

## FRANCHISE DISCLOSURE DOCUMENT



Brinker International Payroll Company, L.P.  
a Delaware Limited Partnership

3000 Olympus Boulevard  
Dallas, TX 75019  
(972) 980-9917  
[www.maggianos.com](http://www.maggianos.com)  
[www.brinker.com](http://www.brinker.com)

The franchise is for a Maggiano's Little Italy® special venue restaurant (“Maggiano’s Restaurant” or “Restaurant”). Maggiano’s Restaurants feature Italian-American food in a pre-World War II, “Little Italy” atmosphere, with a full service bar.

The total investment necessary to begin operation ranges from \$4,845,000 to \$6,975,000. This estimate includes approximately \$35,000 to \$40,000 that must be paid to us or an affiliate. You will pay us \$3,500 for each year of the term of the Franchise Agreement. The \$35,000 estimate assumes that you sign a Franchise Agreement that has a 10-year term. The \$40,000 estimate assumes that you incur \$2,500 in construction/design evaluation costs and \$2,500 related to market data reports.

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

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. 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](http://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: September 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  |
|--|--|
| <b>How much can I earn?</b>  | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G. |
| <b>How much will I need to invest?</b>   | 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.   |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit A includes financial statements. Review these statements carefully.   |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.   |
| <b>Will my business be the only Maggiano's business in my area?</b>                      | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.  |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.   |
| <b>What's it like to be a Maggiano's franchisee?</b>                                     | Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.  |
| <b>What else should I know?</b>  | 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 E.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigation with the Franchisor in Texas than in your home state.
2. **General 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.

**ADDENDUM TO  
DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**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:**

- (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 shall 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 shall 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 shall 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 shall 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.**

Address for notices to the Michigan Attorney General: Department of the Attorney General, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 1st Floor, 525 W. Ottawa Street, Lansing, MI 48909; 517-373-7117.

# MAGGIANO’S RESTAURANTS FRANCHISE DISCLOSURE DOCUMENT

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## **EXHIBITS**

- A – FINANCIAL STATEMENTS
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- C – TABLE OF CONTENTS OF MAGGIANO’S FRANCHISE MANUAL
- D – AGENTS FOR SERVICE OF PROCESS
- E – LIST OF STATE ADMINISTRATORS
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- G – LIST OF U.S. FRANCHISEES WHO HAVE LEFT THE SYSTEM AND FRANCHISEES WHO HAVE INVOLUNTARILY OR VOLUNTARILY CLOSED A RESTAURANT
- H – STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
- I – STATE EFFECTIVE DATES

## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

#### The Franchisor

The franchisor is Brinker International Payroll Company, L.P., referred to in this disclosure document as “Brinker,” “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your.” If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were incorporated as a Delaware corporation in June 1987 under the name CBS Development Company. Our name was changed to CRM Payroll Corporation in January 1991 and changed again to Brinker International Payroll Corporation in July 1991. In December 2001, we were converted to a limited partnership and our name was changed to Brinker International Payroll Company, L.P. Our principal offices are located at 3000 Olympus Boulevard, Dallas, Texas 75019, and our telephone number is (972) 980-9917. Our agents for service of process are listed in Exhibit E. Our general partner is BIPC Management, LLC, a Delaware limited liability company (“General Partner”). Our General Partner shares our principal business address.

We and our predecessors have operated Maggiano’s Restaurants since August 1995. We began offering franchises for Maggiano’s Restaurants in September 2017. Prior to September 2017, when we first issued a franchise disclosure document for Maggiano’s Restaurants, any offerings for Maggiano’s Restaurants were made only to large and sophisticated franchisees under exemptions from federal and state franchise laws and only for airport locations.

As of the end of our last fiscal year (June 26, 2024), in the United States, we and our wholly-owned subsidiaries operated 50 company-owned Maggiano’s Restaurants, and 2 franchised Maggiano’s Restaurant.

We do business under our company name and under the trademarks, trade names, and service marks “Maggiano’s®” and “Maggiano’s Little Italy®” and other trademarks and service marks, including those listed in Item 13.

We also offer franchises for Chili’s Bar & Grill Restaurants. We became the franchisor for Chili’s Bar & Grill restaurants and assumed all of the existing Chili’s Restaurant franchise agreements from our predecessor and parent, Brinker International, Inc. (“BII”), on July 1, 2010. BII was incorporated as a Delaware corporation in September 1983 to succeed to the business operated by Chili’s, Inc., a Texas corporation formed in August 1977. BII shares our principal business address.

We or our predecessors have operated Chili’s Restaurants since 1975 and have offered franchises for Chili’s Restaurants since 1984. As of the end of our last fiscal year (June 26, 2024), we and our wholly-owned subsidiaries operated 1,117 company-owned Chili’s Restaurants and franchisees operated 97 franchised Chili’s Restaurants in the United States.

#### Our Affiliates

Except as described in this Item 1, neither we nor any predecessor or affiliate has conducted any other business and has not offered franchises in any other line of business. However, we or our subsidiaries or affiliates may in the future develop or acquire other businesses, including other restaurant concepts, some of which may be sold as franchises. We expect that any such concept would operate under marks different from the Proprietary Marks described in Item 13 and that you will have no rights regarding those restaurants.

## The Franchise Offered

We offer qualified applicants a franchise arrangement for Maggiano's Restaurants. Maggiano's restaurants feature Italian-American food in an inviting "Little Italy" atmosphere, with a full-service bar.

Maggiano's Restaurants are typically inline or free-standing restaurants located in a metropolitan area or surrounding suburbs. Proximity to office buildings, shopping malls, shopping centers and other high traffic areas is desirable. However, currently, the focus of our franchising activities with the Maggiano's Restaurants is the airport market.

Maggiano's Restaurants are characterized by a system (the "System"), which includes distinctive exterior and interior design, decor, color scheme, and furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operation; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; advertising and promotional programs; and "The Maggiano's Way" core values. The System is identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks "MAGGIANO'S" and "MAGGIANO'S LITTLE ITALY" and other marks we authorize for use by Maggiano's Restaurants, which may also include newly developed marks in connection with special menu offerings (the "Proprietary Marks").

We continue to improve and develop the System and provide new information and techniques to you by means of a Maggiano's Franchise Manual consisting of operations manuals, policies, specifications, standards, checklists, evaluation forms, spreadsheets, guides, recipes, handbooks, and documents (collectively, the "MFM"). We own the System.

A franchise applicant may be an individual, corporation, partnership or other form of legal entity. We offer a Franchise Agreement (the "Franchise Agreement") for each restaurant you establish. The Franchise Agreement will be in the form of the Franchise Agreement attached to this disclosure document as Exhibit B. The terms of previous and subsequent franchise agreements may vary from the terms of those Agreements offered under this disclosure document.

You must designate a Managing Owner and/or an Operating Partner. We may require your Managing Owner, Operating Partner, and your Owners to sign agreements to be individually bound by certain covenants, including covenants protecting our confidential and proprietary information and/or covenants not to compete. We may, at our sole discretion, require your Managing Owner, Operating Partner, and any other of your Owners to guarantee your performance under the Agreements, including but not limited to your financial obligations. If a guarantee is not required by us upon execution of the Agreements, we reserve the right if you are in monetary default under the Agreements (even if cured), to require any or all of your Owners to sign the Guaranty Agreement, in addition to our other rights and remedies under the Agreements.

Unless indicated otherwise, in this disclosure document references to "you", "your", or "Franchisee" includes your status as a Franchisee under the Franchise Agreement. Any reference in this disclosure document to your Owners includes the Owners of a Franchisee under the Franchise Agreement.

## Competition

The market for restaurant services is well established. The age group from 18 to 59 years old is the primary population age group attracted to restaurants similar to, and including, Maggiano's Restaurants. You will compete with a variety of table-service concept restaurants serving alcoholic beverages. The restaurant business is highly competitive based on price, service, restaurant location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population, and traffic patterns. Maggiano's Restaurants compete in each market with locally owned restaurants, as well as with national and regional restaurant chains, some of which operate more restaurants and have longer operating histories than us. Our company-owned Maggiano's Restaurants and our other restaurant concepts may compete with

you. There may also be active competition between us for management personnel as well as for attractive commercial real estate sites suitable for restaurants.

### Industry Specific Regulations

In addition to the laws, regulations and ordinances applicable to the businesses generally, like the Americans with Disabilities Act, Federal Wage and Hour Laws, the Immigration Reform and Control Act of 1986, and the Occupation, Health and Safety Act, you should consider that certain aspects of the restaurant and related bar business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration and the U.S. Department of Agriculture, as well as state and local departments of health and other agencies, have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation. 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 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.

