain from us approval of, all such changes. We reserve the right to require you to alter your delivery services. You may not ship Twin Peaks® products, regardless of the destination, or distribute Twin Peaks® products through wholesale channels, such as supermarkets, convenience stores or other retailers, or through food service providers such as stores or airlines through in-flight services without our prior written consent.

You may not install and offer vending machines or other activities (such as cigarette machines, pool, darts, gambling activities, video games, slot machines, and other gaming devices) unless we have given our prior written consent to you to do so.

You may only play such music and video programming at your Restaurant that we have designated in the Manuals or approved in writing.

We reserve the right to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products or services, as permitted by law.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the Franchise Agreement and Area Development Agreement. You should read these provisions in the Franchise Agreement and Area Development Agreement attached to this disclosure document.

Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Length of franchise term	Section 3(a)	Term is 15 years.
b.	Renewal or extension of the term	Sections 3(b) and 3(c)	One additional 15-year term.
c.	Requirements for franchisee to renew or extend	Section 3(c)	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other requirements are that you: (1) give us written notice of your decision to renew at least 6 months prior to the expiration of the initial term; (2) are in good standing under your Franchise Agreement and any other agreement between you or your affiliates and us or our affiliates; (3) have presented documentation satisfactory to us that you have the right to remain in possession of the premises for your Restaurant; (4) have

	Provision	Section in Franchise Agreement	Summary
			completed any necessary repairs and upgrades such that your Restaurant complies with our then-current standards described in the Manuals; (5) have paid the successor fee in the amount of $25,000 plus all amounts necessary to reimburse us for our reasonable out-of-pocket costs and expenses associated with renewing the franchise; (6) have complied with our then-current training requirements for management personnel; and (7) sign and cause your principals to sign a general release in a form prescribed by us.
d.	Termination by franchisee	Not Applicable	Not Applicable. There may, however, be applicable state laws that may provide a basis for a franchisee's termination of the agreement.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Section 20	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations under the Franchise Agreement or if we terminate an Area Development Agreement or another Franchise Agreement to which you or one of your affiliates is a party.
g.	"Cause" defined – curable defaults	Section 20(a)	Curable defaults include 30 days to cure failure to finish out the Restaurant in accordance with Section 5(e) of the Franchise Agreement; 30 days to cure failure to begin operating the Restaurant by the earlier of the Opening Date or Opening Deadline; 30 days to cure failure to maintain an operator, unit general manager and at least three shift managers that have completed initial training; five days to cure any failure to make payments owed to us; three days to cure any understatement of Gross Sales or failure to report Gross Sales; and 30 days for failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h. ("non-curable faults") below.

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined – noncurable defaults	Section 20(a)	Except as prohibited under state law, non-curable defaults include bankruptcy or insolvency (our right to terminate may not be enforceable under federal bankruptcy law); material misrepresentation or omission by you or your principals or affiliates that negatively affects us; except in the case of a force majeure event, cessation of operation of the Restaurant for two or more consecutive days or on any single federally recognized holiday (except those holidays on which we have approved your Restaurant to close as set forth in the Manuals); surrender of control of the Restaurant without our prior written consent; you or your principals or affiliates being held liable or convicted of a felony, indictable offense or other unlawful act or you or your principals or affiliates engaging in any dishonest or unethical conduct or act that may materially or adversely affect the brand, System or goodwill associated with the Marks; any unauthorized use or misuse of the Marks; any unauthorized transfer pursuant to Section 18 by you or any of your principals or affiliates; any unauthorized disclosure or use of our confidential information (including without limitation the Manuals); any failure by you, your principals or your operator to comply with the representations, warranties and covenants set forth in the Franchise Agreement; termination of another franchise agreement with you or your affiliate, an area development agreement with you or your affiliate (as developer), or any other agreement between you or your affiliate and us, our affiliate or any designated supplier; default under the lease for the Restaurant premises and failure to cure such default (if curable); failure to pay any taxes applicable to the Restaurant and its operations; failure to comply with applicable law; loss or revocation of any license or permit required to operate the Restaurant; if, on three or more occasions in any 12-month period, you fail to submit when due reports or other information required under the Franchise Agreement, fail to pay when due any amounts due to us or our

	Provision	Section in Franchise Agreement	Summary
			affiliates or fail to materially comply with the Franchise Agreement, regardless of whether you corrected such failures.
i.	Franchisee's obligations on termination/non-renewal	Section 21	Obligations include ceasing operation of your Restaurant; payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6); discontinuing the use of all Marks; ceasing use of the System and our confidential information (including without limitation the Manuals) and returning copies of all such confidential information to us; assignment of telephone numbers, domain names, electronic mail address, websites, social media accounts and search engines related to the operation of the Restaurant or the System or that otherwise associates you with the Twin Peaks® brand to us or our designee; de-identification of your Restaurant in accordance with our then-current standards described in the Manuals; and compliance with all post-termination covenants and obligations, including without limitation confidentiality, competition and indemnification.
j.	Assignment of contract by franchisor	Section 18(a)	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 18(b)	Includes any transfer of your interest in the Franchise Agreement, a controlling ownership interest in you or your interest in substantially all of the assets of you or the Restaurant.
l.	Franchisor approval of transfer by franchisee	Section 18(b)	We have the right to approve all transfers under the Franchise Agreement but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 18(c)	Except as prohibited under state law, you must be in full compliance with the Franchise Agreement and you, your affiliates and your principals must be current on all amounts owed to us or our affiliates; your proposed transferee must meet all of our then-current requirements for new franchisees and have complied with the then-current training requirements; your proposed transferee and its principals must sign our then-current form

	Provision	Section in Franchise Agreement	Summary
			of franchise agreement and all ancillary agreements; you and your proposed transferee must have agreed to the terms of the purchase agreement and assumption of any lease of the Restaurant premises and any equipment, if applicable; you must pay a transferee fee; you and your principals must execute a general release in favor of us and our affiliates, principals, successors, assigns, employees and agents; and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below).
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 18(f)	We can match any offer for the franchised business.
o.	Franchisor's option to purchase franchisee's business	Section 22	Upon termination, we have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, liquor license and inventory. Upon expiration, we have the right to purchase or designate a third party that will purchase the franchised business. Qualified appraiser(s) will determine price as set forth in Schedule H of the Franchise Agreement.
p.	Death or disability of franchisee	Section 18(e)	Upon death or disability of any of your principals that holds a controlling interest in you or if we determine the death or disability of one of your principals adversely affects the operation of the Restaurant, you must transfer such principal's interest in you to a third party approved by us within six months of such death or disability.
q.	Non-competition covenants during the term of the franchise	Section 19(a)	You and your principals will not divert any business or customer to a competitor, perform directly or indirectly any act injurious or prejudicial to the good will of the Marks and the System, and you will not be involved in a competing restaurant.
r.	Non-competition covenants after the	Section 19(a)	For the two-year period following termination or expiration of the Franchise Agreement (and, with respect to your principals, for the

	Provision	Section in Franchise Agreement	Summary
	franchise is terminated or expires		two-year period following the date upon which your principal ceases being a "principal" as defined in the Franchise Agreement), you and your principals will not divert any business or customer to a competitor, perform directly or indirectly any act injurious or prejudicial to the good will of the Marks and the System, or be involved in a competing restaurant located (i) within the Designated Area defined in your Franchise Agreement; (ii) at or within five miles of the Restaurant; or (iii) within five miles of any Twin Peaks® restaurant operating or under constructions in or outside the United States.
s.	Modification of the agreement	Sections 28(c)	Except for modifications to the Marks or other Intellectual Property and the Manuals, no modifications without your consent.
t.	Integration/merger clause	Sections 28(f)	Only the terms of the Franchise Agreement and its attached exhibits are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this franchise agreement.
u.	Dispute resolution by arbitration or mediation	Section 26	Except for certain claims, all disputes must be mediated, and if not resolved, arbitrated in Texas unless contrary to applicable state law.
v.	Choice of forum	Section 26(c)(7)	Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District Courts of Texas serving Dallas County, Texas (subject to state law).
w.	Choice of law	Section 26(b)	Texas law applies (subject to state law).

<u>Area Development Agreement</u>

	Provision	Section in Area Development Agreement	Summary
a.	Length of area development term	Section 3(a) and Exhibit A	Depends on the number of Restaurants you commit to open.
b.	Renewal or extension of the area development term	Section 3(b)	You will have the option to renew your Area Development Agreement for a successor term, the term of which will depend on the number of Restaurants you commit to open.
c.	Requirements for franchisee to renew or extend	Section 3(b)	Your renewal right permits you to remain as a developer after the initial term of your Area Development Agreement expires. However, to remain a developer, you must meet all required conditions to renewal, including that you: (1) give us written notice of your decision to renew at least 6 months prior to the expiration of the initial term; (2) and your affiliates are in good standing under the Area Development Agreement, all Franchise Agreements and any other agreement between you or your affiliates and us or our affiliates; (3) and we agree upon a Development Schedule for the successor term that is memorialized in an amendment to your Area Development Agreement or set forth in a new Area Development Agreement that will be signed by you and us; (4) you pay us the successor fee; and (5) you and your principals sign a release of us and our affiliates, principals, successors, assigns, agents and employees in the form prescribed by us.
d.	Termination by developer	Not Applicable	Not Applicable. There may, however, be applicable state laws that may provide a basis for a franchisee's termination of the agreement.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause	Section 12	We can terminate the Area Development Agreement only if you default or fail to comply with your obligations or if we terminate a Franchise Agreement to which you or one of your affiliates is a party.

	Provision	Section in Area Development Agreement	Summary
g.	"Cause" defined – curable defaults	Section 12(a)	Curable defaults include 30 days to cure failure to develop Restaurants in accordance with the Development Schedule; five days to cure any failure to make payments owed to us; and 30 days for failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h. ("non-curable faults") below.
h.	"Cause" defined – noncurable defaults	Sections 12(a), 12(b), 12(c), 12(d) and 12(e)	Except as prohibited under state law, non-curable defaults include bankruptcy or insolvency (our right to terminate may not be enforceable under federal bankruptcy law); material misrepresentation or omission by you or your principals or affiliates that negatively affects us; you or your principals or affiliates being held liable or convicted of a felony, indictable offense or other unlawful act or you or your principals or affiliates engaging in any dishonest or unethical conduct or act that may materially or adversely affect the brand, System or goodwill associated with the Marks; any unauthorized use or misuse of the Marks; any unauthorized transfer pursuant to Section 11 by you or any of your principals or affiliates; any unauthorized disclosure or use of our confidential information (including without limitation the Manuals); any failure by you, your principals or your designated principal to comply with the representations, warranties and covenants set forth in the Area Development Agreement; termination of franchise agreement with you or any of your affiliates (as Franchisee); failure to pay any taxes applicable to your business and the development of the Restaurants; failure to comply with applicable law; loss or revocation of any license or permit required to develop the Restaurants; if, on three or more occasions in any 12-month period, you fail to materially comply with the Franchise Agreement, regardless of whether you corrected such failures.

	Provision	Section in Area Development Agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	Section 13	Obligations include ceasing operation of your Restaurant; payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6); discontinuing the use of all Marks and ceasing use of the System and our confidential information (including without limitation the Manuals) and returning copies of all such confidential information to us (except with respect to those Restaurants operated in accordance with a continuing Franchise Agreement with Franchisor); and compliance with all post-termination covenants and obligations, including without limitation confidentiality, competition and indemnification.
j.	Assignment of contract by franchisor	Section 11(a)	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	Section 11(b)	Includes any transfer of your interest in the Area Development Agreement or a controlling ownership interest in you or substantially all of your assets.
l.	Franchisor approval of transfer by franchisee	Section 11(c)	We have the right to approve all transfers under the Area Development Agreement but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 11(c)	Except as prohibited under state law, you must be in full compliance with the Area Development Agreement, all Franchise Agreements and any other agreements between you or your affiliates and us and our affiliates; you must transfer all Franchise Agreements in accordance with the transfer requirements set forth therein with the transfer of your Area Development Agreement; you, your affiliates and your principals must be current on all amounts owed to us or our affiliates; your proposed transferee must meet all of our then-current requirements for new developers; your proposed transferee and its principals must sign our then-current form of area development agreement and all ancillary agreements; you must pay a transferee fee; you and your principals must execute a general release in favor of us and our affiliates, principals,

	Provision	Section in Area Development Agreement	Summary
			successors, assigns, employees and agents; and other conditions that we may reasonably require from time to time as part of our transfer policies (also see r below).
n.	Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable.
o.	Franchisor's option to purchase franchisee's business	Section 13(e)	Upon termination, we have the right to purchase or designate a third party that will purchase the Restaurants or the assets of the Restaurants at our option. The purchase price for the Restaurants or assets will be determined by qualified appraiser(s) in accordance with Exhibit F of the Area Development agreement.
p.	Death or disability of franchisee	Section 11(e)	Upon death or disability of any of your principals that holds a controlling interest in you or if we determine the death or disability of one of your principals adversely affects the development of the Restaurant, you must transfer such principal's interest in you to a third party approved by us within six months of such death or disability.
q.	Non-competition covenants during the term of the franchise	Section 8(a)	You and your principals will not divert any business or customer to a competitor, perform directly or indirectly any act injurious or prejudicial to the good will of the Marks and the System, and you will not be involved in a competing restaurant.
r.	Non-competition covenants after the franchise is terminated or expires	Section 8(a)	For the two-year period following termination or expiration of the Area Development Agreement (and, with respect to your principals, for the two-year period following the date upon which your principal ceases being a "principal" as defined in the Area Development Agreement), you and your principals will not divert any business or customer to a competitor, perform directly or indirectly any act injurious or prejudicial to the good will of the Marks and the System, or be involved in a competing restaurant located (i) within the Territory defined in your Area Development Agreement; or (ii) within five miles of any Twin Peaks® restaurant operating

	Provision	Section in Area Development Agreement	Summary
			or under constructions in or outside the United States.
s.	Modification of the agreement	Section 17(c)	Except for modifications to the Manuals, no modifications without your consent.
t.	Integration/merger clause	Section 17(f)	Only the terms of the Area Development Agreement and its attached exhibits are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and area development agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in this area development agreement.
u.	Dispute resolution by arbitration or mediation	Sections 15	Except for certain claims, all disputes must be mediated, and if not resolved, arbitrated in Texas unless contrary to applicable state law.
v.	Choice of forum	Sections 15(c)(7)	Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District Courts of Texas serving Dallas County, Texas (subject to state law).
w.	Choice of law	Section 15(b)	Texas law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the franchise.

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 company-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

A. Table 1: FY 2023 Annual Unit Volume of Franchised Restaurants

Data for Franchised Twin Peaks Restaurants for Fiscal Year 2023(1)(3)(4)	
Average AUV(2)	$5,801,663
Median AUV	$5,610,004
% / # of Franchised Restaurants that attained or surpassed average AUV	41.7% / 25
Highest AUV	$13,245,352
Lowest AUV	$2,446,772

(1) Our 2023 fiscal year began on December 26, 2022 and ended on December 31, 2023 ("FY 2023"). As of the last day of FY 2023, there were 70 franchised Twin Peaks Restaurants (the "Franchised Restaurants") operating in the US, of which 60 were open and had been operating for the entire FY 2023. The Franchised Restaurants are included in the data set for Table 1 and are located in the following states: Alabama, Arizona, Arkansas, California, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, Tennessee, Texas, and Washington. The Franchised Restaurants operated for an average of 8.1 years as of the last day of FY 2023. The Franchised Restaurants are primarily standalone sites of 6,000-8,000 square feet, although some Franchised Restaurants may operate similarly-sized Twin Peaks Restaurants in end-cap or inline locations. The Franchised Restaurants are generally consistent with the current Twin Peaks model offered in this disclosure document, with current audio/visual system and related technology systems.

(2) "AUV" means the annual unit volume calculated based upon the sales of the Franchised Restaurants included in the data set. The sales data was obtained from reports generated by the point-of-sale systems in the applicable Franchised Restaurants and has not been audited or independently verified by us for accuracy. The average, median, highest and lowest AUV and weekly unit volume data include the total of all food sales and beverage sales, including liquor, wine and beer sales and sales of promotional merchandise. Sales as shown in Table 1 and Table 4 do not equate to "Gross Sales" as defined in the Franchise Agreement because the "Gross Sales" definition provides for certain exclusions, including (as examples) refunds provided to customers in connection with resolving customer satisfaction issues, promotional campaigns established by us, taxes and employee meal discounts.

(3) The financial performance representation figures in Tables 1 and 4 do not reflect the cost of sales, operating expenses, rent/real estate, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.

(4) We do not provide profit and loss information for the Franchised Restaurants. We do not have access to sufficient cost, operating profit, or other financial data of the Franchised Restaurants to provide a profit and loss claim.

B. Table 2: FY 2023 Annual Unit Volume of Company-Owned Restaurants

Data for Company-Owned Restaurants for Fiscal Year 2023[5][7]	
Average AUV[6]	$5,176,145
Median AUV	$5,147,607
% / # of Company-Owned Twin Peaks Restaurants which attained or surpassed average AUV	50% / 15
Highest AUV	$8,436,923
Lowest AUV	$3,245,352

Table 3: FY 2023 Profit and Loss Data for Company-Owned Restaurants

P&L Data for Company-Owned Restaurants in FY 2023 [5][8][9]	
Average AUV[6]	$5,176,145
Median AUV	$5,147,607
Average Cost of Goods Sold[8] (% of Average AUV) Food (% of Average AUV): Bar (% of Average AUV):	$1,345,362 (26.0%) $789,199 (15.2%) $556,163 (10.7%)
Median Cost of Goods Sold (% of Median AUV) Food (% of Median AUV): Bar (% of Median AUV):	$1,336,809 (26.0%) $785,822 (15.3%) $550,987(10.7%)
Average Labor Cost[9] (% of Average AUV) Hourly Staff (% of Average AUV): Manager (% of Average AUV): Payroll Taxes/Benefits (% of Average AUV):	$1,540,493 (29.8%) $891,560 (17.2%) $402,881 (7.8%) $246,050 (4.8%)
Median Labor Cost (% of Median AUV) Hourly Staff (% of Median AUV): Manager (% of Median AUV):	$1,513,870 (29.4%) $855,470 (16.6%) $404,476 (7.9%) $247,657 (4.8%)

P&L Data for Company-Owned Restaurants in FY 2023 (5)(8)(9)	
Payroll Taxes/Benefits (% of Median AUV):	

(5) As of the last day of FY 2023, there were 33 company-owned Twin Peaks Restaurants ("Company-Owned Restaurants") operating in the US, of which 30 were open and had been operating for the full FY 2023. Table 2 and Table 3 include data for the 30 company-owned Twin Peaks Restaurants. The Company-Owned Restaurants are located in Arkansas, Colorado, Illinois, Nevada, New Mexico, and Texas.

As of the last day of FY 2023, the Company-Owned Restaurants included in the data sets for Table 2 and Table 3 operated for an average of 8.1 years. The Company-Owned Restaurants are primarily standalone locations with square footage of 6,000 to 8,000 square feet. All of the company-owned Twin Peaks Restaurants, including the Company-Owned Restaurants, offer substantially the same products and services to customers the Franchised Restaurants are expected to offer.

(6) "AUV" means the annual unit volume calculated based upon the sales of the Company-Owned Restaurants included in the data set. The average, median, highest and lowest AUV and weekly unit volume data include the total of all food sales and beverage sales, including liquor, wine and beer sales and sales of promotional merchandise.

(7) The Company-Owned Restaurants use a uniform accounting system and the data pertaining to the Company-Owned Restaurants was prepared by our in-house accountants. The information contained in Table 3 and Table 5 has not been audited.

(8) Cost of Goods Sold includes the total costs of all food, bar mixes, liquor, wine, beer and promotional merchandise and events. Cost of Goods Sold represents, on average, 26.0% of total sales (and a median of 26.1% of total sales). The average and median sales from alcoholic beverages (i.e. bar mixes, liquor, beer and wine) were 47.9% and 48.0% of the total sales of the Company-Owned Restaurants, respectively. The average and median sales from food and merchandise and events were 52.1% and 52.0% of the total sales of the Company-Owned Restaurants, respectively. We purchase many items used in the operation of the company-owned Twin Peaks Restaurants under arrangements negotiated with suppliers and distributors which may permit us to purchase and have such food, beverage, supply and other items delivered at a volume discount. (See Item 8). Of the Company-Owned Restaurants, 15 (50.0%) met or exceeded the average cost of goods sold (*i.e.,* had lower than average cost of goods).

(9) Labor costs includes costs for restaurant management and hourly personnel and includes benefits (including medical benefits for eligible personnel), training expenses (excluding management training expenses described below), payroll taxes and bonuses. Labor costs does not include personnel employed by us at Twin Peaks' headquarters or our field personnel that provide support services to company-owned and franchised Twin Peaks Restaurants (e.g. real estate, licensing and permitting, marketing support, information technology services, accounting services and human resources). The cost of hiring and training personnel in connection with the commencement of company–owned Twin Peaks Restaurant operations is expensed in pre-opening costs as incurred in accordance with our customary accounting practices. For the purposes of this analysis, pre-opening expenses are excluded. Of the Company-Owned Restaurants, 17 (56.6%) of the Company-Owned Restaurants met or exceeded the average labor costs (*i.e.,* had lower than average labor costs).

Notes to Tables 1-3

(10) If you are purchasing the assets of an existing Twin Peaks Restaurant, you should review the actual financial results of the Twin Peaks Restaurant being purchased.

(11) The Item 19 figures do not reflect all the operating expenses or other costs and expenses that must be deducted from the average total sales price or gross revenue to obtain the net income or profit. In particular, the costs and expenses contained in this Item 19 do not include the expenses which are payable according to the terms of the Franchise Agreement. You should independently investigate the costs and expenses you will incur in operating your business.

C. Additional Information

Some Twin Peaks Restaurants have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

The data in this Item 19 is unaudited but we believe that the information has been compiled using generally accepted accounting principles. Written substantiation for the financial performance representations described above will be made available to you upon reasonable request. Please carefully read all the information in these financial performance representations, and the notes following the charts, in conjunction with your review of the historical data.

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 Twin Peaks Restaurant, however, we may provide you with the actual records of that Restaurant. If you receive any other financial performance information or projections for your future income, you should report it to our management by contacting Mike Locey at (678) 488-9566, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Fiscal years 2021 to 2023(1)(2)(3)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	52	57	+5
	2022	57	61	+4
	2023	61	70	+9
Company-Owned	2021	26	28	+2
	2022	28	30	+2
	2023	30	33	+3
Total Outlets	2021	78	85	+7

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2022	85	91	+6
	2023	91	103	+12

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal years 2021 to 2023[(1)(2)(3)]

State	Year	Number of Transfers
Kansas	2021	0
	2022	0
	2023	3
Missouri	2021	0
	2022	0
	2023	3
Total	2021	0
	2022	0
	2023	6

Table No. 3

Status of Franchised Outlets
For Fiscal years 2021 to 2023(1)(2)(3)

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Arizona	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
Arkansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	8	2	0	0	0	1	9
	2022	9	0	0	0	0	0	9
	2023	9	2	0	0	0	0	11
Georgia	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	1	0	3
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Kentucky	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Louisiana	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Michigan	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Missouri	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Mississippi	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
North Dakota	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
South Carolina	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Tennessee	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Texas	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	1	0	0	0	0	10
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	**2021**	**52**	**7**	**0**	**0**	**0**	**2**	**57**
	2022	**57**	**5**	**0**	**0**	**0**	**1**	**61**
	2023	**61**	**10**	**0**	**0**	**1**	**0**	**70**

Table No. 4

Status of Company-Owned Outlets
For Fiscal years 2021 to 2023(1)(2)(3)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arkansas	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Colorado	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Georgia	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
Illinois	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Nevada	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Mexico	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	18	3	0	1	0	20
	2022	20	2	0	0	0	22
	2023	22	1	0	0	0	23
Totals	2021	**26**	**3**	**0**	**1**	**0**	**28**
	2022	**28**	**2**	**0**	**0**	**0**	**30**
	2023	**30**	**2**	**1**	**0**	**0**	**33**

(1) Fiscal Year 2021: For fiscal year 2021, the last Sunday of the 52-week year ended on December 26, 2021.

(2) Fiscal Year 2022: For fiscal year 2022, the last Sunday of the 52-week year ended on December 25, 2022

(3) Fiscal Year 2023: For fiscal year 2023, the last Sunday of the 52-week year ended on December 31, 2023.

Table No. 5

Projected Openings As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Florida	3	0	2
Illinois	0	1	0
Nevada	0	1	0
Ohio	1	0	0
South Carolina	0	1	0
Texas	0	0	2
Total	**4**	**3**	**4**

The names, addresses, and telephone numbers of our franchisees on December 31, 2023 are listed on Exhibit D.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Restaurant terminated, cancelled, or not renewed by us or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or has not communicated with us within 10 weeks of the issuance date of this disclosure document, are listed on Exhibit E.

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 experience as a franchisee in our franchise system.

The following independent franchisee organization has asked to be included in this disclosure document:

TP Franchisee Association
c/o Joe Rosa, President
110 Venice Street
Sugar Land, TX 77478
(281) 277-3257
joe.rosa@avalanchefoodgroup.com

There are no franchisee organizations sponsored or endorsed by us.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are our:

(a) unaudited balance sheet as of March 31, 2024 and the related statement of income for the period then ended;

(b) audited balance sheet as of December 31, 2023 and the related statement of income for the period then ended;

(c) audited balance sheet as of December 25, 2022, and the related statements of income, changes in member's equity, and cash flows for the year then ended; and

(d) audited balance sheet as of December 26, 2021, and the related statements of income, changes in member's equity, and cash flows for the year then ended.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Area Development Agreement (with exhibits and appendices) – Exhibit B

2. Franchise Agreement (with exhibits and appendices) – Exhibit C

3. Form of General Release – Exhibit H

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt contains the names of our franchise sellers or brokers.

EXHIBIT A
FINANCIAL STATEMENTS

INTERIM UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTAN HAS AUDITEE THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

Twin Restaurant Franchise, LLC

Balance Sheets

		Unaudited March 31, 2024		Unaudited December 31, 2023
Assets				
Current assets				
Cash and cash equivalents	$	682,406	$	115,218
Accounts receivable		745,435		735,214
Inventory		650,274		587,452
Total current assets		2,078,115		1,437,884
Due from affiliates		6,060,941		6,454,849
Total assets	$	8,139,056	$	7,892,733
Liabilities and Member's Equity				
Current liabilities				
Accounts payable	$	2,406,876	$	2,245,846
Accrued expenses		105,812		200,763
Gift card liabilities		480,472		458,481
Deferred income, current portion		217,000		217,000
Total current liabilities		3,210,160		3,122,090
Deferred income, net of current portion		4,503,727		4,365,274
Total liabilities		7,713,887		7,487,364
Commitments and contingencies				
Member’s equity		425,168		405,369
Total liabilities and Member's equity	$	8,139,056	$	7,892,733

Twin Restaurant Franchise, LLC

Statements of Income

		Unaudited Thirteen Weeks Ended March 31, 2024		**Unaudited** Fiscal Year Ended December 31, 2023
Revenues				
Royalty fees	$	4,976,272	$	19,019,431
Franchise fees		19,527		519,500
Advertising fees		3,445,427		13,353,799
Other revenues		1,287,337		2,411,391
Total revenues		9,728,563		35,304,121
Marketing expenses		4,276,696	,	14,173,294
Operating and general & administrative expenses		456,068		1,591,896
Net Income	$	4,995,799	$	19,538,931

AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023, DECEMBER 25, 2022, AND DECEMBER 26, 2021

Twin Restaurant Franchise, LLC

Financial Statements

For the Years Ended December 31, 2023, and December 25, 2022

Independent Auditor's Report

To Management
Twin Restaurant Franchise, LLC

Opinion

We have audited the accompanying consolidated financial statements of Twin Restaurant Franchise, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Twin Restaurant Franchise, LLC as of December 31, 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 Twin Restaurant Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Twin Restaurant Franchise, LLC for the year ended December 25, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 7, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Twin Restaurant Franchise, LLC's internal control. Accordingly, no such opinion is expressed.

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

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

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

CohnReznick LLP

Los Angeles, California
June 19, 2024

Twin Restaurant Franchise, LLC

Balance Sheets

	December 31, 2023	December 25, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 115,218	$ 104,191
Accounts receivable	735,214	492,459
Inventory	587,452	294,787
Total current assets	1,437,884	891,437
Due from affiliates	6,454,849	5,673,587
Total assets	$ 7,892,733	$ 6,565,024
Liabilities and Member's (Deficit) Equity		
Current liabilities		
Accounts payable	$ 2,245,846	$ 3,366,494
Accrued expenses	200,763	70,163
Gift card liabilities	458,481	267,561
Deferred income, current portion	217,000	182,333
Total current liabilities	3,122,090	3,886,551
Deferred income, net of current portion	4,365,274	4,179,441
Total liabilities	7,487,364	8,065,992
Commitments and contingencies (Note 4)		
Member's (deficit) equity	405,369	(1,500,968)
Total liabilities and Member's (deficit) equity	$ 7,892,733	$ 6,565,024

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Income

	Fiscal Years Ended	
	December 31, 2023	December 25, 2022
Revenues		
Royalty fees	$ 19,019,431	$ 15,719,644
Franchise fees	519,500	225,781
Advertising fees	13,353,799	11,688,513
Other revenues	2,411,391	1,001,328
Total revenues	35,304,121	28,635,266
Marketing expenses	14,173,294	11,760,703
Operating and general & administrative expenses	1,591,896	929,139
Net Income	$ 19,538,931	$ 15,945,424

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Changes in Member's Equity

	Member's Contribution	Distributions	Retained Earnings	Total
Balance at December 26, 2021	9,234,283	(89,995,001)	81,222,980	462,262
Distributions Parent	-	(17,908,654)	-	(17,908,654)
Net income	-	-	15,945,424	15,945,424
Balance at December 25, 2022	$ 9,234,283	$ (107,903,655)	$ 97,168,404	$ (1,500,968)
Distributions Parent	-	(17,632,594)	-	(17,632,594)
Net income	-	-	19,538,931	19,538,931
Balance at December 31, 2023	$ 9,234,283	$ (125,536,249)	$ 116,707,335	$ 405,369

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Cash Flows

	Fiscal Years Ended December 31, 2023	Fiscal Years Ended December 25, 2022
Cash Flows from Operating Activities		
Net income	$ 19,538,931	$ 15,945,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(242,755)	1,637
Inventories	(292,665)	(93,210)
Accounts payable	(1,120,648)	(362,798)
Accrued expenses	130,600	988
Gift card liabilities	190,920	78,203
Deferred income	220,500	1,009,220
Net cash provided by operating activities	18,424,883	16,579,464
Cash Flows from Investing Activities		
Change in due from affiliates	(781,262)	(193,079)
Net cash used in investing activities	(781,262)	(193,079)
Cash Flows from Financing Activities		
Distributions to Parent	(17,632,594)	(17,908,654)
Net cash used in financing activities	(17,632,594)	(17,908,654)
Net change in cash and cash equivalents	11,027	(1,522,269)
Cash and cash equivalents, beginning of fiscal year	104,191	1,626,460
Cash and cash equivalents, end of fiscal year	$ 115,218	$ 104,191

The accompanying notes are an integral part of these financial statements.

1. Nature of Business

Twin Restaurant Franchise, LLC (the "Company"), a Delaware Limited Liability Company ("LLC"), was organized on May 18, 2007. The Company is organized as a disregarded single member LLC, treated as a division of Twin Restaurant Holding, LLC (our "Parent"). The Company was formed to offer, sell and service franchises throughout the United States, under the operating name Twin Peaks. Twin Peaks is a full-service casual restaurant concept. As of December 31, 2023 there were 109 locations, of which 76 were franchised.

2. Summary of Significant Accounting Policies

Nature of Operations

The Company operates on a 52/53 week calendar and its fiscal year ends on the last Sunday of the calendar year. Fiscal year 2023 consisted of 53 weeks and ended on December 31, 2023 ("fiscal 2023"). Fiscal year 2022 contained 52 weeks and ended on December 25, 2022 ("fiscal 2022). Unless otherwise stated, references to years in this report relate to fiscal years.

Use of Estimates and Assumptions

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivables are recorded at the invoiced amount and are stated net of an allowance for credit losses. The allowance for credit losses is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The allowance is based on historical collection data and current franchisee information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company determined an allowance for doubtful accounts was not necessary as of December 31, 2023 and December 25, 2022, respectively. The accounts receivable balances as of December 31, 2023, December 25, 2022 and December 26, 2021 were $735,214, $492,459 and $494,096, respectively.

Gift Card Liabilities

The Company retains and reconciles all cash from gift card activities and use of gift cards on behalf of all franchised locations. Activity is reflected as an increase or decrease to the gift card liability on the accompanying balance sheets. Gift cards may be redeemed at any Twin Peaks location. There are no expiration dates, and no service fees are charged.

The gift card liability represents the balance of gift cards outstanding management believes will ultimately be redeemed. While the Company will continue to honor all gift cards presented for payment, management may determine the likelihood of redemption to be remote for certain cards due to, among other things, redemption patterns and long periods of inactivity. In these circumstances, if management determines there is no requirement for remitting balances to government agencies under unclaimed property laws, card balances may then be recognized as breakage income in the statements of operations. As of December 31, 2023 and December 25, 2022, no breakage income has been recognized. The gift card liability balances as of December 31, 2023, December 25, 2022 and December 26, 2021 were $458,481, $267,561 and $189,358, respectively.

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company’s own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required to be measured at fair value on a recurring basis under U.S. GAAP.

Revenue Recognition

Franchise Fees - The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by the Company are highly interrelated with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as deferred franchise fees. Franchise fees recorded as deferred revenue to be recognized over the life of the franchise agreements were $4.6 million and $4.4 million at December 31, 2023 and December 25, 2022, respectively.

The franchise fee may be adjusted from time to time at management’s discretion. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized for non-refundable deposits.

Royalties – In addition to franchise fee revenue, the Company collects a royalty calculated as a percentage of net sales from our franchisees. Royalties are recognized as revenue when the related sales are made by the franchisees. Royalties collected in advance of sales are classified as deferred income until earned.

Advertising – The Company requires advertising fee payments from franchisees based on a percent of net sales. The Company also receives, from time to time, payments from vendors that are to be used for advertising. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and the associated expense are recorded gross on the Company’s statements of income.

Assets and liabilities associated with the related advertising fees are reflected in the Company's balance sheet.

Income Taxes

The Company is organized as a disregarded single member LLC for federal income tax purpose. The financial statements of the Company for the fiscal years ended December 31, 2023 and December 25, 2022 contain no federal income tax provision as the Company files its federal income tax return as part of a consolidated group; however, the Company is subject to state margin tax. There is no provision for state margin tax for the fiscal years ended December 31, 2023 and December 25, 2022. The Company accounts for interest and penalties relating to uncertain tax positions in the current period statement of operations, if necessary. As of December 31, 2023 and December 25, 2022, the Company had no uncertain tax positions. Accordingly, the Company has not recognized any penalty.

3. Related Party Transactions

Our Parent supports the Company in various operating areas that are included in operating expenses on the Company's statements of income are administrative expenses for our Parent's marketing department, research and development, systems support, legal and accounting support, and training operations. The Parent also provides cash management functions for the Company. As a result, Due from affiliate balances presented on the Company's balance sheets consist primarily of cash transfers to our Parent.

In connection with the acquisition of Twin Peaks, on October 1, 2021, FAT completed a whole business securitization (the "Securitization") through the creation of a bankruptcy-remote issuing entity, FAT Brands Twin Peaks I, LLC ("FB Twin Peaks"), an immediate parent entity of the Parent. FB Twin Peaks issued new notes pursuant to an asset-backed securitization (the "Securitization Notes") and indenture (the "Indenture").

The restrictions placed on the Company and other FB Twin Peaks subsidiaries require that the Securitization Notes principal and interest obligations have first priority, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly principal and interest amounts due. The amount of weekly cash flow that exceeds the required weekly interest reserve is generally remitted to FAT.

4. Revenue from Contracts with Customers

The following table summarizes contract liabilities related to the franchise fees as of December 31, 2023 and December 25, 2022: (in thousands)

	2023	2022
Franchise fees liability at the beginning of the year	4,362	3,353
Revenue recognized	520	226
Franchise fees received during the period	740	1,235
Franchise fees liability at the end of the year	4,582	4,362

The following table presents disaggregated revenue by the method of recognition (in thousands).