To operate the Restaurant, you will need to obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost 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. You will need to understand and comply with those laws in operating the Restaurant.

The payment card industry (PCI) Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state and local laws, regulations and ordinances related to privacy matters, including data and personally identifiable information.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Joseph DePinto Chairman of the Board**

Joseph DePinto has served on the Board of Directors of BII since August 2010 and became Chairman of the Board effective November 2013. Mr. DePinto is currently President and Chief Executive Officer of 7-Eleven, Inc., based in Dallas, Texas, serving in this position since December 2005. Mr. DePinto serves on the Board of Directors of a number of organizations, including, 7-Eleven, Inc., Seven & I Holdings Co., UT Southwestern Medical Foundation, the Global War on Terrorism Memorial Foundation, the Business Executives for National Security, the Johnny Mac Soldiers Fund, and the National Association of Convenience Stores based in Alexandria, Virginia.

**Kevin Hochman**

**Chief Executive Officer and President BII and President of Chili's Grill & Bar**

Kevin Hochman has been a member of the Board of Directors of BII since June 2022 and has served as Chief Executive Officer and President of BII and our General Partner since June 2022. Mr. Hochman previously served as President and Chief Concept Officer of KFC, U.S. a subsidiary of YUM! Brands, Inc., based in Louisville, Kentucky from March 2017 to May 2022, while concurrently serving as Interim President of Pizza Hut U.S. based in Dallas, Texas from December 2019 to January 2022.

**Dominique Bertolone**

**Senior Vice President and President, Maggiano's Little Italy**

Dominique Bertolone has served as Senior Vice President and President of Maggiano's Little Italy, Brinker International, Inc. and our General Partner since December 2023. Mr. Bertolone previously served as Senior Vice President, Food & Beverage for MGM Resorts International based in Las Vegas, Nevada from January 2020 to December 2023. Also at MGM Resorts International, Mr. Bertolone also served as Vice President, Development Food & Beverage Strategy from May 2019 to January 2020 and Vice President, Operations, Food & Beverage Strategy from February 2018 to May 2019.

**Mika Ware**

**Executive Vice President and Chief Financial Officer**

Mika Ware has served as Executive Vice President and Chief Financial Officer for BII and our General Partner since June 2024. Ms. Ware previously served as Vice President Corporate Finance, Investor Relations and Restaurant Development from October 2017 to June 2024.

**Aaron White**

**Executive Vice President and Chief People Officer**

Aaron White has served as Executive Vice President and Chief People Officer of BII and our General Partner since October, 2022. Ms. White previously served as Senior Vice President and Co-Chief Operating Officer from June 2020 to October 2022, Vice President of Integration from June 2019 to June 2020 and Vice President of Operations Services from April 2018 to June 2019.

**Doug Comings**

**Senior Vice President and Chief Operating Officer, Chili's Grill & Bar**

Doug Comings has served as Senior Vice President and Chief Operating Officer of BII and our General Partner since October 2022. Mr. Comings previously served as Senior Vice President and Co-Chief Operating Officer, Chili's Grill & Bar from June 2020 to October 2022 and Senior Vice President and Chief Operating Officer from June 2016 to June 2020.

**Daniel Fuller**

**Senior Vice President and Chief Legal Officer**

Dan Fuller has served as Senior Vice President and Chief Legal Officer of BII and our General Partner since April 2024. Mr. Fuller previously served as Senior Vice President, General Counsel and Secretary from June 2020 to April 2024 and Vice President, General Counsel, and Secretary April 2018 to June 2020.

**James Butler**  
**Senior Vice President and Supply Chain Officer**

James Butler has served as Senior Vice President and Supply Chain Officer of BII and our General Partner since January 2023. Mr. Butler previously served as Senior Vice President of KFC Supply Chain at Restaurant Supply Chain Solutions, LLC, a YUM! Brands Co-op based in Louisville, Kentucky from January 2021 to January 2023. Mr. Butler served as Vice President of Integrated Business Planning at Georgia Pacific based in Atlanta, Georgia from December 2016 to December 2020.

**Anthony Amoroso**  
**Vice President, Innovation and Growth**

Anthony Amoroso has served as Vice President, Innovation and Growth of BII and our General Partner since July 2024. Mr. Amoroso previously served as Vice President, Food and Beverage Development of MGM Resorts International based in Las Vegas, Nevada from October 2022 to July 2024. Mr. Amoroso served as Vice President of Food & Beverage of ARIA Resort & Casino based in Las Vegas, Nevada from June 2021 to October 2022. Mr. Amoroso previously served as Corporate Executive Chef of MGM Resorts International based in Las Vegas, Nevada from January 2016 to June 2021.

**Chris Caldwell**  
**Senior Vice President and Chief Information Officer**

Chris Caldwell has served as Senior Vice President and Chief Information Officer of BII and our General Partner since February 2024. Mr. Caldwell previously served as Chief Technology Officer for Kentucky Fried Chicken, a subsidiary of YUM! Brands, Inc., based in Louisville, Kentucky from April 2014 to January 2024.

**David Weston**  
**Vice President of International Business and Global Development**

David Weston has served as Vice President of International Business and Global Development of BII and our General Partner since August 2022. Mr. Weston previously served as Vice President of International Business and Airport Operations from January 2022 to August 2022, Vice President of Global Business Development from June 2020 to January 2022, and Vice President of Global Development and Finance from December 2017 to June 2020.

**Frances Allen**  
**Director**

Frances Allen has served on the Board of Directors of BII since July 2020. Ms. Allen previously served as Chief Executive Officer of Checkers Drive-In Restaurants, Inc., one of the largest chains of double drive-thru restaurants in the U.S., in Tampa, Florida, from February 2020 until September 2024.

**Cindy Davis**  
**Director**

Cindy Davis has served on the Board of Directors of BII since January 2019. Ms. Davis is the former President of Nike Golf, Inc. in Beaverton, Oregon having served in that position from September 2008 to October 2014 as well as serving as Vice President of Nike, Inc. from September 2008 to October 2014.

**Harriet Edelman**  
**Director**

Harriet Edelman has served on the Board of Directors of BII since March 2008. Ms. Edelman is currently Vice Chairman of Emigrant Bank in New York, New York, having served in this position since November 2010, and she serves as a management participant of the Board of Emigrant Bank. Ms. Edelman also sits on the Board of Directors for Assurant, Inc. located in New York, New York and serves on the Board of Trustees of Bucknell University, located in Lewisburg, Pennsylvania.

**William Giles**  
**Director**

William Giles has served on the Board of Directors of BII since March 2013. Mr. Giles is the former Chief Financial Officer and Executive Vice President for Finance, Information Technology and Store Development for AutoZone Inc. in Memphis, Tennessee serving in that role since October 2012 until his retirement in December 2020. Mr. Giles sits on the Board of Directors for Youth Villages based in Dallas, Texas, and the AutoZone Liberty Bowl based in Memphis, Tennessee. Mr. Giles is a member of the American Institute of Certified Public Accountants based in Durham, North Carolina and the New York State Society of CPA's based in New York, New York.

**Ramona Hood**  
**Director**

Ms. Hood has served on the Board of Directors of BII since January 2022. Ms. Hood is the President and CEO of FedEx Custom Critical® based in Uniontown, Ohio having served in that position since January 2020. Ms. Hood previously served as Vice President, Operations, Strategy & Planning for Fed Ex Custom Critical from June 2018 to December 2019 and has served as Vice President, Transportation Management for Fed Ex Supply Chain from August 2016 to May 2018.

**James Katzman**  
**Director**

Mr. Katzman has served on the Board of Directors of BII since January 2018. Mr. Katzman is the Senior Vice President, Business Development for General Electric based in Boston, Massachusetts having served in that position since October 2021. Mr. Katzman is a retired partner of Goldman Sachs Group, Inc. having served in that role from December 2004 to March 2015, first in the New York, New York office and then in the San Francisco, California office.

**Frank Liberio**  
**Director**

Frank Liberio has served on the Board of Directors of BII since July 2024. Mr. Liberio served as the former Global Chief Information Officer for Restaurant Brands International based in Fort Lauderdale, Florida from November 2019 to February 2023. Mr. Liberio also served as Co-Chair of the Merchant Advisory Group Executive Tech Advisory Board based in Palm Harbor, Florida from July 2019 to February 2023, Executive Advisor for MuleSoft based in San Francisco, California from September 2018 to November 2019 and Executive Advisory and Management Consultant for Daugherty Business Solutions based in Palm Harbor, Florida from July 2018 to November 2019.