Revenue recognized over time	2023	2022
Franchise fees	$ 520	$ 226
Revenue recognized at a point in time		
Royalties	$ 19,019	$ 15,720
Advertising fees	13,354	11,688
Management fees and other income	2,411	1,001
Total	$ 35,304	$ 28,635

5. Commitments and Contingencies

Contingencies

The Company is periodically involved in various claims and litigation in the normal course of business. While the Company estimates its exposure for these claims and establishes reserves for the estimated probable liabilities, the actual liabilities could be in excess of these reserves. The Company believes that the result of any potential claims will not have a material adverse effect on the Company's financial condition.

6. Subsequent Events

In May 2024, FAT Brands Inc. ("FAT Brands"), the top-level parent company of Twin Restaurant Franchise, LLC, was informed that it was indicted by the U.S. Department of Justice ("DOJ") on two violations of Section 402 of the Sarbanes-Oxley Act for directly and indirectly extending and/or arranging for the extension of credit in 2019 and 2020 to former CEO Andrew Wiederhorn in the amount of $2.65 million. These charges allege that FAT Brands, through its subsidiary Fatburger N.A., transferred approximately $600,000 to Mr. Wiederhorn in the form of a personal loan on January 30, 2019, and lent approximately $2 million in 2020 to its former parent company Fog Cutter Capital Group Inc. ("FCCG") which indirectly funded a personal loan from FCCG to Mr. Wiederhorn. The indictment also includes charges against Mr. Wiederhorn, FAT Brands' former CFO, Rebecca Hershinger, and FAT Brands' former tax advisor, William Amon, on violations of various federal tax and other laws related to loans from FCCG to Mr. Wiederhorn.

Also in May 2024, the U.S. Securities and Exchange Commission ("SEC") filed a complaint against FAT Brands, claiming violations of Section 17(a)(2) of the Securities Act of 1933; Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), 13(k), and 14(a) of the Securities Exchange Act of 1934; and Rules 10b-5(b), 12b-20, 13a-1, 13a-13, 14a-3, and 14a-9 thereunder. The SEC's claims pertain principally to allegations that, for fiscal periods covering 2017 through 2020, FAT Brands failed to disclose certain related party transactions, failed to disclose the salaries of Mr. Wiederhorn's adult children working at FAT Brands, failed to maintain proper books and records and internal accounting controls, made false or misleading statements regarding its liquidity and use of proceeds from certain transactions, and directly or indirectly extended credit to Mr. Wiederhorn in the form of a personal loan. The SEC's complaint also names Mr. Wiederhorn, Ms. Hershinger, and FAT Brands' SVP of Finance, Ron Roe, as defendants. The SEC is seeking injunctive relief, disgorgement, and civil monetary penalties.

The Company has evaluated subsequent events from the balance sheet date through the date at which these financial statements were available to be issued and determined that there are no additional items to disclose.

Twin Restaurant Franchise, LLC

Financial Statements

For the Years Ended December 25, 2022 and December 26, 2021

Independent Auditors' Report

To the Member of
Twin Restaurant Franchise, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Twin Restaurant Franchise, LLC (the Company), which comprise the balance sheets as of December 25, 2022 and December 26, 2021, and the related statements of income, changes in member's (deficit) equity and cash flows for the years ended December 25, 2022 and December 26, 2021, 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 the Company as of December 25, 2022 and December 26, 2021, and the results of its operations and its cash flows for the years ended December 25, 2022 and December 26, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Company'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 the Company'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.

Baker Tilly US, LLP

Los Angeles, California
April 7, 2023

Twin Restaurant Franchise, LLC

Balance Sheets

	December 25, 2022	December 26, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 104,191	$ 1,626,460
Accounts receivable	492,459	494,096
Inventory	294,787	201,577
Total current assets	891,437	2,322,133
Due from affiliates	5,673,587	5,480,508
Total assets	$ 6,565,024	$ 7,802,641
Liabilities and Member's (Deficit) Equity		
Current liabilities		
Accounts payable	$ 3,366,494	$ 3,729,292
Accrued expenses	70,163	69,175
Gift card liabilities	267,561	189,358
Deferred income, current portion	182,333	159,328
Total current liabilities	3,886,551	4,147,153
Deferred income, net of current portion	4,179,441	3,193,226
Total liabilities	8,065,992	7,340,379
Commitments and contingencies (Note 4)		
Member's (deficit) equity	(1,500,968)	462,262
Total liabilities and Member's (deficit) equity	$ 6,565,024	$ 7,802,641

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Income

	Fiscal Years Ended December 25, 2022	Fiscal Years Ended December 26, 2021
Revenues		
Royalty fees	$ 15,719,644	$ 13,300,223
Franchise Fees	225,781	234,841
Advertising fees	11,688,513	9,623,142
Other revenues	1,001,328	720,834
Total revenues	28,635,266	23,879,040
Marketing expenses	11,760,703	9,559,203
Operating expenses	929,139	785,148
Net Income	$ 15,945,424	$ 13,534,689

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Changes in Member's Equity

	Member's Contribution	Distributions	Retained Earnings	Total
Balance at December 27, 2020	$ 9,234,283	$ (75,313,506)	$ 67,688,291	$ 1,609,068
Distributions to Parent	-	(14,681,495)	-	(14,681,495)
Net income	-	-	13,534,689	13,534,689
Balance at December 26, 2021	9,234,283	(89,995,001)	81,222,980	462,262
Distributions Parent	-	(17,908,654)	-	(17,908,654)
Net income	-	-	15,945,424	15,945,424
Balance at December 25, 2022	$ 9,234,283	$ (107,903,655)	$ 97,168,404	$ (1,500,968)

The accompanying notes are an integral part of these financial statements.

Twin Restaurant Franchise, LLC

Statements of Cash Flows

	Fiscal Years Ended	
	December 25, 2022	December 26, 2021
Cash Flows from Operating Activities		
Net income	$ 15,945,424	$ 13,534,689
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	1,637	103,962
Inventory	(93,210)	(132,976)
Accounts payable	(362,798)	1,524,305
Accrued expenses	988	10,345
Gift card liabilities	78,203	(18,026)
Deferred income	1,009,220	827,659
Net cash provided by operating activities	16,579,464	15,849,958
Cash Flows from Investing Activities		
Change in due from affiliates	(193,079)	(5,111,432)
Net cash used in investing activities	(193,079)	(5,111,432)
Cash Flows from Financing Activities		
Distributions to Parent	(17,908,654)	(14,681,495)
Net cash used in financing activities	(17,908,654)	(14,681,495)
Net change in cash and cash equivalents	(1,522,269)	(3,942,969)
Cash and cash equivalents, beginning of fiscal year	1,626,460	5,569,429
Cash and cash equivalents, end of fiscal year	$ 104,191	$ 1,626,460

The accompanying notes are an integral part of these financial statements.

1. Nature of Business

Twin Restaurant Franchise, LLC (the "Company"), a Delaware Limited Liability Company ("LLC"), was organized on May 18, 2007. The Company is organized as a disregarded single member LLC, treated as a division of Twin Restaurant Holding, LLC (our "Parent").

The Company was formed to offer, sell and service franchises throughout the United States, under the operating name Twin Peaks. Twin Peaks is a full-service casual restaurant concept. As of December 25, 2022 there were 95 locations, of which 64 were franchised.

On October 1, 2021 FAT Brands Inc. ("FAT") completed the acquisition of our Parent and its direct and indirect subsidiaries, including the Company (collectively, "Twin Peaks"). FAT is a strategic restaurant brand company with a focus on franchising. Immediately following the closing of the acquisition FAT contributed substantially all of the revenue-generating assets of Twin Peaks, including ownership of the Company together with franchise agreements and intellectual property, to its wholly-owned subsidiary FAT Brands Twin Peaks I, LLC, pursuant to a Contribution Agreement dated October 1, 2021.

COVID-19

The outbreak of the COVID-19 pandemic in March 2020 had a number of adverse effects on our business and that of our franchisees, including temporary and permanent closures of restaurant locations, reduced or modified store operating hours, difficulties in staffing restaurants and supply chain disruptions. While the disruptions to our business from the COVID-19 pandemic have mostly subsided, the resurgence of COVID-19 or its variants, as well as an outbreak of other widespread health epidemics or pandemics, could cause a closure of restaurants and disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

2. Summary of Significant Accounting Policies

Nature of Operations

The Company operates on a 52-week calendar and its fiscal year ends on the last Sunday of the calendar year. Consistent with industry practice, the Company measures its stores' performance based upon 7-day work weeks. Using the 52-week cycle ensures consistent weekly reporting for operations and ensures that each week has the same days, since certain days are more profitable than others. The use of this fiscal year means a 53rd week is added to the fiscal year every 5 or 6 years, as will be the case in fiscal year 2023. In a 52-week year, all four quarters are comprised of 13 weeks. In a 53-week year, one extra week is added to the fourth quarter. Fiscal years 2022 and 2021 were 52-week years.

Reclassifications

Certain reclassifications have been made to conform prior year balances to the current year presentation.

Use of Estimates and Assumptions

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("US 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 those estimates.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The allowance is based on historical collection data and current franchisee information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company determined an allowance for doubtful accounts was not necessary as of December 25, 2022 and December 26, 2021, respectively.

Gift Card Liabilities

The Company retains and reconciles all cash from gift card activities and use of gift cards on behalf of all franchised and non-franchised locations. Activity is reflected as an increase or decrease to the gift card liability on the accompanying balance sheets. Gift cards may be redeemed at any Twin Peaks location. There are no expiration dates, and no service fees are charged.

The gift card liability represents the balance of gift cards outstanding management believes will ultimately be redeemed. While the Company will continue to honor all gift cards presented for payment, management may determine the likelihood of redemption to be remote for certain cards due to, among other things, redemption patterns and long periods of inactivity. In these circumstances, if management determines there is no requirement for remitting balances to government agencies under unclaimed property laws, card balances may then be recognized in the statements of operations.

Revenue Recognition

Franchise Fees - The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by the Company are highly interrelated with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as deferred franchise fees.

The franchise fee may be adjusted from time to time at management's discretion. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized for non-refundable deposits.

Royalties – In addition to franchise fee revenue, the Company collects a royalty calculated as a percentage of net sales from our franchisees. Royalties are recognized as revenue when the related sales are made by the franchisees. Royalties collected in advance of sales are classified as deferred income until earned.

Advertising – The Company requires advertising fee payments from franchisees based on a percent of net sales. The Company also receives, from time to time, payments from vendors that are to be used for advertising. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and the associated expense are recorded gross on the Company's statements of income. Assets and liabilities associated with the related advertising fees are reflected in the Company's balance sheets.

Income Taxes

The Company is organized as a disregarded single member LLC for federal income tax purpose. The financial statements of the Company for the fiscal years ended December 25, 2022 and December 26, 2021 contain no federal income tax provision as the Company files its federal income tax return as part of a consolidated group; however, the Company is subject to state margin tax. There is no provision for state margin tax for the fiscal years ended December 25, 2022 and December 26, 2021.

The Company adopted and implemented ASC 740, *"Income Taxes"* as it relates to uncertainties in income taxes. ASC 740 clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained upon examination by the taxing authority. The adoption of this guidance did not have a material effect on the Company's financial position or results of operations. The Company accounts for interest and penalties relating to uncertain tax positions in the current period statement of operations, if necessary. As of December 25, 2022 and December 26, 2021, the Company had no uncertain tax positions. Accordingly, the Company has not recognized any penalty.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)-Measurement of Credit Losses on Financial Instruments*, and later amended the ASU in 2019, as described below. This guidance replaces the current incurred loss impairment methodology. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects its current estimate of credit losses expected to be incurred over the life of the financial instrument based on historical experience, current conditions and reasonable and supportable forecasts.

In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates ("ASU 2019-10")*. The purpose of this amendment is to create a two-tier rollout of major updates, staggering the effective dates between larger public companies and all other entities. This granted certain classes of companies, including Smaller Reporting Companies ("SRCs"), additional time to implement major FASB standards, including ASU 2016-13. Larger public companies will have an effective date for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities are permitted to defer adoption of ASU 2016-13, and its related amendments, until fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Under the current SEC definitions, FAT meets the definition of an SRC and is adopting the deferral period for ASU 2016-13. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company does not expect the adoption of this standard will have a material impact on its financial statements.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The purpose of this amendment is to enhance disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. It requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments should be applied prospectively and are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of the amendments is permitted if an entity has adopted the amendments in ASU 2016-13 described above, including adoption in an interim period. The Company will evaluate ASC No. 2022-02 and does not expect the adoption of this standard will have a material impact on its financial statements.

3. Related Party Transactions

Our Parent supports the Company in various operating areas and provides centralized cash management. Included in operating expenses on the Company's statements of income are administrative expenses for our Parent's marketing department, research and development and training operations. The Parent also provides cash management functions for the Company. As a result Due from affiliate balances presented on the Company's balance sheets consist primarily of cash transfers to our Parent.

4. Commitments and Contingencies

Litigation

The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met.

Securitization

In connection with the acquisition of Twin Peaks, on October 1, 2021, FAT completed a whole business securitization (the "Securitization") through the creation of a bankruptcy-remote issuing entity, FAT Brands Twin Peaks I, LLC ("FB Twin Peaks"), in which FB Twin Peaks issued new notes pursuant to an asset-backed securitization (the "Securitization Notes") and indenture (the "Indenture").

The restrictions placed on the Company and other FB Twin Peaks subsidiaries require that the Securitization Notes principal and interest obligations have first priority and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly principal and interest amounts due. The amount of weekly cash flow that exceeds the required weekly interest reserve is generally remitted to FAT.

5. Subsequent Events

Management has evaluated all events and transactions that occurred from December 25, 2022 through the date of issuance of these audited financial statements. During this period, the Company did not have any material subsequent events.

EXHIBIT B
AREA DEVELOPMENT AGREEMENT, INCLUDING EXHIBITS AND APPENDICES

TWIN RESTAURANT FRANCHISE, LLC

Area Development Agreement

SUMMARY PAGE

This page summarizes certain provisions of the Area Development Agreement to which they are attached. The Area Development's provisions will control in the event of any conflict.

Effective Date: ____________________________

Expiration Date: ____________________________

Developer: ____________________________

Business Entity: __ corporation/ __ partnership/ _____ limited liability company, formed under the laws of _______________.

Designated Principal: ____________________________

Development Fee: ____________________________

Initial Franchise Fee: $50,000 per Restaurant

Extension Fee: ____________________________

Offering Fee: $10,000

Successor Fee: $25,000 per Restaurant to be developed during the Successor Term

Territory: ____________________, as geographically constituted as of the Effective Date.

Transfer Fee: $12,500

Developer:
Address for Notices:
____
____
____
phone: ______________________
fax: ________________________
email: ______________________

Franchisor:
Address for Notices:
Twin Restaurant Franchise, LLC
Attn: Chief Legal Officer
5151 Belt Line Road, Suite 1200
Dallas, TX 75254
phone: 972.941.3150
fax: 972.385.8700
email: claymingus@TPRest.com

TABLE OF CONTENTS

EXHIBITS:

Twin Peaks

AREA DEVELOPMENT AGREEMENT

This Agreement is made as of the Effective Date between Franchisor and Developer.

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Restaurants that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed or modified at Franchisor's sole option.

WHEREAS, Developer desires to obtain the right to identify and propose locations for Restaurants within the Territory and to develop and operate Restaurants at Premises pursuant to one or more Franchise Agreements.

NOW, THEREFORE, in consideration of Franchisor's granting to Developer the right to develop Restaurants in the Territory subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "**ADA**" means the Americans with Disabilities Act.

(b) "**Affiliate**" means with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(c) "**Agreement**" means this Twin Peaks Area Development Agreement between Franchisor and Developer.

(d) "**Applicable Law**" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement and either Party, including the development, construction and/or operation of the Restaurant pursuant to the terms hereof, including, without limitation, all laws and regulations related to health and food safety (e.g. Food Safety Modernization Act); menu labeling; sale and service of liquor, beer and wine; labor; consumer privacy and data security; and those governing public accommodations for persons with disabilities.

(e) "**Brand**" means the Twin Peaks brand.

(f) "**Competitive Business**" means any full-service restaurant that, as determined by Franchisor, is the same as or substantially similar to the Restaurants, including, without limitation, any food service establishment or chain of food service establishments that features sports entertainment, experiential dining (e.g. attractive, girl-next-door servers in a lounge or sports-themed environment) or has American pub-style food items (e.g. burgers, sandwiches, chicken wings, nachos, quesadillas, chicken fried steak, meatloaf, steaks and seafood) collectively accounting for 25% or more of its entree menu and liquor, beer and wine accounting for 30% or more of the average monthly gross sales for the restaurant during the preceding 12 months (or, if the restaurant has been operated for less than 12 months, the number of full calendar months of operation). A Competitive Business does not include (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Developer's Existing Brands.

(g) “**Conditions**” means collectively, the “Operational,” “Financial,” “Legal” and “Ownership” conditions to execution by Developer and Franchisor of a Franchise Agreement.

(h) “**Confidential Information**” means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its employees develop or have access to, in connection with this Agreement or the operation of a Restaurant hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor’s or its Affiliates product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation, inventory and financial controls) and management programs and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(i) “**Consequential Damages**” means damages and injury that result from a Party’s negligent performance of or other breach of this Agreement for (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(j) “**Control**,” “**Controlling**” or “**Controlling Interest**” means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(k) “**Crisis Management Event**” means an event that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(l) “**Cybersecurity Incident**” means any event or occurrence that results in unauthorized access to or adversely affects the availability or integrity the System, Twin Peaks Restaurants or the Confidential Information, which event or occurrence could not have been prevented by reasonable administrative, physical or technical security measures.

(m) “**Designated Principal**” means the employee of Developer who supervises and oversees the operation of the business contemplated by this Agreement. The first Designated Principal is identified in the Summary Page.

(n) “**Developer**” means the Entity so described in the Summary Pages.

(o) “**Development Fee**” means an initial fee in the amount set forth in the Summary Page owed to Franchisor upon Developer’s execution of this Agreement.

(p) “**Development Period**” means as applicable, the 12-month period ending on the calendar day immediately preceding the first anniversary of the Effective Date and each subsequent 12-month period thereafter during the Initial Term and Successor Term, if applicable.

(q) “**Development Schedule**” means the schedule set forth in Exhibit A.

(r) “**Effective Date**” means the effective date of this Agreement as set forth on the Summary Page.

(s) “**Entity**” means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(t) “**Equity Interest**” means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls such Entity and does not, directly or indirectly, own 5% or more of any class of securities of such Entity).

(u) "**Event of Default**" means any breach by Developer of, or any failure by Developer to comply with, any condition or obligation of this Agreement as described in Section 12(a).

(v) "**Existing Brands**" means restaurants operated under a system and marks other than the System and Marks by Developer as of the Effective Date, as set forth in Exhibit A.

(w) "**Extension Fee**" means a fee in the amount of one-half of the Development Fee as set forth in the Summary Page and payable by Developer to Franchisor in connection with the extension of a Development Period.

(x) "**Force Majeure Event**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; or other forces, that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(y) "**Franchise**" means the right to operate a Restaurant pursuant to this Agreement.

(z) "**Franchise Agreement**" means Franchisor's then–current form of franchise agreement that governs the operation of a Restaurant. Franchisor's current form of Franchise Agreement is attached to this Agreement as Exhibit D.

(aa) "**Franchisee**" means Developer or an Affiliate of Developer approved by Franchisor to operate a Restaurant pursuant to an executed Franchise Agreement between Franchisor and Developer.

(bb) "**Franchisor**" means the Entity so described in the Summary Page.

(cc) "**Franchisor Indemnitees**" means Franchisor, its Affiliates and their respective Principals, directors, officers, employees, agents, successors and assignees.

(dd) "**Ideas and Concepts**" means the recipes, processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or the Restaurant(s) that Developer, any of its Principals or its Affiliates or any of their respective Personnel or independent contractors creates or develops from time to time in connection with the development or operation of the Restaurants.

(ee) "**Indemnified Matter**" means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 10.

(ff) "**Initial Franchise Fee**" means an initial fee in the amount set forth in the Summary Page owed to Franchisor upon Developer's execution of a Twin Restaurant, LLC Franchise Agreement in connection with each Restaurant developed hereunder, subject to application of any portion of the Development Fee pursuant to Section 6(a).

(gg) "**Initial Term**" means the initial term of this Agreement as set forth in Section 3(a).

(hh) "**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

(ii) "**Internet**" means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications.

(jj) "**Lease**" means the document executed by Developer or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Restaurant from the Premises, including the Lease Addendum (as defined in the Franchise Agreement). "Lease" includes any sublease or renewal of any lease or sublease.

(kk) "**Losses and Expenses**" means without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including without limitation reasonable legal fees and Consequential Damages.

(ll) "**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(mm) "**Marks**" means the Twin Peaks trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may hereafter be designated, by Franchisor in writing for use in connection with the System.

(nn) "**Notice**" means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

(oo) "**Offering Fee**" means a payment in the amount set forth in the Summary Page that will be owed to Franchisor in connection with any offerings of debt or any Equity Interest of Developer or any Affiliate or any of the Principals thereof as set forth in Section 11(f).

(pp) "**Opening Deadline**" means the date by which a Restaurant must be open for business to the public as set forth in the applicable Franchise Agreement.

(qq) "**Party**" or "**Parties**" means either Franchisor or Developer individually or collectively.

(rr) "**Permanently Disabled**" means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Developer or any Principal holding a Controlling Interest in Developer from performing his or her obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the parties hereto disagree as to whether a Person is "Permanently Disabled" the determination will be made 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 purposes of Section 11(e), the Person will automatically be considered Permanently Disabled as of the date of refusal.

(ss) "**Person**" means any natural person or Entity.

(tt) "**Personnel**" means all Persons employed by Developer or any of its Affiliates in connection with the development and operation of the Restaurants.

(uu) "**Premises**" means the site approved by Franchisor for Developer's Restaurant as set forth in the applicable Franchise Agreement.

(vv) "**Principal**" means collectively or individually, the Persons holding a direct or indirect Equity Interest in Developer or in any Affiliate of Developer as designated by Franchisor and Developer's officers and directors. Any reference to "Principal" in this Agreement includes the Designated Principal.

(ww) "**Products**" means all food (including ingredients) and beverages, used or made available for consumption at or from the Restaurants, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(xx) "**Proprietary Products**" means all food, beverages, clothing and memorabilia used or made available for consumption at or from the Restaurants bearing any of the Marks or designated as proprietary by Franchisor or any Affiliate.

(yy) "**Reserved Area**" means any location that by their nature are unique and separate in character from locations generally developed as Twin Peaks restaurants which include military bases, airports, food courts, shopping malls, hospitals, campuses, schools, hotels, stadiums, arenas, race tracks, ballparks, casinos and other mass gathering locations or events.

(zz) "**Restaurant**" means a Twin Peaks restaurant operating under the Marks and System pursuant to Twin Restaurant Franchise, LLC Franchise Agreement between Franchisor and a Franchisee.

(aaa) "**Site Application**" means the documents and information that Developer must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists' renderings, site plans, and/or a copy of the Lease and documentation indicating Developer's prospects for acquiring possessory interest in the Premises

(bbb) "**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Twin Peaks restaurants, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(ccc) "**Successor Fee**" means the successor fee Developer must pay to Franchisor as set forth in Section 3(b) and in the amount set forth in the Summary Page.

(ddd) "**Successor Term**" means the period commencing after the expiration of the Initial Term for such time period as agreed by the Parties in accordance with the established development schedule for such Successor Term.

(eee) "**Summary Page**" means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(fff) "**System**" means the business system for establishing and operating Twin Peaks restaurants, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

(ggg) "**Term**" means the term of this Agreement, including the Initial Term and any Successor Term.

(hhh) "**Territory**" means the geographic area described in the Summary Pages.

(iii) "**Trade Dress**" means the unique, distinctive, and non-functional overall appearance and image of the Restaurants in the marketplace and includes the Standards.

(jjj) "**Transfer**" means any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Developer or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Developer, the Restaurants (including the Premises), or any Equity Interest, directly or indirectly, in Developer to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of an Equity Interest in Developer or the ownership, possession, or Control of the Restaurants may be made only in conjunction with a Transfer of this Agreement.

(kkk) "**Transfer Fee**" means the transfer fee Developer or the transferee must pay to Franchisor as set forth in Section 11(c)(6) and in the amount set forth in the Summary Page.

2. <u>GRANT OF DEVELOPMENT RIGHTS</u>.

(a) **<u>Development Rights</u>.** Franchisor grants to Developer and Developer accepts from Franchisor, the right to develop a pre-determined number of Restaurants in the Territory during the Initial Term. This Agreement does not grant Developer the right to use the Marks, the System or operate a Restaurant. Each Restaurant must be operated under a separate Franchise Agreement. Developer has no rights under this Agreement to develop any Restaurants outside of the Territory or to develop restaurants under other brands that may come to be owned, operated or franchised by Franchisor or its Affiliates and that do not utilize the System. Subject to the rights reserved to Franchisor in Section 2(b) and provided Developer and its Affiliates remain in full compliance with this Agreement and all other agreements with Franchisor or any of its Affiliates during the Term, Franchisor will not:

(1) operate, directly or indirectly, nor grant to Persons the right to operate, a Restaurant located within the Territory;

(2) offer or sell, directly or indirectly, nor grant to Persons the right to offer or sell those food items which comprise the Products under the Marks that are cooked-to-order for on-premises consumption within the Territory;

(3) operate, directly or indirectly, nor grant to Persons the right to operate, a Competitive Business located within the Territory; provided that, Franchisor and its Affiliates will have the right to: a) establish and operate, and grant Persons the right to establish and operate, Competitive Businesses located within the Territory under marks and business methods the rights to which are acquired by Franchisor or its Affiliates pursuant to, as the result of, or in connection with a merger with or acquisition by any Entity or acquisition by Franchisor or its Affiliates of any Entity, including an asset transfer; and b) in such case, operate or grant to Persons the right to operate such Competitive Business as a Restaurant.

The rights granted under this Section 2(a) are limited to the right to develop Restaurants and do not include (1) any right to subfranchise, sublicense, subcontract, share, divide or partition this Agreement or any rights hereunder; (2) sell Products identified by the Marks at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), other than at Restaurants within the Territory; (3) any right to sell Products identified by the Marks to any Person for resale or further distribution; or (4) any right to exclude, control or impose conditions on Franchisor's development or operation of franchised, Affiliate or company-operated Restaurants (whether under the Marks or different trade names or trademarks) at any time or at any location outside of the Territory.

(b) **<u>Reserved Rights</u>.** Franchisor retains all rights inside and outside the Territory except those that are expressly granted to Developer in this Agreement. Without limiting Franchisor's and its Affiliates' rights described in this Section 2(b), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Territory;

(2) Operate, and license others to operate, Twin Peaks restaurants at any location outside the Territory, including locations that are adjacent to the Territory;

(3) Except for the restriction against the establishment of another Twin Peaks restaurant in the Territory, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Twin Peaks restaurants (such as pre-packaged food products, clothing, merchandise and other Twin Peaks memorabilia), under the Marks or other trademarks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, airports, stadiums, business or industry locations (*e.g.* manufacturing site, office building, distribution facilities), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail or restaurant locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by an Twin Peaks restaurant);

(4) Establish and operate, and license others to establish and operate, any business other than a Twin Peaks restaurant, including other restaurants or food-related businesses, under the Marks or under other marks, including restaurants or other businesses that Franchisor or its Affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and;

(5) Establish and operate, and license others to establish and operate, Twin Peaks restaurants and other food service facilities in any Reserved Area whether or not located within the Territory.

Franchisor and its Affiliates will not directly engage in catering and delivery services in the Territory; however, Franchisor has no obligation to enforce similar restrictions against any other franchisee or any third party provider of delivery services.

3. INITIAL AND SUCCESSOR TERMS.

(a) **Initial Term**. Unless sooner terminated in accordance with this Agreement, the Initial Term will commence on the Effective Date described in the Summary Page and will expire on the earlier of the expiration date set forth in the Summary Page or the date upon which Developer opens for operation the cumulative number of Restaurants in the Territory set forth in the Development Schedule.

(b) **Successor Term.** Developer will have the option to renew the Initial Term for one Successor Term if Developer and its Affiliates are in full compliance with this Agreement (including the Development Schedule) and all other agreements with Franchisor or any of its Affiliates (including Franchise Agreements signed pursuant to this Agreement) during the Initial Term and the Parties agree in writing upon a new Development Schedule. Developer will notify Franchisor that it is exercising its renewal right no later than six months before the scheduled expiration date of the Initial Term of this Agreement and will remain in good standing throughout the remainder of the Initial Term. Developer and Franchisor will enter into good faith discussions to establish a new Development Schedule before expiration of the Initial Term, with such new Development Schedule to be memorialized, at Franchisor's sole option, in the form of an amendment to this Agreement or by the Parties entering into a new development agreement on the terms of this Agreement with the adjustment to the Development Schedule. If the Parties fail to reach an agreement on the new Development Schedule, this Agreement will expire as set forth in Section 3(a). Developer will pay to Franchisor the Successor Fee concurrently with the execution by Developer of a new development agreement or an amendment to this Agreement and Developer and its Principals will execute a release of Franchisor and its Affiliates in the form prescribed by Franchisor, provided that such release will exclude any claims that cannot be released under Applicable Law.

4. DEVELOPMENT SCHEDULE.

(a) **Development Schedule.** Developer will exert its best efforts and take all steps necessary and consistent with this Agreement to fully develop the Restaurants in the Territory. Without limiting the foregoing, Developer must have open and operating in the Territory, pursuant to Franchise Agreements, the cumulative number of Restaurants by the corresponding dates as set forth in the Development Schedule. Developer must execute Franchisor's then-current form of Franchise Agreement for each Restaurant and open each such Restaurant by the Opening Deadline set forth in the applicable Franchise Agreement, provided that such Opening Deadline will not modify the cumulative number of Restaurants that Developer must have open and operating as of the expiration of each Development Period.

(b) **Investment.** Developer acknowledges that: (1) the estimated expenses and initial investment requirements for any Restaurant are subject to increase over time and future Restaurants likely will involve greater initial investment and operating capital requirements; and (2) it is required to open all of the Restaurants on the dates set forth in the Development Schedule regardless of the requirement of a greater investment, the financial condition or performance of Developer's then-existing Restaurants or any other circumstances, financial or otherwise.

(c) **Exercise of Development Rights.** Developer may not develop a Restaurant unless (1) at least 45 days prior to the execution of each Franchise Agreement, Developer requests that Franchisor send its then-current franchise disclosure document and Franchise Agreement, confirms its intent to develop the applicable Restaurant and sends to Franchisor all information necessary to complete the Franchise Agreement for the applicable Restaurant; and (2) all of the conditions set forth in Section 5(c) have been met.

(d) **Restaurant Casualty.** If an operating Restaurant is closed due to a Force Majeure Event, then such Restaurant will be deemed open and in operation as of the end of such Development Period, but not thereafter.

(e) **Failure to Comply With Development Schedule**. Developer's complete, timely, and strict compliance with the Development Schedule is the essence of this Agreement and without such compliance, Franchisor would not be willing to enter into this Agreement (or any Franchise Agreement) with Developer. Developer's failure to fulfill its obligations with respect to any Development Period of the Development Schedule (including without limitation executing a Franchise Agreement for each Restaurant and opening the Restaurant by the Opening Deadline prescribed in such Franchise Agreement) will constitute an Event of Default under this Agreement. If Developer fails to either execute a Franchise Agreement, open a Restaurant by the Opening Deadline set forth in the applicable Franchise Agreement or have operating at least the minimum number of Restaurants according to the applicable Development Period and Franchise Agreements, or if Developer ceases operation of any Restaurant prior to the expiration of the term of the applicable Franchise Agreement and does not re-open such Restaurant within the time period required by the Franchise Agreement (except in the event of closure due to a Force Majeure Event as provided in Section 14), Franchisor has the right but not the obligation to terminate this Agreement. Franchisor may, at its option, but not in lieu of termination or any other remedies available to Franchisor in this Agreement, the Franchise Agreement or at law, effective upon Notice to Developer: (1) terminate or modify Developer's exclusivity in the Territory; (2) modify the Territory; and/or (3) limit the number of remaining Restaurants that may be developed by Developer in the Territory.

(f) **Option to Extend Development Period.** If Developer is unable to satisfy the minimum number of operating Restaurants required during any Development Period, then Developer may, upon 90 days' Notice to Franchisor and payment of the Extension Fee, extend the deadline by which it must comply with the Development Schedule for the applicable Development Period by 180 days. However, in no event will any such extension extend the duration of the Development Schedule or otherwise affect the requirements that Developer must satisfy during any other Development Period. A Development Period may be extended only once and Developer may purchase no more than one extension during the Term.

5. **SITE SELECTION AND FRANCHISE AGREEMENTS.**

(a) **Franchisor's Consent to Developer's Premises**. Developer is required to obtain Franchisor's prior written consent to each of the Premises before executing a lease for, or a binding agreement to purchase, any proposed Premises dedicated to a Restaurant. Developer assumes all cost, liability, expense and responsibility for locating, obtaining and developing the Premises for each Restaurant within the Territory and for finish-out or renovation and equipping the Restaurant at the Premises in accordance with the applicable Franchise Agreement. Developer will submit to Franchisor within 30 days after the commencement of each Development Period its Site Application for a proposed site for each Restaurant to be developed during the applicable Development Period in accordance with the Site Application procedures set forth in the Manuals. Franchisor will provide Developer with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. Developer acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Developer prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Developer that any proposed site will be accepted by Franchisor.

(b) **Site Acceptance.** Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, each site proposed by Developer. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's written acceptance of a proposed site, the Developer (or its Affiliate, as Franchisee) will execute within ten days of such written acceptance a Franchise Agreement and any exhibit thereto designating the Premises as the location of the Restaurant. No site may be used for the location of the Restaurant unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Developer commits a default of this Agreement or any other agreement with Franchisor or its Affiliates and fails to cure such default within the applicable cure period, if any. FRANCHISOR'S APPROVAL OF THE PREMISES AND ITS RENDERING OF SITE SELECTION ASSISTANCE, IF ANY, IN THE SELECTION OF THE PREMISES DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY FRANCHISOR, EXPRESS OR IMPLIED, THAT THE RESTAURANT OPERATED AT THE PREMISES WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL. Franchisor assumes no liability or responsibility for: (1) evaluation of a proposed site's soil for hazardous substances; (2) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (3) compliance with the ADA and any other Applicable Law. Developer is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in full compliance with all Applicable Law.

(c) **Development Conditions.** In conjunction with Franchisor's decision to execute each Franchise Agreement, Franchisor may require that Developer and its Principals furnish to Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information about Developer, its Principals and each of Developer's Affiliates that is, or may be, involved in the development, ownership or operation of any Restaurant. All such information must be verified in writing by Developer and its Principals as being true, complete and accurate in all respects. Such information must be submitted to Franchisor promptly upon Franchisor's request and will be relied upon by Franchisor, among other factors, in determining whether to execute this Agreement. Each of the following conditions and approvals must have occurred or be obtained before Developer will have the right to execute each Franchise Agreement. Developer must meet all "Operational," "Financial," "Legal" and "Ownership" conditions, as set forth below, before such rights will become effective:

(1) Operational Conditions: Developer, its Affiliates and Principals must be in full compliance with all provisions of this Agreement and any other agreements (including any Franchise Agreements) between Developer and its Affiliates and Franchisor and its Affiliates. Developer must have opened each Restaurant in a timely manner as required under the Development Schedule. Developer must have at all times operated, and continue to operate, each of Developer's existing Restaurants in accordance with the Standards. Developer further must demonstrate it is capable of operating each proposed Restaurant required under the Development Schedule in accordance with the Standards.

(2) Financial Conditions: Developer and its Principals must satisfy Franchisor's then-current financial criteria for developers of Restaurants as set forth in the Manual. Developer must not be in default, and have not been in default during the 12 months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or Franchisor's Affiliates under any Franchise Agreement or other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of Franchisor's developers is financially sound to avoid failure of one or more Restaurants and that such failure would adversely affect Franchisor's reputation, the goodwill associated with the Marks and the System.