**Prashant Ranade**  
**Director**

Prashant Ranade has served on the Board of Directors of BII since April 2019. Mr. Ranade served as a mentor for leaders at Atos Syntel (formerly known as Syntel, Inc.) in Dallas, Texas serving in that

capacity from November 2016 to October 2018. Mr. Ranade previously served as the former Co-chairman of the board of Atos Syntel in Dallas, Texas serving in that capacity from November 2016 to October 2018.

Unless noted above, all of our officers and directors listed in this Item 2 are located in our Dallas, Texas office.

### **ITEM 3**

#### **LITIGATION**

Our parent, BII, is a defendant in a putative class action styled as *In re: Brinker Data Incident Litigation*, filed on May 24, 2018, pending in the U.S. District Court for the Middle District of Florida, Case No. 3:18-cv-00686-TJC-MCR (“Litigation”). Plaintiffs in the Litigation have asserted various claims stemming from a cyber-security incident that occurred at company-owned Chili’s Restaurants involving customer payment card information. Among other claims, plaintiffs have alleged that BII violated the Florida Unfair and Deceptive Trade Practices Act, the Nevada Deceptive Trade Practices Act, the Texas Deceptive Trade Practices Act, the Virginia Consumer Protection Act, and the California Unfair Competition Law, and plaintiffs are seeking damages of \$5.0 million, injunctive and declaratory relief and attorney’s fees and costs. On April 14, 2021, the district court issued an order granting in part and deferring in part Plaintiffs’ motion for class certification. Brinker sought and was granted immediate discretionary review of the district court’s certification order by the Eleventh Circuit Court of Appeals. On June 11, 2023, the Eleventh Circuit decertified the class but upheld plaintiffs’ damages methodology. The case was remanded to the trial court for further proceedings consistent with the Eleventh Circuit’s ruling. Brinker sought review by the United States Supreme Court on the damages methodology issue, but the Court denied Brinker’s petition for review. The case, currently only a single plaintiff action, continues in the trial court where the parties have briefed the issue of predominance in connection with class recertification. The parties await the court’s ruling and further instruction.

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

### **ITEM 4**

#### **BANKRUPTCY**

There is no bankruptcy required to be disclosed in this Item.

### **ITEM 5**

#### **INITIAL FEES**

All of the fees in this Item 5 are the same for all Maggiano’s Restaurants unless otherwise specified.

##### Initial Franchise Fee:

At or before the date on which you begin construction of a Maggiano’s Restaurant, you must pay us an initial franchise fee of \$3,500 for each year of the Term of the Franchise Agreement. The Term will start on the Effective Date of the Franchise Agreement and will expire on the last day of the initial term of the lease for the Restaurant. We may reduce or waive the initial franchise fee under certain circumstances in our sole discretion. The initial franchise fee is nonrefundable except if you fail to secure the required liquor licenses by the date the Restaurant is otherwise ready (and/or required) to open for business, then we

may terminate the Franchise Agreement on 10 days prior written notice. If we do, we will refund your initial franchise fee (without interest), less any expenses and/or damages we have incurred.

Except as described above, we are not obligated to return any portion of the initial franchise fee if the Franchise Agreement is terminated by you or us for any reason.

Initial Training Fee:

If the opening date of your Restaurant is moved after your personnel have completed initial training, we may require your personnel to repeat our initial training program. If we do, you must pay us a training fee at our then-current rates (currently, \$4,000 per trainee), as well as paying the expenses of your personnel. We may also require you to pay a training fee if we train the Managing Owner, Operating Partner, and/or managers for your third and subsequent Restaurants or any replacements. All training costs are nonrefundable. Training fees and costs are determined uniformly but may vary among franchisees based on the circumstances described in this paragraph.

Construction/Design Evaluation and Market Data:

We will provide you 1 construction/design evaluation of your first Restaurant or the first “special” (i.e. “non-prototype”) Restaurant at no charge. If you request additional evaluation for your first Restaurant, or if we initiate additional evaluation for your first Restaurant because of reasonable concerns with your construction/design process, and we perform such additional evaluation, you must reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for each such evaluation visit. If we perform additional evaluation for reasons not related to our reasonable concerns with your construction/design process, we will bear the costs of such evaluation. You must also reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for all construction/design evaluations that we perform for your second or subsequent Restaurants, if you develop more than one Restaurant. Our costs for construction/design evaluations vary depending on the amount of time and personnel utilized in the actual evaluation. During our last fiscal year, construction/design evaluation costs ranged from \$0 to \$2,500.

We may also choose to make available to you at a reasonable cost reports containing demographic and market data and real estate analyses. In determining the cost for these reports, we take into account the nature, type, and amount of information requested as well as the administrative time necessary to organize the information and third party resources. Each report costs between 0 to \$2,500.

**ITEM 6**

**OTHER FEES**

| Column 1                   | Column 2                 | Column 3  | Column 4  |
|----------------------------|--------------------------|---|---|
| Type of Fee (1)            | Amount                   | Due Date  | Remarks   |
| Royalty Fee                | 1.25% of Gross Sales (2) | Payable by the 10th of each month (2)             | See Note 2 for definition of Gross Sales. The Royalty Fee payment must be accompanied by a Monthly Financial Statement. |
| Technical Services Fee (2) | 3.75% of Gross Sales (2) | Payable by the 10 <sup>th</sup> of each month (2) | See Note 2 for definition of Gross Sales. The Technical Services Fee  |

| Column 1                                   | Column 2  | Column 3   | Column 4   |
|--|---|--|--|
| Type of Fee (1)                            | Amount  | Due Date   | Remarks  |
|  |   |  | must be accompanied by a Monthly Financial Statement.  |
| Advertising Production Fee(3)              | 0.5% of Gross Sales                               | Payable by the 10th of each month (2)            | Unless or until we institute a National Advertising Program or Regional Advertising Program, you may be required to pay the Production Fee. The Production Fee is used to maintain, direct, administer and prepare advertising and promotional activities, including creative costs. |
| Local Advertising Program (LAP) Fee (3)    | Minimum - 1% of Gross Sales for airport locations | As incurred by you, with quarterly reports to us | If we require you to participate in the LAP, you must spend at least 1% of Gross Sales on local advertising, unless the Restaurant is not located in an airport, in which case, you will be required to contribute 2.5% of Gross Sales to the LAP, if instituted. See Note 3.        |
| Regional Advertising Program (RAP) Fee (3) | Maximum - 1% of Gross Sales for airport locations | Payable by the 10th of each month                | If we require you to participate in the RAP, you must contribute at least 1% of Gross Sales to the RAP, unless the Restaurant is not located in an airport, in which case, you will be required to contribute 4% of Gross Sales to the RAP, if instituted. See Note 3.               |
| National Advertising Program (NAP) Fee (3) | Maximum - 1% of Gross Sales for airport locations | Payable by the 10th of each month                | If we require you to participate in the NAP, you must contribute at least 1% of Gross Sales to the NAP, unless the Restaurant is not located in an airport, in which case, you will be required to contribute 4% of Gross Sales to the NAP, if instituted. See Note 3.               |
| Supplemental Marketing Programs            | Currently, no fee                                 | Payable by the 10 <sup>th</sup> of each month    | See Note 4.  |

| Column 1                              | Column 2   | Column 3              | Column 4   |
|---------------------------------------|--|-----------------------|--|
| Type of Fee (1)                       | Amount   | Due Date              | Remarks  |
| Replacement and Supplemental Training | Currently, \$4,000, plus costs of your personnel attending training  | On demand             | We may charge a training fee if we train a replacement Managing Owner, Operating Partner or manager or if your personnel attend supplemental training.   |
| Product Testing Fee                   | Currently, approximately \$1,500 per year per tested product charged to the supplier; reasonable fee based on our costs if testing is required due to specification non-compliance or use of unapproved supplier | 30 days after billing | If we test a product from your Restaurant and determine that the product came from an unapproved supplier or is not in compliance with our specifications, you must pay the cost of the test.  |
| Supplier Facility Inspection          | Currently, approximately \$1,025 per day, plus travel expenses; typically charged to the supplier or distributor   | 30 days after billing | If we have not previously approved a supplier, distributor, and/or item you wish to use, you must apply to us for approval, and either you or the supplier must pay the product testing and/or facility inspection costs. Multiple day inspections may be necessary for larger facilities. |
| Licensing Fees                        | Currently, none  | As invoiced           | You may be required to pay a license fee for any computer or point-of-sale system we make available to you.  |
| Restaurant Inspection                 | Varies   | On demand             | If you fail within a reasonable time to correct any deficiencies that we identify during our inspection, you must pay us a reasonable fee if we must assist in the correction of these deficiencies.   |

| Column 1  | Column 2   | Column 3   | Column 4   |
|---|--|--|--|
| Type of Fee (1)                                     | Amount   | Due Date   | Remarks  |
| Mandatory Sanitation and Food Safety Program (SAFE) | Currently, approximately \$343.29 per visit.   | 30 days after billing  | Participation in the Brinker (Safe-Sanitation and Food Evaluation) restaurant assessment program is required. Unannounced assessments will be conducted at least four times per year. We reserve the right to include the rules, terms, and conditions of the assessment program in the MFM and modify the rules, terms, and conditions of the assessment program from time to time. |
| Insurance   | Varies depending on your insurance costs at the time   | Upon Notice  | In you fail to procure insurance, we have the right (but not the obligation) to procure insurance on your behalf and charge the same to you, together with a reasonable fee based on our expenses.   |
| Transfer Fee  | The greater of \$5,000 or an amount necessary to reimburse us for our expenses, with a single transfer maximum of \$25,000 | Payable in two installments:<br>(Installment 1)<br>\$2,500 due upon receipt of notification regarding transfer and application from proposed transferee and<br>(Installment 2)<br>the greater of \$2,500 or an amount necessary to reimburse us for our costs and expenses associated with the transfer up to \$22,500 | No fee is charged to an individual or partnership franchisee that transfers its rights to a wholly-owned corporation.  |
| Offering  | \$10,000 per offering  | 30 days after billing  | This covers our cost to review the proposed offering of your securities.   |

| Column 1  | Column 2  | Column 3                          | Column 4   |
|---|---|-----------------------------------|--|
| Type of Fee (1)   | Amount  | Due Date                          | Remarks  |
| Audit   | Cost of audit, including travel, lodging, wages, and legal and accounting costs   | On demand                         | Payable only if we find that you have underpaid or understated any amount owed to us by at least 2%.   |
| Late Charge and Interest                                | \$500 late charge for each delinquent payment, and the lesser of 18% per annum or maximum legal rate (the maximum legal rate in California is 10% per annum); plus \$500 administrative charge for late payment | On demand                         | Interest is payable on all overdue amounts, and the administrative charge is due for each delinquent payment.  |
| Indemnification   | Will vary depending on loss   | On demand                         | You must indemnify us for all losses and expenses we incur because of your actions. See Note 5.  |
| Enforcement Costs                                       | Will vary   | When determined                   | In any judicial or other proceeding, the prevailing party will be entitled to recover its reasonable costs and expenses (including court costs, attorneys' fees, and discovery costs) from the other party. In any other situation in which we must enforce your obligations under the Agreements, you must pay our costs and expenses.  |
| Liquidated Damages for Unsatisfactory Inspection Scores | 1% of Gross Sales   | Payable by the 10th of each month | If you fail to obtain a satisfactory inspection score, as we define satisfactory, on two consecutive inspections, then you may be required, as we determine, to pay us 1% of Gross Sales for the period beginning with the second, consecutive unsatisfactory score and continuing until such time as the Restaurant receives a satisfactory score on a subsequent inspection. |

| Column 1                                    | Column 2   | Column 3   | Column 4  |
|---|--|--|---|
| Type of Fee (1)                             | Amount   | Due Date   | Remarks   |
| Relocation or Reconstruction                | Minimum royalty and technical services fee agreed by you and us  | Monthly during period Restaurant is not in operation | If your Restaurant is closed more than 30 days through no fault of your own, we may approve you to relocate or reconstruct the restaurant, and may charge an agreed minimum monthly royalty and technical services fee while the Restaurant is closed.  |
| Successor Fee                               | \$3,500 for each year of the successor term  | When the successor franchise agreement is signed     | We may offer to you a successor franchise if you meet our qualifications to remain a franchisee for a successor term, the length of which will be determined prior to entering into a successor franchise agreement. The successor fee is in addition to any costs for remodeling that we may require as a condition of entering into a successor franchise agreement with us after the term of your Franchise Agreement expires.                   |
| Decor Items, Certain Furniture and Fixtures | Currently, the prices that we charge our company-owned restaurants for the items, including a 15% administration fee; prices are subject to change with prior written notice | Prior to placing order                               | We are an approved supplier of décor items, including certain furniture and fixtures. You may establish buying relationships with other approved suppliers. See Item 8.   |
| Gift Cards                                  | Approximately \$1,500 per year/per restaurant  | As invoiced  | You must participate in and bear certain costs associated with our gift card program. Fiserv (formerly known as First Data) is our third party gift card provider. Fiserv may bill you for certain items related to start-up, but generally Fiserv will bill us monthly. Fiserv reconciliation includes B2b and third party gift card redemptions by franchisees including a reconciliation of certain costs and benefits of program participation. |

| Column 1             | Column 2               | Column 3              | Column 4   |
|----------------------|------------------------|-----------------------|--|
| Type of Fee (1)      | Amount                 | Due Date              | Remarks  |
| Management Services  | 10% of Gross Sales     | As deducted from fund | If we exercise the option to purchase the Restaurant, then we have the right to appoint a manager to maintain the operation of the Restaurant until the closing of the purchase occurs and charge the management services fee. |
| Mandatory Remodeling | Actual costs you incur | As arranged           | See Note 6.  |

Notes:

- (1) All fees and expenses described in this Item 6 are nonrefundable. Unless we have otherwise indicated in the preceding chart, all fees and expenses are imposed by, and are payable to, us. Generally, all fees are uniformly imposed on our franchisees, but we may, in our sole discretion, negotiate some fees under certain circumstances. Except as specifically stated above, these amounts may be subject to increases based on changes in market conditions, our cost of providing services, and future policy changes.
- (2) The Technical Services Fee is paid as consideration for your right to use the System and receive certain services under the Franchise Agreement. As long as the Franchised Restaurant is located within an airport terminal facility, and if you are required to contribute to the National Advertising Plan (“NAP”) and/or Regional Advertising Plan (“RAP”), then the Technical Services Fee will be reduced by the same percentage of Gross Sales required to be paid for the NAP Fee or RAP Fee (up to a 1% reduction in the Technical Services Fee).

Unless we notify you in writing of a change, royalties, technical services fees and other monthly payments must be paid by the 10<sup>th</sup> day of each month on Gross Sales for the preceding month, and must be submitted to us together with any required reports or statements. You may not withhold or offset payments based on our alleged non-performance under the Franchise Agreement. If any payment is overdue, you must pay us the overdue amount plus interest from the due date at the stated rate and at our option we may charge a \$500 late fee. We reserve the right to require payment on a twice-a-month basis and/or to implement electronic debiting of your account for payment. Currently, we have not implemented either of these payment options.

“Gross Sales” includes the total value of all services and products provided by and/or from the Franchised Restaurant and all revenue from any sale of all services and products and all other income of every kind and nature related to the Franchised Restaurant (including, without limitation, the full value of on-premise sales, off-premise sales, delivery sales, catering sales, Internet sales, sales from tabletop and other digital media devices, complimentary sales, coupon sales, sales to employees, employee meals, and any other type of sale related to the Franchised Restaurant, whether for cash or credit (and regardless of collection in the case of credit), and with no deductions or exclusions whatsoever, except federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority or tips or gratuities collected by you from customers and paid to employees. Without limiting the foregoing, you will not be permitted to take any other deduction or exclusion from Gross Sales other than the taxes, tips and gratuities listed in the previous sentence, and specifically, you will not be permitted to deduct any

complimentary sales including, without limitation, sales from complimentary food and beverages provided to customers and/or employees, unless authorized by us in writing.