(3) Legal Conditions: Developer must have prepared or obtained, and submitted to Franchisor upon Franchisor's request, in a timely manner, all information and documents requested by Franchisor in connection with this Agreement or any other agreements to be executed between Developer or any of its Affiliates and Franchisor or any of its Affiliates, and Developer have taken such additional actions in connection therewith as may be requested by Franchisor from time to time.

(4) Ownership Conditions: Neither Developer nor any of its Principals will have transferred or attempted to transfer a Controlling Interest in Developer without Franchisor's prior written consent.

(d) **Franchise and Related Agreements.** Each Franchise to be granted pursuant to this Agreement will be governed by Franchisor's then-current form of Franchise Agreement (including all attachments and related agreements and documents), which Developer (or its Affiliate, as Franchisee) agrees to execute and pay upon execution the Initial Franchise Fee due thereunder. Upon Franchisor's approval of Developer's proposed site for each Restaurant in accordance with Sections 5(a) and 5(b), Developer must execute the Franchise Agreement for each Restaurant. Concurrently with Developer's execution and delivery to Franchisor of each Franchise Agreement, Developer and its Principals and Affiliates must, except to the extent prohibited by Applicable Law, execute and deliver to Franchisor a general release in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, its Affiliates and its owners, officers, directors, employees, agents, successors and assigns accruing prior to the effective date of the Franchise Agreement, subject to Applicable Law.

(e) **Development by Developer or its Affiliates.** Developer may develop the Restaurants through one or more of its Affiliates provided such Affiliate is pre-approved in writing by Franchisor. In such case, (i) the Affiliate will execute the Franchise Agreement and its Principals will execute a Guaranty and Undertaking of Obligations, and (ii) Developer will guaranty the payment and performance of such Affiliate in the form prescribed by Franchisor.

6. AREA DEVELOPMENT FEE.

(a) **Development Fee.** On the Effective Date, Developer will pay to Franchisor the Development Fee described in the Summary Page. The Development Fee is fully earned when paid to compensate Franchisor for expenses incurred during the negotiation and implementation of this Agreement as well as development opportunities lost or deferred as a result of the rights granted to Developer under this Agreement and is not refundable or recoupable under any circumstances. The Development Fee is due and payable when this Agreement is signed. Upon signing the first Franchise Agreement executed in connection with this Agreement, a portion of the Development Fee will be applied in full satisfaction of the Initial Franchise Fee due under such Franchise Agreement. Thereafter, a portion of the remaining Development Fee will be applied toward 50% of the Initial Franchise Fee due upon the signing of each subsequent Franchise Agreement executed pursuant to the Development Schedule. The Development Fee and all other amounts payable to Franchisor under this Agreement will be in United States Dollars.

(b) **Taxes.** Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by Developer will, in addition, include an amount equal to any and all goods and services taxes, sales taxes or other taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement. Developer agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Developer.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) **Business Entity Developer**.

(1) Developer warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly authorized by it. Developer's company agreements must impose the restrictions against Transfer set forth in Section 11 of this Agreement.

(2) If Developer is not publicly traded (*i.e.*, less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding in excess of 5% of all Equity Interests in Developer and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Developer who are government officials. Developer will provide Franchisor with such financial information as Franchisor may periodically request from Developer and each Principal, including copies of unaudited financial statements to be delivered to Franchisor on a quarterly basis, within 20 days after the end of each calendar quarter, and copies of audited financial statements, to be delivered to Franchisor on an annual basis, no later than 60 days after the end of each calendar year.

(3) If Developer is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit C.

(b) **Compliance With Applicable Law**. Developer will be solely responsible for complying with all Applicable Laws in connection with the development and operation of Restaurants in the Territory, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of its business, including, without limitation, licenses to do business, sales tax permits, importation of materials, transmission of royalties and all other payments relevant to Developer's performance under this Agreement, environmental and safety and fire clearances. Developer will notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental authority, which may adversely affect the operation or financial condition of Developer or which may have any materially adverse effect on Franchisor or its Affiliates, the goodwill associated with the Marks and the System or on Restaurants generally.

(c) **Anti-Corruption, Anti-Boycott and Anti-Terrorism Laws; Code of Conduct**. Developer and each Principal represents and warrants to Franchisor that: (1) neither Developer nor, to the best of its knowledge after reasonable inquiry, any Principal or any executive officer of Developer is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text available at www.treas.gov/offices/ enforcement/ofac/); (2) neither Developer nor any Principal is directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (3) neither Developer nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (4) neither Developer nor any of Principal or executive officers have violated, and Developer will not violate and will cause Developer's Principals and executive officers not to violate, any Applicable Law prohibiting money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text available at http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf), or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Developer will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 7(c) incorrect, false, inaccurate, or misleading or which constitutes a breach of any of the covenants of this Section 7(c). In addition, Franchise and each Principal will comply with the Franchisor's "Code of Conduct" set forth in the Manuals at all times in connection with the development of the Restaurants.

(d) **Designated Principal.** If Developer agrees to develop at least three Restaurants pursuant to this Agreement, Developer will designate an individual to serve as the Designated Principal of the Developer. Developer's first Designated Principal is identified in the Summary Page. The Designated Principal will, at all times, meet the following qualifications:

(1) The Designated Principal will, during the entire period he or she serves as Designated Principal, have authority to make decisions for Developer in connection with Developer's obligations under this Agreement and the relationship with Franchisor.

(2) The Designated Principal will devote his or her energy, best efforts and the time required to supervise and oversee the conduct of the business contemplated by this Agreement.

(3) The Designated Principal will be an individual who reads, speaks and comprehends English, is of good moral character and is acceptable to both Developer and Franchisor.

(4) The Designated Principal will execute the Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit E. Developer is responsible for Designated Principal's compliance with and will take all reasonable steps to enforce the terms of the Confidentiality and Non-Compete Agreement.

The Designated Principal shall successfully complete, to Franchisor's satisfaction, Franchisor's initial program on the System and the operation of a Restaurant, as set forth in the Manuals (the "Initial Training"), prior to the opening of the first Restaurant pursuant to this Agreement.

If, at any time or for any reason, the Designated Principal identified in the Summary Page no longer satisfies each of the above qualifications, Developer will promptly designate another Designated Principal who possesses the qualifications listed above. The replacement Designated Principal must complete the Initial Training to our satisfaction within one hundred fifty days thereafter.

(e) **Management and Personnel.** At all times throughout the Term, Developer will and will cause its Affiliates (as Franchisee) to hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Developer will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer relations and fully comply with Applicable Law.

8. RESTRICTIVE COVENANTS.

Developer recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Developer and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 7(a) are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW DEVELOPER AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete**. Developer and each of its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Developer and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person, firm, partnership, corporation, or other Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of any of the Restaurants to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System;

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business. During the Term, these restrictions apply to any Competitive Business located within the United States (excluding Developer's Existing Brands). Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located (1) within the Territory; (2) at or within three miles of any Twin Peaks restaurant then operating or under construction within or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Developer or its Principals fail to comply with its obligations under this Section 8(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information**. Developer and each of its Principals each acknowledges that Franchisor may provide Developer and its Principals with Confidential Information that derive value from not being generally known in the industry that are reasonably necessary for the operation of the Restaurant and that Developer has entered into this Agreement in order to use such Confidential Information to the economic benefit of Developer. Developer agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such but the failure to mark such Confidential Information will not cause it to be public information. Developer and each of its Principals will not use, duplicate, or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Developer uses with its own confidential information. To the extent that any Confidential Information is to be provided to Developer's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Restaurant or Developer's business and execute a confidentiality and non-disclosure agreement in a form prescribed by Franchisor consistent with the foregoing.

(c) **Ownership**. All Confidential Information furnished or disclosed by Franchisor to Developer or any of its Principal or otherwise obtained by Developer or it Principals is and will remain the property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual Property of Franchisor immediately upon their creation and Franchisor will be the sole owner of all right, title and interest in and to such Intellectual Property. Upon expiration or termination of this Agreement, Developer will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Developer must promptly reveal to Franchisor any discoveries, inventions, innovations or improvements made by Developer, its Principal, personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Interference with Employees**. Developer acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Restaurant, its Personnel and the Personnel of its Affiliates (as Franchisee) in the development and operation of the Restaurants, including but not limited to the hiring and discharging of Developer's and its Affiliates' Personnel and setting and paying wages and benefits of Developer's and Developer's Affiliates' Personnel. Developer acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Developer and its Affiliates. Developer further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including without limitation the System or Marks in any way shifts any employee or employment-related responsibility from Developer to Franchisor.

(e) **Severability and Enforceability of Covenants.** Each of the covenants contained in this Section 8 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 17(b), such covenant will be enforced to the fullest extent permissible under Applicable Law.

9. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors**. It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Developer are and will be independent contractors; and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Developer will conspicuously identify itself in all dealings as the owner of development rights granted under an Agreement with Franchisor and will place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as Franchisor may periodically require.

This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the right to make decisions, take actions and/or refrain from taking actions which are not inconsistent with Developer's explicit rights and obligations hereunder or under Applicable Law and that may affect favorably or adversely Developer's interest. Developer acknowledges and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement or Applicable Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of the Twin Peaks franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether its decision or the action it takes applies differently to Developer and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Developer's individual interest or the individual interests of any other particular franchisees. Franchisor will have no liability to Developer for any such decision or exercise of its rights. Without limiting the foregoing, Franchisor will have no obligation to ensure that the Restaurants are developed and operated in accordance with Applicable Law and will have no liability in the event Developer's development of the Restaurants violates Applicable Law.

(b) **<u>No Liability for Acts of Other Party</u>.** Developer must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Developer's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Developer will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. Franchisor will not be obligated for any damages to any Person or property directly or indirectly arising out of the operation of Developer's business.

10. <u>INDEMNIFICATION</u>.

DEVELOPER, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF ANY RESTAURANT; (B) ANY BREACH BY DEVELOPER OR ANY PRINCIPAL OF THIS AGREEMENT, OR DEVELOPER'S OR ANY OF ITS AFFILIATES', PRINCIPALS', OR DESIGNATED PRINCIPAL'S BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; AND (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF THE RESTAURANTS OR PRODUCTS OR THE SALE OF ANY PRODUCTS OFFERED BY THE RESTAURANTS, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH CLAIM AGAINST IT AT DEVELOPER'S SOLE COST AND EXPENSE. IF DEVELOPER

DEFENDS ANY CLAIM, IT MAY NOT ENTER INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR DEVELOPER'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST DEVELOPER. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM DEVELOPER.

11. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor.** This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Developer, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks, or its System to any third party; merge, acquire other Entities, or be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities; or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the new owner of an Entity will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Developer and Developer expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof.

(b) **Transfer by Developer**. The rights and duties created by this Agreement are personal to Developer, and that Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Developer and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below.

(c) **Conditions for Approval of Transfer.** If the proposed Transfer by Developer is of this Agreement, Control of Developer or substantially all of its assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Developer, Franchisor will approve a Transfer only if the conditions set forth in this Section 11(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Developer (and its Principals if Developer is not publicly traded) has paid the Development Fee and other amounts owed to Franchisor and its Affiliates

(2) submitted all required documents, information statements and data and otherwise are in full compliance with this Agreement as of the date Developer requests for approval of the Transfer and as of the effective date of the Transfer.

(3) Developer and its Affiliates Transfer to transferee all Franchise Agreements and all existing Restaurants developed and operated by Developer and its Affiliates under this Agreement and the Franchise Agreements in accordance with the conditions for approval of Transfer set forth in such Franchise Agreements.

(4) The proposed transferee (and its direct and indirect owners): (i) have sufficient business experience, aptitude, assets and financial resources to develop and operate the Restaurants;

(ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Restaurant developers and operators; (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the development and operation of the Restaurants; and (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(5) The transferee and each of its owners as specified by Franchisor will provide Franchisor with a business plan for the Restaurants acceptable to Franchisor.

(6) The transferee and each of its owners as specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of area development agreement and sign the ancillary agreements and documents Franchisor requires for Restaurant franchisees and any principal.

(7) Developer or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer.

(8) Developer (and its transferring Principals if Developer is not publicly traded) and Franchisor have executed a general release, in form satisfactory to Franchisor, releasing Franchisor Indemnitees from any and all claims arising out of the development and operation of the Restaurants, excluding claims related to the development of the Restaurant by Developer or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(9) Developer and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new developers signing the then-current area development agreement.

(d) **Effect of Franchisor's Consent**. Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Developer and the transferee, a guarantee of the prospects of success of the Restaurants or transferee, or a waiver or release of any claims Franchisor may have at any time against Developer (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

(e) **Transfer Upon Death or Permanent Disability**. If any Principal that holds a Controlling Interest in Developer dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the development of the Restaurants required by this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Developer (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 11(c) within a reasonable period of time, not to exceed six months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or the Controlling Interest in Developer within this period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Securities**. Developer will be permitted to engage in the public and/or private issuance of stock, notes, bonds and other securities during the Term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Developer secures Franchisor's written approval, which consent will not be unreasonably withheld; and Developer pays the Offering Fee to Franchisor. Developer further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Developer is true, accurate and complete in Developer's offering. Only after Franchisor has provided its written approval may Developer proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Developer will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Developer acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Developer may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Developer will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Developer's offering of information published or communicated in actions taken in that regard.

12. DEFAULT AND TERMINATION.

The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(a) **Termination for Events of Default.** Franchisor may terminate this Agreement upon delivery to Developer of Notice as a result of the occurrence of any of the following Events of Default and Developer's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Developer:

(1) Developer fails to comply with the Development Schedule during any Development Period pursuant to Section 4 and Exhibit A of this Agreement.

(2) Developer fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Developer.

(3) Developer (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor.

(4) Developer or any of its Principals or Affiliates is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the Restaurants, any other Twin Peaks restaurants or the goodwill associated with Marks.

(5) Developer (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 11.

(6) Developer (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement, Developer or any of its Affiliates or any of its or their principals or managers makes any unauthorized use of the Marks or any unauthorized use or disclosure of Trade Secrets or Confidential Information or otherwise engages in conduct that materially and adversely affects the reputation of the Restaurants or the goodwill associated with the Marks.

(7) Developer, Designated Principal or any of Developer's Principals fails to comply with or perform its covenants, representations and warranties in this Agreement, including without limitation the representations, warranties and covenants set forth in Section 7 and the restrictive covenants against competition set forth in Section 8.

(8) Franchisor has delivered a Notice of termination of a Franchise Agreement with Developer or any of its Affiliates (as Franchisee) in accordance with its terms and conditions.

(9) Developer fails to pay when due any income, withholding, service, sales or any other applicable taxes due on the Restaurant's

operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

Without limiting the foregoing, Franchisor may terminate this Agreement for failure by Developer (or any of its Principals) to comply with any other provision of this Agreement including without limitation the representations and warranties contained in this Agreement, the Manuals or any Standards material to development of the Restaurants within 30 days after Notice of such Event of Default is delivered to Developer.

(b) **Termination for Repeated Default.** This Agreement will terminate immediately upon delivery of Notice to Developer if Developer (or any of its Principals) fails on three or more separate occasions within any period of 12 consecutive months of any Event of Default under Section 12(a), whether the same or different Events of Default and whether or not such failures are corrected after Notice of such failure is delivered to Developer.

(c) **Termination for Insolvency.** This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or against Developer (or any Affiliate or Principal), Developer makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the Restaurant is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a receiver, trustee or liquidator of Developer or the Restaurant is not vacated within 30 days following the entry of such order.

(d) **Termination for Violation of Applicable Law.** This Agreement will terminate immediately upon delivery of Notice to Developer if Developer (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification revoked or suspended in whole or in part.

13. EFFECT OF TERMINATION, EXPIRATION OR NONRENEWAL.

Upon expiration or earlier termination of this Agreement:

(a) **Payment of Amounts Owed.** Developer will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, amounts owed for purchases from Franchisor or its Affiliates, interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid. If this Agreement is terminated by Franchisor following the occurrence of an Event of Default and Developer's failure to cure within any applicable cure period, or if Franchisee delivers Notice of termination of this Agreement to Franchisor (notwithstanding the absence of any right of termination hereunder), Developer will within 30 days following the effective date of such termination pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, an amount equal to the balance of the Initial Franchise Fee for each undeveloped Restaurant based on the Initial Franchise Fee under the then-current Franchise Agreement and $50,000 for each undeveloped Restaurant. Developer acknowledges and agrees that the liquidated damages provided for in this Section 13(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of Developer's post-termination obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

(b) **Marks**. Developer may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor or the Restaurant; identify any business as a former Restaurant; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Restaurants Developer or its Affiliate owns and operates under continuing agreements with Franchisor). Developer will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals**. Developer will immediately cease to use System and Confidential Information in any business or otherwise; and return to Franchisor all copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Developer.

(d) **Restrictive Covenants and Continuing Obligations**. Developer will comply with the restrictive covenants set forth in this Agreement. Developer's (and its Affiliates' and its Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until such obligations are satisfied in full or by their nature expire.

(e) **Purchase Option.** Upon termination of this Agreement in accordance with Section 12, Franchisor will have the option, exercisable by giving written notice thereof to Developer within 60 days from the date of such termination, to purchase the Restaurants that are open and operating pursuant to this Agreement and any Franchise Agreement executed pursuant hereto, free and clear of all liens, restrictions or encumbrances (except with respect to any liens, restrictions or encumbrances running with the real estate that were approved by Franchisor in writing prior to Developer's or its Affiliates' purchase of the real estate). Franchisor will also have the option to purchase (or, as applicable, require Developer to assign to Franchisor any applicable leases for) all of such Restaurants' signs, equipment, fixtures and useable inventory in accordance with the terms of the applicable Franchise Agreements. The purchase price for such Restaurants will be determined in accordance with Exhibit F. In addition to the foregoing options, Franchisor has the right and option to require Developer to assign the lease(s) for each of the locations of such Restaurants to Franchisor or its designee in accordance with the applicable Franchise Agreements. If Franchisor elects to exercise the foregoing options, Franchisor will exercise such options with respect to all Restaurants that are open and operating in full compliance with the applicable Franchise Agreements. If Franchisor does not exercise its option with respect to such Restaurants then in operation, then Developer (or its Affiliate, as Franchisee) may continue operating the Restaurants subject to the terms of the applicable Franchise Agreements. Nothing contained in this Section 13(e) will constitute a waiver of Franchisor's rights or remedies for an Event of Default under any Franchise Agreement between Franchisor and Developer or its Affiliate (as Franchisee).

14. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure**. Neither Franchisor nor Developer will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Developer or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the Parties are not able to agree on such amendments within 30 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Developer or exercise any of the remedies described in Section 12 or otherwise available at law or in equity. In no event will Developer's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse Developer from the prompt payment of any fee or other payment due to Franchisor pursuant to this Agreement.

(b) **Crisis Management Events**. Developer must notify Franchisor within 24 hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

15. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation**. Before any Party may bring an action or commence a proceeding against the other, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on improper or unauthorized use of the Marks or breach of the covenants and obligations set forth in Section 8(a) or Section 8(b) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 15 will not bar either Party from obtaining injunctive relief pursuant to Section 15(d)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 15(a) will not apply to any claim or dispute relating to Developer's failure to pay fees or other amounts owed to Franchisor under this Agreement. Franchisor and Developer will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) **Governing Law**. This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 15 does not constitute a waiver of any statutory rights or remedies. Franchisee, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 15(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Franchisee, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) **Arbitration**.

(1) <u>Claims Subject to Arbitration</u>. Subject to Paragraph 15(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Developer arising out of or relating to the following (each, an "Arbitrable Claim") will be finally resolved by binding arbitration in accordance with Section 15(c)(4):

(A) this Agreement or any other agreement between Franchisor and Franchisee or any of its Affiliates or Principals;

(B) the relationship between Developer and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Developer or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Developer intend for the court to address the applicability and scope of the exceptions found in Section 15(c)(2)(a); and/or

(D) the offer or sale of the franchise opportunity.

(2) Exception of Claims Subject to Arbitration. Franchisor and Developer recognize and agree that certain claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 18(b) or breach of the non-compete provisions of Section 8(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived; further, Developer acknowledges that the termination of any litigation for injunctive or other equitable relief will not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Developer's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Developer's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 15(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 15(d).

(3) No Class Action. No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Developer (including where applicable the immediate family members, owners, heirs, executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Developer, the relationship between Franchisor and Developer, the scope and validity of this Agreement or any other agreement between Franchisor and Developer, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as a class action or representative action and further, no claim may be consolidated or joined. **DEVELOPER EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY**. Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration will be resolved by a court of competent jurisdiction, and not the arbitrator.

(4) Binding Arbitration in Dallas, Texas. Subject to the provision for temporary

injunctive relief pending arbitration contained in Section 15(c)(5), all Arbitrable Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with Rules 5.3 and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/developer disputes. Each Party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 19(b) of this Agreement.

(5) Temporary Injunction Relief Pending Arbitration. The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury pending arbitration. The Parties expressly understand and agree that the advance notice requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 15(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 15(c)(5), a Party is not relieved of its obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 15(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum will be the District Court of Dallas County, Texas. The provisions of this Section 15(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 15(c)(5) above.

(d) **Consent to Jurisdiction and Venue**. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 15(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Developer agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) **Limitations of Claims**. Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) **Limitation on Damages**. Except with respect to (1) Developer's obligation to indemnify Franchisor and its Affiliates pursuant to Section 10, (2) claims for Developer's disclosure of Confidential Information in Section 8(b); (3) payment or recovery of liquidated damages described in Section 13(a), and (4) lost profits incurred by Franchisor as a result of early termination of this Agreement under Section 12. FRANCHISOR AND DEVELOPER WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL AND CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) **Rights of Parties Are Cumulative**. Franchisor's and Developer's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees**. If Franchisor incurs expenses in connection with the Developer's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Developer will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL**. THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR DEVELOPER.

______
Initials

(j) **Material Inducement for Franchisor**. DEVELOPER AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 15 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 15 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

16. NOTICES.

All Notices required or permitted under this Agreement will be deemed given (1) when delivered by hand; (2) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; or (3) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (4) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth in the Summary Page.

17. MISCELLANEOUS.

(a) **Severability; Substitution of Valid Provisions**. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable. If for any reason any part of this

Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Developer and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(b) **Effect of Delay, Waiver, Omission or Forbearance**. No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or its Principals, or as to subsequent breach or default by Developer or its Principals. Subsequent acceptance by Franchisor of any payments due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Developer or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(c) **Binding Effect**. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns and successors in interest and will not be modified except by a written agreement signed by both Developer and Franchisor.

(d) **Disclaimer of Warranties**. Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees nor warranties of any nature concerning actual or potential sales or profits of a Twin Peaks restaurant or that the licensed Restaurants to be established and operated by Developer or its Affiliate, as Franchisee, hereunder will be successful or profitable. Developer and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Developer and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Developer under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation.

(e) **Receipt of Disclosure.** Developer acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of Developer relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(f) **Entire Agreement.** This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Developer relating to the subject matter of this Agreement. Notwithstanding the foregoing, 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.

(g) **Construction**. The preambles and exhibits are a part of this Agreement. Except for the third party beneficiary rights of Franchisor Indemnitees to enforce the terms and conditions of the general release executed pursuant to Section 5(d) and their respective rights under Sections 10, 11(c)(8) and 11(f) of this Agreement, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(h) **Headings**. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(i) **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

(j) **Conflicting Provisions**. The parties will strive to ensure that there is no conflict between this Agreement and the terms of any Franchise Agreement. If the parties agree to enter in a Franchise Agreement with provisions that conflict with the Agreement, the parties will simultaneously amend this Agreement to be consistent with the Franchise Agreement.

18. PUBLIC ANNOUNCEMENTS.

No public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby, any Franchise Agreement or Crisis Management Event will be made by Developer without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Developer will not disclose the substance of this Agreement to any third party except as necessary to obtain a lease or renewal or obtain any permit, license or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Developer or for any public disclosure otherwise required by Applicable Law.

19. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[*Signature page follows.*]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
Twin Restaurant Franchise, LLC	**[___________________________________]**
By:___________________________________	By:___________________________________
Printed Name: __________________________	Printed Name:__________________________
Title:_________________________________	Title:_________________________________

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT A

I. FRANCHISOR'S APPROVAL OF DEVELOPER'S EXISTING BRANDS

In accordance with the restrictive covenants in Section 8(a) and the definition of Competitive Business in Section 1(f) the following Existing Brands operated by Developer and/or its Affiliates are deemed excluded from Competitive Business:____
____
____

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Developer may continue to develop additional units of the above-named existing brands anywhere during the Term of the Agreement without any obligation to Franchisor.

II. DEVELOPMENT SCHEDULE

Development Period	Commencement	Expiration	Balance of Initial Franchise Fee Due Upon Execution of Franchise Agreement	Cumulative Restaurants That Must Be Open and Operating at the Expiration of Each Development Period
1	Effective Date			
2				
3				

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT B

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Developer is a ___________________, organized on ______________, ___ under the laws of the State of _______. Its Federal Identification Number is ________________. It has not conducted business under another name. The following is a list of Developer directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit B have the meanings given in the Area Development Agreement dated _________________ between Developer and Franchisor.

Name	Position(s) Held

Developer represents and warrants to Franchisor that all Equity Interests in Developer are disclosed in this Guaranty. Developer will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Developer. As of the Effective Date:

Name	Mailing Address	% of Equity Interest

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT C

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") is given to Franchisor, by each of the undersigned as a Principal of Developer, in consideration of and as an inducement to the execution of the attached Area Development Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Developer. Capitalized terms not defined in this Guaranty and Undertaking of Obligations have the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Developer made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty and Undertaking of Obligations.

Principal acknowledges that it is included in the term "Principal" as described in Section 1(ww) of the Agreement and without limiting any guarantee of Developer's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as Principal qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 7 (Representations, Warranties and Covenants), Section 8 (Restrictive Covenants), Section 10 (Indemnification), Section 11 (Transfer) and Section 15 (Governing Law; Dispute Resolution).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other Person and waives any right it may have to require that an action be brought against Developer or any other Person as a condition of its liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically grant to Developer or to any other Person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

(a) he has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;

(b) This Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

(c) This Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Developer.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Developer and a full description of the nature and extent of each Principal's Equity Interest in Developer. Developer, and Principal as to its Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of its Equity Interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed its signature as of the date shown above.

PRINCIPAL:	**EQUITY INTEREST**
By:____________________________________ Printed Name:____________________________ Title:___________________________________	____%
By:____________________________________ Printed Name:____________________________ Title:___________________________________	____%
By:____________________________________ Printed Name:____________________________ Title:___________________________________	____%

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT D

FRANCHISE AGREEMENT

EXHIBIT E

DESIGNATED PRINCIPAL'S CONFIDENTIALITY AND NON-COMPETE AGREEMENT

_____________________________, a company with an address at __________________________ ("Developer"), for itself and on behalf of Franchisor, its franchisor pursuant to the ADA dated _______________ between Developer and Franchisor, and ____________________, an individual having an address at _________________________ ("**Designated Principal**" or "**you**"), hereby enter into this Confidentiality and Non-Compete Agreement (this "Agreement"), effective as of __________________, ("**Effective Date**") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment E-1.

A. Confidentiality.

(1) Developer and Designated Principal, for their mutual benefit, desire to have Franchisor disclose to Designated Principal certain Confidential Information Purpose.

(2) Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its Affiliates or its employees develop or have access to, in connection with this Agreement or the operation of a Restaurant hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliates product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation, inventory and financial controls) and management programs and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates ("**Confidential Information**"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.

(3) For the duration of Designated Principal's employment with Developer and at all times thereafter, Designated Principal will use Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisor's consent and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.

(4) Designated Principal must notify Franchisor immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the ADA by Designated Principal or any representative of Designated Principal, and will cooperate with Franchisor in every reasonable way to help Franchisor regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.

(5) The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Designated Principal before and after the Effective Date.

(6) Upon Franchisor's request, Designated Principal will either return to Franchisor all Confidential Information or, at Franchisor's option, will certify to Franchisor that all media containing Confidential Information have been destroyed. Provided, however, that an archival copy of the Confidential Information may be retained in the files of Designated Principal's counsel solely for the purpose of proving the contents of the Confidential Information.

(7) The foregoing restrictions on Designated Principal's use or disclosure of Confidential Information will not apply to Confidential Information that Designated Principal can demonstrate: a) was independently developed by or for the Designated Principal without reference to the Confidential Information, or was received without restrictions; b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Designated Principal; c) was in the Designated Principal's possession without restriction or was known by the Designated Principal without restriction at the time of disclosure; or d) is required by a court order to be disclosed; provided, however, that the Designated Principal has given Franchisor prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisor to seek to protect the confidentiality of the Confidential Information required to be disclosed and will disclose only that part of the Confidential Information which, in the written opinion of her legal counsel, it is required to disclose.

(8) As between the parties, all Confidential Information will remain the property of Franchisor. By disclosing Confidential Information or executing this Agreement, Franchisor does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisor hereunder is provided "AS IS" and no warranties are made by Franchisor regarding such Confidential Information.

(9) Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisor to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Designated Principal discloses to Franchisor will not be deemed to be proprietary or confidential and will be acquired by Franchisor free from any restrictions; however, no license under any applicable patent(s) of Designated Principal will be granted or implied.

(10) Franchisor's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.

(11) This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Designated Principal's services are performed, without regard to such state's conflicts of laws rules.

(12) Designated Principal acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisor as a result of Designated Principal's breach of this Agreement. Therefore, Designated Principal agrees that if Designated Principal violates or threatens to violate this Agreement, Franchisor, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this Agreement. In the

event Franchisor should seek an injunction hereunder, Designated Principal hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Designated Principal will bear all costs and expenses, including legal fees and costs, incurred by Franchisor in enforcing the provisions of this Agreement.

B. Competition.

For so long as you are Developer's Designated Principal under the ADA and for a period of two years from disassociation with Developer or date ceasing to be Developer's Designated Principal, you will not, either directly or indirectly, individually or through, on behalf of, or in conjunction with any other person:

(1) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business

(2) Divert or attempt to divert any actual or prospective business or customer of the Restaurant to any Competitive Business, by direct or indirect inducement or otherwise; or

(3) Do or perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System

The above covenants apply exclusively in the Territory and the United States of America during the time that you serve as Developer's Designated Principal and within three miles of any then-existing Restaurant for the two-year period following the date you cease to be Developer's Designated Principal.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Developer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Developer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Franchisor's trade secrets. You acknowledge that Franchisor and Developer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Developer recognize and agree that Franchisor is a third party beneficiary of this Agreement, and at all times during and after your association with Developer as its Designated Principal Franchisor will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your designation as Developer's Designated Principal may be withdrawn by Developer or that Developer may disassociate with you at any time, with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Developer and you will be interpreted, enforced and governed by the laws of Texas (without regard to conflicts of law rules). Any dispute arising out of or under this Agreement not settled by agreement will be resolved in accordance with the terms of the ADA.

This Agreement constitutes the entire agreement of the parties with respect to the parties' respective obligations in connection with Confidential Information disclosed hereunder and supersedes all prior oral and written agreements and discussions with respect thereto.

This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.

The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.

Designated Principal will not assign this Agreement without first securing Franchisor's written consent.

Franchisor will be an intended beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Developer has provided you with a copy for your records.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

DEVELOPER:	**DESIGNATED PRINCIPAL**
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:__________________________	Date:__________________________
Date:__________________________	

ATTACHMENT E-1
TO CONFIDENTIALITY AND NON COMPETE AGREEMENT

DEFINITIONS

"**ADA**" means the Area Development Agreement between Franchisor and Developer.

"**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"**Agreement**" means this Confidentiality and Non-Compete Agreement between Developer and Designated Principal.

"**Competitive Business**" means any full-service restaurant that, as determined by Franchisor, is the same as or substantially similar to the Restaurants, including, without limitation, any food service establishment or chain of food service establishments that features sports entertainment, experiential dining (e.g. attractive, girl-next-door servers in a lounge or sports-themed environment) or has American pub-style food items (e.g. burgers, sandwiches, chicken wings, nachos, quesadillas, chicken fried steak, meatloaf, steaks and seafood) collectively accounting for 25% or more of its entree menu and liquor, beer and wine accounting for 30% or more of the average monthly gross sales for the restaurant during the preceding 12 months (or, if the restaurant has been operated for less than 12 months, the number of full calendar months of operation). A Competitive Business does not include (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Developer's Existing Brands.

"**Franchisor**" means Twin Restaurant Franchise, LLC, a

"**Manuals**" means Company's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"**Person**" means any natural person or entity.

"**Purpose**" means the management of the day to day operations of Developer, including without limitation supervising and overseeing the operation of the business contemplated by this Agreement.

"**Restaurant**" means a Twin Peaks restaurant.

"**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand for the development and operation of the Restaurants, as specified from time to time by Franchisor in the Manuals, or otherwise in writing.

"**System**" means the business system for establishing and operating the Restaurants, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT F

PURCHASING OPTION TERMS AND CONDITIONS

If Franchisor exercises its option to purchase under Section 13(e) of the Agreement following termination of the Agreement, Franchisor will purchase the Restaurants as set forth below and will assume no liabilities, unless otherwise agreed in writing by the Parties. Franchisor has the unrestricted right to assign this option. Capitalized terms not defined in this Exhibit F have the meanings given in the Agreement.

I. Purchase Price of Restaurant. A price equal to four times earnings before interest, taxes, depreciation and amortization ("EBITDA"). The purchase price for each Restaurant will be based upon a multiple of four of the Restaurant's earnings with the deductions contemplated by EBITDA to be determined in accordance with the valuation procedures below. Each of the Franchisor and Developer may select an appraiser from a nationally recognized valuation or accounting firm. Valuations will be based upon earnings and performance of each Restaurant and upon earnings of comparable restaurants operating in the Territory as well as trends for restaurant operations in the industry within the Territory. Each party will bear the costs of the appraisal performed by its respective appraiser. The purchase price for each Restaurant will be the average of the two appraisals for the Restaurant as determined by the appraisers and is non-negotiable unless otherwise agreed by Franchisor and Franchisee in writing.

II. Occupancy of Premises.

A. Leasehold Rights. If Developer occupies the Premises for a Restaurant pursuant to a Lease, Developer will and will cause any Principal or Affiliate to assign the Lease to Franchisor (subject to landlord's consent). If the Premises is leased from a landlord other than a Principal or Affiliate, on Franchisor's request, Developer will assign the Lease to Franchisor or enter into a sublease with Franchisor for the remainder of the Lease term on the same terms (including renewal options) as the Lease (subject to landlord's consent). Franchisor acknowledges that this obligation may be subject to approval or consent by any third-party landlord. Developer will exert its best efforts to secure any required consent from any third-party landlord to cause the Lease to be assigned or a sublease granted to Franchisor.

B. Real Estate Purchase. If Developer owns the Premises, Franchisor, at its option, will either purchase the fee simple interest or, upon purchase of a Restaurant as described in Section I above, enter into a standard lease with Developer on terms comparable to those for which similar commercial properties in the Territory are the being leased. The initial term of the lease with Developer will be at least ten years with two options to renew of five years each, and the rent will be the fair market rental value of the Premises. If Developer and Franchisor cannot agree on the fair market fee purchase price or rental value of the Premises, then appraisers (selected in the manner described in Section I above) will determine such purchase price or rental value, as applicable.

III. Closing.

Franchisor will be entitled to all customary warranties and representations in connection with the purchase of the Restaurant and/or Premises, as applicable, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. The purchase price will be paid in cash and is due at closing; provided, that Franchisor will have the right to set off from the purchase price (i) all fees due from Developer for any appraisal conducted hereunder, (ii) all amounts due from Developer or any of its Affiliates (as Franchisee) to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees). The closing will take place not later than 45 days from the date of determination of the purchase price in writing by the appraisers unless the Parties otherwise agree in writing. At the closing, Developer will deliver to Franchisor:

A. instruments transferring good and merchantable title to the Restaurant and/or Premises purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Developer or its Affiliates (provided, if Developer cannot deliver clear title to all of the purchased assets, the closing of the sale will be accomplished through an escrow);

B. instruments transferring all approvals, licenses (including without limitation liquor licenses) and/or permits of the Restaurant which may be assigned or transferred, with appropriate consents, if required;

C. instruments transferring fee simple or leasehold interest in the Premises and improvements thereon, subject to any necessary approvals from third-party landlords or financial institutions or banks; and

D. general releases, in form satisfactory to Franchisor, from Developer and its Principals and Affiliates (as Franchisees), of any and all claims against Franchisor, its Affiliates, and its officers, directors, employees, agents, successors and assigns.

TWIN RESTAURANT FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT G

STATE ADDENDA

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 6(a) of the Area Development Agreement is amended as follows:

   The Department of Financial Protection and Innovation requires that we defer the collection of the Development Fee and initial fees attributable to a specific Restaurant in your Development Schedule until that Restaurant is open for business.

2. Section 11(c)(2) of the Area Development Agreement is hereby deleted and replaced with the following:

   (2) The proposed transferee (and its direct and indirect owners):

      (i) have sufficient business experience, aptitude, assets and financial resources to operate the Restaurant;

      (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Restaurant developers, including without limitation: (A) the proposed transferee must satisfy Franchisor's minimum net worth, liquid asset, equity/debt ratio and credit score requirements; (B) the proposed transferee must submit a complete and accurate franchise application and payment of all applicable fees; (C) the proposed transferee must complete and pass all background checks; (D) there must not be any felony convictions or other crimes of proposed transferee that may adversely affects the Marks, the System or the Franchisor, and there must not be a pleading of no contest to any other of these by the proposed transferee; (E) there have been no previous claims by the proposed transferee against another franchisor or affiliate; (F) the operation or ownership of the Restaurant or proposed transferee's entity will not violate any contracts with any third party; and (G) the proposed transferee must not have a pattern or practice of litigiousness;

      (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Restaurant; and

      (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer. Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section 11(c), and may do so in the Manuals or otherwise in writing. Franchisor may, but is not obligated to, provide additional details regarding the transfer conditions and Franchisor's consent to Developer.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____________________________]	**Twin Restaurant Franchise, LLC**
_______________________________________	_______________________________________
Printed Name: ___________________________	Printed Name: ___________________________
Title: ___________________________________	Title: ___________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC (“Franchisor”) and ______________________ (“Developer”) is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Hawaii; or (b) Developer is a resident of the State of Hawaii and the Restaurants will be located in the State of Hawaii.

2. Section 6(a) of the Area Development Agreement is amended as follows:

   The Area Development Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Restaurant for business.

3. Section 17(d) (Disclaimer of Warranties) of the Area Development Agreement is hereby deleted in its entirety.

4. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: ___________________________	Printed Name: ___________________________
Title: _________________________________	Title: _________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

3. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Illinois; or (b) Developer is a resident of the State of Illinois and the Restaurants will be located in the State of Illinois.

4. Section 6(a) of the Area Development Agreement is amended as follows:

   The Area Development Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Restaurant for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

3. Illinois law governs the franchise agreements.

4. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an area development agreement which designates jurisdiction and venue in a forum outside of Illinois is void. However, an area development agreement may provide for arbitration to take place outside of Illinois.

5. Franchisees rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

6. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the Illinois is void.

7. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:

[____________________________]

____
Printed Name: ____________________________
Title: ____________________________________

FRANCHISOR:

Twin Restaurant Franchise, LLC

____
Printed Name: ____________________________
Title: ____________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC (“Franchisor”) and ______________________ (“Developer”) is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Maryland; (b) Developer is a resident of the State of Maryland; and/or (c) the Restaurants will be located in the State of Maryland.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: “However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.”

3. Section 6(a) of the Area Development Agreement is amended as follows:

   Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by Developer shall be deferred until the first Restaurant under the Area Development Agreement opens for business.

4. Section 12(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: “This Section 12(d) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 *et seq.*).”

5. Section 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: “Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

6. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: “Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Developer the franchise development rights.”

7. The following is added as a new Section 17(l) to the Area Development Agreement: “All representations requiring Developer to assent to a release, estoppel or waiver of liability are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

8. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: __________________________	Printed Name: __________________________
Title: _________________________________	Title: _________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of Minnesota; and/or (b) the Restaurants will be located in the State of Minnesota.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Investment Law."

3. Section 6(a) of the Area Development Agreement is amended as follows:

   Based on Franchisor's financial condition, the Minnesota Commissioner of Commerce requires Franchisor to defer payment of development fees by Developer to Franchisor until the first Restaurant under the Area Development Agreement opens for business.

4. Section 12 of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. § 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Developer be given 90 days' notice of termination (with 60 days to cure) of this Agreement."

5. Section 15(b) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, Franchisor may seek temporary, injunctive of other special or extraordinary relief; however, Developer cannot consent to Franchisor's obtaining of such relief. A court will determine whether a bond or security must be posted. See Minnesota Rules 2860.4400(J)."

6. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer must bring any action arising under the Minnesota Franchise Investment Law within three years after the cause of action accrues."

7. Section 15(i) of the Area Development Agreement is hereby deleted in its entirety.

8. Minn. Stat. §80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Area Development Agreement can abrogate or reduce any of Developer's rights as provided for under the Minnesota Franchise Investment Law or Developer's rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota.

9. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: __________________________	Printed Name: __________________________
Title: _________________________________	Title: _________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of North Dakota and the Restaurants that Developer will develop under the Area Development Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

3. Section 6(a) of the Area Development Agreement is amended as follows:

   Based on Franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, the Development Fee will be deferred until Franchisor has satisfied all of its initial obligations to Developer and Developer has opened its first Restaurant for business.

4. Covenants not to compete such as those mentioned in Section 8(a) of the Area Development Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

5. Section 13(a) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Developer to pay liquidated damages may not be enforceable."

6. Sections 15(c) and 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Developer to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

7. Sections 15(f), 15(i) and 15(j) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Developer to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

8. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 15(e) to the contrary, the statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

9. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
____	____
Printed Name: ____________________________	Printed Name: ____________________________
Title: ___________________________________	Title: ___________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE RHODE ISLAND FRANCHISE INVESTMENT ACT

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC (“Franchisor”) and ______________________ (“Developer”) is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a contract restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: ___________________________	Printed Name: ___________________________
Title: __________________________________	Title: __________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE SOUTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of South Dakota <u>and</u> the Restaurants that Developer will develop under the Area Development Agreement will be located in South Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in South Dakota.

2. Section 6(a) of the Area Development Agreement is amended as follows:

   Based on Franchisor's financial condition, the South Dakota Securities Regulation Office has required a financial assurance. Therefore, the Development Fee will be deferred until Developer has opened its first Restaurant for business.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: ___________________________	Printed Name: ___________________________
Title: _________________________________	Title: _________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE VIRGINIA FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Virginia; (b) Developer is a resident of the State of Virginia; and/or (c) the Restaurants will be located in the State of Virginia.

2. Section 6(a) of the Area Development Agreement is amended as follows:

   The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development fee and other initial payments owed by Developer to Franchisor until Franchisor has completed its pre-opening obligations under the Area Development Agreement.

3. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: ____________________________	Printed Name: ____________________________
Title: ___________________________________	Title: ___________________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

This Addendum to the Area Development Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Developer") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the Area Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of Developer's franchise. There may also be court decisions which may supersede the Area Development Agreement in your relationship with the Franchisor including the areas of termination and renewal of Developer's franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.

8. Section 17(d) of the Area Development Agreement is hereby deleted in its entirety.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[____________________________]	**Twin Restaurant Franchise, LLC**
______________________________________	______________________________________
Printed Name: __________________________	Printed Name: __________________________
Title: _________________________________	Title: _________________________________

EXHIBIT C
FRANCHISE AGREEMENT, INCLUDING EXHIBITS AND APPENDICES

TWIN RESTAURANT FRANCHISE, LLC

Franchise Agreement

SUMMARY PAGE

These pages summarize certain provisions of the Franchise Agreement to which they are attached. The Franchise Agreement's provisions will control in the event of any conflict.

Effective Date:	____________________
Search Area:	____________________
Initial Franchise Fee:	**$50,000**
Royalty Fee:	**5% of Gross Sales**
Brand Fund Contribution:	**2.5% of Gross Sales**
Local Marketing Expenditure:	**0.5% of Gross Sales**
Grand Opening Amount:	**$10,000**
Offering Fee:	**$10,000**
Successor Fee:	**$25,000**
Transfer Fee:	**$12,500**
Operator:	**[________________]**
Franchisee:	**[___________]** **a [___________]**
Address for Notices:	**[___________]**
Attention:	**[___________]**
Email:	**[___________]**
Franchisor:	**Twin Restaurant Franchise, LLC** a Delaware limited liability company
Address for Notices:	5151 Belt Line Road, Suite 1200, Dallas, TX 75254
Attention:	Chief Executive Officer
Email:	joe.hummel@TPRest.com
With a copy to:	5151 Belt Line Road, Suite 1200, Dallas, TX 75254
Attention:	Chief Legal Officer
Email:	clay.mingus@TPRest.com

TABLE OF CONTENTS

Page

EXHIBITS:

Twin Peaks

FRANCHISE AGREEMENT

This Agreement is made as of the Effective Date between Franchisor and Franchisee.

RECITALS

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Restaurants that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be substituted or modified at Franchisor's sole option.

WHEREAS, Franchisee desires to develop and operate a Twin Peaks restaurant (below defined as "Restaurant") at the Premises pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of Franchisor granting to Franchisee the right to develop and operate a Restaurant subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "**ADA**" means the Americans with Disabilities Act.

(b) "**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(c) "**Agreement**" means this Twin Peaks Franchise Agreement between Franchisor and Franchisee.

(d) "**Applicable Law**" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement and either Party, including the development, construction and/or operation of the Restaurant pursuant to the terms hereof, including, without limitation, all laws and regulations related to health and food safety (e.g. Food Safety Modernization Act), menu labeling, sale and service of liquor, beer and wine; labor, consumer privacy and data security, and those governing public accommodations for persons with disabilities.

(e) "**A/V System**" means the televisions, stereos, speakers and related audio and visual equipment and all audio and visual content (including without limitation any associated licenses, subscriptions, software and hardware) required in the operations of a Twin Peaks restaurant, as set forth in the Manuals.

(f) "**Brand**" means Twin Peaks.

(g) "**Brand Fund**" means the national, regional, or local marketing fund established for the promotion of the Brand.

(h) "**Brand Fund Contribution**" means the continuing weekly contribution to the Brand Fund Franchisee must pay to Franchisor as set forth in Section 4 and in the amount set forth in the Summary Page.

(i) "**Business Day**" means any calendar day other than Saturdays, Sundays, and national holidays in the United States.

(j) "**Certified Training Restaurant**" means a Twin Peaks restaurant that Franchisor has certified meets it requirements for conducting Initial Training and any ongoing or additional training, whether by Franchisor, its Affiliate, or Franchisee (subject to Franchisor's prior consent).

(k) "**Competitive Business**" means any full-service restaurant that, as determined by Franchisor, is the same as or substantially similar to the Restaurants, including, without limitation, any food service establishment or chain of food service establishments that features sports entertainment, experiential dining (e.g. attractive, girl-next-door servers in a lounge or sports-themed environment) or has American pub-style food items (e.g. burgers, sandwiches, chicken wings, nachos, quesadillas, chicken fried steak, meatloaf, steaks and seafood) collectively accounting for 25% or more of its entree menu and liquor, beer and wine accounting for 30% or more of the average monthly gross sales for the restaurant during the preceding 12 months (or, if the restaurant has operated less than 12 months, the number of full calendar months of operation). A Competitive Business does not include: (i) other businesses that are licensed by Franchisor or any of its Affiliates or (ii) Franchisee's Existing Brands.

(l) "**Confidential Information**" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Restaurant hereunder, including, without limitation, the Standards; The Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale, and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; Customer Data; financial data and statements; training and operational methodology content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(m) "**Consequential Damages**" means damages and injury that result from a Party's negligent performance of or other breach of this Agreement for: (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(n) "**Control," "Controlling"** or **"Controlling Interest**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(o) "**Crisis Management Event**" means an event that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(p) "**Customer Data**" means any information from, about, or relating to customers of the Restaurant that identifies, or can be used to identify, contact, locate or be traced back to the specific Person to whom such information pertains, or from which identification or contact information of a Person can be derived. Customer Data includes any personally identifiable information, such as a Person's name, address, phone number, fax number, email address, passport number, financial profile, credit card information or any other information by which one is reasonably able to personally identify one or more Persons.

(q) "**Cybersecurity Incident**" means any event or occurrence that results in unauthorized access to or adversely affects the availability or integrity of the System, Twin Peaks Restaurants or the Confidential Information, which event or occurrence could not have been prevented by reasonable administrative, physical or technical security measures.

(r) "**Designated Area**" means the geographic area referred to in Section 2(d), Section 5(b) and described in Exhibit G.

(s) "**Designated Supplier**" means those suppliers (including without limitation distributors, manufacturers and other sources) who demonstrate to the continuing satisfaction of Franchisor, the ability to meet Franchisor's Standards for the Products or services related to the development and operation of Twin Peaks restaurants and who have been approved in writing by Franchisor.

(t) "**Effective Date**" means the effective date of this Agreement as set forth in the Summary Page.

(u) "**Entity**" means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(v) "**Equity Interest**" means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls) such Entity and does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

(w) "**Event of Default**" means any breach by Franchisee of, or any failure by Franchisee to comply with, any condition and obligation of this Agreement as described in Section 20(a).

(x) "**Existing Brands**" means the restaurants operated under a system and marks other than the System and Marks by Franchisee as of the Effective Date, as set forth in Exhibit G.

(y) "**FACTA**" means the Fair and Accurate Credit Transactions Act.

(z) "**Force Majeure Event**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; or other forces, that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(aa) "**Franchisee**" means the Entity so described in the Summary Page.

(bb) "**Franchisor**" means the Entity so described in the Summary Page.

(cc) "**Franchisor Indemnitees**" means Franchisor, its Affiliates and their respective Principals, directors, officers, employees, agents, successors and assignees.

(dd) "**Gaming Equipment**" means video games, jukeboxes, billiard tables, air hockey tables, dart boards, Foosball tables, newspaper racks, vending machines, games, rides or other similar devices.

(ee) "**Grand Opening**" means the advertising and promotional campaign and events that are designed to occur before and shortly after the Restaurant opens to the public.

(ff) "**Grand Opening Amount**" means the amount set forth in the Summary Page that Franchisee will spend in connection with the Grand Opening of the Restaurant.

(gg) "**Gross Sales**" means the total selling price of all services and Products and all income of every other kind and nature related to the Restaurant, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers will not be included in Gross Sales when the coupons, gift cards, gift certificates or vouchers are sold; rather, the retail prices of services and products purchased with coupons, gift cards, gift certificates or vouchers will be included in Gross Sales during the Reporting Period in which the coupon, gift card, gift certificate or voucher is redeemed. Gross Sales also includes the proceeds of any business interruption insurance applicable to the Restaurant. Gross Sales will expressly exclude the following: complimentary food and beverage service (provided that such food and beverage service does not exceed 4% of Gross Sales in any Reporting Period), meals provided to employees, tips and gratuities, sums collected and actually paid by Franchisee for any sales, beverage, or other excise tax imposed by any duly constituted government authority. In the case of Franchisor-established promotional discounts implemented by Franchisee at the Restaurant, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Gross Sales. Notwithstanding the foregoing, Gross Sales does not exclude any amounts paid by Franchisee to a third party provider of services (e.g. delivery service provider) in connection with the operation of the Restaurant or sale of Products or related services.

(hh) "**Ideas and Concepts**" means recipes, processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or the Restaurant(s) that Franchisee or any of its Principals, Affiliates, Personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Restaurant(s).

(ii) "**Indemnified Matter**" means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 23.

(jj) "**Initial Franchise Fee**" means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement as set forth in Section 4(a) and in the amount set forth in the Summary Page.

(kk) "**Initial Term**" means the initial term of this Agreement as set forth in Section 3(a).

(ll) "**Initial Training**" means Franchisor's initial training program on the System and the operation of a Restaurant as set forth in the Manuals.

(mm) "**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

(nn) "**Interest**" means the amount payable to Franchisor in connection with the late payment by Franchisee of any fee due to Franchisor or its Affiliate pursuant to this Agreement or any other agreement with Franchisor or its Affiliate, which will be 18% per annum or the maximum allowable rate under Applicable Law, whichever is less.

(oo) "**Internet**" means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications.

(pp) "**Intranet**" means Franchisor's computer or electronic systems, including any third-party computer or electronic system to which Franchisee may be given access.

(qq) "**KPI Assessment**" means the monthly assessment of Franchisee's performance measured by the key performance indicators in accordance with the procedures described in the Manuals.

(rr) "**Lease**" means the document executed by Franchisee or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Restaurant at or from the Premises, including the Lease Addendum. "Lease" includes any sublease or renewal of the Lease or any sublease.

(ss) "**Lease Addendum**" means the addendum to the Lease in the form attached to this Agreement as Exhibit F.

(tt) "**Local Marketing Expenditure**" means the amount Franchisee must spend on local advertising for the Restaurant in the Designated Area each Reporting Period as set forth in Section 10(d) and in the amount set forth in the Summary Page.

(uu) "**Losses and Expenses**" means, without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including, without limitation, reasonable legal fees and Consequential Damages.

(vv) "**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(ww) "**Marks**" means the Twin Peaks trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may hereafter be designated, by Franchisor in writing for use in connection with the System.

(xx) "**Minimum Advertised Price Policy**" means the policy described in Section 10(i).

(yy) "**Notice**" means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

(zz) "**Offering Fee**" means a payment in the amount set forth in the Summary Page that will be owed to Franchisor in connection with any offerings of debt or any Equity Interest of Franchisee or any of its Principals or Affiliates as set forth in Section 18(g).

(aaa) "**Opening Crew**" means the employees of Franchisor that Franchisor, at its sole option, designates to send for the opening or re-opening of the Restaurant, as applicable.

(bbb) "**Opening Date**" means the date on which the Restaurant opens for business to the public, as set forth in Exhibit G.

(ccc) "**Operating Assets**" means all equipment (including without limitation Technology System), Twin Peaks Property, signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant, including without limitation any equipment, fixtures, furnishings, supplies and other Products and materials that may be stored or used at another location in connection with the operation of the Restaurant, whether or not such location is at the Premises, as periodically specified by Franchisor in the Manuals or otherwise in writing.

(ddd) “**Operator**” means the employee of Franchisee who supervises and oversees the operation of the business contemplated by this Agreement (as set forth in further detail in the Manuals) and serves as the primary point of contact between Franchisor and Franchisee. The first Operator is identified in the Summary Page.

(eee) “**Party**” or “**Parties**” means “either Franchisor or Franchisee individually or collectively.

(fff) “**PCI DSS**” means Payment Card Industry Data Security Standards.

(ggg) “**Person**” means any natural person or Entity.

(hhh) “**Personnel**” means all Persons employed by Franchisee in connection with the management or operation of the Restaurant.

(iii) “**Permanently Disabled**” means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Franchisee or any Principal holding a Controlling Interest in Franchisee from performing his or her obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties disagree as to whether a Person is Permanently Disabled, the determination will be made 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 purposes of Section 18(e), the Person will automatically be considered Permanently Disabled as of the date of refusal.

(jjj) “**POS System**” means the computerized point of sale cash collection system (including all related hardware and software) as specified in the Manuals or otherwise by Franchisor in writing for use in connection with the Restaurant.

(kkk) “**Premises**” means the site approved by Franchisor for Franchisee’s Restaurant as set forth in Exhibit G to this Agreement and referred to in Section 2(b).

(lll) “**Principal**” means, collectively or individually, the Persons holding a direct or indirect Equity Interest in Franchisee or in any Affiliate of Franchisee as designated by Franchisor and Franchisee’s officers and directors. If this Agreement is executed pursuant to an area development agreement with Franchisor, all references to Principal in this Agreement will apply to developer under such area development agreement.

(mmm)“**Products**” means all food (including ingredients) and beverages, used or made available for consumption at or from the Restaurants, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(nnn) “**Proprietary Products**” means all food, beverages, clothing and memorabilia used or made available for consumption at or from the Restaurants bearing any of the Marks or designated as proprietary by Franchisor or any Affiliate.

(ooo) “**Proprietary Software**” means certain computer software that is owned or licensed by Franchisor used in the operation of the POS System and/or Technology System.

(ppp) “**Reporting Period**” means each calendar month of the Restaurant’s operation, with the first Reporting Period being prorated from the Opening Date to the end of the same month.

(qqq) “**Reserved Area**” means locations that by their nature are unique and separate in character from locations generally developed as Twin Peaks restaurants, which include military bases, airports, food courts, shopping malls, hospitals, campuses, schools, hotels, stadiums, arenas, racetracks, ballparks, casinos and other mass gathering locations or events.

(rrr) “**Restaurant**” means a Twin Peaks restaurant and, if applicable, a virtual, delivery-only restaurant, operating under the Marks and System under this Franchise Agreement.

(sss) “**Royalty Fee**” means the continuing weekly royalty fee Franchisee must pay to Franchisor as set forth in Section 4(b).

(ttt) **“Search Area**” means the geographic area identified in the Summary Page and described in

(uuu) “**Shift Manager**” means a Person who has satisfactorily completed Franchisor’s Initial Training program at Franchisee’s expense; will thereafter devote full time and best efforts to the operation of the Restaurant; and have the authority and responsibility for the day-to-day management and operation of the Restaurant and supervision of Personnel.

(vvv) “**Site Application**” means the documents and information that Franchisee must submit to Franchisor prior to Franchisor’s evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists’ renderings, site plans, and/or a copy of the Lease and documentation indicating Franchisee’s prospects for acquiring possessory interest in the Premises.

(www) “**Social Media**” means personal blogs, common social networks like Facebook, Pinterest, FourSquare, Yelp and Instagram, professional networks like LinkedIn, live blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites and other similar social networking or media sites or tools.

(xxx) “**Standards**” means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Twin Peaks restaurants, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(yyy) “**Successor Fee**” means the successor fee Franchisee must pay to Franchisor as set forth in Section 3(c)(4) and in the amount set forth in the Summary Page.

(zzz) “**Successor Term**” means the 15-year period commencing after the expiration of the Initial Term as set forth in Section 3(b).

(aaaa) “**Summary Page**” means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(bbbb) “**System**” means the business system for establishing and operating Twin Peaks restaurants, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of Products and services offered; procedures for product sourcing, inventory, management, logistics and negotiated pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

(cccc) “**Technology System**” means and includes, without limitation, (i) POS System, computer system, software (including Proprietary Software) data, telephone, voice messaging, retrieval and transmission system; (ii) customer relationship management systems; (iii) printers and other peripheral devices; (iv) archival back-up systems; (v) Internet access mode (e.g. form of telecommunications connection) and speed; (vi) A/V System; and (vii) front of the house WiFi and other Internet services for customers.

(dddd) “**Term**” means the term of this Agreement, including the Initial Term and any Successor Term.

(eeee) “**Trade Dress**” means the unique, distinctive, and non-functional overall appearance and image of the Restaurant in the marketplace, and includes the Standards.

(ffff) "**Transfer**" means and includes any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Franchisee or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Franchisee, the Restaurant (including the Premises), the Operating Assets or any Equity Interest, directly or indirectly, in Franchisee to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control of Franchisee, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of an Equity Interest in Franchisee or the ownership, possession, or Control of the Restaurant may be made only in conjunction with a Transfer of this Agreement.

(gggg) "**Transfer Fee**" means the transfer fee Franchisee or the transferee must pay to Franchisor as set forth in Section 18 and in the amount set forth in the Summary Page.

(hhhh) "**Twin Peaks Property**" means pole signs; building signs; monument signs; branded directional signs; verbiage signs; any graphic panel signs, interior signs and patio signs; licensed girl artwork in restrooms and restroom vestibules; interior décor signs with Twin Peaks mentioned in art; any signs, décor or art using the phrase "Well Built Sandwiches" or "Eat Drink Scenic Views"; Twin Peaks branded smallwares; uniforms; Blizzard Beer System; beer mugs bearing the Twin Peaks logos; lodge furniture; all décor that contains buffalo plaid; and any other furniture, equipment, smallwares, décor, signs, art or materials designated by Franchisor as Twin Peaks Property.

(iiii) "**Unit General Manager**" means a Person who has satisfactorily completed Franchisor's Initial Training program at Franchisee's expense; will thereafter devote full time and best efforts to the operation of the Restaurant; and have the authority and responsibility for the day-to-day supervision of Shift Managers and management of the Restaurant operated under this Agreement.

2. GRANT OF FRANCHISE.

(a) **Grant**. Subject to the reserved rights described in Section 2(e), Franchisor grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a Restaurant in accordance with this Agreement, the Standards and Manuals at the Premises within the Designated Area.

(b) **Premises**. This Agreement does not grant to Franchisee the right or license to operate the Restaurant or to offer or sell any Products at or from any location other than the Premises.

(c) **Relocation**. Franchisee will not relocate the Restaurant without the express prior written consent of Franchisor. If Franchisee is unable to continue the operation of the Restaurant at the Premises because of the occurrence of a Force Majeure Event, then Franchisee may request approval of Franchisor to relocate the Restaurant to another location in the Designated Area. Any other request to relocate the Restaurant will be at Franchisor's sole option. If Franchisor elects to grant Franchisee the right to relocate the Restaurant, then Franchisee will comply with Franchisor's then-current site selection and construction procedures.

(d) **Designated Area**. Franchisee must operate the Restaurant at a site within the Designated Area. Franchisee will identify a site for the Restaurant Premises within the Search Area, as further described in Section 5(a). Upon Franchisor's approval of the Premises in accordance with Section 5(b) and the Parties' execution of Exhibit G identifying the location of the Premises, Franchisee's Designated Area will be described in Exhibit G and deemed incorporated herein. Except as otherwise provided in this Agreement (including without limitation Franchisor's reserved rights set forth in Section 2(e)), and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, neither Franchisor nor any Affiliate will operate or authorize any Person other than Franchisee to operate a Twin Peaks restaurant in the Search Area until such time as the Designated Area is defined in Exhibit G, and thereafter in the Designated Area for the remainder of the Term. Notwithstanding the foregoing, this Section 2(d) will not apply to any Twin Peaks restaurants operating or in development by any Person within the Search Area as of the Effective Date.

(e) **Reserved Rights**. Franchisor retains all rights inside and outside Designated Area except those that are expressly granted to Franchisee in this Agreement. Without limiting Franchisor's and its Affiliate's rights described in this Section 2(e), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Designated Area;

(2) Operate, and license others to operate, Twin Peaks restaurants at any location outside the Designated Area, including locations that are adjacent to the Designated Area;

(3) Except for the restriction against the establishment of another Twin Peaks restaurant in the Designated Area, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Twin Peaks restaurants (such as pre-packaged food products, clothing, merchandise and other Twin Peaks memorabilia), under the Marks or other trademarks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities, airports, stadiums, business or industry locations (*e.g.* manufacturing site, office building, distribution facilities), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail or restaurant locations and other food service facilities such as kiosks, concessions, food trucks or multi-brand facilities providing a limited number or representative sample of the Products and services normally offered by a Twin Peaks restaurant);

(4) Establish and operate, and license others to establish and operate, any business other than a Twin Peaks restaurant, including other restaurants or food-related businesses, under the Marks or under other marks, including restaurants or other businesses that Franchisor or its Affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and

(5) Establish and operate and license others to establish and operate, Twin Peaks restaurants and other food service facilities in any Reserved Area whether or not located within the Designated Area.

(f) **Catering and Delivery**. Franchisee may not engage, either directly or indirectly through a third-party provider, in catering and delivery services and activities within or outside the Designated Area unless Franchisor authorizes Franchisee in writing, as further described in Section 11(l). Franchisor and its Affiliates will not directly engage in catering and delivery services in the Designated Area; however, Franchisor has no obligation to enforce similar restrictions against any other franchisee or any third-party provider of delivery services.

3. TERM OF FRANCHISE.

(a) **Initial Term**. The Initial Term will commence on the Effective Date of this Agreement and expire on the 15th anniversary of the Effective Date. Nothing contained in this Section 3(a) will limit Franchisor's termination rights set forth in Section 20.

(b) **Successor Term**. Franchisee may, at its option, continue to operate the Restaurant for a single, consecutive Successor Term, subject to any or all of the following conditions which must, at Franchisor's sole option, be met prior to and at the time of such Successor Term.

(c) **Franchisee's Notice**. Franchisee must give Franchisor Notice of its election to continue to operate the Restaurant for a Successor Term no later than six months before the expiration of the Initial Term.

(1) Good Standing. Franchisee must not be in default, nor previously have been in default within the 12-month period preceding its Notice of election, of any provision of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor and any of its Affiliates, and Franchisee must have substantially and timely complied with all the terms and conditions of this Agreement and such other agreements during the terms thereof.

(2) Premises. Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the duration of the Successor Term.

(3) Maintenance. Franchisee must repair, replace, or procure, at Franchisee's sole cost and expense, the Operating Assets, supplies, and other products and materials required for the operation of the Restaurant as Franchisor may require, including, without limitation, new or additional items which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Restaurant or to provide the Restaurant's services by alternative means such as through carry-out, catering, or delivery arrangements, and to otherwise modernize the Restaurant to reflect the then-current Standards and image of the System as set forth in the Manuals or otherwise provided in writing by Franchisor.

(4) New Agreement and Successor Fee. Franchisee must execute Franchisor's then-current form of franchise agreement, which agreement will supersede this Agreement in all respects (except for those covenants and obligations that expressly or by their nature survive termination or expiration of this Agreement, provided that in the event of any conflict between such surviving covenants and obligations and the covenants and obligations set forth in the then-current form of franchise agreement, the then-current form of franchise agreement will control), and the terms of which may differ from the terms of this Agreement, including, without limitation, an increase in the Royalty Fee, Brand Fund Contribution and/or Local Marketing Expenditure requirement, or a more restrictive Designated Area; provided that Franchisee must pay to Franchisor, in lieu of an Initial Franchise Fee, a Successor Fee.

(5) Training. Franchisee must comply with Franchisor's then-current qualification and training requirements at its sole cost and expense.

(6) Release. Franchisee and each Principal must execute a general release, in a form satisfactory to Franchisor, of any and all claims against the Franchisor Indemnitees, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations, subject to Applicable Law.

4. FEES.

Franchisee must pay the fees described below and comply with the following provisions:

(a) **Initial Franchise Fee**. Franchisee must pay to Franchisor a non-refundable Initial Franchise Fee in the amount set forth in the Summary Page, which will be due upon Franchisee's execution of this Agreement. The Initial Franchise Fee is non-refundable and fully earned by Franchisor upon the execution of this Agreement. If Franchisee executes this Agreement pursuant to an area development agreement between Franchisor and Franchisee or its Affiliate (as developer), the development fee paid to Franchisor in connection with the execution of such area development agreement will be applied in full satisfaction (for the first Restaurant) or to satisfy one-half (for each additional Restaurant) of the Initial Franchisee Fee as set forth in the area development agreement.

(b) **Royalty Fee**. Franchisee must pay to Franchisor a non-refundable Royalty Fee commencing on the Opening Date. The Royalty

Fee for the Initial Term is set forth in the Summary Page.

(c) **Brand Fund Contribution**. Franchisee must pay to Franchisor a non-refundable Brand Fund Contribution as a contribution to the Brand Fund.

(d) **Other Fees**. Franchisee must pay such other fees or amounts described in this Agreement.

(e) **Remittances**. The Royalty Fee, Brand Fund Contribution and any other periodic fees required by this Agreement will be due and payable each week based on the Gross Sales for the preceding week (Monday – Sunday) and must be paid so that they are received by Franchisor on or before the Tuesday following the end of each week, provided that such day is a Business Day. If the date on which such payments would otherwise be due is not a Business Day, then payment will be due on the next Business Day.

(f) **Reports**. Franchisee must submit the Gross Sales daily via Franchisor's Intranet system or through other electronic data interfaces that Franchisor may require from time to time. Franchisee must verify the accuracy of the Gross Sales each week as set forth in the Manuals. In addition to the reports Franchisee is required to provide pursuant to Section 14(c), Franchisee must submit to Franchisor all reports related to the operation of the Restaurant during the preceding Reporting Period by the tenth day of the following Reporting Period (or such other date specified by Franchisor) and in the form Franchisor requires. Such reports will include, without limitation, the following information:

A. Amount of Gross Sales and gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and Brand Fund Contribution;

B. Quantities of Products purchased and the sources from which each Product was obtained;

C. If requested by Franchisor, copies of Franchisee's most recent sales tax return, monthly cash register sales summaries or details, and monthly balance sheets and statements of profits and losses, including a summary of Franchisee's costs for utilities, labor, rent, and other material cost items; and

D. If requested by Franchisor to verify Franchisee's Gross Sales, all such books and records as Franchisor may require.

(g) **Electronic Transfer of Funds**. Upon execution of this Agreement and at any time thereafter as Franchisor may require, Franchisee must sign the electronic transfer of funds authorization attached to this Agreement as Exhibit E, and all other documents and instruments necessary to permit Franchisor to withdraw by electronic funds transfer from Franchisee's designated bank account the Royalty Fee, Brand Fund Contribution and any other amounts owed to Franchisor or its Affiliates on the date or dates that such amounts are due. Franchisee must maintain a balance in such account sufficient to allow Franchisor and its Affiliates to collect the amounts owed when due. Franchisee is responsible for any penalties, fines, or other similar expenses associated with the transfer of funds described herein.

(h) **Interest and Fees on Late Payments**. Any payment not actually received by Franchisor on or before the date due will be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. Any and all amounts that Franchisee owes to Franchisor or any of its Affiliates will bear Interest from and after the date of accrual. Any failure to pay when due all or any fees or other amounts due to Franchisor or any of its Affiliates will constitute a material breach of this Agreement. In addition to Interest charges on late payments due pursuant to this Section 4, Franchisee must pay to Franchisor a late fee in the amount of $150 for each report that Franchisee fails to timely submit to Franchisor pursuant to Section 4(f) and each payment not received by Franchisor by the prescribed due date. This late fee is not Interest or a penalty; the late fee will compensate Franchisor for the administrative and management costs associated with collecting late payments and reports.

(i) **Application of Payments**. Franchisee will not be entitled to withhold payments due to Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor hereunder. Franchisor may, at its sole option, apply Franchisee's payments or any portion thereof to any of Franchisee's past due indebtedness to Franchisor or its Affiliates. Franchisor has the right to set off any amounts Franchisee owes to Franchisor or its Affiliates against any amounts Franchisor may owe to Franchisee.

(j) **Currency**. All amounts payable by Franchisee to Franchisor under this Agreement will be in United States dollars.

(k) **Taxes**. Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Franchisee is obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against Franchisee. Franchisee is responsible for and must indemnify and hold Franchisor Indemnitees harmless against any penalties, Interest and expenses incurred by or assessed against Franchisor as a result of Franchisee's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. Franchisee agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Franchisee.

5. RESTAURANT DEVELOPMENT PROCEDURES.

If Franchisee is developing a Restaurant pursuant to an area development agreement between Franchisee or its Affiliate (as developer) and Franchisor, then the site selection and site acceptance for such Restaurant will be governed by Sections 5(a) and 5(b) of the area development agreement or such other sections of the area development agreement governing site selection and site acceptance. If Franchisee is developing the Restaurant as a single Restaurant, then Franchisee will obtain Franchisor's approval of Franchisee's proposed site pursuant to Section 5(a) and 5(b) of this Agreement.

(a) **Site Selection**. Franchisee must obtain Franchisor's acceptance of the Premises for the Restaurant in writing within the Search Area within 90 days after the Effective Date. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing the Premises for the Restaurant within the Search Area and for finish-out or renovation and equipping the Restaurant at the Premises. Franchisee will submit to Franchisor its complete Site Application for a proposed site in accordance with the Site Application procedures set forth in the Manuals. Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. Franchisee acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Franchisee prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Franchisee that any proposed site will be accepted by Franchisor..

(b) **Site Acceptance**. Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, Franchisee's proposed site. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, the Parties will agree upon the Opening Date and complete and sign Exhibit G memorializing the location of the Premises, the Designated Area and the Opening Date, provided such Opening Date must be on or before the first anniversary of the Effective Date. If Franchisee is entering into this Agreement pursuant to an area development agreement executed between Franchisee or its Affiliate (as developer) and Franchisor, the Opening Date must be set so that upon the expiration of the applicable development period in the development schedule (as defined the area development agreement), there are open and operating the cumulative number of Restaurants required in the development schedule of such area development agreement. No site may be used for the location of the Restaurant unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Franchisee commits a default of this Agreement and fails to cure such default within the applicable cure period, if any. FRANCHISOR'S APPROVAL OF THE PREMISES AND ITS RENDERING OF SITE SELECTION ASSISTANCE, IF ANY, IN THE SELECTION OF THE PREMISES DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY OR GUARANTEE BY FRANCHISOR, EXPRESS OR IMPLIED, THAT THE RESTAURANT OPERATED AT THE PREMISES WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL. Franchisor assumes no liability or responsibility for: (1) evaluation of a proposed site's soil for hazardous substances; (2) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (3) compliance with the ADA and any other Applicable Law. Franchisee is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in full compliance with all Applicable Law.