- (3) Advertising programs are described in greater detail in Item 11. You must participate in the advertising program we designate. This may be either the Local Advertising Program or the Regional Advertising Program, and/or the National Advertising Program. We may change the required advertising program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports, or unique restaurant sites), we may modify the advertising fees for a specific franchisee in our sole discretion.
- (4) You must participate in any supplemental marketing programs we designate and pay for certain costs related to such programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion. Currently, we do not require our franchisees to participate in a supplemental marketing program or pay a supplemental marketing fee.
- (5) Your indemnification obligations are subject to state law.
- (6) You will be required to remodel your Restaurant, at your sole cost, every seven years to conform with the current image of Maggiano’s Restaurants. We do not charge a remodel fee, but you will be required to pay all costs you incur to comply with our remodel requirements.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**MAGGIANO’S SPECIAL VENUE<sup>1</sup>**

| Column 1<br>Type of expenditure    | Column 2<br>Actual or<br>Estimated Cost<br>Low – High | Column 3<br>Method of<br>Payment | Column 4<br>When Due | Column 5<br>To Whom<br>Payment Made |
|------------------------------------|---|----------------------------------|----------------------|-------------------------------------|
| Initial Franchise Fee <sup>2</sup> | \$35,000  | Lump Sum                         | See Item 5           | Brinker                             |
| Leasehold Expense <sup>3</sup>     | Varies  | Monthly                          | As arranged          | Lessor                              |
| Pre-Construction <sup>4a</sup>     | \$190,000-\$300,000                                   | As arranged                      | As arranged          | Suppliers                           |
| Construction Costs <sup>4b</sup>   | \$3,100,000-\$3,900,000                               | As arranged                      | As arranged          | Contractors/<br>suppliers           |

| Column 1<br>Type of expenditure                      | Column 2<br>Actual or<br>Estimated Cost<br>Low – High | Column 3<br>Method of<br>Payment | Column 4<br>When Due | Column 5<br>To Whom<br>Payment Made                               |
|--|---|----------------------------------|----------------------|---|
| Site Work <sup>5</sup>                               | \$65,000-\$390,000                                    | As arranged                      | As arranged          | Contractors/<br>suppliers   |
| Exterior Signage <sup>6</sup>                        | \$30,000-\$80,000                                     | As arranged                      | As arranged          | Contractors/<br>suppliers   |
| Furniture/Fixtures/<br>Sound System/TVs <sup>7</sup> | \$190,000-\$250,000                                   | As arranged                      | As incurred          | Suppliers/equipme<br>nt financiers                                |
| Kitchen/Bar<br>Equipment <sup>8</sup>                | \$250,000-\$415,000                                   | As arranged                      | As incurred          | Contractors/<br>suppliers   |
| Initial Training <sup>9</sup>                        | \$60,000-\$350,000                                    | As arranged                      | As arranged          | Suppliers of food,<br>lodging,<br>transportation                  |
| Opening Team<br>Costs <sup>10</sup>                  | \$120,000-\$160,000                                   | As arranged                      | As arranged          | Brinker/suppliers<br>of food, lodging,<br>transportation          |
| Inventory <sup>11</sup>                              | \$75,000-\$100,000                                    | As arranged                      | As incurred          | Suppliers   |
| Bar/Kitchen<br>Accessories <sup>12</sup>             | \$115,000 - \$130,000                                 | As arranged                      | As arranged          | Suppliers   |
| Liquor License <sup>13</sup>                         | Varies  | As arranged                      | As arranged          | Government<br>Agencies; your<br>attorneys or other<br>third party |

| Column 1<br>Type of expenditure  | Column 2<br>Actual or<br>Estimated Cost<br>Low – High | Column 3<br>Method of<br>Payment | Column 4<br>When Due | Column 5<br>To Whom<br>Payment Made |
|--|---|----------------------------------|----------------------|-------------------------------------|
| Computer POS System/Kitchen display system/ Installation <sup>14</sup> | \$90,000 -\$115,000                                   | As arranged                      | As arranged          | Suppliers                           |
| Additional Funds <sup>15</sup> (3 months)                              | \$525,000-\$750,000                                   | As arranged                      | 3 months             | Lessor/Suppliers                    |
| TOTAL <sup>16</sup>  | \$4,845,000-\$6,975,000                               |                                  |                      |                                     |

Notes:

- <sup>1</sup> The above chart provides an estimate of your initial investment for one Maggiano’s Restaurant. There is no specific prototype building, but instead a Maggiano’s Restaurant is designed as a “special venue” building using a standardized kit of design elements. The franchise arrangement offered is for locations in airport terminals. Because of the flexibility in the design, Maggiano’s Restaurants in airports are expected to operate in a square foot range of 3,000 to 6,000. Seat counts could vary significantly depending on the square footage, service style, inclusion/exclusion of bar, and the type of bar, but most current units contain anywhere from 100 to 300 seats.
- <sup>2</sup> The initial franchise fee is \$3,500 for each year of the term of the Franchise Agreement. For purposes of Item 7, we assume a 10-year Franchise Agreement for a total initial franchise fee of \$35,000.
- <sup>3</sup> We estimate that monthly rent payments for an airport location typically range from 10% to 23% of gross sales from the location with minimum guaranteed monthly rental payments that vary by location. Rent amounts may vary significantly for different airport locations. Costs related to evaluation of the restaurant site are not included in this estimate.
- <sup>4a</sup> This estimate includes pre-construction costs for architectural and related drawings, engineering, testing, permits, utility tap fees, and other fees. Costs may vary significantly depending on the requirements of the relevant airport authority, and utility tap fees can vary substantially from location to location.
- <sup>4b</sup> This estimate includes slab work, materials, hardware, roofing materials, plumbing, electrical, HVAC equipment, and labor. Costs may vary significantly based on the relevant airport authority and regional construction costs.
- <sup>5</sup> This work includes the cost to install utilities to the Restaurant location from a remote area of the site.
- <sup>6</sup> This will depend on the building type.
- <sup>7</sup> We require you to purchase benches, chairs, stools, decor, decorative elements, and tables that meet our specifications. We are an approved supplier of certain furniture and decor packages.
- <sup>8</sup> The estimate given covers the cost of kitchen and bar equipment, hood ventilation, and refrigeration equipment. We require you to purchase certain kitchen equipment to meet our specifications.

- 9 If this is your or your affiliate's first or second Maggiano's Restaurant, we provide initial training for up to 5 of your representatives (in addition to your Managing Owner and Operating Partner). This is an estimate of the costs that you will incur for transportation, lodging and food, and wages for attendees of our initial training program. The low end of the estimate assumes that your Managing Owner, Operating Partner, and one other representative will attend initial training, and the high end of the estimate assumes that your Managing Owner, Operating Partner, and 5 other representatives will attend initial training. The actual cost will depend on the distance the attendees must travel and the type of accommodations you choose.
- 10 The figures given include the cost of an opening crew provided by us. See Item 11.
- 11 We estimate that the range given will be sufficient to cover your inventory needs for the first month of operation.
- 12 The estimate includes restaurant smallwares, like cooking, serving, and other utensils for food preparation.
- 13 License fees will vary significantly, depending on the locale and the requirements of the applicable state, county, or municipal liquor licensing laws and related liquor licensing authorities, so we cannot provide an accurate estimate. In some states, liquor licenses must be purchased at costs ranging from \$5,000 to \$1,000,000. This amount does not include entity-related franchise taxes required by some states.
- 14 This estimate is for the cost of a computerized point-of-sale system, WIFI, iPads, and kitchen display system, including installation.
- 15 This amount is our estimate of the amount needed to cover your expenses for the start-up phase of the business, including lease payments, inventory (including restaurant equipment and food), payroll, facility expenses like utilities, insurance, pest control, security, repairs and maintenance, and complimentary sales and other costs. The range provided also includes our best estimate of the cash requirements including Builders Risk insurance (at preferred months of operations). For the purpose of this disclosure document, we have estimated the start-up phase to be 3 months from the date the restaurant opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the restaurant. Your actual cost will depend on factors like your management skill, experience, and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.
- 16 See Notes 3 and 13 describing significant additional expenses related to the lease of a restaurant site and the acquisition of a liquor license for the restaurant, which expenses are not included in the estimated total investment. The numbers above are representative of costs expended for construction of a Maggiano's Restaurant in the State of Texas (a right-to-work state). You should consult a construction standard index to determine whether these costs accurately reflect the costs of construction in the area in which you will develop.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Purchases from Designated and Approved Suppliers**

You generally have no obligation to purchase or lease from us, our affiliates, or other designated third party suppliers any of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating the Restaurant. However, you must obtain gift card processing services from our designated third party supplier, purchase computer hardware and software and electronic cash

register systems and kitchen display systems from our designated third party supplier. We are an approved supplier (but not the only approved supplier) of the other items listed below.

Gift Cards – You may only purchase and sell gift cards that have been approved by us. The only gift card processor you may use is Fiserv. The estimated cost to purchase gift cards for sale in your restaurant is approximately \$1,500 per year/per restaurant. We will reconcile costs and benefits of the gift card program and generate periodic accountings to franchisees. We have implemented a comprehensive gift card policy that is applicable to you and with which you must comply. We may supplement, replace, revise, or otherwise modify the gift card policy at any time, and you must comply with any revised gift card policy. We may require you to sign a gift card participation agreement in the future.

Computer System – You must purchase and install a POS system and kitchen display system that we approve. The Aloha POS system is the only approved POS system, and the Aloha Kitchen display system is the only approved kitchen display system. You must purchase the Aloha platform (hardware and software) from NCR, if NCR sells the required system. If not, you must purchase the required system from a supplier we approve. Currently, you may use one of several designated suppliers for ongoing service, although we may in the future require you to use a single designated supplier source for required hardware, software, and/or database maintenance services (and that single designated supplier may be us or an affiliate). Maggiano’s also uses NCR connected payments P2PE payment processing platform. One device for each POS terminal in the restaurant.