(c) **<u>Occupancy of Premises</u>**. Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Premises for the Restaurant. Franchisee will provide to Franchisor for its review and approval a copy of the proposed Lease pursuant to which Franchisee will occupy or acquire rights in the Premises within 30 days after Franchisor accepts the site for the Premises. The proposed Lease will include the Lease Addendum and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The Lease Addendum allows Franchisor to take possession of the Premises upon expiration or termination of Franchisee's rights under the Agreement and Franchisor (or its designee) will have the right to operate the Restaurant at the Premises for the remaining term of the Lease without payment of any assignment fee or similar charge or increase in any rentals payable to the lessor. The proposed Lease will be executed by all necessary parties within 30 days after Franchisor accepts the proposed Lease, and Franchisee will furnish a complete copy of the Lease within ten days after execution.

(d) **<u>Failure to Acquire Premises</u>**. Franchisee's failure to acquire the Premises pursuant to a Lease within the time stated in this Section 5 constitutes an Event of Default under this Agreement subject to termination upon notice from Franchisor pursuant to Section 20(a). In such event, Franchisor is not obligated to return the Initial Franchise Fee or any other fees paid by Franchisee under this Agreement.

(e) **<u>Restaurant Development</u>**.

(1) Franchisee is responsible for obtaining all zoning and regulatory approvals which may be required by Applicable Law or which may be necessary as a result of any restrictive covenants related to the Premises. Prior to beginning the finish-out or renovation of the Premises, Franchisee will obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant and submit to Franchisor a certificate of insurance evidencing that the coverage specified in Section 15 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon Franchisor's request, Franchisee will provide to Franchisor additional copies of Franchisee's insurance policies and certificates of insurance and copies of all such approvals, clearances, permits and certifications.

(2) Franchisor will furnish to Franchisee prototypical plans and specifications for a Twin Peaks restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. It will be Franchisee's responsibility to have prepared all required architectural, engineering

and design plans to suit the shape and dimensions of the Premises, and Franchisee must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements, and with Lease requirements and restrictions.

(3) Franchisee will obtain services as needed only from registered architects, registered engineers, and professional and licensed contractors that meet the Standards for the development, construction and equipping of the Restaurant. To the extent Franchisee desires to obtain services from an architect, engineer or contractor not already approved by Franchisor, Franchisee will submit to Franchisor the information and documentation set forth in the Manuals regarding the training, experience and financial responsibility of the registered architects, registered engineers and professional and licensed contractors whom Franchisee desires to retain to prepare the plans and construct the Restaurant, along with copies of all proposed contracts with such architects, engineers and contractors, and any other information requested by Franchisor. In connection with Franchisor's review of any such architect, engineer or contractor, Franchisee will pay Franchisor's then-current fee for such review as set forth in the Manuals. Franchisee will not commence construction of the Restaurant until Franchisor has consented to Franchisee's use of the registered architects, registered engineers and professional and licensed contractors who will prepare the plans and construct the Restaurant.

(4) Franchisee will submit its plans to Franchisor and upon Franchisor's request, will submit all revised or "as built" plans during the course of construction. Franchisor will review the plans to confirm they comply with Franchisor's prototypical plans and the Standards. Franchisor will notify Franchisee in writing whether it accepts or does not accept the plans within 30 days following Franchisor's receipt of the plans. Franchisee may not begin site preparation or construction prior to receiving notification that Franchisor approves the plans. All construction must be in accordance with the plans approved by Franchisor and comply in all respects with Applicable Law and the Lease.

(5) Franchisee will commence construction at least 150 days before the Opening Date as set forth in Exhibit G and will complete construction no later than 30 days before the Opening Date. Construction will be deemed to have commenced upon the commencement of site work by heavy equipment, or in the event the Restaurant is to be located in existing shell space, commencement of construction-related work at the Premises. Franchisee will advise Franchisor of commencement of construction within ten days of the commencement date. Once construction has commenced at the Premises, it will continue uninterrupted until completed except for interruption by reason of a Force Majeure Event.

(6) Franchisee will use in the development and operation of the Restaurant only the fixtures, furnishings (including décor), materials, equipment and signs, including without limitation the Twin Peaks Property and Operating Assets, as set forth in the Manuals.

(7) During the course of construction of the Restaurant, Franchisee will (and will cause its architect, engineer, contractors and subcontractors to) cooperate fully with Franchisor and its designees for the purpose of permitting Franchisor and its designees to inspect the Premises and the course of construction of the Restaurant to determine whether construction is proceeding according to the plans approved by Franchisor in accordance with Section 5(e)(4) and the Standards. Without limiting the generality of the foregoing, Franchisee and Franchisee's architect, engineer, contractors and subcontractors will supply Franchisor and its designees with samples of construction materials, results and reports related to boring and coring tests, due diligence environmental studies, supplies, equipment and other materials and reports requested by Franchisor or its designees and allow Franchisor and its designees access to the Premises to conduct such inspections. If requested by Franchisor, Franchisee will submit to Franchisor reports with photographs showing progress made in connection with the construction and equipping of the Restaurant at the frequency prescribed by Franchisor.

(8) Notwithstanding Franchisor's right to approve the plans and inspect the construction work at the Restaurant, Franchisor and its designees will have no liability or obligation with respect to the Premises, the design or construction of the Restaurant or the furnishings, fixtures, materials and equipment acquired for the finish-out of the Restaurant. Franchisee acknowledges and agrees that Franchisor's rights under this Section 5 are exercised solely for the purpose of ensuring compliance with the Standards.

(f) **Commence Business**. Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee is obligated to open the Restaurant and commence business on or before the Opening Date unless Franchisor consents in writing to an extension of such Opening Date. Prior to opening, Franchisee will complete all interior and exterior preparations for the Restaurant set forth in this Section 5 and the Manuals and will comply with all other pre-opening obligations of Franchisee, including without limitation Sections 4(a) (Initial Franchise Fee), 5 (Restaurant Development Procedures), 6 (Training), 7 (Restaurant Operations), 8 (Technology System and POS System), 11 (Operational Standards), 12 (Representations, Warranties and Covenants), 13 (Management and Personnel) and 15 (Insurance). If Franchisee fails to comply with any of such obligations, Franchisor will have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Restaurant and commence business in accordance with this Section 5(f) is an Event of Default.

6. TRAINING.

(a) **Initial Training Program**. Franchisee represents it has obtained the services of an Operator and a Unit General Manager as of the Effective Date. Before the Opening Date, the Operator, Unit General Manager and at least three Shift Managers must satisfy all requirements of Initial Training. Franchisor may, from time to time, specify deadlines by which the Operator, Unit General Manager and Shift Managers must complete all requirements of Initial Training. Any replacement or substitute Operator, Unit General Manager and Shift Managers must complete Initial Training for their respective positions to Franchisor's satisfaction prior to serving in such positions. Franchisor reserves the right to charge a reasonable fee for any Initial Training provided to any replacement or successor Operator, Unit General Manager, Shift Managers or other management Personnel as Franchisor requires. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee, its Operator, Unit General Manager, Shift Managers and any other Personnel in connection with any Initial Training program, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and other miscellaneous costs. Initial Training may be conducted at Franchisor's offices, Franchisee's Restaurant or at a Certified Training Restaurant, at Franchisor's sole option. Franchisee, its Operator, Unit General Manager, Shift Managers and any other Personnel that attend Initial Training or participate in any other training provided by Franchisor must sign a liability waiver and release in the form prescribed by Franchisor. If Franchisee has or will have open and in operation at least three other Twin Peaks restaurants as of the Opening Date for the Restaurant, at least one of such Restaurants is a Certified Training Restaurant and Franchisee is in full compliance with the franchise agreement for each such Twin Peaks restaurant, then Franchisee may perform Initial Training for its Operator, Unit General Manager and Shift Managers as well as other Personnel at a Certified Training Restaurant, provided that Operator, Unit General Manager and each Shift Manager complete such Initial Training to Franchisor's satisfaction.

(b) **Opening Assistance**. In connection with the commencement of business of the Restaurant, Franchisor will provide an Opening Crew to provide on-site training before and/or after the Restaurant's Opening Date. Franchisor will determine the necessary number and experience level of the Opening Crew and the training days necessary to support the opening or Grand Opening for the Restaurant based on the experience and training of the existing Personnel. The Opening Crew will in no way be responsible for the operation of the Restaurant before or after the Restaurant's opening. Franchisee will reimburse Franchisor for all of its reasonable costs and expenses incurred in providing such Opening Crew for the Restaurant, including travel, lodging, meals and miscellaneous costs.

(c) **Additional Training**. Franchisee's Operator, Unit General Manager, Shift Managers, and such other management Personnel as Franchisor may designate must attend such additional and remedial training programs and seminars as Franchisor may offer from time to time, if Franchisor requires such attendance. Franchisee must pay Franchisor's then-current training fee for any additional training designated by Franchisor or requested by Franchisee. Franchisee will be solely responsible for any and all costs and expenses incurred by Franchisee, its Operator, Unit General Manager, Shift Managers, and other management Personnel in connection with such additional training, including, without limitation, compensation, travel, lodging and miscellaneous costs.

(d) **Meetings and Conferences**. Franchisor may from time to time hold periodic system-wide meetings at locations designated by Franchisor to address matters of general interest to the System, including, without limitation, Franchisor's annual franchisee conference. Franchisee's Operator and Unit General Manager will attend any such meetings and conferences as required by Franchisor, subject to Franchisee's payment of a reasonable fee to Franchisor upon its request. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee and its Personnel in connection with attending such meetings and conferences, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and miscellaneous expenses.

(e) **On-Site Remedial Assistance**. Upon the reasonable request of Franchisee or as Franchisor deems appropriate, Franchisor will, during the Term, subject to the availability of personnel, provide Franchisee with additional trained representatives who will provide on-site remedial training to Franchisee's Personnel. Franchisee must pay Franchisor's then-current compensation rate for the services of such trained representatives, plus their costs of travel, lodging, meals and any other reasonable out-of-pocket expenses incurred by Franchisor in providing the on-site remedial services.

7. RESTAURANT AND PROCUREMENT STANDARDS.

(a) **Standards**. Franchisee understands the importance of maintaining uniformity among all of the Twin Peaks restaurants and the importance of complying with the Standards relating to the development and operation of the Restaurant for the protection of the Brand and Franchisor's interest in the System and Marks. Franchisee acknowledges and agrees that the purpose of establishing and enforcing such Standards is not so that Franchisor may exercise any control over the day-to-day operations of the Restaurant that are reserved to Franchisee. In addition, Franchisee may not engage in any co-branding in or with the Restaurant or use of the Premises for any purpose other than the operation of the Restaurant unless Franchisor has previously approved such co-branding in writing. Further, Franchisee may not install or maintain on the Premises any Gaming Equipment absent Franchisor's consent, and if Franchisor consents to the maintenance of any Gaming Equipment, such Gaming Equipment will be subject to the terms and conditions set forth in the Manuals.

(b) **Maintenance**. Franchisee must at all times maintain the interior and exterior of the Restaurant Premises and the surrounding area in good condition and repair and comply with the Standards for cleanliness, organization and sanitation of the Restaurant. Franchisee is solely responsible for maintenance, repair and replacement where necessary to maintain the Restaurant in accordance with the Standards and for any liabilities arising from Franchisee's failure to comply with the terms and conditions of this Section 7(b).

(c) **Improvements**. Franchisee will make such capital improvement or modifications necessary to modernize, redecorate and upgrade the Restaurant, including without limitation the Operating Assets in accordance with Franchisor's then-current Standards, provided that the aggregate amount of capital improvements, modifications and upgrades to the Restaurant (including those upgrades required in Sections 8(b) and 8(c) of this Agreement) required by Franchisor will not exceed $500,000 during the Initial Term. Franchisee must complete to Franchisor's satisfaction any changes Franchisor requires within a reasonable time, not to exceed 24 months from the date Franchisee is notified of any required changes unless otherwise agreed to in writing by Franchisor. Franchisee acknowledges and agrees that the requirements of this Section 7(c) are both reasonable and necessary to ensure continued Brand loyalty and patronage of Twin Peaks restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant. If Franchisee fails to make any improvement as required by this Section 7(c) or perform maintenance as described in Section 7(b), Franchisor may, in addition to its other rights in this Agreement, effect such improvement or maintenance and Franchisee must reimburse Franchisor for the costs Franchisor incurs.

(d) **Designated Supplier**. Franchisee must purchase the Operating Assets, Technology System and Products from Franchisor's Designated Suppliers as set forth in the Manuals. Franchisee is solely responsible for its payment and performance obligations under its agreement with each Designated Supplier. Franchisor or any of its Affiliates may be designated as the sole Designated Supplier for any Operating Assets, Technology System and Products. In addition, Franchisor or its Affiliates may receive payments or other consideration from suppliers who provide Operating Assets Technology System or Products to franchisees operating under the System which Franchisor or its Affiliates may use in any manner Franchisor determines appropriate.

(e) **Operating Assets**. Franchisor makes no warranties, express or implied, with respect to the Products (including the Proprietary Products), Technology System or Operating Assets provided by any supplier (including any Designated Supplier), including by or as a result of any statements made by Franchisor's employees or agents, or statements contained in the Manuals, printed materials or general advertising materials. Except for any express limited warranty made by Franchisor or its Affiliates with respect to any Product, Technology System or Operating Assets sold by Franchisor or its Affiliate, neither Franchisor nor its Affiliates makes any warranty with respect to any Product, Technology System or Operating Asset, including any warranty of merchantability or of the fitness of these items for any particular purpose. Any model or sample shown to Franchisee is provided solely to illustrate the general type, nature and quality of such items and not to represent or warrant that any such item would conform to such model or sample.

(f) **Alternate Suppliers**. If Franchisee seeks approval of any new supplier of Operating Assets or Products not designated by Franchisor pursuant to Section 7(d) or approval to use new Operating Assets, Technology System or Products, Franchisee will provide Notice to Franchisor and such information required by Franchisor about any proposed new supplier, new Operating Assets, Technology System or Products (including samples of the proposed Operating Assets, Technology System or Products for examination by Franchisor) to enable Franchisor to approve or reject such supplier or items. Franchisor will have the right to require that its authorized representatives be permitted to inspect the proposed supplier's facilities at Franchisee's sole cost and expense. Franchisor will undertake reasonable efforts to respond to such Notice and information within 30 days from the date of its receipt of all of the information Franchisor requested and completion of any facility inspection. Franchisor may terminate or withhold its approval of any supplier, new Operating Assets, new Technology System or new Products that do not satisfy its Standards. Franchisee will not purchase from any unapproved supplier or use unapproved Operating Assets, Technology System or Products in the Restaurant.

(g) **Group or Cooperative Buying**. If Franchisor or its Affiliate establish a group buying program or purchasing cooperative for the purpose of obtaining improved and sustainable pricing for any Operating Assets, Technology System or Products, including the retention of a third party purchasing agent to facilitate such buying program or cooperative, upon Franchisor's request, Franchisee will become a member of such group buying program or cooperative, make reasonable dues payments for the services of such group buying program or purchasing cooperative and execute all documentation reasonably required by Franchisor to facilitate the foregoing.

8. TECHNOLOGY SYSTEM AND POS SYSTEM.

(a) **<u>Technology System</u>**. Franchisee will purchase, use, and maintain the Technology System prescribed by Franchisor at the Restaurant. Franchisor may periodically modify Standards for the Technology System, and, if so, Franchisee will acquire, at its cost, such modified Technology System and the computer hardware and software comprising part of the Technology System within 60 days from the date of Notice from Franchisor. Upon Franchisee's request and subject to Franchisee's payment of the then-current fee set forth in the Manuals, Franchisor may provide assistance in developing and planning installation of the Technology System that meets the Standards. In connection with the installation of the A/V System that is part of the Technology System, Franchisee will use only those installers approved by Franchisor. Franchisor may, at its sole option, charge Franchisee for any computer usage costs that Franchisor incurs as a result of Franchisee's use of the Technology System, including but not limited to a systems fee for modifications of and enhancements made to Proprietary Software that Franchisor licenses to Franchisee and other maintenance and support services that Franchisor or its Affiliates furnish to Franchisee related to the Technology System. Franchisee will have sole and complete responsibility for the acquisition, operation, maintenance, and upgrading of the Technology System.

(b) **<u>POS System</u>**. Franchisee will purchase, use and maintain the POS System that Franchisor requires or otherwise approves in writing for the operation of the Restaurant. The POS System must be connected to a communications medium specified by Franchisor at all times and be capable of accessing the Internet via a designated third-party network for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering, and maintaining the POS System. Upon Notice from Franchisor, at Franchisee's cost and expense, the POS System will be electronically linked to Franchisor's (or its Affiliate's) Intranet. Franchisee will provide Franchisor access to any POS System information, at such times and in such manner as established by Franchisor, with or without notice, to retrieve such transaction information, including customer, sales, sales mix, usage, and other operations data as Franchisor deems appropriate. Franchisee will apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future as specified by Franchisor. Franchisor may require Franchisee to periodically update, upgrade or replace the POS System, including hardware and/or software, provided that Franchisee will not be required to replace the POS System any more frequently than once every five years.

(c) **<u>Proprietary Software</u>**. If Franchisor designates Proprietary Software, Franchisee will, at Franchisor's written request, license or sublicense such software from Franchisor, its Affiliate or other designee and enter into a software (sub) license agreement on such licensor's then-current form. Franchisee will purchase any periodic upgrades, enhancements or replacements to the Proprietary Software at Franchisee's sole cost and expense. Franchisor will provide to Franchisee support services relating to the Proprietary Software as Franchisor deems advisable at a reasonable charge. Franchisee must incorporate any or all required modifications or additions within 30 days after receiving Notice from Franchisor, unless a longer time period is stated in such Notice.

(d) **<u>Intranet</u>**. Franchisor may, at its option, establish and maintain an Intranet through which Franchisor and Franchisee may communicate with each other. Franchisor will have control over all aspects of the Intranet, including the content and functionality thereof. At Franchisor's option, Franchisor may post, update and disseminate the Manuals and other Confidential Information through the Intranet. Any passwords or other digital identifications necessary to access the Manuals on the Intranet will be deemed to be part of Confidential Information. If established, Franchisee will have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the Standards. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that any Person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted or to be posted to it will become Franchisor's sole property, free of any claims of privacy or privilege that Franchisee or any other Person may assert. If established, Franchisor will have no obligation to maintain the Intranet indefinitely, and may modify or dismantle it at any time without liability to Franchisee.

(e) **Systems Access**. Franchisee may be provided access to various computer or electronic systems (or any substitute thereof), including, but not limited to, third-party computer or electronic systems made part of the System. Franchisee will be responsible for its actions and the actions of its Personnel relating to such computer and electronic systems, including use of any logon IDs, passwords or other authentication methods provided to Franchisee. All Franchisee connectivity or attempted connectivity to Franchisor's computer and electronic systems will be only through Franchisor's security gateways or Franchisor's firewalls. Franchisee will not access, and will not permit unauthorized persons or entities within its control to access, Franchisor's computer or electronic systems without Franchisor's express written authorization, and any such actual or attempted access will be consistent with any such authorization. Franchisee will fully comply with Franchisor's systems access requirements and related Standards with respect to such computer and electronic systems.

9. COUPONS, GIFT CARDS, AND LOYALTY PROGRAMS.

Franchisee must, at Franchisee's expense, participate in, and comply with the requirements of, any gift certificate, gift card, stored value card, customer loyalty, or customer retention program (e.g. customer e-mail program) that Franchisor or its Affiliates implement for all or part of the System and must sign the forms and take any other action that Franchisor or its Affiliates require in order for Franchisee to participate in such programs. Without limitation, Franchisee must honor coupons, stored value cards, gift certificates, gift cards, or vouchers sold or distributed by other Twin Peaks locations and include the related proceeds in Gross Sales strictly in accordance with the Standards. Franchisee will not issue or offer any gift certificate, gift card, stored value card, customer loyalty or retention program without Franchisor's prior written approval. Franchisee will utilize a vendor approved by Franchisor or its Affiliates for gift card processing. Any coupon offer proposed by Franchisee must be approved by Franchisor in writing prior to being offered.

10. MARKETING.

(a) **Brand Fund**. Franchisor administers a Brand Fund for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of Franchisor's Brand positioning. Franchisee must contribute the Brand Fund Contribution to the Brand Fund as set forth in Section 4(c) of this Agreement. Franchisor may, at its sole option, increase the Brand Fund Contribution upon 60 days' prior notice to Franchisee, subject to the limitations in Section 10(d).

Franchisor will direct all initiatives related to the positioning of the Brand using the Brand Fund, including without limitation advertising and marketing programs (e.g. research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof.

Franchisor may use the Brand Fund to pay the costs of research (including without limitation Product research and development, recipe development and menu design and limited time offers), market research (e.g. customer engagement with the Brand, including restaurant design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, Product and customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, Social Media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System websites, and online presence; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for the Twin Peaks restaurants and the Marks and System under which they operate.

For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Restaurant. The Brand Fund will furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's sole cost.

(b) **Accounting**. The Brand Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the Brand Fund and its programs, including as described in Section 10(a) and with respect to collecting and accounting for contributions to the Brand Fund. The Brand Fund is operated solely as a conduit for collecting and expending the Brand Fund Contributions described in Section 4(c). Franchisor does not act as trustee with respect to the Brand Fund and has no fiduciary duty to Franchisee or its Affiliates, Principals or any other franchisees with regard to the operation or administration of the Brand Fund. Franchisor may spend on behalf of the Brand Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Restaurants to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All Interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. Franchisor will, upon Franchisee's written request (but no more than once annually) provide a copy of its unaudited annual statement of monies collected and costs incurred by the Brand Fund. Franchisor will have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(c) **Proportionality**. Franchisee acknowledges that the Brand Fund is intended to maximize recognition of the Marks and patronage of Twin Peaks restaurants generally. Although the Franchisor will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Twin Peaks restaurants operated in that geographic area. Nor is Franchisor under any obligation to ensure that any Twin Peaks restaurant will benefit directly or in proportion to its Brand Fund Contribution from the development of advertising and marketing materials or the placement of advertising, or that all Twin Peaks restaurants operated by Franchisor or any of its Affiliates will pay the same Brand Fund Contribution. Except as expressly provided in this Section 10, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the Brand Fund. Franchisor may at any time defer or reduce a Twin Peaks restaurant operator's contributions to the Brand Fund. Franchisor reserves the right to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating a Twin Peaks restaurant in proportion to their respective contributions to the Brand Fund accrued during the preceding three-month period, and such amounts will be spent on local marketing in accordance with Section 10(d).

(d) **Local Marketing Expenditure**. In addition to the contributions that Franchisee pays to the Brand Fund, Franchisee must make the Local Marketing Expenditure in such amounts as Franchisor establishes from time to time, which when combined with the amount Franchisee has paid in Brand Fund Contributions for the applicable fiscal quarters (if any), will not exceed 4.0% of Gross Sales (allocated by Franchisor, at its sole option, among the Brand Fund and Local Marketing Expenditure), during any period consisting of four consecutive fiscal quarters. The initial Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 10(d). If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the Brand Fund Contributions total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed four consecutive fiscal quarters, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the fiscal quarter in which Franchisee receives such Notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 4(g) and contribute them to the Brand Fund, without any liability or obligation to use such funds for Franchisee's local advertising. Franchisor will provide Franchisee with not less than 30 days' Notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend.

Franchisee will throughout the Term engage in local advertising, marketing and promotional activities and campaigns in accordance with Franchisor's Standards and the Manuals. All such local advertising, marketing and promotional activities and campaigns must be approved by Franchisor in advance in writing. Franchisor may withdraw its approval at any time if any such activity or campaign fails to comply with Franchisor's then-current Standards and Manuals. The Local Marketing Expenditure will be used to pay for the cost of implementing local marketing plans developed by Franchisor and adapted and implemented by Franchisee with Franchisor's approval which may include amounts spent by Franchisee for (i) advertising media and community relations, such as television, radio, Internet, Social Media, newspaper, billboards, posters, direct mail, collateral and promotional items; (ii) advertising on public vehicles (transit and aerial) and (iii) public relations and the cost of producing approved materials necessary to participate in such public relations. Local Marketing Expenditure do not include amounts spent for items which Franchisor, in its sole judgment, deems inappropriate for meeting the minimum requirement for Local Marketing Expenditure, including permanent on-site signs, point of purchase materials and store hours, complimentary charges, donations, lighting, menus, Personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), discounts, free offers and Personnel incentive programs.

(e) **Special Promotions**. In addition to the national, regional and local advertising described in this Section 10, Franchisor may from time to time develop and administer advertising, marketing and sales promotional programs in which Franchisee will participate upon such terms and conditions established by Franchisor. Such programs are in addition to Franchisee's local marketing requirements pursuant to Section 10(d) and may include without limitation alcoholic beverage menu and marketing promotions, Product promotions, specialized menu offerings/limited time offers and similar programs. All phases of such advertising, marketing and promotion, including the type, quantity, timing, placement, choice of media, market areas, promotional programs and advertising agencies will be determined solely by Franchisor.

(f) **Grand Opening**. Franchisee will spend at least the Grand Opening Amount to advertise and promote the opening or Grand Opening of the Restaurant, as applicable, in accordance with the Standards. At least 45 days before the date of the Grand Opening of the Restaurant, the advertising plans and budget for such opening or Grand Opening must be submitted to and approved in writing by Franchisor. Franchisee will modify the advertising plan and budget as requested by Franchisor and thereafter no substantial changes may be made to the plan without advance written consent of Franchisor. Within 90 days following the opening or Grand Opening of the Restaurant, Franchisee will submit to Franchisor documentation evidencing its advertising expenditures. Franchisee's obligations under this Section 10(f) are in addition to Franchisee's obligations to contribute to the Brand Fund and make the Local Marketing Expenditure.

(g) **Public Announcements**. No public communication press release or announcement regarding this Agreement, the transactions contemplated hereby, the operation of Franchisee's Restaurant, or any Crisis Management Event will be made by Franchisee without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Franchisee will not disclose the substance of this Agreement to any third party except: (1) as necessary to obtain a lease or renewal or obtain any permit, license or other approvals; or (2) to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Franchisee or for any public disclosure otherwise required by Applicable Law.

(h) **Positioning**. Franchisee must adhere to the Standards and other guidance on Brand positioning with respect to pricing, Product offerings, advertising and promotional activities and campaigns, and other key Brand presentation attributes.

(i) **Advertising Price Policies**. Franchisee will advertise it menu items in accordance with the Minimum Advertised Price Policy specified from time to time by Franchisor in its menus, Manuals or otherwise in writing. Notwithstanding the foregoing, Franchisee is not restricted from providing in-store discounts on menu items or in-store advertising of menu items below such Minimum Advertised Price Policy. In addition, Franchisee will honor the terms of all required promotional or discount programs that Franchisor may offer to customers of Twin Peaks restaurants.

(j) **Truthful Advertising, Marketing, and Promotion**. Any advertising, promotion, and marketing Franchisee conducts must be factually accurate and not misleading and conform to the highest standards of ethical marketing and the promotional policies which Franchisor prescribes from time to time, including, but limited to, the Standards. Samples of all advertising, promotional, and marketing materials which Franchisor has not prepared or previously approved in writing within the prior 12 months must be submitted to Franchisor for approval before Franchisee may use them. Franchisee may not use any advertising or promotional materials or engage in any advertising or promotional campaigns that Franchisor has not approved in writing or has expressly disapproved. Franchisor will own the copyrights to any materials and campaigns submitted, regardless of whether Franchisor approves such materials and campaigns. In all cases, Franchisor has control over any profiles that use or relate to the Marks, that display the Marks, or that are maintained on Social Media websites and applications and all other similar websites and applications that may exist in the future. Franchisor may (but need not) establish guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on such Social Media websites and platforms. In such event, Franchisee must comply with the Standards imposed from time to time on such use. Franchisee will sign over control of any Social Media accounts or profiles, with network bases intact, and provide access to reports and history of promotion performance, upon Franchisor's request.

(k) **Advertising Cooperatives**. Franchisor may, at its sole option, require you to participate in certain local or regional advertising cooperatives organized and/or approved by Franchisor and composed of certain other Twin Peaks restaurants located in the geographic area in which the Restaurant is located, as set forth in the applicable cooperative advertising agreement. If Franchisee is required to participate in a Franchisor-approved advertising cooperative, Franchisee will be required to execute Franchisor's then-current standard advertising cooperative agreement. Franchisor may terminate any advertising cooperative pursuant to the terms of the applicable cooperative advertising agreement. Franchisor may require advertising cooperatives to be formed, changed, dissolved or merged.

11. RESTAURANT OPERATIONS.

(a) **Manuals**. Franchisee will comply with the Standards as set forth in the Manuals and as may from time to time otherwise be prescribed in writing in connection with the operation of the Restaurant, including without limitation operating the Restaurant during hours and days of the week specified in the Manuals. Franchisor has provided to Franchisee one copy of each of its Manuals "on loan" for the Term. Franchisor may, at its option, make the Manuals and related Standards available to Franchisee via the Intranet. Franchisor may periodically update and amend the Manuals and will notify Franchisee in writing of any such updates or amendments, which will thereupon become a part of the Manuals. Franchisee must comply with all written updates and amendments to the Manuals. In the event of a dispute relating to the contents of the Manuals, the master copy that Franchisor maintains at its principal office or on the Intranet, as designated by Franchisor, will prevail. If Franchisee's hard copy of the Manuals is lost, destroyed or significantly damaged, Franchisee will obtain a replacement copy at the then-applicable charge to reimburse cost of replacement. Franchisee will use the digital version of the Manuals in their current form available to Franchisee on the Intranet as instructed. Franchisee will treat the Manuals as confidential and maintain the information in the Manuals as Confidential Information. Franchisee will return all hard copies of the Manuals to Franchisor immediately on expiration or termination of this Agreement.

(b) **Compliance with Applicable Law; Operating Permits**. Franchisee will develop and at all times operate the Restaurant in full compliance with Applicable Law, including but not limited to all Products and services offered and sold at or by the Restaurant. Franchisee must notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action, or the issuance of an order of any court, agency, or other governmental instrumentality, which may adversely affect the development, occupancy, or operation of the Restaurant or Franchisee's financial condition; or the delivery of any notice of violation or alleged violation of any Applicable Law, including those relating to health or sanitation at the Restaurant. Franchisee will refrain from any business or advertising practice which may be injurious to Franchisor's business, to the business of other Twin Peaks restaurants, or to the goodwill associated with the Marks. Franchisee will be solely responsible for procuring and continuously maintaining thereafter all approvals, permits, and/or licenses required for the development and operation of the Restaurant.

(c) **Credit Card and Other Methods of Payment**. Franchisor may, at its option, designate in writing credit and debit card issuers or sponsors check or credit verification services, financial center services, and electronic funds transfer systems, and upon any such designation by Franchisor, Franchisee must maintain credit card relationships with such credit and debit card issuers or sponsors check or credit verification services, financial center services, and/or electronic funds transfer systems in connection with the operation of the Restaurant and refrain from using any services or providers that Franchisor has not approved in writing or for which Franchisor has revoked its approval. Franchisor may modify its requirements and designate additional approval or required methods of payment and vendors for processing such payment. Franchisee must comply with the PCI DSS as they may be revised and modified by the Payment Card Industry Security Standards Council, or any successor or replacement organization and/or in accordance with other standards Franchisor may specify, and FACTA. Franchisee also must upgrade periodically its Technology System, at Franchisee's expense, to maintain compliance with PCI DSS, FACTA and all Applicable Law. Franchisee must notify Franchisor immediately if it is notified of a credit card breach (as such constitutes a Crisis Management Event) related to the Restaurant and Franchisee's business related thereto and must cooperate with applicable authorities fully with respect to the investigation. Further, Franchisee must cooperate with Franchisor fully with respect to media statements (if any) and other items related to managing the Crisis Management Event for the purpose of protecting the Marks and System.

(d) **Privacy Laws**. Franchisee will abide by all privacy laws and comply with Franchisor's policies pertaining to privacy laws at all times during the Term. If there is a conflict between Franchisor's policies pertaining to privacy laws and applicable statutory privacy laws, Franchisee will comply with the requirements of the applicable statutory privacy laws, immediately provide Franchisor with written notice of said conflict and promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to satisfy Franchisor's policies within the bounds of applicable statutory privacy laws.

(e) **Customer Data**. All information, mailing lists and data bases of Customer Data from whatever source derived, will be Franchisor's property. Franchisee will not use such Customer Data, except in connection with the operation of the Restaurant and in accordance with this Agreement. Franchisee will not use, process, copy, display, publish, store or transfer the Customer Data without Franchisor's written approval. Franchisee will fully comply with all Applicable Law with respect to Customer Data, including as set forth in Sections 11(b)-11(d).

(f) **Trade Accounts**. With respect to any supplier, Franchisee will maintain its trade accounts in a current status and will seek to resolve any disputes with such suppliers promptly. If Franchisee fails to maintain such trade accounts on a current status, to timely pay any amounts owing to any other third parties providing services, Franchisor may, but is not required to, pay any such amounts and/or perform such obligations on Franchisee's behalf. If Franchisor elects to pay any such amounts, then Franchisee must promptly reimburse Franchisor, upon receipt of Franchisor's invoice, for such amounts and its administrative services in doing so. Franchisor may also set off the amount of any such reimbursement against any payments due to Franchisee at its sole option.

(g) **Proprietary Products**. Franchisor may develop or acquire for use in the System certain Products which are prepared from confidential or secret recipes and considered trade secrets of Franchisor and/or its Affiliates. Because of the importance of quality and uniformity of production and the significance of such Products in the System, it is to the mutual benefit of the Parties that Franchisor closely controls the production and distribution of such Products. Accordingly, if such Products become a part of the System, Franchisee will use only Franchisor's confidential or secret recipe in such Products and will purchase, at the prevailing price plus freight, taxes, and other costs of delivery, solely from Franchisor or from a Designated Supplier, all of Franchisee's requirements for such Products, including, without limitation, all Proprietary Products.

(h) **Uniforms and Employee Appearance**. Franchisee will cause all employees, while working in the Restaurant, to wear uniforms meeting the Standards as Franchisor may periodically designate, and to present a neat and clean appearance in accordance with the Standards. If Franchisor changes the type of uniform utilized by Franchisee, Franchisee will have 30 days from the date of its receipt of Franchisor's Notice to discontinue use of its existing inventory of uniforms and implement the approved type of uniform.

(i) **Approved Products; Menus**. Franchisee must comply with the Standards relating to the purchase of all food and beverage items, ingredients, Products, the Operating Assets and Technology System, catering or delivery vehicles, materials, supplies, small wares, paper goods, and other Products used or offered for sale at the Restaurant. Franchisee must acquire such items from Designated Suppliers or suppliers that otherwise satisfy the Standards, as set forth in the Manuals. ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION THE TECHNOLOGY SYSTEM AND OPERATING ASSETS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

Franchisee must maintain in sufficient supply and use and sell at all times only such food and beverage items, ingredients, Products, materials, supplies, small wares, and paper goods that conform to the Standards. Franchisee must prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients. Franchisee will refrain from deviating from Franchisor's Standards, including, without limitation, by the use or offer of non-conforming items or differing amounts of any items, without Franchisor's prior written consent.

Franchisee must sell or offer for sale all menu items, Products and services required by Franchisor and utilizing the method, manner and style prescribed by Franchisor, as expressly authorized by Franchisor in writing. Franchisee must sell and offer for sale only the menu items, Products, and services that have been expressly approved for sale in writing by Franchisor. Franchisee must immediately discontinue selling and offering for sale any menu items, Products, or services and any method, manner, or style of distribution which Franchisor may, at its sole option, disapprove in writing at any time. Franchisee will use and display only menus that have been prescribed or approved in advance in writing by Franchisor. Any and all recipes or menu changes submitted by Franchisee to Franchisor for inclusion on the menu will become the property of Franchisor, and Franchisee will execute all documents necessary to convey all rights and title, including all rights in such recipes, to Franchisor. Unless Franchisor consents, Franchisee will not sell, dispense, give away, or otherwise provide food or beverage Products or other items, except by means of retail sales or complimentary meals to employees and/or customers at the Restaurant, a program of charitable giving, or as otherwise approved in advance in writing by Franchisor.

(j) **System Changes**. Franchisee must, at its sole cost and expense, promptly and fully comply with any changes made to the System by Franchisor, including, but not limited to, changes in preparation, operations, and appearance of the Restaurant (including any remodeling and renovation to the interior or exterior of the Restaurant) or purchases of Operating Assets as are required by Franchisor in writing. Franchisee may be required to attend meetings, at its own cost and expense, to discuss any System changes. If Franchisor requests that changes be made to the Restaurant, Franchisor will provide Franchisee with a sample layout for the interior and exterior changes to be made and a set of typical preliminary plans. Franchisee will, at its sole cost and expense, employ architects, designers, engineers, contractors and others as may be necessary to complete, adapt, modify or substitute the sample plans for the Restaurant. Franchisee must obtain Franchisor's prior written approval of any and all changes in the plans before commencing construction or implementing such changes. Franchisor will have access to the Restaurant while work is in progress and may require such reasonable alterations or modifications of the construction at the Restaurant, at Franchisee's sole cost and expense, as Franchisor deems necessary to conform to its Standards.

(k) **Alcoholic Beverages**. Franchisee will provide alcoholic beverage services at the Restaurant in accordance with the Standards set forth in the Manuals continuously throughout the Term. Franchisee will be solely responsible for compliance with Applicable Law, and will procure and continuously maintain any approval, permit, and/or license that are required in connection with the sale of alcoholic beverages at the Restaurant.

(l) **Off-Site Sales**. If Franchisee wishes to implement a delivery program, a take-out program or a catering program, Franchisee will prepare a program plan to be submitted to Franchisor for its approval in accordance with any requirements periodically specified in the Manuals and, if applicable, sign Exhibit H attached hereto. Franchisee will not deliver, prepare, or serve any food or beverage Products away from the Restaurant unless Franchisor has approved the program plan in writing. Notwithstanding the foregoing, Franchisor reserves the right to require Franchisee to offer catering services or delivery services through Franchisor's designated provider of such delivery services to customers located within Franchisee's Designated Area. Franchisee must comply with the Minimum Advertised Price Policy for products offered by the Restaurant whether delivered or catered or sold in the Restaurant. Any income from catering, take-out or delivery services must be included in Gross Sales for purposes of calculating Franchisee's Royalty Fees, Brand Fund Contribution and Local Marketing Expenditure. Any catering, take-out or delivery services must comply with the Standards.

(m) **Customer Satisfaction and Surveys**. Franchisee will participate in all customer surveys and satisfaction audits as Franchisor may require from time to time, which may require Franchisee to provide discounted or complimentary Products. Additionally, Franchisee will participate in any customer complaint resolution and other programs as Franchisor may reasonably establish for all or part of the System, which programs may include, without limitation, providing discounts or refunds to customers. For any such sales, the amount actually paid by the customer after the discount or refund is applied and not the advertised price will be considered for purposes of Gross Sales, subject to the cap specified in Section 1(kk).

(n) **Taxes and Duties**. Franchisee must pay any and all taxes pursuant to Applicable Law applicable to it and the Restaurant.

12. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

(a) **Business Entity Franchisee**.

(1) Franchisee warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly authorized by it. Franchisee's company agreements must provide that its purpose and activities are restricted to the operation of Twin Peaks restaurants and further must impose the restrictions against Transfer set forth in Section 18 of this Agreement.

(2) If Franchisee is not publicly traded (i.e., less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding in excess of 5% of all Equity Interests in Franchisee and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Franchisee who are government officials. Franchisee will provide Franchisor with such financial information as Franchisor may periodically request from Franchisee and each Principal, including copies of unaudited financial statements to be delivered to Franchisor on a quarterly basis, within 20 days after the end of each calendar quarter, and copies of audited financial statements, to be delivered to Franchisor on an annual basis, no later than 60 days after the end of each calendar year.

(3) If Franchisee is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit B.

(b) **Ideas and Concepts**. From time to time in connection with the operation of the Restaurant, Franchisee may create or develop Ideas and Concepts that Franchisee believes will improve the System or the Restaurants. Franchisee will promptly disclose such Ideas and Concepts to Franchisor and will not implement such Ideas and Concepts without the prior written approval of Franchisor. Franchisor may elect to use or adopt such Ideas and Concepts if Franchisor determines that such adoption or use will benefit the System. If Franchisor uses or adopts any of such Ideas and Concepts, they will be deemed to be part of the System without any compensation payable to Franchisee by Franchisor. All Ideas and Concepts, whether or not constituting protectable Intellectual Property, and whether created by or on behalf of Franchisee, any Principal or Personnel in connection with the Restaurants, will be deemed to be Franchisor's sole and exclusive Intellectual Property. Franchisee, on behalf of itself and its Principals and all Personnel, hereby assign all rights in any Ideas and Concepts to Franchisor or any of its Affiliates and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or any of its Affiliate's ownership of such Ideas and Concepts.

13. MANAGEMENT AND PERSONNEL.

At all times throughout the Term, Franchisee will hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Franchisee will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer relations and fully comply with Applicable Law.

(a) **Unit General Manager**. Concurrently with the execution of this Agreement, Franchisee must designate and retain at all times a Unit General Manager qualified to manage the Restaurant in accordance with the Standards including but not limited to completion of the Initial Training for Unit General Managers set forth in the Manuals to Franchisor's satisfaction as described in Section 6. The Unit General Manager will execute the Confidentiality and Non-Disclosure Agreement attached hereto as Exhibit C and report to the Operator. If, during the Term of this Agreement, the Unit General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 13(a), Franchisee must promptly notify Franchisor in writing and designate a replacement within 30 days after the Unit General Manager ceases to serve, such replacement being subject to the same qualifications described above. Franchisee must provide for interim management of the Restaurant until such replacement is so designated, such interim supervision to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 13(a) will be deemed an Event of Default under this Agreement.

(b) **Shift Manager**. Concurrently with the execution of this Agreement, Franchisee must designate and retain at all times a sufficient number of Shift Managers who satisfy Franchisor's Standards for such position, as set forth in the Manuals or otherwise in writing by Franchisor. At least one Shift Manager must be present at the Restaurant during all hours of operation to ensure that the Restaurant is at all times under the direct supervision of Shift Managers, who will report to the Unit General Manager. Each Shift Manager will execute a Confidentiality and Non-Disclosure Agreement in the form of Exhibit C.

(c) **Operator**. Concurrently with the execution of this Agreement, Franchisee must designate and retain at all times an Operator who will manage the Restaurant in accordance with the Standards including but not limited to completion of Initial Training to Franchisor's satisfaction, as described in Section 6. The Operator will execute the Operator's Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit D. The Operator will supervise the Unit General Manager and the operations of the Restaurant. The Operator may not be involved in or supervise any other business or restaurant concept outside of the Restaurant. If, during the Term of this Agreement, the Operator is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 13(c), Franchisee must promptly notify Franchisor in writing and designate a replacement within 30 days after the Operator ceases to serve, such replacement being subject to the same qualifications described above. Franchisee must provide for interim management of all Restaurants owned by Franchisee that the Operator supervised until such replacement is so designated, such interim supervision to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 13(c) will be deemed an Event of Default under this Agreement.

(d) **Other Personnel**. Franchisee will be solely responsible for all employment and personnel decisions involving its Personnel, including but not limited to the hiring, firing, discipline, supervision, direction, scheduling, and compensation of such additional managers and support personnel for the Restaurant. Franchisee will ensure that each such Personnel receive the Initial Training and any additional training that Franchisor requires. Franchisor will not be involved in, or responsible for, training, employment, compensation or any other personnel matters and decisions made by Franchisee, as further described in Section 19(d).

14. RECORDS, AUDITS, AND INSPECTIONS.

(a) **Accounting and Records**. Franchisee will obtain and be solely responsible for its own accounting services and any required hardware or software related thereto. Franchisee will at all times maintain accurate and complete records as specified in the Manuals, including, without limitation, sales, inventory and expense information, in order to generate the reports requested by Franchisor. To the extent that Franchisor may provide support for accounting software used by Franchisee, such support will only be provided with respect to the accounting software then used by Franchisor in the operation of its Twin Peaks restaurants.

(b) **Inspections and Audits**. Franchisor and its designated agents or representatives will have the right at any time, provided Franchisor will use reasonable efforts to avoid any disruption of or interference with the operation of the Restaurant during normal business hours, to:

(1) obtain samples of any Products, ingredients and supplies for testing and analysis (including without limitation analysis of the conditions of sanitation and cleanliness of the storage, production, handling and serving of such Products, ingredients and supplies);

(2) enter the Premises, observe, photograph and videotape the operations of the Restaurant for such consecutive or intermittent periods as Franchisor deems necessary and otherwise inspect the Restaurant (including without limitation inspections by third party vendors retained by Franchisor to perform quality assurance evaluations; Franchisee will reimburse Franchisor for all costs and fees associated with such quality assurance evaluation

within ten days of Franchisor's delivery of an invoice to Franchisee if the Restaurant fails such quality assurance evaluation in addition to the costs and fees associated with the follow-up quality assurance evaluation to confirm that the deficiencies identified in the failed quality assurance evaluation have been corrected);

(3) consult with Personnel and customers of the Restaurant;

(4) perform KPI Assessments and advise Franchisee of corrective actions that must be taken for any key performance level described in the Manuals that Franchisee fails to satisfy upon any such KPI Assessment; and

(5) inspect, examine, audit, and copy any books and records relating to the operation of the Restaurant. Franchisee will fully cooperate with Franchisor in connection with any such activities; present to its customers such evaluation forms that Franchisor periodically prescribes; and participate and/or request its customers to participate in any surveys performed by Franchisor or on its behalf. Franchisor will notify Franchisee in writing of any unsatisfactory conditions discovered as it deems appropriate, and, if notified, Franchisee will promptly correct and repair, as applicable, any such conditions. Any audit, examination, or inspection will be at Franchisor's cost and expense unless Franchisor is conducting the audit, examination, or inspection due to Franchisee's failure to submit reports, or unless the reports submitted by Franchisee for the Reporting Period show an understatement of Gross Sales by 1.25% or more and/or a corresponding underpayment of Royalty Fees, Brand Contribution and/or Local Marketing Expenditure, in which cases all reasonable and necessary costs and expenses related to such audit, examination or inspection will be paid by Franchisee (including, without limitation, reasonable accounting and attorneys' fees). Franchisee will immediately pay Franchisor upon demand any deficiency in any fees plus Interest as specified in Section 4. These remedies will be in addition to any other remedies Franchisor may have at law or in equity.

(c) **Financial Reports**. Within 20 days after the end of each calendar quarter, Franchisee will deliver to Franchisor an unaudited profit and loss statement and balance sheet with respect to the operation of the Restaurant during the immediately preceding calendar quarter. Within 60 days after the end of each fiscal year, Franchisee will deliver to Franchisor an annual unaudited profit and loss and source and use of funds statements and a balance sheet as of the end of such fiscal year. Franchisee will also deliver to Franchisor any other financial data, tax statements or other financial reports that Franchisor may reasonably periodically request, in the form, manner, and frequency requested. Each report will be signed or otherwise verified by Franchisee that such data, statement and reports are true, accurate and complete.

15. INSURANCE.

(a) **Minimum Requirements**. Franchisee must obtain and maintain in effect for the Restaurant the insurance policies set forth in Exhibit J, as may be amended by Franchisor from time to time. The insurance policies and limits described in Exhibit J will not limit, and are independent of, the indemnification obligations under this Agreement.

(b) **Proof of Insurance**. Within 30 days after the execution of the Lease or purchase of the Premises for the Restaurant and, thereafter, at least 60 days prior to the expiration of any such policy, Franchisee will deliver to Franchisor evidence of such insurance in the form of certificates evidencing such coverage as well as endorsements reflecting the requirements of this Section 15 and all language wherever found in the policies that related to the determination of who is an additional insured, and the scope of the additional insured's coverage. Franchisor has the right, but not the obligation to inspect any actual policies required under this Agreement for compliance with all specified coverage, terms, conditions, endorsements, and limits relative to this Agreement.

(c) **Franchisor Placed Insurance**. If Franchisee fails or refuses to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor, at Franchisor's sole option and in addition to Franchisor's other rights and remedies hereunder, may obtain such insurance coverage on Franchisee's behalf. If Franchisor does so, Franchisee must fully cooperate with Franchisor in Franchisor's effort to obtain such insurance policies and must pay Franchisor any costs and premiums that Franchisor incurs. Franchisee's obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance Franchisor may choose to maintain, nor does it relieve Franchisee of any of its obligations under this Section 15.

(d) **Franchisee Acknowledgment as to Minimum Insurance Requirements Notification of Infringements and Claims**. Franchisee acknowledges and agrees that the coverages required by Franchisor are the minimum amounts of coverage that Franchisee must procure under this Agreement. Franchisee is free to buy additional insurance coverage or increase the amounts of coverage as Franchisee deems appropriate based on Franchisee's investigation as to whether additional coverages or higher amounts are necessary. Franchisee further acknowledges and agrees that Franchisee is not relying upon Franchisor to determine the amount or type of insurance coverage necessary for Franchisee. FRANCHISEE RELEASES FRANCHISOR FROM ANY AND ALL CLAIMS RELATING TO THE PROCUREMENT OF INSURANCE INCLUDING CLAIMS THAT FRANCHISOR DID NOT REQUIRE FRANCHISEE TO PROCURE ADEQUATE INSURANCE.

16. PROTECTION OF MARKS AND RELATED INTELLECTUAL PROPERTY.

(a) **Goodwill in Marks and Intellectual Property**. Franchisor or its Affiliates are the exclusive owner of the Marks and all other Intellectual Property provided or to be provided to Franchisee. Franchisee's right to use the Marks and any other Intellectual Property is derived solely from this Agreement and limited to its operation of the Restaurant pursuant to and in compliance with this Agreement. Franchisee's use of the Marks and any goodwill associated with such use and any other Intellectual Property will be exclusively for Franchisor's benefit, and this Agreement does not confer any goodwill or other interests in the Marks or other Intellectual Property upon Franchisee.

(b) **Limitations on Franchisee's Use of Marks**. Franchisee will use the Marks as the sole identification of the Restaurant, except that Franchisee must identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee may not use any Mark as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee hereunder), or in any modified form, nor may Franchisee use any Mark in connection with the performance of any unauthorized services or sale of any unauthorized products; as part of any domain name, electronic address, metatag, or otherwise on the Internet or in connection with any website (unless expressly authorized in writing by Franchisor); or in any other manner that Franchisor has not expressly authorized in writing. Franchisee will display the Marks in the manner Franchisor prescribes at the Restaurant, on supplies or materials Franchisor designates, and in connection with forms and advertising and marketing materials. Franchisee's unauthorized use of the Marks will be an Event of Default and an infringement of Franchisor's rights in and to the Marks.

(c) **Intellectual Property Rights**. Franchisor will be the sole owner of all right, title and interest in and to any Intellectual Property created as a result of or related to the operation of the Restaurant and any improvements, modifications or derivative works of Franchisee's operation of the Restaurant or other activities under this Agreement. Franchisor does not grant Franchisee any ownership interest or right with respect to any Intellectual Property created as a result of Franchisee's operation of the Restaurant. A default under or termination of this Agreement will not impact Franchisor's rights in the Intellectual Property.

Franchisee does hereby, on behalf of itself and on behalf of its Principals, Affiliates and its and their respective Personnel, without reservation, irrevocably sell, assign, transfer and convey, and will be deemed to have irrevocably sold, assigned, transferred, and conveyed to Franchisor, its successors, assigns and legal representatives, all right, title and interest (past, present, future, and throughout the world) in and to any rights to any Intellectual Property related to the operation of the Restaurant; and any and all claims, of any nature whatsoever, for past, present or future infringement or violation of such Intellectual Property rights.

If Franchisee, its Principals or Affiliates or its and their respective Personnel has any rights to work product that cannot be assigned to Franchisor, Franchisee, its Principals and Affiliates and its and their respective Personnel, as applicable, unconditionally and irrevocably waives the enforcement of such rights, and if such rights cannot be waived, Franchisee, on behalf of itself, its Principals and Affiliates and its and their respective Personnel, hereby grants to Franchisor a fully paid-up, exclusive, irrevocable, perpetual, worldwide license to display, copy, distribute, perform or use in any manner and to make derivative works of the work product. Franchisee will assist Franchisor to register and record (as may be required by Applicable Law or requested by Franchisor), and from time to time enforce, all rights in the Intellectual Property, and other rights and protections relating to the work product created hereunder in any and all countries. Franchisee will execute (and cause its Principals, Affiliates and its and their respective Personnel) any documents and take any other actions reasonably necessary to effectuate the purposes of this Section 16(c). Franchisee will include the requirements of this Section 16(c) in all agreements with its Principals, Affiliates and Personnel.

(d) **Notification of Infringements and Claims**. Franchisee will notify Franchisor immediately of any apparent infringement or challenge to its use of any Mark or other Intellectual Property, or of any claim by any Person of any rights in any Mark or other Intellectual Property, and will not communicate with any Person other than Franchisor and its attorneys, and Franchisee's attorneys, in connection with any such infringement, challenge or claim. Franchisor has the sole right and option to take such action as it deems appropriate and the right to control exclusively any litigation arising out of any such infringement, challenge or claim or otherwise relating to any Mark or other Intellectual Property, including the taking of such legal steps as may be available to Franchisor under Applicable Law to prevent infringement of the rights granted under this Agreement. Franchisee will sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Franchisor's attorneys, may be necessary or advisable to protect and maintain Franchisor's interests in the Marks or other Intellectual Property.

(e) **Discontinuance of Use of Marks or Intellectual Property**. Franchisor may, at any time, at its sole option, require Franchisee to use any additional or alternative Marks or other Intellectual Property. If Franchisor deems it advisable to modify or discontinue the use of any Mark or other Intellectual Property and/or use one or more additional, alternative or substitute trade or service marks, Franchisee will comply with Franchisor's directions within a reasonable time after receiving Notice from Franchisor. All costs and expenses relating to the modification or discontinuance of the use of any Mark, other Intellectual Property and/or the use of one or more additional, alternative or substitute trade or service marks will be paid by Franchisee. All provisions of this Agreement applicable to Marks and other Intellectual Property apply to any additional, alternative or substitute trade and service marks or other commercial symbols that Franchisor authorizes Franchisee to use pursuant to this Agreement.

17. ANTI-CORRUPTION, ANTI-BOYCOTT, AND ANTI-TERRORISM LAWS; CODE OF CONDUCT.

Franchisee and each Principal represents and warrants to Franchisor that: (a) neither Franchisee nor, to the best of its knowledge after reasonable inquiry, any of Franchisee's Principals or any executive officer of Franchisee is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text available at www.treas.gov/offices/enforcement/ofac/); (b) neither Franchisee nor any Principal is directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) neither Franchisee nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) neither Franchisee nor any of Franchisee's Principals or executive officers have violated, and Franchisee will not violate and will cause Franchisee's Principals and executive officers not to violate, any Applicable Law prohibiting money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text available at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf), or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Franchisee will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 17 incorrect, false, inaccurate, or misleading, or which constitutes a breach of any of the covenants of this Section 17.

In addition, Franchisee and each Principal will comply with Franchisor's "Code of Conduct" set forth in the Manuals at all times in connection with the development and operation of the Restaurant.

18. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor**. This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Franchisee, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks or its System to any third party; merge, acquire other Entities or be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities; or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the new owner of Franchisor or the surviving Entity (in the event of a merger or acquisition) will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Franchisee and Franchisee expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof.

(b) **Transfer by Franchisee**. The rights and duties created by this Agreement are personal to Franchisee, and Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Franchisee and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below.

(c) **Conditions for Approval of Transfer**. If the proposed Transfer by Franchisee is of this Agreement, Control of Franchisee or substantially all of Franchisee's assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Franchisee, and if Franchisor has not exercised its right of first refusal under Section 18(f), Franchisor will approve a Transfer only if the conditions set forth in this Section 18(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Franchisee (and its Principals, if Franchisee is not publicly traded) has paid all Royalty Fees and all other amounts owed to Franchisor and its Affiliates, submitted all required Reports and other statements and data and otherwise are in full compliance with this Agreement as of the date of Franchisee's request for approval of the Transfer and as of effective date of the Transfer.

(2) The proposed transferee (and its direct and indirect owners): (A) have sufficient business experience, aptitude, assets and financial resources to operate the Restaurant; (B) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Restaurant franchisees; (C) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Restaurant; and (D) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(3) The transferee and its owners as specified by Franchisor will complete the Initial Training program and provide Franchisor with a business plan for the Restaurant acceptable to Franchisor.

(4) The transferee and each of its owners specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of franchise agreement and sign the ancillary agreements and documents Franchisor requires for Restaurant franchisees and any principal.

(5) Franchisee and the transferee and its owners have agreed to the terms of a purchase and sale agreement for the Operating Assets and assumption of any lease of the Premises and any applicable equipment.

(6) Franchisee or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer, including the costs and expense of Initial Training as required above.

(7) Franchisee (and its transferring Principals if Franchisee is not publicly traded) have executed a general release, in form satisfactory to Franchisor, releasing Franchisor Indemnitees from any and all claims arising out of the operation of the Restaurant, excluding claims related to the operation of the Restaurant by Franchisee or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(8) Franchisee and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement.

(d) **<u>Effect of Franchisor's Consent</u>**. Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the prospects of success of the Restaurant or transferee, or a waiver or release of any claims Franchisor may have at any time against Franchisee (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement. If Franchisor consents to a Transfer then Franchisee and transferee will enter into a transfer agreement in the form prescribed by Franchisor and, at Franchisor's option, such transferee will enter into Franchisor's then-current form of franchise agreement.

(e) **<u>Transfer Upon Death or Permanent Disability</u>**. If any Principal that holds a Controlling Interest in Franchisee dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the operation of the Restaurant under this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Franchisee (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 18(c) within a reasonable period of time, not to exceed six months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or Controlling Interest in Franchisee within this period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Franchisor's Right of First Refusal**. If Franchisee or any of Franchisee's Principals desire to make a Transfer, Franchisee or such Principal must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a true, accurate and complete copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any Principals or Franchisee's Affiliates (other than rights under development agreements or other franchise agreements for Restaurants) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to Franchisor, and the price and terms of purchase offered to Franchisee or the Principals for the Transfer must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

Franchisor has the option, exercisable by Notice delivered to Franchisee or the Principals, as applicable, within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit will be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than 120 days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate and Franchisee and its Principals must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, Franchisee or its Principals may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer; provided that if the sale to such offeror is not completed within 120 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must promptly notify Franchisor and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30-calendar day period following Franchisee's notification of the expiration of the 120-calendar day period or the material change to the terms of the offer.

(g) **Securities**. Franchisee will be permitted to engage in the public and/or private issuance of stock, notes, bonds and other securities during the Term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Franchisee secures Franchisor's written approval, which consent will not be unreasonably withheld; and Franchisee pays the Offering Fee to Franchisor. Franchisee further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Franchisee is true, accurate and complete in Franchisee's offering. Only after

Franchisor has provided its written approval may Franchisee proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Franchisee will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Franchisee acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Franchisee may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Franchisee will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Franchisee's offering of information published or communicated in actions taken in that regard.

19. RESTRICTIVE COVENANTS.

Franchisee recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Franchisee and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 19(a), and Franchisee and its Principals each further acknowledges and agrees that the restrictive covenants set forth in Section 19(a) are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW FRANCHISEE AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete**. Franchisee and its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Franchisee and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person or Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of the Restaurant to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform, directly or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System.

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business.

During the Term, this restriction applies to any Competitive Business located within the United States. Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located: (A) within the Designated Area; (B) at or within five miles of the Restaurant; or (C) within five miles of any Twin Peaks restaurant then operating or under construction in the United States or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Franchisee or any of its Principals fails to comply with its obligations under this Section 19(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information**. Franchisee and its Principals each acknowledges that Franchisor may provide Franchisee and its Principals with Confidential Information that derives value from not being generally known in the industry and that are reasonably necessary for the operation of the Restaurant and, further, that Franchisee has entered into this Agreement in order to use such Confidential Information to the economic benefit of Franchisee. Franchisee agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such, but the failure to mark such Confidential Information will not cause it to be public information or otherwise not protected as Confidential Information. Franchisee and each of its Principals will not use, duplicate or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Franchisee uses with its own confidential information. To the extent that any Confidential Information is to be provided to Franchisee's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Restaurant and execute a Confidentiality and Non-Disclosure Agreement in the form of Exhibit C of this Agreement.

(c) **Ownership**. All Confidential Information furnished or disclosed by Franchisor to Franchisee or any of its Principals or otherwise obtained by Franchisee or its Principals is and will remain the sole property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual Property of Franchisor immediately upon their creation and Franchisor will own all rights, title and interest in such Intellectual Property in accordance with Section 16(c) (Intellectual Property Rights). Upon expiration or termination of this Agreement, Franchisee will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Franchisee must promptly reveal to Franchisor any discoveries, inventions, innovations or improvements made by Franchisee, its Principal, Personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Interference with Employees**. Franchisee acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Restaurant and its Personnel, including but not limited to the hiring and discharging of Franchisee's Personnel and setting and paying wages and benefits of Franchisee's Personnel. Franchisee acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Franchisee. Franchisee further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including but not limited to the System or Marks shifts any Personnel or employment-related responsibility from Franchisee to Franchisor.

(e) **Severability and Enforceability of Covenants**. Each of the covenants contained in this Section 19 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 28(b), such covenant will be enforced to the fullest extent permissible under Applicable Law.

20. DEFAULT AND TERMINATION.

(a) **Events of Default**. The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(1) Franchisor may terminate this Agreement upon delivery to Franchisee of Notice as a result of the occurrence of any of the following Events of Default and Franchisee's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Franchisee:

(A) Franchisee (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor;

(B) Franchisee fails to acquire the Premises in accordance with Sections 5(a)-5(c);

(C) Franchisee fails to develop and finish out the Restaurant in accordance with Section 5(e) and the Standards and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(D) Franchisee fails to begin operating the Restaurant as of the Opening Date and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(E) Franchisee fails to maintain at all times during the operation of the Restaurant an Operator, Unit General Manager and at least three Shift Managers that have competed Initial Training, and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(F) Franchisee abandons or fails actively to operate the Restaurant for two or more consecutive calendar days or on any federally recognized United States holiday (except those holidays on which all Twin Peaks restaurants will be closed to the public, as set forth in the Manuals), unless the Restaurant has been closed for a purpose Franchisor has approved in writing or because of an Event of Force Majeure;

(G) Franchisee surrenders or transfers Control of the operation of the Restaurant without Franchisor's prior written consent;

(H) Franchisee (or any of its Principals or Affiliates) is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the Restaurant, any other Twin Peaks restaurant or the goodwill associated with Marks;

(I) Franchisee's misuse or unauthorized use of the Marks, including without limitation Franchisee's misuse or unauthorized use of the Marks on its Social Media pages or other Internet site, or registration of a domain name incorporating the Marks;

(J) Franchisee (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 18;

(K) Franchisee (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement;

(L) Franchisee, Operator or any of Franchisee's Principals fails to comply with or perform its covenants, representations and warranties in this Agreement, including without limitation the representations, warranties and covenants set forth in Section 12, the representations and warranties with respect to anti-corruption, anti-boycott and anti-terrorism laws set forth in Section 17 and the restrictive covenants against competition set forth in Section 19;

(M) Franchisee fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Franchisee;

(N) Franchisee understates Gross Sales or fails to accurately report Gross Sales, and does not correct such failure within three days after Notice of such failure is delivered to Franchisee;

(O) Franchisee refuses to permit Franchisor or its agent entry to inspect the Restaurant and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(P) Franchisee violates or receives notice of violation of any order, regulation, Standard or Applicable Law relating to health, sanitation or food safety and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(Q) Franchisee fails to maintain insurance in accordance with Section 15 and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(R) Franchisor has delivered a Notice of termination of another franchise agreement with Franchisee or its Affiliate, an area development agreement with Franchisee or any of its Affiliates (as developer) or any other agreement between Franchisee or its Affiliate and Franchisor, its Affiliate or any Designated Supplier;

(S) Franchisee suffers cancellation or termination of the Lease or fails to materially perform or observe any provision of any Lease and to cure such failure within the applicable cure period under such Lease, if any; and

(T) Franchisee fails to pay when due any income, withholding, service, sales or any other applicable taxes due on the Restaurant's operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

(U) Franchisee fails to achieve a passing score for a KPI Assessment as described in the Manuals for two or more consecutive KPI Assessments within any 12 month period.

(2) Except as provided in Section 20, Franchisor may terminate this Agreement for failure by Franchisee (or any of its Principals) to comply with any other provision of this Agreement, including, without limitation, the representations and warranties contained in this Agreement, the Manuals or any Standards material to operation of the Restaurant and failure to cure within 30 days after Notice of such Event of Default is delivered to Franchisee.

(3) **<u>Termination for Repeated Default</u>.** This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals) fails on three or more separate occasions within any period of 12 consecutive months to do any one or more or combination of the following: (A) submit when due reports or other data, information or supporting record; (B) pay when due any amounts due to Franchisor or its Affiliates; or (C) otherwise materially comply with this Agreement, whether or not such failures are corrected after Notice of such failure is delivered to Franchisee.

(4) **<u>Termination for Insolvency</u>.** This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or against Franchisee (or any Affiliate or Principal), the Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the

Restaurant or Operating Assets is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a receiver, trustee or liquidator of Franchisee or the Restaurant is not vacated within 30 days following the entry of such order.

(5) **Termination for Violation of Applicable Law.** This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification (including without limitation Franchisee's liquor license or food service license) revoked or suspended in whole or in part.

21. EFFECT OF TERMINATION, EXPIRATION, OR NONRENEWAL.

Upon expiration or termination of this Agreement:

(a) **Payment of Amounts Owed**. Franchisee will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, amounts owed for purchases from Franchisor or its Affiliates, Interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid. If this Agreement is terminated by Franchisor following the occurrence of an Event of Default and Franchisee's failure to cure within any applicable cure period, or if Franchisee delivers Notice of termination of this Agreement to Franchisor (notwithstanding the absence of any right of termination hereunder), Franchisee will within 30 days following the effective date of such termination pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, as follows: (i) where there are less than two years remaining in the Term, the greater of (A) the average Royalty Fee paid by Franchisee per month during the previous two years of operation of the Restaurant multiplied by the number of months remaining in the Term or (B) $500,000; (ii) where there are two or more years remaining in the Term and the Restaurant has operated for at least two years, the average Royalty Fee paid by Franchisee during the previous two years of operation of the Restaurant multiplied by 24 months; or (iii) where there are two or more years remaining in the Term and the Restaurant has operated for less than two years, the average aggregate Royalty Fee paid by all Twin Peaks franchisees for the month that termination of this Agreement is effective, multiplied by 24 months. Franchisee acknowledges and agrees that the liquidated damages provided for in this Section 21(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of Franchisee's post-termination obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

(b) **Marks**. Franchisee may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor, the Restaurant or the Brand; identify any business as a former Restaurant; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Twin Peaks restaurants Franchisee owns and operates under continuing agreements with Franchisor). Franchisee will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals**. Franchisee will immediately cease to use the System and Confidential Information in any business or otherwise; and return to Franchisor all Confidential Information, including without limitation, copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Franchisee.

(d) **<u>Disassociation in Communication Methods</u>**. Franchisee will assign to Franchisor (or its designee) or cancel any electronic mail address, domain name, search engine, website, or Social Media account that associates Franchisee with Franchisor, the Restaurant, System, or Marks. Franchisee will notify the telephone company and all telephone directory publishers of the expiration or termination of Franchisee's right to use any telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to Franchisor, or, at Franchisor's direction, instruct the telephone company to forward all calls made to Franchisee's telephone numbers to numbers Franchisor specifies.

(e) **<u>Other De-Identification Obligations</u>**. Franchisee will promptly and at its own cost and expense make such alterations as Franchisor specifies in the Manuals or otherwise to distinguish the Restaurant clearly from its former appearance and from other Restaurants so as to prevent confusion therewith to the public. Within 30 days from the effective date of expiration or termination of this Agreement, Franchisee will deliver to Franchisor all Twin Peaks Property and all other signs, sign-faces, sign-cabinets, advertising and promotion materials, forms and other materials containing any Mark or otherwise identifying or relating to a Restaurant and allow Franchisor, without liability to Franchisee or third parties, to remove all such items from the Restaurant. Franchisee will furnish to Franchisor, within 30 days from the effective date of expiration or termination of this Agreement, with evidence satisfactory to Franchisor of its compliance with the foregoing obligations.

(f) **<u>Restrictive Covenants and Continuing Obligations</u>**. Franchisee will comply with the restrictive covenants set forth in this Agreement. Franchisee's (and its Affiliates' and Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until such obligations are satisfied in full or by their nature expire.

22. FRANCHISOR'S OPTION TO PURCHASE RESTAURANT.

(a) Upon expiration or termination of this Agreement, Franchisor has the option, exercisable by giving written Notice to Franchisee within 60 days from the effective date of expiration or termination, to purchase the Restaurant as a going concern or the Operating Assets, as applicable, according to the Purchase Terms and Conditions set forth in Exhibit I, as may be amended by Franchisor from time to time, including the fee simple or leasehold interest in the Premises (subject to landlord's consent). Franchisor has the unrestricted right to assign this option.

(b) If Franchisor does not exercise its option to purchase under this Section 22, Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks, trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System and otherwise comply with Franchisee's post-term covenants and obligations set forth in Section 21.

In such case, Franchisee may sell, lease, sublease or assign the Lease for the Restaurant Premises to a third-party purchaser, provided that FRANCHISEE'S agreement with such purchaser includes a covenant by the purchaser that is expressly enforceable by Franchisor as a third-party beneficiary whereby the purchaser agrees, for a period of two years after the expiration or termination of this Agreement, not to use the Premises for the operation of a Competitive Business.

23. INDEMNIFICATION.

FRANCHISEE, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF THE RESTAURANT; (B) ANY BREACH BY FRANCHISEE OR ANY PRINCIPAL OF THIS AGREEMENT, OR FRANCHISEE'S OR ANY OF ITS AFFILIATES', PRINCIPALS', OPERATOR'S OR RESTAURANT MANAGERS' BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; AND (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF THE RESTAURANTS OR PRODUCTS OR THE SALE OF ANY PRODUCTS OFFERED BY THE RESTAURANTS, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH CLAIM AGAINST IT AT FRANCHISEE'S SOLE COST AND EXPENSE. IF FRANCHISEE DEFENDS ANY CLAIM, IT MAY NOT ENTER INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR FRANCHISEE'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST FRANCHISEE. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM FRANCHISEE.

24. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors**. It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Franchisee are and will be independent contractors and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Franchisee will conspicuously identify itself in all dealings as the owner of the Restaurant and the rights granted under the Agreement with Franchisor and will place such notices of independent ownership on such forms, business cards, employment-related documents (e.g. employment applications and agreements, paychecks and benefits notice), stationery and advertising and other materials as Franchisor may periodically require. Franchisee must post a prominent sign in the Restaurant identifying Franchisee as a Twin Peaks franchisee in a format prescribed by Franchisor, including without limitation an acknowledgment that Franchisee independently owns and operate the Restaurant, the Marks are owned by Franchisor and that Franchisee's use of such Marks is pursuant to a license issued by Franchisor.

This Agreement grants Franchisor the right, and Franchisee acknowledges and agrees that Franchisor maintains such right, to operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement or Applicable Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this

Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of the Twin Peaks franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Franchisee's individual interest or the individual interests of any other particular franchisees. Franchisor will have no liability to Franchisee for any such decision or exercise of its rights.

(b) **No Liability for Acts of Other Party**. Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Franchisee's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other Party or be obligated by or have any liability under any agreements or representations made by the other Party. Franchisor will not be obligated for any damages to any Person directly or indirectly arising out of the operation of the Restaurant.

25. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure**. Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Franchisee or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the Parties are not able to agree on such amendments within 30 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Franchisee or exercise any of the remedies described in Section 20 or otherwise available at law or in equity. In no event will Franchisee's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse Franchisee from the prompt payment of Royalty Fees, Brand Fund Contributions or any other fee or payment due to Franchisor pursuant to this Agreement.