Decor Products, Furniture & Fixtures – BII and we are approved suppliers of the decor packages and certain restaurant furniture and fixtures.

Merchandise, Marketing and Training Products & Supplies – You must purchase certain merchandise, marketing and training products and supplies from our approved suppliers.

Advertising and Promotional Materials – You must purchase certain advertising and promotional materials from our approved suppliers.

None of our officers owns an interest in any privately held suppliers, or a material interest in any publicly held suppliers, of the Maggiano’s franchise system. From time to time, our officers may own non-material interests in publicly held companies that may be suppliers to our franchise system.

### **Purchases According to Specifications**

Food, Beverages, FF&E and Other Items – You must comply with all of our standards and specifications for the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used or offered for sale at the Restaurant.

Lease Terms – If you enter into a lease for the Restaurant premises, we have the right to ask you to provide us with a copy of the executed lease and you must provide us with a copy within 3 business days of our request. Unless we agree to waive a particular provision, any lease for a Maggiano’s Restaurant must contain the provisions listed in the Site Development Obligations document, which is Attachment I to the Franchise Agreement. These provisions are designed to protect our rights as your franchisor.

Construction and Opening – You must begin construction of the Restaurant in compliance with our standards and specifications within 180 days after we approve the site (or, if the premises is then occupied, immediately after you gain possession). Among other requirements, you must employ a qualified architect and engineer, reasonably acceptable to us, to prepare for our approval preliminary plans and specifications for site improvement and construction of the Restaurant based upon prototype drawings furnished by us. You may not use our prototype plans as construction plans or blue-prints, but only as required design concepts, which you must adapt to your site. You must complete construction within 240 days after

construction begins (unless construction is delayed by strikes, lockouts, fire, other casualties, acts of God, weather and other factors beyond your reasonable control). Before opening your Restaurant for business, you must comply with all opening requirements we specify in the Agreements, the MFM, and/or elsewhere in writing (which includes email communications). You may not open a Restaurant to the public until you have received written “Authorization to Open” from us.

Advertising and Promotional Materials – All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them if we have not prepared them or previously approved them during the 12 months preceding the date of their proposed use. You must submit any unapproved plans and materials to us, and we will use reasonable efforts to approve or disapprove them within 14 days after we receive them. You must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials if we notify you to do so.

Public Relations and Crisis Communications – You must inform us if and when you have retained a local public relations firm and provide us with the identity of the firm. Regardless of whether you have retained a local public relations firm, you must allow us to review and approve, in our sole discretion, any press releases before their distribution to the media. You must also alert us to any actual crisis situation that develops (or any potential crisis situation).

Insurance – You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim for personal injury, death or property damage, or any loss, liability or expense related to the operation of the Restaurant.

These policies must be written by a responsible insurance carrier or carriers which are rated “A” or better by the A.M. Best Company, Inc., are responsible and authorized to do business in the state your Restaurant is located, and are acceptable to us. At a minimum, you must carry:

- (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability, and fire damage coverage in the amount of \$2,000,000 per occurrence for bodily injury and property damage, \$2,000,000 for liquor liability, \$3,000,000 general aggregate;
- (ii) property insurance against damage or loss by fire and such other hazards (including earthquake and flood (where applicable), lightning, windstorm, hail, explosion, vandalism, malicious mischief, aircraft, vehicle and smoke) on an “all risk” basis for the full cost of replacement of the Restaurant premises;
- (iii) worker’s compensation insurance covering all of your employees with employer’s liability limits not less than \$500,000 for each bodily injury by accident and \$500,000 for each bodily injury of an employee by disease, and you are required to carry this insurance regardless of waiver or exemption of coverage under any applicable state statute;
- (iv) “all risk” builder’s risk insurance and performance and completion bonds in forms and amounts satisfactory to us for any construction, remodeling, renovation or refurbishing of the Restaurant;
- (v) automobile liability insurance for all owned, non-owned and hired vehicles covering bodily injury, death and property damage with a minimum combined single coverage limit of \$1,000,000; and
- (vi) commercial umbrella liability or excess liability insurance with a minimum limit of \$5,000,000 per occurrence, which policy must provide excess limits for the general liability, automobile liability and employer’s liability forms required above or at least as broad in coverage; and

(vii) cyber liability insurance with a minimum coverage of \$5,000,000 general aggregate.

You may, with our written consent, elect reasonable deductibles for the coverages described in (i), (ii), (v), and (vi) above. You may not, without our prior written consent, agree to sublimits in the insurance policies listed above. Except for worker's compensation insurance, all insurance policies must name us, our affiliates, successors and assigns (and their officers, directors, shareholders, partners, employees, servants, representatives and agents) as additional insureds. In addition, all insurance policies must waive subrogation in favor of us, our affiliates, successors and assigns (and their officers, directors, shareholders, partners, employees, servants, representatives and agents).

### **Supplier Approval Procedure**

You must purchase all food items, ingredients, supplies, materials and other products used or offered for sale at the Restaurant solely from suppliers (including manufacturers, distributors (including distributors of groceries, bakery, dairy, produce, seafood and meat items) and other sources) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably; who have been approved in writing by us before you make any purchases from any supplier; and who have not been disapproved. We may change the number of approved suppliers at any time and may designate ourselves, our affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of your purchases. If you wish to purchase any products from an unapproved supplier, you or the proposed supplier must submit a written request for approval to us and you will be required to have the supplier sign a confidentiality agreement. You may not purchase from any supplier unless and until we have approved the supplier in writing. We (and our representatives) will have the right to inspect the supplier's facilities and take samples from the supplier for testing at your or the supplier's expense. (See Item 6.) We also have the right to re-inspect the facilities and products of any approved supplier periodically and to revoke our approval if the supplier fails to continue to meet any of our then-current criteria. We may use an audit company that we select to conduct such inspections, and the proposed supplier must achieve a score that we approve.

Among other things, we consider the following in determining whether to approve a supplier:

Technical – Whether the proposed supplier offers innovations or expertise not available elsewhere that would give the System some competitive advantage in the marketplace.

Quality – Whether the proposed supplier fills a need in quality.

Supply – Whether the proposed supplier offers needed additional capacity or fills a geographical weakness in the supply chain.

Cost – Whether the proposed supplier offers an opportunity to reduce System costs while maintaining or improving quality, supply and service.

Safety – Whether the manufacturing processes are effective to maintain the required food safety standards.

Although we are not required to approve or disapprove supplier requests within any particular time period, we generally respond within 45 days after we receive the written request. We are not required to approve any particular supplier (and may make that determination in our sole discretion).

### **Purchasing Arrangements**

During our 2024 fiscal year we had no revenues based on the sale of required items to Maggiano's franchisees. Our parent, BII, did not have any revenues based on the sale of required items to Maggiano's franchisees during our 2023 fiscal year.

We negotiate purchase arrangements for the benefit of our company-owned restaurants. We may, but are not required to, negotiate purchase arrangements that also benefit franchised units. In any event, you are responsible for coordinating payment directly with our approved suppliers and distributors.

We may receive rebates or discounts from certain unaffiliated suppliers of equipment, trade fixtures, furniture, food and beverages, and other general restaurant supplies, based on amounts purchased for our company-owned Restaurants and franchised Restaurants. During our last fiscal year, we did not receive any rebates or discounts based on purchases of those products by Maggiano’s franchisees.

Our franchisees are responsible for negotiating their own discounts and rebates from our suppliers and distributors and may earn discounts and rebates from suppliers on a different basis than we do because of volume purchasing, servicing, timing and several other purchasing factors.

We estimate that the purchase and lease of all equipment, trade fixtures, decor items, restaurant supplies, and other items you must purchase or lease from us or our affiliates, or from unaffiliated approved or designated suppliers, will represent approximately 1% to 10% of your total purchases and leases to establish and operate the franchised business.

We will consider many factors when we evaluate whether or not to renew or grant additional franchises to a particular franchisee, including whether or not the franchisee has complied with the sourcing requirements described above.