(b) **Crisis Management Events**. Franchisee must notify Franchisor within 24 hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

26. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation**. Before any Party may bring an action or commence a proceeding against the other Party, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on improper or unauthorized use of the Marks or breach of the covenants and obligations set forth in Section 19(a) or Section 19(b)) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 26 will not bar either Party from obtaining injunctive relief pursuant to Section 26(d)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 26(a) will not apply to any claim or dispute relating to Franchisee's failure to make payments for Royalty Fees, Brand Fund Contribution or other amounts owed to Franchisor under this Agreement. Franchisor and Franchisee will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) **Governing Law**. This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 26 does not constitute a waiver of any statutory rights or remedies. Franchisee, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 26(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Franchisee, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) **Arbitration**.

(1) Claims Subject to Arbitration. Subject to Paragraph 26(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Franchisee arising out of or relating to the following (each, an "Arbitrable Claim") will be finally resolved by binding arbitration in accordance with Section 26(c)(4):

(A) this Agreement or any other agreement between Franchisor and Franchisee or any of its Affiliates or Principals;

(B) the relationship between Franchisee and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Franchisee intend for the court to address the applicability and scope of the exceptions found in Section 26(c)(2)(a); and/or

(D) the offer or sale of the franchise opportunity.

(2) Exception of Claims Subject to Arbitration. Franchisor and Franchisee recognize and agree that certain

claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 19(b), or breach of the non-competition provisions of Section 19(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived; further, Franchisee acknowledges that the termination of any litigation for injunctive or other equitable relief will not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Franchisee's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Franchisee's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 26(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 26(d).

(3) No Class Action. No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Franchisee (including where applicable the immediate family members, owners, heirs, executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Franchisee, the relationship between Franchisor and Franchisee, the scope and validity of this Agreement or any other agreement between Franchisor and Franchisee, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a Party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as a class action or representative action and further, no claim may be consolidated or joined. **FRANCHISEE EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY**. Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration will be resolved by a court of competent jurisdiction, and not the arbitrator.

(4) Binding Arbitration in Dallas, Texas. Subject to the provision for temporary injunctive relief pending arbitration contained in Section 26(c)(5), all Arbitrable Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with Rules 5.3 and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/franchisee disputes. Each Party will

be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 19(b) of this Agreement.

(5) Temporary Injunction Relief Pending Arbitration. The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury pending arbitration. The Parties expressly understand and agree that the advance notice requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 26(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 26(c)(5), a Party is not relieved of its obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 26(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum will be the District Court of Dallas County, Texas. The provisions of this Section 26(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 26(c)(5) above.

(d) **Consent to Jurisdiction and Venue**. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 26(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Franchisee agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) **Limitations of Claims**. Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) **Limitation on Damages**. Except with respect to: (1) Franchisee's obligation to indemnify Franchisor and its Affiliates pursuant to Section 23; (2) claims for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information in Sections 16 and 19; and (3) payment or recovery of liquidated damages described in Section 20(b),

FRANCHISOR AND FRANCHISEE WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL AND CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) **Rights of Parties Are Cumulative**. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees**. If Franchisor incurs expenses in connection with the Franchisee's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL**. THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR FRANCHISEE.

(j) **Material Inducement for Franchisor.** FRANCHISEE AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 26 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 26 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

27. NOTICES.

All Notices required or permitted under this Agreement will be deemed given: (a) when delivered by hand; (b) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; (c) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (d) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth in the Summary Page.

28. MISCELLANEOUS.

(a) **Substitution of Valid Provisions**. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion, will be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Franchisee and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public

____
Initials

policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(b) **Effect of Delay, Waiver, Omission or Forbearance**. No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or its Principals, or as to subsequent breach or default by Franchisee or its Principals. Subsequent acceptance by Franchisor of any payments due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(c) **Binding Effect**. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns and successors-in-interest and will not be modified except by a written agreement signed by both Franchisee and Franchisor.

(d) **Disclaimer of Warranties**. Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees, nor warranties of any nature concerning actual or potential sales or profits of a Twin Peaks restaurant or that the licensed Restaurants to be established and operated by Franchisee hereunder will be successful or profitable. Franchisee and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Franchisee and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Franchisee under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation. Notwithstanding the foregoing, 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 Franchisee.

(e) **Receipt of Disclosure.** Franchisee acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed; and (ii) the payment of any consideration by or on behalf of Franchisee relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(f) **Entire Agreement**. This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Notwithstanding the foregoing, 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 Franchisee.

(g) **Construction**. The preambles and exhibits are a part of this Agreement. Except for the third party beneficiary rights of Franchisor Indemnitees to enforce the terms and conditions of the general release executed pursuant to Section 3(b)(7) and their respective rights under Sections 4(k), 18(c)(7), 18(g) and 23 of this Agreement, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(h) **Headings**. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(i) **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

(j) **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
TWIN RESTAURANT FRANCHISE, LLC	**[______________________]**
By:________________________________	By:________________________________
Printed Name:_______________________	Printed Name:_______________________
Title:______________________________	Title:______________________________

EXHIBIT A

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Franchisee is a ___________________, organized on ______________, ___ under the laws of the State of ________________. Its Federal Identification Number is ________________. It has not conducted business under another name. The following is a list of Franchisee directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit A have the meanings given in the Franchise Agreement dated _____________________ between Franchisee and Franchisor.

Name	Position(s) Held

Franchisee represents and warrants to Franchisor that all Equity Interests in Franchisee are disclosed in the Guaranty. Franchisee will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Franchisee. As of the Effective Date:

Name	Mailing Address	% of Equity Interest
[_____]		

EXHIBIT B

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") dated ________________, 20___ (the "Effective Date") is given to Franchisor, by each of the undersigned as a Principal of Franchisee, in consideration of and as an inducement to the execution of the attached Franchise Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Franchisee. Capitalized terms not defined in this Guaranty and Undertaking of Obligations have the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty.

Principal acknowledges that it is included in the term "Principal" as described in Section 1 of the Agreement and without limiting any guarantee of Franchisee's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 12 (Representations, Warranties and Covenants), Section 18 (Transferability of Interest), Section 19 (Restrictive Covenants), and Section 23 (Indemnification).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for, the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other Person and waives any right it may have to require that an action be brought against Franchisee or any other Person as a condition of his or her liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically grant to Franchisee or to any other Person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

(a) he/she has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;

(b) this Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

(c) this Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Franchisee.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a full description of the nature and extent of each Principal's Equity Interest in Franchisee. Franchisee, and Principal as to his or her Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of his or her Equity Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

PRINCIPAL:	**EQUITY INTEREST**
______________________________	____________%
By:____________________________	
Printed Name:___________________	
Title:__________________________	
______________________________	____________%
By:____________________________	
Printed Name:___________________	
Title:__________________________	
______________________________	____________%
By:____________________________	
Printed Name:___________________	
Title:__________________________	

EXHIBIT C

CONFIDENTIALITY AGREEMENT

__________________________, a ____________________ ("**Franchisee**"), and on behalf of Franchisor, and _____________________________________, an individual having an address at ____ ("**Employee**"), hereby enter into this Agreement, effective as of ________________, 20___, the ("**Effective Date**") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment C-1.

1. Franchisee and Employee, for their mutual benefit, desire to have Franchisee disclose to Employee certain Confidential Information for the Purpose.

2. Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Restaurant hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates ("**Confidential Information**"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.

3. For the duration of Employee's employment with Franchisee and at all times thereafter, Employee will use the Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisee's consent, and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.

4. Employee will notify Franchisee immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the Agreement by Employee or any representative of Employee and will cooperate with Franchisee in every reasonable way to help Franchisee regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.

5. The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Employee before and after the Effective Date.

6. Upon Franchisee's request, Employee will either return to Franchisee all Confidential Information or, at Franchisee's option, will certify to Franchisee that all media containing Confidential Information have been destroyed; provided, however, that an archival copy of the Confidential Information may be retained in the files of Employee's counsel solely for the purpose of proving the contents of the Confidential Information.

7. The foregoing restrictions on Employee's use or disclosure of Confidential Information will not apply to Confidential Information that Employee can demonstrate: (a) was independently developed by or for the Employee without reference to the Confidential Information, or was received without restrictions; (b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Employee; (c) was in the Employee's possession without restriction or was known by the Employee without restriction at the time of disclosure; or (d) is required by a court order to be disclosed; provided, however, that the Employee has given Franchisee prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisee to seek to protect the confidentiality of the Confidential Information required to be disclosed, and will disclose only that part of the Confidential Information which, in the written opinion of his or her legal counsel, Employee is required to disclose.

8. As between the parties, all Confidential Information will remain the property of Franchisee. By disclosing Confidential Information or executing this Agreement, Franchisee does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisee hereunder is provided "AS IS" and no warranties are made by Franchisee regarding such Confidential Information.

9. Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisee to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Employee discloses to Franchisee will not be deemed to be proprietary or confidential and will be acquired by Franchisee free from any restrictions; however, no license under any applicable patent(s) of Employee will be granted or implied.

10. Franchisee's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.

11. This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Employee's services are performed, without regard to such state's conflicts of law rules.

12. Employee acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisee as a result of Employee's breach of this Agreement. Therefore, Employee agrees that if Employee violates or threatens to violate this Agreement, Franchisee, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this Agreement. In the event Franchisee should seek an injunction hereunder, Employee hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Employee will bear all costs and expenses, including attorneys' fees and costs, incurred by Franchisee in enforcing the provisions of this Agreement.

13. This Agreement constitutes the entire agreement between the parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this agreement.

14. This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.

15. The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.

16. Employee will not assign this Agreement without first securing Franchisee's written consent.

17. Franchisor will be an intended third-party beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

FRANCHISEE:	**EMPLOYEE:**
[__________] a [__________]	
By:____________________________________ Name:__________________________________ Title:__________________________________	By:____________________________________ Employee Name:_________________________ Date:__________________________________

ATTACHMENT C-1
TO CONFIDENTIALITY AGREEMENT

DEFINITIONS

"**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"**Agreement**" means this Confidentiality Agreement between Franchisee and Employee.

"**Franchisor**" means Twin Restaurant Franchise, LLC.

"**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"**Person**" means any natural person or entity.

"**Purpose**" means the Employee serving as a management employee for Franchisee's Restaurant.

"**Restaurant**" means a Twin Peaks restaurant.

"**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Twin Peaks restaurants, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

"**System**" means the business system for establishing and operating the Restaurants, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, negotiated pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

EXHIBIT D

OPERATOR'S CONFIDENTIALITY AND NON-COMPETE AGREEMENT

__________________________, a _____________________ ("Employer"), and on behalf of Franchisor, and _____________________________________, an individual having an address at ____ ("Operator"), hereby enter into this Agreement, effective as of _________________, 20___, the ("Effective Date") and agree as follows:

1. DEFINITIONS.

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth below.

(a) "**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(b) "**Agreement**" means this Operator's Confidentiality and Non-Compete between Agreement between Employer and Operator.

(c) "**Authorized Recipients**" means employees of Employer or Franchisor with authorization to have the Confidential Information

(d) "**Competitive Business**" means any full-service restaurant that, as determined by Franchisor, is the same as or substantially similar to the Restaurants, including, without limitation, any food service establishment or chain of food service establishments that features sports entertainment, experiential dining (e.g. attractive, girl-next-door servers in a lounge or sports-themed environment) or has American pub-style food items (e.g. burgers, sandwiches, chicken wings, nachos, quesadillas, chicken fried steak, meatloaf, steaks and seafood) collectively accounting for 25% or more of its entree menu and liquor, beer and wine accounting for 30% or more of the average monthly gross sales for the restaurant during the preceding 12 months (or, if the restaurant has operated less than 12 months, the number of full calendar months of operation).

(e) "**Confidential Information**" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Employer, or which Employer or its Affiliates or employees develop or have access to, in connection with the Franchise Agreement or the operation of a Restaurant hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and recipes applicable to menu items; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(f) "**Franchisor**" means Twin Restaurant Franchise, LLC.

(g) "**Franchise Agreement**" means the Twin Peaks Franchise Agreement between Franchisor and Employer.

(h) “**Manuals**” means Franchisor’s operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at it sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(i) “**Person**” means any natural person or entity.

(j) “**Purpose**” means the management of the day to day operations of the Restaurant by Operator, including without limitation the supervision of the operation of the business contemplated by the Franchise Agreement.

(k) “**Restaurant**” means a Twin Peaks restaurant.

(l) “**Standards**” means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Twin Peaks restaurants, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(m) “**System**” means the business system for establishing and operating the Restaurants, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and menu items; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, negotiated pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

2. **CONFIDENTIAL INFORMATION.**

In connection with your employment with Employer, a franchisee of Franchisor, and your position as Operator of a Restaurant under the Franchise Agreement, you may be provided with or have access to various confidential, proprietary, and/or non-public information of Franchisor, including but not limited to the Confidential Information. It is important to Employer and Franchisor that you maintain all Confidential Information in confidence and that you do not disclose, or allow any others to disclose, any Confidential Information to any persons who, at the time of disclosure, are not Authorized Recipients. By signing this Agreement you agree to use the Confidential Information solely for purposes of your employment with Employer and agree not to directly or indirectly disclose any Confidential Information, during or following your employment with Employer, to anyone except Authorized Recipients or as required to be disclosed by applicable law.

During your employment with Employer you may have access to, or be provided with, documents or other materials that constitute Confidential Information, and you acknowledge that information included as Confidential Information may be in the form of hard copy documents, electronic documents or files or information stored in or on any other media. By signing this Agreement you agree that Franchisor is the sole and exclusive owner of all such Confidential Information regardless of its form and, upon termination or cessation of your employment with Employer for any reason, you will immediately return to Employer all of the Confidential Information you may have, and you will retain no copies (whether in hard copy, electronic or other form) of any Confidential Information.

3. COMPETITION.

(a) For so long as you are Employer's Operator under the Franchise Agreement and for a period of two years from the date you cease to be Employer's Operator, you will not, either directly or indirectly, individually or through, on behalf of, or in conjunction with any other person:

(i) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business;

(ii) Divert or attempt to divert any actual or prospective business or customer of the Restaurant to any Competitive Business, by direct or indirect inducement or otherwise; or

(iii) Perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System

The above covenants apply exclusively in the United States of America during the time that you serve as Operator for the Restaurant and within three miles of any then-existing Twin Peaks Restaurant during the 2-year period following the date you cease to be Operator of the Restaurant.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Employer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Employer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Franchisor's trade secrets. You acknowledge that Employer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Employer recognize and agree that Franchisor is a third party beneficiary of this Agreement, and at all times during and after your employment with Employer, Franchisor will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your employment by Employer is "at will", which means that it may be terminated by Employer or you at any time and with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Employer and you will be interpreted, enforced and governed by the laws of Texas (without regard to conflicts of law rules).

Any dispute arising out of or under this Agreement not settled by agreement will be submitted to arbitration in accordance with the terms of the Franchise Agreement.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Employer has provided you with a copy for your records.

OPERATOR:

____
Operator's signature Date

____
Operator's name (printed)

EMPLOYER:

[______________________________________]

By: ____

Name (printed):______________________________

Title:_______________________________________

EXHIBIT E

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Franchisee: ____

Principal Name: ______________________________ Phone: ______________________________

Contact Person: ____________________________________ Title: _________________________

Address: ____

Franchisee hereby authorizes Twin Restaurant Franchise, LLC ("Franchisor") to initiate entries to the checking or savings account identified below for payment of Royalty Fees, Brand Fund Contributions, Marketing Fees and any other amounts owed by Franchisee to Franchisor or its Affiliates under the Twin Peaks Franchise Agreement between Franchisor and Franchisee or otherwise and, if necessary, to initiate any adjustments for transactions credited in error.
This authorization will remain in full force and effect until 60 calendar days after Franchisor has received signed written notification from Franchisee of its termination.

Name and Address on Account: ____
____
____

Pay to the order of: [______________________________]

Franchisee's Financial Institution: ____
(Name, Address & Phone #) ____
____

Transit/ABA Routing Number: ____
Account Number: ____

PLEASE ATTACH A VOIDED CHECK

Signature: ______________________________ Date: __________________________________

Printed Name: ____________________

EXHIBIT F

<u>ADDENDUM TO LEASE</u>

SUMMARY PAGE
ADDENDUM TO LEASE

Addendum Date: ______________________________

Landlord: ______________________________

Tenant: ______________________________

Premises: ______________________________

Lease Execution Date: ______________________________

Tenant Notice Address: ______________________________
____
____
____

EXHIBIT F

ADDENDUM TO LEASE

This Addendum to Lease (this "Addendum") is executed as of the date indicated on the Summary Page, by and between Tenant and Landlord as an addendum to the lease (as amended, renewed, and/or extended from time to time, "the Lease") for the Premises as of the Lease Execution Date.

Recitals

WHEREAS, Tenant has executed or intends to execute a Franchise Agreement (the "Franchise Agreement") with Twin Restaurant Franchise, LLC ("Company") for the operation of a Twin Peaks restaurant (the "Restaurant") at the Premises, and as a requirement thereof, the Lease for the Premises must include the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. The Lease authorizes Tenant to use the Premises only for the operation of the Restaurant unless and until the Franchise Agreement terminates or expires without renewal or replacement with a successor agreement between Franchisor and Tenant.

2. Landlord consents to Tenant's use and display of such proprietary marks (the "Marks") and signs, décor items, color schemes, plans, specifications and related components of the Twin Peaks restaurant chain (the "System") as Company has prescribed in the common identity standards/décor plan furnished to Landlord, and may in the future prescribe, for the Restaurant. Landlord agrees not to unreasonably withhold, delay or condition consent or approval of any future changes to the Premises required by Company to conform to changes in the System and the Marks.

3. Landlord agrees to send Company conformed, legible copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant at the address on the Summary Page.

4. In the event of Tenant's default under the Lease, Company may, but has no obligation to, cure the default. Company will make this determination within 30 days after Company receives notice of the Lease default from Landlord. If Company elects to cure the default, Company will cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30-day period, then Company will commence and diligently act to cure the default within such time as is reasonably necessary to cure the default.

5. Company will have the right, and Landlord consents to allow Company, its personnel and/or agents to enter the Premises to make any reasonable modification or alternation necessary to protect the Franchised Business, the System and the Marks (including without limitation to de-identify the Premises as an Twin Peaks restaurant following expiration or termination of the Franchise Agreement) or to cure any default under the Franchise Agreement, or under the Lease, without civil or criminal liability for such entry and action that would otherwise be a tort or subject Company or its personnel or agents to criminal prosecution.

6. Company has the option but not the obligation to acquire the Restaurant from Tenant if the Franchise Agreement expires or terminates or upon termination of the Lease by Landlord. If

Company exercises the option, it will notify Landlord when it notifies Tenant of its decision to exercise the option. Such notice will be sent to Landlord at the address for notices in the Lease no later than 30 days after the option becomes exercisable. If Company exercises its option, or makes a different arrangement with Tenant to acquire the Franchised Business, then Landlord will permit Tenant to assign the Lease to Company or its designee as successor-in-interest ("Successor") to Tenant. Successor will be obligated to assume Tenant's obligations under the Lease. Landlord will not seek to impose or effect any modification of the Lease terms and conditions upon Successor. Successor will attorn to Landlord under the Lease and Landlord will attorn to and agree not to disturb the tenancy of Successor. Successor will also assume Tenant's occupancy rights, rights under any renewal or purchase options, and the right to sublease the Premises, for the remainder of the term of the Lease including any applicable renewal periods. Any prior payments toward such rights or options made by or for Tenant will be credited to the account and benefit of Successor as if Tenant retained such rights or options.

7. Landlord consents to such assignment to Successor in advance and agrees not to impose or assess any assignment fee or similar charge, increase or accelerate rent, cease any rent abatement, reduction or rebate granted to Tenant, or demand repayment of improvement costs or advances, under the Lease or any other agreement if and when such assignment occurs, or require Successor to pay any rent or other financial obligation of Tenant to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant acknowledge that neither Company nor Successor is a party to the Lease and neither will have any liability under the Lease, unless and until the Lease is assigned to, and assumed by Company or Successor, as applicable.

8. Notwithstanding anything contained in this Addendum to Lease and in the Lease, Successor is expressly authorized, without the consent of the Landlord, to sublet the Leased Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Company agrees to notify Landlord as to the name of the franchisee within 10 days after such subletting.

9. Tenant will not assign or sublet the Lease or renew or extend the Lease's term without the prior written consent of Company.

10. Landlord and Tenant will not amend or otherwise modify the Lease in any manner that could materially affect any of the above requirements without the prior written consent of Company.

11. This Addendum will supersede any conflicting terms of the Lease.

12. Landlord acknowledges that any landlord's lien or security interest arising under or from the Lease will not apply to any operations manuals, software, scripts, videos or other tangible or intangible personal property of Tenant furnished by Company or any supplier to Tenant under a use restriction, obligation of confidentiality or under license, and to any signage, printed materials, merchandise or other tangible media, goods, inventory and supplies bearing the Marks. At termination of the Lease, Company will arrange for recovery and removal of such items as provided in the Franchise Agreement.

13. Notwithstanding any term, condition or covenant of the Lease to the contrary, Landlord covenants with Tenant that during the term of the Lease, Landlord will not enter into a lease, rental arrangement, license, usufruct or other agreement for space within the same retail center or facility

as the Premises with, and will not sell any real property or outparcel adjoining the center or use as part of the center's parking lot to a party for use as, any restaurant serving as its primary menu item focus American pub-style food items (e.g. burgers, sandwiches, chicken wings, nachos, quesadillas, chicken fried steak, meatloaf, steaks and seafood) accounting for 25% or more of its entree menu, whether prepared on or off site, and liquor, beer and wine account for 30% or more of the Gross Sales for the restaurant. For the purposes of this Addendum, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to such restaurant, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. The prohibition will extend to the granting of permission or consent by acquiescence to the presence of mobile food trucks, carts, stands or other serving vehicles on the Landlord's property where the Premises is located.

14. Under the Franchise Agreement, any lease for the Premises of a Twin Peaks restaurant is subject to Company's approval. Accordingly, the Lease is contingent upon such approval.

[Signature block follows]

WITNESS the execution hereof under seal as of the date state above.

LANDLORD:

____

By: ___________________________________

Name (printed): _________________________

Title: _________________________________

Date: _________________________________

TENANT:

____

By: ___________________________________

Name (printed):

Title: _________________________________

Date: _________________________________

EXHIBIT G

DESIGNATED AREA AND PREMISES

1. As stated in Sections 2(a) and 2(d) of the Agreement, subject to the terms and conditions of the Agreement, the initial Designated Area in which Franchisee will locate and operate the Restaurant is defined as follows:

____
____
____

The Designated Area is considered fixed as of the Effective Date.

2. The Premises for the Restaurant as set forth in Sections 2(a)-(b) of the Agreement is as follows:____. Upon the Parties' execution of this Exhibit G, Franchisee's Designated Area will be modified for the remainder of the Term in accordance with Section 2(d) of the Agreement. *See* Map of Premises attached to this Exhibit G, as Schedule G-1.

3. The Opening Date for the Restaurant as set forth in Section 5(b) is as follows: ______________________________________. Franchisee will commence construction of the Restaurant no later than ______________________, which is 150 days prior to the Opening Date.

4. In accordance with the restrictive covenants in Section 19(a) and the definition of Competitive Business in Section 1(l) the following Existing Brands operated by Franchisee are deemed excluded from Competitive Business:

____

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Franchisee may continue to develop additional units of the above-named existing brands within the Designated Area during the Term of the Agreement without any obligation to Franchisor.

FRANCHISOR:	**FRANCHISEE:**
TWIN RESTAURANT FRANCHISE, LLC	**[______________________]**
By:_____________________________	By:_____________________________
Printed Name:____________________	Printed Name:____________________
Title:___________________________	Title:___________________________

SCHEDULE G-1

MAP OF PREMISES

EXHIBIT H

GOOD AS CLUCK®

ADDENDUM TO TWIN PEAKS® FRANCHISE AGREEMENT

THIS GOOD AS CLUCK ADDENDUM TO TWIN PEAKS FRANCHISE AGREEMENT (this "**Addendum**") is made effective as of ________________________ ("**Effective Date**") by and between Twin Restaurant Franchise, LLC, a Delaware limited liability company ("**Franchisor**"), and ____________________, a _________________ ("**Franchisee**").

A. Franchisor and Franchisee are parties to that certain Twin Peaks Franchise Agreement dated ___________________ ("**Franchise Agreement**"), under which Franchisee has been granted a franchise to operate a single Twin Peaks restaurant at the Premises (the "**Restaurant**"). Terms capitalized but not defined in this Addendum shall have the meanings stated in the Franchise Agreement.

B. Franchisee desires to operate a virtual restaurant from the Restaurant that will fulfill orders (primarily through third-party delivery service providers) for chicken sandwiches, chicken wings and related chicken menu items under the name Good as Cluck® ("**GAC**"), and Franchisor has approved of the same, subject to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, in consideration of these premises and the mutual covenants contained herein, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

1. Grant. Franchisee is hereby approved to operate GAC at the Restaurant. Franchisee's operation of GAC shall be governed in all respects by the Franchise Agreement's terms (except as provided in this Addendum). GAC is an "address-only" location and therefore shall have no protected area or territorial exclusivity or rights whatsoever. Franchisee shall not operate or establish any other GAC location or extension of the GAC from any other location.

2. Fees. All of Franchisee's revenue from selling GAC products and services at or from the Restaurant will be included in Gross Sales for purposes of computing all fees and other amounts that Franchisee must pay Franchisor under the Franchise Agreement.

3. Term and Renewal.

3.1. This Addendum commences on the Effective Date and expires on [___________________], unless this Addendum is terminated earlier as provided in Section 8 below. Because this Addendum shall be annexed to the Franchise Agreement, termination of the Franchise Agreement for any reason results in the immediate and automatic termination of this Addendum without further notice from or action by Franchisor.

3.2. Franchisor may at any time terminate this Addendum and Franchisee's right to operate GAC at the Restaurant upon thirty (30) days' prior written notice to Franchisee. If the Franchise Agreement is renewed, the Franchisor may, but is not obligated to, permit Franchisee to continue operation of GAC provided Franchisee complies in all respects with the terms of the renewed Franchise Agreement and this Addendum. Further, upon renewal, Franchisee may be required to execute the then-current form of GAC Addendum that the Franchisor is then using for the grant of rights to operate GAC, which addendum shall supersede this Addendum and may contains terms materially different.

4. Operation. GAC shall operate as a part of the Restaurant and, except as modified by this Addendum, shall operate in compliance with and be subject to all of the terms, conditions, provisions and restrictions of the Franchise Agreement as are applicable to the Restaurant, including without limitation, operation in strict and complete compliance with Franchisor's then-current Manual and Standards. Franchisee agrees to comply at its own cost with all standards, specifications, and operating procedures that Franchisor may prescribe from time to time (in the Manual or otherwise) for GAC, including but not limited to: (i) complying with Franchisor's mandatory specifications,

designs, and layouts, including using Franchisor's designated vendors and services; (ii) purchasing equipment, materials, supplies, and inventory necessary to operate GAC and prepare and package GAC products.

5. GAC Training. At Franchisee's expense, Franchisee, Operator and Shift Managers shall complete all initial and additional training associated with GAC as and when required by Franchisor.

6. Reports. Franchisor may require Franchisee to prepare and send Franchisor (and allow Franchisor access to) separate financial and statistical reports, and any other information Franchisor requests, relating to GAC's operation, although all revenue from selling GAC products at or from the GAC will, as noted in Section 2 above, be included in Gross Sales.

7. No Assignment. Franchisee has no right to assign, whether directly or indirectly, this Addendum or the right to operate GAC. Only Franchisee may operate GAC during the term of this Addendum.

8. Termination of Addendum and Right to Operate GAC.

8.1. Franchisee's right to operate GAC at the Restaurant under the Franchise Agreement is conditioned on Franchisee's compliance with the Franchise Agreement, this Addendum, and all of Franchisor's Standards, specifications, and operating procedures relating to GAC. Besides the immediate and automatic termination of this Addendum specified in Section 3 above, if Franchisee fails to comply with the Franchise Agreement, this Addendum, or any Standard, specification, or operating procedure relating to GAC and, if a cure opportunity is available under the Franchise Agreement to cure such non-compliance as provided in the Franchise Agreement, Franchisor may, upon delivery of written notice to Franchisee, terminate this Addendum and Franchisee's right to operate GAC, such termination to be effective as of the date stated in Franchisor's notice.

8.2. Upon this Addendum's termination or expiration for any reason, Franchisee agrees immediately to cease operating GAC; to comply within the timeframe Franchisor specifies with its requirements and instructions for de-identifying GAC from any further association with Franchisor and with the Marks and the Restaurant; and to take any other action Franchisor requires.

9. Miscellaneous. This Addendum contains terms and conditions in addition to those contained in the Franchise Agreement to which it pertains. This Addendum is intended to be, and is hereby, incorporated in its entirety as a part of the Franchise Agreement and is to be read as a material part thereof. It is expressly understood that to the extent, if any, the terms and conditions of this Addendum are different from, or conflict with, those set forth in the Franchise Agreement, this Addendum shall control. This Addendum may not be amended, changed, revised or altered, except by instrument in writing signed by the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum.

DATE:__________________________	____ Franchisee (Print Name)
	By:____
	Title:_______________________________________
DATE:__________________________	TWIN RESTAURANT FRANCHISE, LLC
	By:____
	Title:_______________________________________

EXHIBIT I

PURCHASE TERMS AND CONDITIONS

If Franchisor exercises its option to purchase under Section 22 of the Agreement following expiration or termination of the Agreement, Franchisor will purchase the Operating Assets (in the case of termination) only as set forth in Section I below of the Restaurants (in the case of expiration) only as set forth in Section II below and will assume no liabilities, unless otherwise agreed in writing by the Parties. Franchisor has the unrestricted right to assign this option. Capitalized terms not defined in this Schedule H have the meanings given in the Agreement.

I. Post-Termination.

Purchase Price of Operating Assets. If the Parties cannot agree on a fair market value of the Operating Assets, fair market value will be determined by independent appraisers as set forth in Section III.

II. Post-Expiration.

Purchase Price of Restaurant. The purchase price for the Restaurant will be based upon a multiple of four of the Restaurant's average annual earnings during the three fiscal years preceding expiration before interest, taxes depreciation and amortization ("EBITDA"). In addition, valuation will be based upon the EBITDA of comparable Restaurants operating for a similar length of time as well as trends for quick service restaurant operations in the industry within the Designated Area. If the Parties cannot agree on the purchase price based upon the foregoing, the purchase price will be determined by independent appraisal pursuant to Section III below. If Franchisor does not elect to purchase the Restaurant, then Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks, trade name and all related trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System.

III. Valuation of Independent Appraisal.

Valuation of the Operating Assets or Restaurant, as applicable, will be determined by three independent appraisers (each of whom must, at a minimum, satisfy Franchisor's criteria for appraisal and valuation firms as set forth in the Standards) in accordance with the valuation procedures above. Each of the Franchisor and Franchisee may select an appraiser, and the two appraisers will appoint the third appraiser within 15 days from the date on which the last of the two Party-appointed appraisers was appointed. Franchisor and Franchisee will bear the fee, cost and expense of their own appraisers and share equally the fees, cost and expenses of the third appraiser. The appraisers must agree to complete their appraisal within 30 days from the date of the third appraiser's appointment. If the two appraisers are unable to agree on a third appraiser, the fair market value will be determined by the two appraisers and the average of their determinations will be binding.

IV. Offset of Purchase Price.

Franchisor may offset against the purchase price any amounts owed by Franchisee to Franchisor pursuant to the Agreement and any other amounts owed by Franchisee or its Affiliate pursuant to any other agreement with Franchisor or its Affiliate. In addition, to the extent the Operating Assets or Restaurant, as applicable, have not been upgraded, modified or improved in accordance with Franchisor's Standards as set forth in Sections 7(c), 8(b), 8(c) and 11(c), Franchisor may offset against the purchase price amounts incurred by Franchisor in completing such upgrades, modifications and improvements to the Operating Assets or Restaurant.

III. Occupancy of Premises.

A. Leasehold Rights. If Franchisee occupies the Premises pursuant to a Lease, Franchisee will and will cause any Principal or Affiliate to assign the Lease to Franchisor (subject to landlord's consent). If the Premises is leased from a landlord other than a Principal or Affiliate, on Franchisor's request, Franchisee will assign the Lease to Franchisor or enter into a sublease with Franchisor for the remainder of the Lease term on the same terms (including renewal options) as the Lease (subject to landlord's consent). Franchisor acknowledges that this obligation may be subject to approval or consent by any third-party landlord. Franchisee will exert its best efforts to secure any required consent from any third-party landlord to cause the Lease to be assigned or a sublease granted to Franchisor.

If Franchisee owns the Premises, Franchisor, at its option, will upon purchase of the Operating Assets or the Restaurant as described in Sections I and II above, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the Designated Area are the being leased. The initial term of the lease with Franchisee will be at least ten years with two options to renew of five years each, and the rent will be the fair market rental value of the Premises. If Franchisee and Franchisor cannot agree on the fair market rental value of the Premises, then appraisers (selected in the manner described in Section III above) will determine such rental value, as applicable.

IV. Closing.

Franchisor will be entitled to all customary warranties and representations in connection with the purchase of the Operating Assets, Restaurant and/or Premises, as applicable, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. The purchase price will be paid in cash and is due at closing; provided, that Franchisor will have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees). The closing will take place not later than 45 days from the date of determination of the purchase price in writing by the appraisers unless the Parties otherwise agree in writing. At the closing, Franchisee will deliver to Franchisor:

A. instruments transferring good and merchantable title to the Operating Assets, Restaurant and/or Premises purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee (provided, if Franchisee cannot deliver clear title to all of the purchased assets, the closing of the sale will be accomplished through an escrow);

B. instruments transferring all approvals, licenses (including without limitation liquor licenses) and/or permits of the Restaurant which may be assigned or transferred, with appropriate consents, if required;

C. instruments transferring fee simple or leasehold interest in the Premises and improvements thereon, subject to any necessary approvals from third-party landlords or financial institutions or banks; and

D. general releases, in form satisfactory to Franchisor, from Franchisee and its Principals, of any and all claims against Franchisor, its Affiliates, and its officers, directors, employees, agents, successors and assigns.

EXHIBIT J

INSURANCE REQUIREMENTS

The insurance requirements described below are for a single Restaurant. If Franchisee owns multiple Restaurants, Franchisee must meet the insurance requirements below for each Restaurant and "per Restaurant location" aggregate limits when multiple Restaurants are insured under single comprehensive general liability policy or liquor liability policy. Franchisor recommends that Franchisee maintain workplace safety and risk management programs at Franchisee's Restaurant. All insurance policies must be issued by a responsible carrier or carriers that has received and maintains an A.M. Best Rating of "(A) V" or better and an A.M. Best Class Rating of VIII (or comparable ratings from a reputable insurance rating service, in the event such A.M. Best ratings are discontinued or materially altered), and otherwise approved by Franchisor; include a waiver of subrogation provision or endorsement in favor of Franchisor Indemnitees; be primary and non-contributory to any other insurance that any of Franchisor Indemnitees for as procured for themselves; provide for 30 days' prior written Notice to Franchisor of any material modification, cancellation, or expiration of such policy. Such endorsements must not contain language that limits the liability afforded to Franchisor and its Affiliates to any amount less than stated on the declarations page of each policy. No insurance policy will contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by Franchisor Indemnitees. Such insurance coverage will not include an insured versus insured exclusion or any exclusion that prevents coverage of a claim by one insured against another. All insurance coverage will include a separation of insureds provision. Capitalized terms not defined in this Exhibit I have the meanings set forth in the Agreement.

A. Commercial General Liability. The commercial general liability policy will be written on an occurrence basis and will include coverage for products/completed operations on the Restaurant premises through ISO form CG 24 07 or equivalent coverage and must not include an exclusion or sublimit for assault and battery. The commercial general liability policy will have a minimum per occurrence liability limit of $1,000,000 and a general aggregate liability limit of $2,000,000. The commercial general liability policy will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will include premises-operations, contractual liability, independent contractors, and products and completed operations. The additional insured coverage will not be limited to Franchisor's vicarious liability, and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Restaurant.

B. Crime (inside/outside) and Employee Dishonesty Insurance: Crime (moneys and securities) inside/outside coverage will have a minimum per occurrence liability limit of $100,000 for inside crime and a minimum per occurrence liability limit of $100,000 for outside crime. Employee dishonesty coverage will have a minimum per occurrence liability limit of $100,000.

C. Worker's Compensation Insurance. Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor, provided that Franchisee (i) maintains insurance coverage that provides at least $1,000,000 in excess indemnity limits covering employer's liability, indemnity and medical expenses for on the job accidents acceptable to Franchisor; and (ii) conducts and maintains a risk management and safety program for Franchisee's employees as Franchisee deems appropriate.

D. Automobile Liability Insurance. Automobile liability insurance coverage for owned, non-owned, and hired vehicles with a liability limit of not less than $1,000,000 combined single limit (which will include, without limitation, coverage for Franchisee's delivery, including home delivery, if applicable, and catering operations).

E. Liquor liability insurance. Franchisee will carry liquor liability insurance with a minimum per occurrence liability limit of $1,000,000 per Restaurant location. The liquor liability insurance will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will not be limited to Franchisor vicarious liability, and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Restaurant. The coverage will include a separation of insureds provision.

F. Building and personal property insurance coverage: Property coverage for physical loss or damage to personal property and real property including leasehold improvements, at each Restaurant location. The policy will include all risk replacement cost property insurance for Franchisee's Restaurant and its contents, including without limitation awnings, equipment, signs, glass, additions under construction, outdoor fixtures, and personal property. The policy will also include business interruption insurance for income loss for at least 12 months and Royalty Fees due under Franchisee's Franchise Agreement for the applicable Restaurant, food spoilage, equipment breakdown, business ordinance, debris removal, preservation of property, fire department service charges, pollutant clean up and removal, newly acquired or constructed property, property of others, property off premises, and stock. This policy will include the Franchisor as a loss payee for equipment and supplies financed by Franchisor either by a loan, line of credit, or an open account.

G. Umbrella liability insurance. Umbrella coverage over the above described general commercial liability, liquor liability, automobile liability and employer's liability insurance policies listed above and provide coverage at least as broad as these underlying policies. Such coverage will be written on a per occurrence basis. If Franchisee operates five or less Restaurants, the policy must provide coverage of at least a $5,000,000 per occurrence limit and $5,000,000 aggregate limit. If Franchisee operates six to ten Restaurants, the policy must provide coverage of at least $10,000,000 per occurrence limit and $10,000,000 aggregate limit. The umbrella liability insurance will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will not be limited to Franchisor vicarious liability, and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the franchised business.

H. Employment Practices Liability Insurance. Employment practices liability insurance ("EPLI") coverage with coverage limits of at least $2,000,000. The policy must include coverage for third party claims. In addition, the policy must have a sublimit for defense costs relating to wage and hour claims. In the event that an additional insured endorsement is not available, Franchisee will have a vicarious liability endorsement protecting Franchisor Indemnitees.

I. Data Privacy/Cyber Liability Insurance. Data privacy/cyber liability insurance coverage will have coverage limits of at least $2,000,000 and include first party loss (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage. The additional insured coverage for Franchisor Indemnitees will not be limited to Franchisor vicarious liability, and will include coverage for liability arising out of the operations of the Restaurant.

J. Insurance Required Under Applicable Law. Any insurance which may be required by statute or rule of the state or locality in which Franchisee's Restaurant will be operated.

K. Deductibles. The insurance coverages described above may not have any deductible, self-insured retention, self-funded retention, or any similar provision unless prior written consent is given by Franchisor. Should consent be given by Franchisor for a deductible or similar provision to be included for any required insurance coverage, the deductible or other similar provision amount may not exceed $25,000. The coinsurance percentage will not be less than 80%.

EXHIBIT K

STATE ADDENDA

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 4(a) of the Franchise Agreement is amended as follows:

   The Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees owed by Franchisee, including the Initial Franchise Fee, until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has opened its Restaurant for business.

2. Section 6(a) of the Franchise Agreement is amended as follows:

   The Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees owed by Franchisee, including Initial Training program costs and fees payable to Franchisor, until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has opened its Restaurant for business.

3. Section 18(c)(2) of the Franchise Agreement is hereby deleted and replaced with the following:

   (2) The proposed transferee (and its direct and indirect owners):

   (i) have sufficient business experience, aptitude, assets and financial resources to operate the Restaurant;

   (ii) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Restaurant franchisees, including without limitation: (A) the proposed transferee must satisfy Franchisor's minimum net worth, liquid asset, equity/debt ratio and credit score requirements; (B) the proposed transferee must submit a complete and accurate franchise application and payment of all applicable fees; (C) the proposed transferee must complete and pass all background checks; (D) there must not be any felony convictions or other crimes of proposed transferee that may adversely affects the Marks, the System or the Franchisor, and there must not be a pleading of no contest to any other of these by the proposed transferee; (E) there have been no previous claims by the proposed transferee against another franchisor or affiliate; (F) the operation or ownership of the Restaurant or proposed transferee's entity will not violate any contracts with any third party; and (G) the proposed transferee must not have a pattern or practice of litigiousness;

   (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the operation of the Restaurant; and

   (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer. Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section 18(c) and may do so in the Manuals or otherwise in writing. Franchisor may, but is not obligated to, provide additional details regarding the transfer conditions and Franchisor's consent to Franchisee.

4. The following is added as a new Section 28(k):

(j) No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

[Signature block follows]

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[____________________]	Twin Restaurant Franchise, LLC
___________________________________	___________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: _____________________________	Title: _____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Hawaii; (b) Franchisee is a resident of the State of Hawaii and/or (c) the Restaurant will be located in the State of Hawaii.
2. Section 4(a) of the Franchise Agreement is amended as follows:

   The Initial Franchise Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your Restaurant for business.
3. Section 28(d) (Disclaimer of Warranties) of the Franchise Agreement is hereby deleted in its entirety.
4. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Restaurant will be located in the State of Illinois.
2. Section 4(a) of the Franchise Agreement is amended as follows:

   The Initial Franchise Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Restaurant for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

3. Illinois law governs the franchise agreements.
4. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
5. Franchisees rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.
6. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the Illinois is void.
7. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_______________________________	_______________________________
Printed Name: ____________________	Printed Name: ____________________
Title: ___________________________	Title: ___________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated __________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Restaurant will be located in the State of Maryland.
2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law."
3. Section 4(a) of the Franchise Agreement is amended as follows:

   Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Franchise Agreement.
4. Section 20(a)(4) of the Franchise Agreement will be supplemented by the addition of the following sentence: "This Section 20(a)(4) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 *et seq.*)."
5. Section 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."
6. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Franchisee the franchise."
7. The following is added as a new Section 28(k) to the end of the Franchise Agreement: "All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
8. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated __________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of Minnesota; and/or (b) the Restaurant will be located in the State of Minnesota.
2. Section 4(a) of the Franchise Agreement is amended as follows:

   Based on Franchisor's financial condition, the Minnesota Commissioner of Commerce requires Franchisor to defer payment of initial fees owed by Franchisee to Franchisor until Franchisee has opened its Restaurant for business under the Franchise Agreement.
3. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Investment Law."
4. Section 3(b) and Section 20 of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. § 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement."
5. Section 26(b) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, Franchisor may seek temporary, injunctive of other special or extraordinary relief; however, Franchisee cannot consent to Franchisor's obtaining of such relief. A court will determine whether a bond or security must be posted. See Minnesota Rules 2860.4400(J)."
6. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee must bring any action arising under the Minnesota Franchise Investment Law within three years after the cause of action accrues."
7. Section 26(i) of the Franchise Agreement is hereby deleted in its entirety.
8. Minn. Stat. §80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for under the Minnesota Franchise Investment Law or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota.
9. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of North Dakota and the Restaurant that Franchisee will operate under the Franchise Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. Section 4(a) of the Franchise Agreement is amended as follows:

   Based on Franchisor's financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise Fee will be deferred until Franchisor has satisfied all of its initial obligations to Franchisee under the Franchise Agreement and Franchisee has opened its Restaurant for business.

3. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

4. Covenants not to compete such as those mentioned in Section 19(a) of the Franchise Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

5. Section 21(a) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Franchisee to pay liquidated damages may not be enforceable."

6. Sections 26(c) and 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Franchisee to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

7. Sections 26(f), 26(i) and 26(j) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Franchisee to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

8. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 26(e) to the contrary, the statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

9. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
________________________________	________________________________
Printed Name: ____________________	Printed Name: ____________________
Title: ___________________________	Title: ___________________________

ADDENDUM TO THE FRANCHISE AGREEMENT
PURSUANT TO THE RHODE ISLAND FRANCHISE INVESTMENT ACT

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE SOUTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of South Dakota and the Restaurant that Franchisee will operate under the Franchise Agreement will be located in South Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in South Dakota.

2. Section 4(a) of the Franchise Agreement is amended as follows:

   Based on Franchisor's financial condition, the South Dakota Securities Regulation Office has required a financial assurance. Therefore, the Initial Franchise Fee will be deferred until Franchisee has opened its Restaurant for business.

3. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
________________________________	________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE VIRGINIA FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated _________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum for an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Virginia; (b) Franchisee is a resident of the State of Virginia; and/or (c) the Restaurant will be located in the State of Virginia.

2. Section 4(a) of the Franchise Agreement is amended as follows:

   The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under the Franchise Agreement.

3. Section 6(a) of the Franchise Agreement is amended as follows:

   The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisee to Franchisor, including Initial Training program costs and fees payable to Franchisor, until Franchisor has completed its pre-opening obligations under the Franchise Agreement.

4. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: ____________________	Printed Name: ____________________
Title: ____________________________	Title: ____________________________

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

This Addendum to the Franchise Agreement between Twin Restaurant Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is dated __________________________. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the franchise agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. Section 28(d) of the Franchise Agreement is hereby deleted in its entirety.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[___________________]	Twin Restaurant Franchise, LLC
_________________________________	_________________________________
Printed Name: _____________________	Printed Name: _____________________
Title: ____________________________	Title: ____________________________

EXHIBIT D
LIST OF CURRENT FRANCHISEES

LIST OF CURRENT FRANCHISEES
Franchised Restaurants Open and Operating as of December 31, 2023

State	Franchisee	Store Address	Telephone Number
Alabama	TP-Hoover, LLC (La Cima- AREA DEV)	4330 Creekside Avenue Birmingham, AL 35244	205-203-9461
	TP-Huntsville, LLC (La Cima - AREA DEV)	5901 University Drive Huntsville, AL 35806	256-722-2736
Arizona	AZ Peaks Restaurant Group, LLC (AZ Peaks - AREA DEV)	2135 East Camelback Road Phoenix, AZ 85016	602-954-8946
	Glendale 101 Store 3, LLC (AZ Peaks - AREA DEV)	6922 North 95th Avenue Glendale, AZ 85305	623-233-5700
	Scottsdale 101 Store 2, LLC (AZ Peaks - AREA DEV)	8787 East Frank Lloyd Wright Boulevard Scottsdale, AZ 85260	480-483-0921
	Tempe 101 Store 4, LLC (AZ Peaks - AREA DEV)	2050 East Rio Salado Parkway Tempe, AZ 85281	480-687-3122
	Deer Valley 101 Store 5, LLC (AZ Peaks - AREA DEV)	3063 West Agua Fria Freeway Phoenix, AZ 85027	602-717-7986
Arkansas	BB&E Partners-Rogers, LLC (Seven Valleys - AREA DEV)	2400 South Promenade Boulevard Rogers, AR 72758	479-202-5907
California	Elite Sports Bar Group, LLC	535 Howe Avenue Sacramento, CA 95825	916-974-4370
Florida	29 Grados ORL IDRIVE LP (29 Grados - AREA DEV)	8350 International Drive Orlando, FL 32819	407-680-2811
	DMD Restaurant Group, LLC (DMD Rest Grp. - AREA DEV)	2000 South University Drive Davie, FL 33317	954-306-6191
	29 Grados ORL ALTA LP (29 Grados - AREA DEV)	227 West State Road 436 Altamonte Springs, FL 32714	407-649-3171
	DMD Florida Restaurant Group F, LLC (DMD Rest Grp. - AREA DEV)	16411 Corporate Commerce Way Fort Myers, FL 33913	239-245-9559
	29 Grados ORL LBV LP (29 Grados - AREA DEV)	12353 Winter Garden Vineland Road Orlando, FL 32836	407-778-4810
	DMD Restaurant Group, LLC (DMD Rest Grp. - AREA DEV)	2224 Palm Beach Lakes Boulevard West Palm Beach, FL 33409	561-508-9490
	DMD Florida Restaurant Group B, LLC (DMD Rest Grp. - AREA DEV)	1903 Hollywood Boulevard Hollywood, FL 33020	954-477-7999
	DMD Restaurant Group, LLC (DMD Rest Grp. - AREA DEV)	440 SW 145th Avenue Pembroke Pines, FL 33027	754-400-6990
	DMD Florida Restaurant Group E, LLC (DMD Restaurant Group, LLC - AREA DEV)	6401 North Andrews Avenue Fort Lauderdale, FL 33309	954-741-3330
	Haidar Estates, LLC (Haidar Estates, LLC - AREA DEV)	11892 Atlantic Boulevard Jacksonville, FL 32225	956-631-7040
	29 Grados LP (29 Grados - AREA DEV)	1571 Outlet Boulevard Daytona Beach, FL 32117	386-368-8946

LIST OF CURRENT FRANCHISEES
Franchised Restaurants Open and Operating as of December 31, 2023

State	Franchisee	Store Address	Telephone Number
Georgia	TP-Buckhead, LLC (La Cima - AREA DEV)	3365 Piedmont Road NE Atlanta, Georgia 30305	404-961-8946
	TP-Augusta, LLC (La Cima- AREA DEV)	277 Robert C. Daniels Jr. Parkway Augusta, GA 30909	706-426-4934
	TP-Kennesaw, LLC (La Cima- AREA DEV)	2475 George Busbee Parkway NW Kennesaw, GA 30144	678-348-1605
Idaho	Pirate Booty, LLC	7751 West Spectrum Street Boise, ID 83709	208-321-4861
Indiana	Avalanche Food Group, LLC (AFG - AREA DEV)	6880 East 82nd Street Indianapolis, IN 46250	317-913-0992
	AFG Greenwood, LLC (AFG - AREA DEV)	600 Greenwood Park Drive North Greenwood, IN 46142	317-743-0038
	Dos Montes Schereville, LLC (Dos Montes Corp - AREA DEV)	1550 Indianapolis Boulevard, US HWY 41 Schererville, IN 46375	219-463-1067
Kansas	3B Lodge I LLC	14805 West 119th Street Olathe, KS 66062	913-768-0028
	3B Lodge IV LLC	8310 East 21st Street North Wichita, KS 67206	316-440-5533
	3B Lodge III LLC	7325 West Taft Wichita, KS 67209	316-440-4940
Kentucky	TPO2, LLC (JEB - AREA DEV)	6835 Houston Road Florence, KY 41042	859-817-0555
	TPO5, LLC (JEB - Area Dev)	302 Bullitt Lane Louisville, KY 40222	502-907-0005
Louisiana	J LU Investments, LLC- (C & L - AREA DEV)	6990 Siegen Lane Baton Rouge, LA 70809	225-293-1955
	C&L Enterprise, LLC (C&L - AREA DEV)	5801 Johnston Street Lafayette, LA 70503	337-889-5433
Michigan	Motor City Peaks, LLC (Motor City - AREA DEV)	1111 West Fourteen Mile Road Madison Heights, MI 48071	248-268-4173
	Motor City Peaks, LLC (Motor City - AREA DEV)	20120 Haggerty Road Livonia, MI 48154	734-953-0888
	Motor City Peaks, LLC (Motor City - AREA DEV)	14980 Dix Toledo Road Southgate, MI 48195	734-767-5276
	Motor City Peaks Auburn Hills, LLC (Motor City - AREA DEV)	2443 North Squirrel Road Auburn Hills, MI 48326	947-886-2577
Mississippi	Beachside Ski Lodge 2, LLC (AREA DEV)	3516 Sangani Boulevard D'Iberville, MS 39540	228-207-4609
Missouri	3B Lodge II LLC	19821 East Jackson Drive Independence, MO 64057	816-795-7710

LIST OF CURRENT FRANCHISEES
Franchised Restaurants Open and Operating as of December 31, 2023

State	Franchisee	Store Address	Telephone Number
	Falcons TP Maplewood, LLC	2351 Maplewood Commons Drive Maplewood, MO 64143	314-644-7757
	3B Lodge V LLC	8660 North Boardwalk Avenue Kansas City, MO 64154	816-659-9821
North Carolina	TP-Concord, LLC (La Cima - AREA DEV)	8601 Concord Mills Boulevard Concord, NC 28027	910-467-8370
	TP-Winston-Salem, LLC (La Cima - AREA DEV)	1915 Hampton Inn Court Winston-Salem, NC 27103	336-306-9183
North Dakota	BB&E Partners - Fargo, LLC	1515 42nd Street South Fargo, ND 58103	701-515-4685
Ohio	Motor City Peaks, LLC (Motor City - AREA DEV)	5060 Monroe Street Toledo, Ohio 43623	567-200-6057
	TP Ohio One, LLC (JEB - AREA DEV)	9424 Civic Centre Boulevard West Chester Township, OH 45069	513-847-4012
	TP Dayton, LLC (JEB - AREA DEV)	2661 Fairfield Commons Dayton, OH 45431	937-705-6250
	TP OHIO FOUR, LLC (JEB - Area Dev)	1611 Polaris Parkway Columbus, OH 43240	614-987-5001
Oklahoma	BB&E Partners - Quail Springs, LLC (Seven Valleys - AREA DEV)	3109 West Memorial Road Oklahoma City, OK 73134	405-418-5555
	BB&E Partners-I-40, LLC (Seven Valleys - AREA DEV)	6500 SW 3rd Street Oklahoma City, OK 73128	405-384-5791
Pennsylvania	Falcons TP Robinson, LLC (Falcons Restaurant Group - AREA DEV)	200 Park Manor Drive Pittsburgh, PA, 15205	724-242-8882
South Carolina	TP-Greenville, LLC (La Cima - AREA DEV)	1034 Woodruff Road Greenville, SC 29607	864-326-4080
	TP-Columbia, LLC (La Cima - AREA DEV)	600 Gervais Street Columbia, SC 29201	803-602-3667
	TP-Myrtle Beach, LLC	10177 North Kings Highway Myrtle Beach, SC 29572	843-491-3694
Tennessee	TP-Knoxville, LLC (La Cima - AREA DEV)	135 North Northshore Drive Knoxville, TN 37919	865-622-5730
	CNG Restaurants, LLC	1634 Galleria Boulevard Brentwood, TN 37027	615-221-0869
	Chinaberry, LLC (Chinaberry - AREA DEV)	2151 Gallatin Pike North Madison, TN 37115	615-448-6418
	TP-Chattanooga, LLC	500 Camp Jordan Parkway East Ridge, TN 37412	423-771-7068

LIST OF CURRENT FRANCHISEES
Franchised Restaurants Open and Operating as of December 31, 2023

State	Franchisee	Store Address	Telephone Number
Texas	Avalanche Food Group, LLC (AFG - AREA DEV)	4527 Lomitas Avenue Houston, TX 77098	713-520-7730
	Avalanche Food Group, LLC (AFG - AREA DEV)	12830 Northwest Freeway Houston, TX 77040	713-939-8946
	Avalanche Food Group, LLC (AFG - AREA DEV)	18310 Interstate 45 Shenandoah, TX 77381	936-273-8946
	Avalanche Food Group, LLC (AFG - AREA DEV)	20931 Gulf Freeway Webster, TX 77098	281-338-7325
	Avalanche Food Group, LLC (AFG - AREA DEV)	11335 Katy Freeway Houston, TX 77079	281-888-3724
	Avalanche Food Group, LLC (AFG - AREA DEV)	5425 South Padre Island Drive #149 Corpus Christi, TX 78411	361-992-7325
	AFG Golden Triangle, LLC (AFG - AREA DEV)	3805 Interstate 10 Access Road Beaumont, TX 77705	409-730-7393
	AFG Bryan, LLC (AFG - AREA DEV)	768 North Earl Rudder Freeway Bryan, Texas 7802	979-393-0430
	AFG McAllen, LLC (AFG - AREA DEV)	901 West Expressway 83 McAllen, TX 78501	956-215-8002
	DSBM Entertainment, LLC	6012 Marsha Sharp Freeway W Lubbock, TX 79407	806-793-1075
Washington	StoveTop Restaurant Group, LLC	17950 Southcenter Parkway Tukwila, WA 98188	253-246-7610

FRANCHISEES THAT HAVE NOT OPENED THEIR FRANCHISED RESTAURANTS

AS OF DECEMBER 31, 2023

State	Franchisee	Store Address
Florida	DMD Florida Restaurant Group I, LLC (DMD Rest Group – AREA DEV)	410 Andalusia Boulevard, Cape Coral, FL 33909
	DMD Florida Restaurant Group H, LLC (DMD Rest Group – AREA DEV)	8700 SW 18th Terrace, Doral, FL 33172 (305) 356-4066
	DMD Florida Restaurant Group G, LLC (DMD Rest Group -AREA DEV)	2078 9th Street North, Naples, FL 34102 (239) 465-0005
Ohio	Falcons TP Youngstown, LLC	7165 Tiffany Boulevard, Boardman, Ohio 44514 (234) 888-1880

EXHIBIT E
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN 2023

Transferred to New Developer(s)

Kansas City Lodge Ventures, LLC (East Wichita, Kansas Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

KC Lodge Ventures, LLC (Olathe, Kansas Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

Kansas City Lodge Ventures, LLC (West Wichita, Kansas Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

KC Lodge Ventures, LLC (Independence, Missouri Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

KC Lodge Ventures V, LLC (Kansas City, Missouri Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

St. Louis Lodge Ventures, LLC (Maplewood, Missouri Twin Peaks Restaurant)
10220 West 87th Street
Overland Park, Kansas 66212
913-522-4200

Reacquired by Franchisor

TP GA, LLC (Columbus, Georgia Twin Peaks Restaurant)
1760 Peachtree Street, NW, Suite 200
Atlanta, GA 30309
404-386-1889

EXHIBIT F
TABLES OF CONTENTS FOR MANUALS

CONTENTS

CONTENTS

EXHIBIT G
ADDITIONAL DISCLOSURES TO FRANCHISE DISCLOSURE DOCUMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of California.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. Item 3, Additional Disclosure. The following statement is added to Item 3:

Neither we nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. Item 5, Initial Fees. The following statement is added to Item 5:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from you until we have completed all of our pre-opening obligations to you under the Franchise Agreement and your Restaurant is open for business. If you sign an Area Development Agreement, the payment of the Development Fee and initial fees attributable to a specific Restaurant in your Development Schedule is deferred until that Restaurant is open for business.

4. Item 6 , Other Fees. The following statement is added to Item 6:

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

5. Item 17, Additional Disclosures. The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.)*.

The Franchise Agreement provides for application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

You must sign a general release when you execute the Franchise Agreement and the Area Development Agreement (if applicable) and if you transfer your franchise or development rights (if applicable) or execute a successor Franchise Agreement or Area Development Agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

6. No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

7. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Note: maximum price agreements are not per se violations of the Sherman Act.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
<u>REQUIRED BY THE STATE OF HAWAII</u>

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Hawaii.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Item 5 is revised to include the following at the end of the Item:

   The Initial Franchise Fee and Area Development Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Franchised Restaurant for business.

2. Item 17 shall be supplemented by the addition of the following language at the end of the Item:

   No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold to either a resident of the State if Illinois or a non-resident who will be operating a franchise in the State of Illinois when the offer is made and accepted within the State of Illinois, pursuant to the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44 (the "Act"), as follows:

Item 5 is revised to include the following at the end of the Item:

> The Initial Franchise Fee and Area Development Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Franchised Restaurant for business. The Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

Illinois law governs the franchise agreements.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

For info about obtaining a liquor license in Illinois, see: https://www.illinois.gov/ilcc/pages/forms-and-applications.aspx.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF INDIANA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of this Disclosure Document, the Franchise Agreement, the other agreements or Texas law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, will supersede the provisions of Section 20 of the Franchise Agreement in the State of Indiana, but only to the extent that may be inconsistent with such prohibition.

3. Notwithstanding the Franchise Agreement, you recognize that in the event of any use of the System not in accord with the Franchise Agreement, we will be entitled to seek injunctive and other relief.

4. No release language set forth in the Disclosure Document, Franchise Agreement, or Area Development Agreement including but limited to Item 17, Sections 2(e), 3(c), 10, 18(b) or 26 of the Franchise Agreement, or Section 3(b), 11 or 15 of the Area Development Agreement respectively, will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Section 26(c) of the Franchise Agreement and Section 15(c) of the Area Development Agreement are amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Disclosure Document, Franchise Agreement, or Area Development Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

Section 26(i) (Jury Trial Waiver) of the Franchise Agreement and Section 15(i) (Jury Trial Waiver) of the Area Development Agreement are deleted from all Franchise Agreements and Area Development Agreements in Indiana.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act are met independently without reference to these Additional Disclosures.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Maryland.

1. Item 5 is revised to include the following at the end of the Item:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17, Additional Disclosures. The following statements are added to Item 17:

   The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

   Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement, Area Development Agreement or a successor franchise agreement or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently and without reference to these Additional Disclosures.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
<u>REQUIRED BY THE STATE OF MINNESOTA</u>

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Minnesota:

1. The following is added to the end of Item 5 and Item 7:

   Based on our financial condition, the Minnesota Commissioner of Commerce has required a financial assurance. Therefore, all initial fees owed by you to us will be deferred until your Restaurant opens for business under the Franchise Agreement. In addition, all development fees and initial payments by area developers will be deferred until the first Franchised Restaurant under the development agreement opens.

2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, injunctive relief, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, Subdivisions 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

4. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the state of Minnesota.

5. Pursuant to Minnesota Statutes, Section 80C.12, Subdivision 1(g), the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of franchisor's name.

6. No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Investment Law are met independently without reference to these Additional Disclosures.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of New York:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT

1. Item 3 of the Franchise Disclosure Document is amended by adding the following language to such Item:

   Neither we, our parent, predecessor, affiliate, nor any person identified in Item 2, or an affiliate offering franchises of this Disclosure Document:

   a. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

   b. Has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   c. Has been convicted of felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

   d. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting license of as a real estate broker or sales agent.

2. Item 4 of the Franchise Disclosure Document is amended by adding the following language to such Item.

   Other than as disclosed in Item 4 of the Franchise Disclosure Document, neither we, our Parent, our Predecessors, Affiliates or officers, nor any of the people identified in Item 2 of this Franchise Disclosure Document during the 10-year period immediately before the date of the franchise disclosure document: (i) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (ii) obtained discharge of its debts under the bankruptcy code; or (iii) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5 of the Franchise Disclosure Document is amended by adding the following paragraph at the end of the Item:

   The initial franchise fee and the development fee paid are not used for any specific purpose.

4. Item 17(c) and 17(m) of the Franchise Disclosure Document are amended by adding the following language:

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

   Item 17(d) of the Franchise Disclosure Document is amended by adding the following language:

   The franchisee may terminate the agreement on any grounds available by law.

5. Item 17(j) of the Franchise Disclosure Document is amended by adding the following language:

   However, an assignment will not be made except to an assignee who in good faith and judgment of Twin Peaks is willing and financially able to assume Twin Peaks' obligations under the Franchise Agreement.

6. Items 17(v) and 17(w) of the Franchise Disclosure Document are amended by adding the following language:

   The foregoing Choice of Law should not be considered a waiver of any right conferred upon the franchisee or Twin Peaks by Article 33 of the General Business Law of the State of New York.

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:

1. The Franchise Agreement and Area Development Agreement will be governed and construed under the laws of the State of North Dakota. Any provision in the Franchise Agreement or Area Development Agreement which designates jurisdiction or venue, or requires the franchisee or developer to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement or Area Development Agreement issued in the State of North Dakota.

2. Any non-competition covenants contained in the Franchise Agreement or Area Development Agreement will be subject to the North Dakota laws on franchising. Covenants not to compete such as those mentioned in Section 19(a) of the Franchise Agreement, Section 8(a) of the Area Development Agreement or in the Guaranty and Undertaking of Obligations may be considered unenforceable in the State of North Dakota.

3. Liquidated damages are prohibited by law in the State of North Dakota. Section 21(a) of the Franchise Agreement and Section 13(a) of the Area Development Agreement are deleted.

4. No release language set forth in the Franchise Agreement and Area Development Agreement (including but not limited to Sections 3(c) and 18(b) of the Franchise Agreement or Section 3(b) and 11 of the Area Development Agreement) will relieve us or any other person, directly or indirectly, from liability imposed by the laws of the State of North Dakota.

5. Any provisions in the Franchise Agreement (including but not limited to Sections 26(f) and 26(i)) and any provisions of the Area Development Agreement (including but not limited to Sections 15(f) and 15(i)) which require the franchisee or developer to waive the right to a jury trial or to exemplary or punitive damages are deleted from any Franchise Agreements and Area Development Agreements issued in the State of North Dakota.

6. Any mediation authorized under Section 26(a) of the Franchise Agreement and Section 15(a) of the Area Development Agreement will be held at a site agreeable to all parties.

7. Item 5 is revised to include the following at the end of the Item:

   Based on our financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, the Initial Franchise Fee and Area Development Fee will be deferred until we have satisfied our pre-opening obligations to you and you have opened your first Franchised Restaurant for business.

To the extent these Additional Disclosures are inconsistent with any terms or conditions of the Franchise Agreement or Area Development Agreement or any exhibits attached thereto, or the Disclosure Document, the terms of these Additional Disclosures will control.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
FOR THE STATE OF RHODE ISLAND

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Rhode Island:

1. Item 17 of the Franchise Disclosure Document shall be amended in the State of Rhode Island by adding the following statement applicable to Franchisees in Rhode Island:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF SOUTH DAKOTA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of South Dakota:

1. Item 5 is revised to include the following at the end of the Item:

   Based on our financial condition, the South Dakota Securities Regulation Office has required a financial assurance. Therefore, the Initial Franchise Fee and Area Development Fee will be deferred until you have opened your first Franchised Restaurant for business.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF VIRGINIA

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Virginia:

1. The "**Special Risks to Consider About *This* Franchise**" page is revised to include the following risk factor:

   4. **Estimated Initial Investment**. The franchisee will be required to make an estimated initial investment ranging from $2,254,000 to $5,746,000, when converting existing restaurant space to a Restaurant, or $4,654,000 to $6,946,000 if the Restaurant is newly constructed. These amounts exceed the franchisor's member's equity as of December 31, 2023, which is $405,369.

2. Item 5 is revised to include the following at the end of the Item:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers will be deferred until the franchisor has completed its pre-opening obligations under the area development agreement.

3. Item 17, Additional Disclosures. The following statements are added to Item 17.h:

   Pursuant to Section 13.10564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Each provision of these Additional Disclosures to the Disclosure Document will be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Virginia Retail Franchising Act are independently met, without reference to these Additional Disclosures to the Disclosure Document.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF WASHINGTON

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Washington:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the franchise agreement in Franchisee's relationship with the Franchisor including the areas of termination and renewal of Franchisee's franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. Franchisees who receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of Washington State.
9. Item 5 of the Franchise Disclosure Document shall be amended to state that Washington franchisees will not be required to reimburse the Franchisor for any out-of-pocket attorneys' fees that the Franchisor may incur in connection with drafting negotiated amendments to the franchisee's Franchise Agreement.

10. No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
<u>REQUIRED BY THE STATE OF WISCONSIN</u>

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Wisconsin:

1. Item 17, Additional Disclosures. The following statements are added to Item 17:

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

Each provision of these Additional Disclosures to the Disclosure Document will be effective only to the extent, with respect to such provisions, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are independently met, without reference to these Additional Disclosures to the Disclosure Document.

EXHIBIT H
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on ___________________ by _____________________________ ("**[Developer/Franchisee]**") and ___________________ ("Guarantors") as a condition of (1) transfer or renewal of the Area Development Agreement dated _______________ ("Development Agreement") between Developer and Twin Restaurant Franchise, LLC ("Franchisor"); and/or (2) transfer or renewal of the Franchise Agreement dated __________________ ("Franchise Agreement") between Franchisee and Franchisor.

1. Release by Developer/Franchisee and Guarantors. [**Developer/Franchisee**] and Guarantors, on behalf of themselves and their successors, heirs, personal representatives, executors, administrators, personal representatives, agents, contractors, assigns, partners, shareholders, members, directors, officers, members, principals, employees, parents, subsidiaries, and affiliated entities,(collectively "Releasors") freely and without any influence forever release Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Claims"), that Releasors ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the [**Development/Franchise**] Agreement and all other agreements between Franchisee and/or any Guarantor and any Released Parties, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. [**Developer/Franchisee**] and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. **[Developer/Franchisee**] and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. [**Developer/Franchisee**] and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released hereunder and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Convenant Not to Sue. [**Developer/Franchisee**] and Guarantors, on behalf of themselves and Releasors, covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. [**Developer/Franchisee**] and Guarantors: (i) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successor, assigns, heirs and personal representatives of Franchisor and each Releasor.

ATTEST:	**DEVELOPER/FRANCHISEE:**
______________________________	______________________________
Print Name: ____________________	Print Name: ____________________
	Title: ____________________
	Date: ____________________
WITNESS:	**GUARANTOR:**
______________________________	______________________________
Print Name: ____________________	Print Name: ____________________
	Date: ____________________
WITNESS:	**GUARANTOR:**
______________________________	______________________________
Print Name: ____________________	Print Name: ____________________
	Date: ____________________

[This Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT I
LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677
www.dfpi.ca.gov
Email: Ask.DFPI@dfpi.ca.gov

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fourteenth Floor Dept 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol Fourteenth Floor Dept 414
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered for filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	June 20, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	June 21, 2024

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23
RECEIPTS

This disclosure document summarizes certain provisions of the franchise agreement, area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Twin Restaurant Franchise, LLC offers you a franchise, it must provide this 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, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires that we provide you the disclosure document at least 10 business 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 and (b) New York requires us to provide you with the disclosure document at the earlier of the first personal meeting or 10 business 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 Twin Restaurant Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Attachment A to this disclosure document).

The name, principal business address, and telephone number of franchise sellers offering the franchise:

Name	**Principal Business Address**	**Telephone Number**
Mike Locey	5151 Beltline Road, #1200, Dallas, Texas 75254	678-488-9566
Ray Bodnar	5151 Beltline Road, #1200, Dallas, Texas 75254	214-563-4258

Issuance Date: June 20, 2024

I received a disclosure document dated June 20, 2024, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Area Development Agreement, including Exhibits and Appendices
Exhibit C	Franchise Agreement, including Exhibits and Appendices
Exhibit D	List of Current Franchisees
Exhibit E	Franchisees Who Have Left the System
Exhibit F	Manual Table of Contents
Exhibit G	Additional Disclosures to Franchise Disclosure Document
Exhibit H	Form of General Release
Exhibit I	List of State Administrators and Agents for Service of Process

Dated:_____________________ ____

Individually and as an Officer

____

Printed Name

of____

(a____

Corporation / Partnership / Limited Liability Company)

[Keep this page for your records]

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement, area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Twin Restaurant Franchise, LLC offers you a franchise, it must provide this 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, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business 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 and (b) New York requires us to provide you with the disclosure document at the earlier of the first personal meeting or 10 business 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 Twin Restaurant Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Attachment A to this disclosure document).

The name, principal business address, and telephone number of franchise sellers offering the franchise:

Name	**Principal Business Address**	**Telephone Number**
Mike Locey	5151 Beltline Road, #1200, Dallas, Texas 75254	678-488-9566
Ray Bodnar	5151 Beltline Road, #1200, Dallas, Texas 75254	214-563-4258

Issuance Date: June 20, 2024.

I received a disclosure document dated June 20, 2024, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Area Development Agreement, including Exhibits and Appendices
Exhibit C	Franchise Agreement, including Exhibits and Appendices
Exhibit D	List of Current Franchisees
Exhibit E	Franchisees Who Have Left the System
Exhibit F	Manual Table of Contents
Exhibit G	Additional Disclosures to Franchise Disclosure Document
Exhibit H	Form of General Release
Exhibit I	List of State Administrators and Agents for Service of Process

Dated:____________________ ____

Individually and as an Officer

____

Printed Name

of____

(a____

Corporation / Partnership / Limited Liability Company)

[Sign and return this page]