## ITEM 9

### FRANCHISEE’S OBLIGATIONS

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

| Obligation   | Section in Franchise Agreement               | Disclosure Document Item |
|--|--|--------------------------|
| a. Site selection and acquisition/lease                | Section 3.6; Attachment I                    | Items 8 and 11           |
| b. Pre-opening purchases/leases                        | Article 3                                    | Items 5, 7 and 11        |
| c. Site development and other pre-opening requirements | Sections 3.2 and 3.6; Attachment I           | Items 8 and 11           |
| d. Initial and ongoing training                        | Sections 3.1, 3.4, and 3.7                   | Item 11                  |
| e. Opening   | Sections 3.2, 3.5, and 3.6                   | Item 11                  |
| f. Fees  | Sections 4.1, 4.2, 4.3, 11.8, 11.9, and 14.4 | Items 5, 6, and 7        |

| <b>Obligation</b>                                       | <b>Section in Franchise Agreement</b>     | <b>Disclosure Document Item</b> |
|---|---|---------------------------------|
| g. Compliance with standards and policies/manuals       | Article 7<br>Sections 5.2 and 5.3         | Items 8, 11, 13, and 14         |
| h. Trademarks and proprietary information               | Articles 8 and 9<br>Sections 7.7 and 16.2 | Items 1, 13, and 14             |
| i. Restrictions on products/services offered            | Sections 7.1, 7.5, 7.6, and 7.7           | Item 16                         |
| j. Warranty and customer service requirements           | Section 7.4                               | N/A                             |
| k. Territorial development and sales quotas             | Not applicable                            | Item 12                         |
| l. Ongoing product/service purchases                    | Sections 7.6 and 7.7                      | Item 8                          |
| m. Maintenance, appearance, and remodeling requirements | Sections 7.1, 7.8, 7.9, 7.10, and 7.11    | Items 8 and 11                  |
| n. Insurance  | Article 12                                | Items 7 and 8                   |
| o. Advertising and promotions                           | Article 11                                | Items 6 and 11                  |
| p. Indemnification                                      | Sections 13.9, 17.2, and 17.3             | Item 6                          |
| q. Owner's participation/staffing/ management           | Sections 7.2 and 7.4                      | Items 1 and 15                  |
| r. Records and reports                                  | Article 10                                | Items 6 and 11                  |
| s. Inspections and audits                               | Sections 7.11 and 10.5                    | Items 6 and 11                  |
| t. Transfer   | Article 13                                | Items 6 and 17                  |

| Obligation                      | Section in Franchise Agreement      | Disclosure Document Item |
|---------------------------------|-------------------------------------|--------------------------|
| u. Renewal                      | Section 2.2                         | Item 17                  |
| v. Post-termination obligations | Sections 15.1, 16.3(b), and 16.3(c) | Item 17                  |
| w. Non-competition covenants    | Article 16                          | Items 15 and 17          |
| x. Dispute resolution           | Article 21                          | Item 17                  |

## ITEM 10

### FINANCING

We do not offer direct or indirect financing. We do not guarantee any notes, leases or other obligations you may make to others.

## 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 will:

1. Provide you 1 construction/design evaluation of your first Restaurant or the first “special” (i.e., “non-prototype”) Restaurant at no charge. If you request additional evaluation for your first Restaurant, or if we initiate additional evaluation for your first Restaurant because of reasonable concerns with your construction/design process, and we perform such additional evaluation, you must reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for each such evaluation visit. If we perform additional evaluation for reasons not related to our reasonable concerns with your construction/design process, we will bear the costs of such evaluation. You must also reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for all construction/design evaluations that we perform for your second or subsequent Restaurants, if you develop more than one Restaurant. Our costs for construction/design evaluations vary depending on the amount of time and personnel utilized in the actual evaluation. (Franchise Agreement, Article 3, Section 3.6 and Attachment I)

2. Within a reasonable period after you sign the Franchise Agreement, make available, at no charge to you, standard prototype plans and specifications, which indicate the exterior and interior design and layout, fixtures, furniture, and signs for a prototype restaurant. These should be used as reference, and you must adapt the standard prototype design to your location, at your own expense. (Franchise Agreement, Article 3, Section 3.6 and Attachment I)

3. Provide you with an initial training program for your Managing Owner and Operating Partner and up to 5 of your managers. (Franchise Agreement, Article 3, Section 3.1)

4. Provide you with on-site pre-opening and opening supervision and assistance (which may include, at your expense, an opening crew), as we deem advisable, depending on the availability of personnel. (Franchise Agreement, Article 3, Section 3.2)
5. Provide you with access to one copy of the MFM. (Franchise Agreement, Article 5, Section 5.1)

### **Typical Length of Time Before You Open Your Restaurant**

We estimate the time from the date you sign the Franchise Agreement to the date you begin operating your Restaurant will be approximately 12 months and that the Franchise Agreement will be signed at least 10 days before commencement of construction. This time may be extended or reduced depending on the time necessary to obtain a site, the availability of financing, your ability to obtain financing, and the amount of time required to obtain the permits and licenses necessary for operation, none of which are within our control. If you fail to open your Restaurant at a site approved by us within 365 days after you sign the Franchise Agreement, we can terminate the Franchise Agreement and your initial franchise fee will not be refunded.

### **Continuing Obligations:**

During the operation of your Restaurant, we will:

1. Make available other training programs, as we deem appropriate. (Franchise Agreement, Article 3, Sections 3.3, 3.4)
2. Provide continuing advisory assistance to you in the operation of the Restaurant, as we deem advisable. (Franchise Agreement, Article 3, Section 3.3)
3. Make available research data and other materials relating to merchandising, marketing, and advertising. We have the right to review and approve or disapprove all advertising and promotional materials, which you propose to use. (Franchise Agreement, Article 3, Section 3.3 and Article 11, Section 11.6)
4. Revise the contents of the MFM as needed. (Franchise Agreement, Article 5, Section 5.1). We reserve the right to charge a reasonable fee (based on our costs and expenses) for any replacement MFM or pages of the MFM you request, if the replacement is needed because you failed to properly maintain or update the MFM as provided or due to your loss of the Manual.
5. Provide you, 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, and preparation. (Franchise Agreement, Article 3, Section 3.3(c))
6. At our option, establish, maintain and administer a regional advertising program or a national advertising program and may require you to conduct local advertising. (Franchise Agreement, Article 11, Sections 11.1, 11.2, 11.3, 11.4)
7. Provide you with access to one copy of “The Maggiano’s Public Relations Guide” and “The Maggiano’s Crisis Communications Manual.” We may also make our Public Relations department available to you from time-to-time to provide public relations counsel and crisis communications assistance. (Franchise Agreement, Article 5, Section 5.3)

### **Advertising**

Currently, we have not established a National Advertising Program or a Regional Advertising Program, and you are not required to pay any advertising fees or contribute to any advertising programs. However, you may be obligated to participate in a Local Advertising Program described below or contribute to the production fund described below, as we require, or until such time as we institute the National Advertising Program and/or Regional Advertising Program. Upon notification by us, you must participate

in one or more of the advertising programs described below, and we may change which program you must participate in at any time during the term of the Franchise Agreement. If we require your participation in an advertising program, we will provide you written notice at least 30 days prior to the commencement of the required participation (“Advertising Program Notice”). However, as long as the Franchised Restaurant is located within an airport terminal facility, any advertising fee required pursuant to an Advertising Program Notice will not exceed 1% of Gross Sales, and the Technical Services Fee will be reduced by the same percentage of Gross Sales required to be paid per the Advertising Program Notice (up to a 1% reduction in the Technical Services Fee).

We may require you to participate in either our Local Advertising Program, our Regional Advertising Program or our National Advertising Program. We may change the program in which you are required to participate during the term of the Franchise Agreement. We do not use any amounts you contribute to any advertising program principally for the solicitation of new franchise sales. We anticipate that we and our affiliates will contribute to advertising programs that we may establish on the same basis as you do for Maggiano’s Restaurants that we or they operate.

#### National Advertising Program

Currently, we have not instituted the National Advertising Program. If we do, the National Advertising Program will be organized, governed, and operated in accordance with our written guidelines (the “NAP Guidelines”), and we will be responsible for maintaining and administering advertising programs in accordance with the NAP Guidelines. No advertising or promotional plans or materials may be used under the National Advertising Program without our prior written consent.

Under the National Advertising Program, you may be required to pay to us up to 1% of Restaurant Gross Sales (“NAP Fee”) to be used by us for maintaining, administering, directing, and preparing advertising and promotional activities for the benefit of the System, as long as your Maggiano’s Restaurant is located in an airport. If your Maggiano’s Restaurant is not located in an airport, then you may be required to pay us up to 4% of Restaurant Gross Sales as the NAP Fee. The NAP Fee will be used exclusively by us for any and all costs incurred in the National Advertising Program including the cost of (i) maintaining, directing, and preparing advertising materials like the preparation and coordination of television, digital (email, sms, search, display, video, social), radio, print, direct mail, outdoor billboard advertising, marketing surveys and other public relations activities; (ii) the preparation and distribution of promotional brochures and other marketing materials; (iii) the cost of developing and maintaining any website(s) related to the National Advertising Program; and (iv) reasonable administrative costs and overhead we incur in activities reasonably related to the administration or direction of the National Advertising Program; and (v) other items as set forth in the NAP Guidelines. We will direct all advertising and production programs in the National Advertising Program, and we will have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the National Advertising Program.

Under the National Advertising Program, we may also require you to participate in a Regional Advertising Program (if such a program exists for your Restaurant). If we do, we reserve the right to allocate the NAP Fee between the National Advertising Program and the Regional Advertising Program.

If your Maggiano’s Restaurant is not located in an airport, and if the NAP Fee is less than 4% of Restaurant Gross Sales, then we may also require you to spend an amount equal to the difference between the actual NAP Fee and 4% of Restaurant Gross Sales on local advertising for the Restaurant. All local advertising is subject to the requirements in Attachment G to the Franchise Agreement and to our prior written approval. You will have the discretion to spend local advertising funds as and when you reasonably determine to be appropriate, so long as your expenditure schedule is acceptable to us in our reasonable discretion. Within 15 days after each fiscal quarter, you must submit to us written documentation (signed and certified by you and your Managing Owner) to show that you have complied with these requirements, as well as other reports we may require. If you do not comply with these requirements and/or if you fail to spend the required amount on approved local advertising, then you will be in default of the Franchise

Agreement and (in addition to any other rights available to us) we may require you to remit the funds to us and we will spend the funds on local advertising for the Restaurant.

We expect that the NAP Fee (including any portion allocable to a Regional Advertising Program) will be spent for advertising and/or promotional purposes during our fiscal year in which they are received. If excess amounts remain at the end of the fiscal year, then all expenditures in the following fiscal year(s) will be made first out of accumulated fees from previous years and then from fees collected during the current year. The National Advertising Program (and any Regional Advertising Program) is operated as a conduit for the collection and expenditure of advertising fees. A statement of the operations of the National Advertising Program (and any Regional Advertising Program) will be prepared annually and will be made available to you upon request. We are not required to audit the statements of operations.

We reserve the right to terminate the National Advertising Program (and any Regional Advertising Program), but the program will not be terminated until all monies have been expended for advertising and/or promotional purposes or other appropriate arrangements have been made.

#### Regional Advertising Program

We have the right to designate any geographical area (for example, an area of dominant influence or “ADI”) as a region for purposes of a Regional Advertising Program.

The Regional Advertising Program may be composed of one or more Maggiano’s Restaurants operated by us and/or by you and/or our other franchisees (and/or their parent company or affiliates). If we establish a Regional Advertising Program for the geographic area where the Restaurant is located, then you must become a member of the Regional Advertising Program. We have the discretion to exclude Maggiano’s Restaurants we operate from the Regional Advertising Program and, upon written request (including the reasons for the request), we may grant you (or any other franchisee in the Regional Advertising Program) an exemption for any length of time from membership in the Regional Advertising Program. As a condition of granting an exemption, we may require that you comply with the local advertising requirements under Section 11.2 of the Franchise Agreement but in an amount equal to the amounts you would have otherwise been obligated to pay under the Regional Advertising Program. Our decision concerning an exemption request is final.

Any Regional Advertising Program will be organized, governed, and operated in accordance with our written guidelines (the “RAP Guidelines”) and we will be responsible for maintaining and administering regional advertising programs under the RAP Guidelines. No advertising or promotional plans or materials may be used under a Regional Advertising Program without our prior written consent. We will direct all advertising and production programs in the Regional Advertising Program, and we will have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the Regional Advertising Program.

Under the Regional Advertising Program, we may require you to pay to us a continuing monthly advertising fee up to 1% of Restaurant Gross Sales (the “RAP Fee”) as long as your Maggiano’s Restaurant is located in an airport. If your Maggiano’s Restaurant is not located in an airport, then you may be required to pay us up to 4% of Restaurant Gross Sales as the RAP Fee. We will use the RAP Fee for purposes similar to those purposes described above for the National Advertising Program, but on a regional basis. If the RAP Fee is less than 4% of Restaurant Gross Sales, and if the Restaurant is not located in an airport, then we may require that you spend an amount equal to the difference between the actual RAP Fee and 4% of Gross Sales on local advertising that complies with Attachment G to the Franchise Agreement and that we have approved. The restrictions on your expenditure of local advertising funds (including reporting requirements) are similar to those described under the National Advertising Program.

### Local Advertising Program

If we require you to participate in the Local Advertising Program, you must spend no less than 1% of Restaurant Gross Sales (“LAP Fee”) on local advertising for the Restaurant, as long as your Maggiano’s Restaurant is located in an airport. If your Maggiano’s Restaurant is not located in an airport, then you may be required to spend up to 2.5% of Restaurant Gross Sales as the LAP Fee. “Local advertising” is advertising that complies with the requirements on Attachment G to the Franchise Agreement. We must approve all local advertising before you use it.

In general, you will have the discretion to spend the LAP Fee when you deem appropriate, so long as your determination is reasonable, your expenditure schedule is acceptable to us and you submit written documentation to us (signed and certified by you and your Managing Owner) within 15 days after the expiration of each fiscal quarter demonstrating that you have complied with the local advertising requirements. However, we reserve the right to require you to remit up to 100% of the LAP Fee to us on 10 days’ notice for use by us for advertising and promotional activities in the Restaurant's local area. In addition, if you do not comply with the local advertising requirements and/or if you fail to spend the entire LAP Fee on local advertising we approve, then you will be in default of the Franchise Agreement and (in addition to any other rights available to us) we may require you to remit the LAP Fee to us and we will spend it on local advertising for the Restaurant.

### Supplemental Marketing Program

In addition to the advertising programs described above, we have the right to require your participation in supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) that we establish from time to time. You will be responsible for payment of certain costs associated with these supplemental marketing programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion. Currently, we do not require our franchisees to participate in any supplemental marketing programs.

### Advertising Media

We advertise Maggiano’s Restaurants and the products offered by the Restaurants in various media including television, digital (email, sms, search, display, video, social), radio, print, direct mail, and outdoor billboard advertising. The majority of our advertising is developed by our outside advertising agencies with the assistance of our in-house advertising department. We may use outside advertising agencies, which may be either regional or national in scope.

### Production Fee

Unless or until we institute a National Advertising Program or Regional Advertising Program, you may be required to pay a Production Fee. The Production Fee is used to maintain, direct, administer, and prepare advertising and promotional activities, including creative costs. If we require you to pay the Production Fee, you must pay us 0.5% of Restaurant Gross Sales.

### Other Advertising Requirements

All advertising and promotion by you in any medium must be conducted in a dignified manner and conform to our standards and requirements as stated in the MFM or otherwise. You must obtain our approval of all advertising and promotional plans and materials that you desire to use before you use them if they have not been prepared or previously approved by us within one year. You must submit any unapproved plans and materials to us (by personal delivery or through the mail, return receipt requested), and we must approve or disapprove the plans and materials within 14 days from the date of receipt. You

may not use any plans or materials until they have been approved by us and must promptly discontinue use of any advertising or promotional plans or materials upon receiving notice from us.

You must participate in supplemental marketing programs, like limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs as we may periodically require. You may be responsible for certain costs associated with these supplemental marketing programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion.

We currently do not have a formal franchisee advisory council or association.

### **Computer System**

You must install and maintain at the Restaurant and record all sales on a computerized point-of-sale system (“POS System”) and utilize a kitchen display system that we have approved and report your Gross Sales weekly via our Web portal in the manner we specify in the MFM or through other electronic data interfaces that we may define at a future date. The POS System and kitchen display system are comprised of terminals, monitors, printers, and all hardware, software, and data used to record and analyze sales, labor, inventory, product usage, and tax information to operate the Restaurant (the “Computer System”). We require all Maggiano’s Restaurants to use the Aloha POS system and the Aloha Kitchen display system. You must purchase the Aloha POS system (hardware and software) from NCR, if NCR sells the required system. If NCR does not sell such items, you must purchase the required system from a supplier we approve. The cost to obtain a Computer System, which includes all BOH and FOH equipment and software and, depending on the size of the restaurant, 5 to 12 POS terminals for a Maggiano’s Restaurant (the specific components of which are described more fully in the MFM) is typically in the range of approximately \$90,000 to \$115,000 per restaurant. Your estimated annual per-restaurant recurring software and hardware maintenance costs may be between \$3,000 and \$5,000. Neither we, our affiliates, nor any third parties are required or designated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the Computer System. We can require you to replace your existing Computer System with one designated by us and, in such event, you will be given a reasonable timeframe not to exceed 24 months. Currently, we do not have direct access to the information and data on the Computer System, however we have the right under the Franchise Agreement to establish such access in the future. We also have the right to designate changes or enhancements to the Computer System used in your Restaurant including the POS terminals, computer hardware, software, and other equipment. At such time as we designate the changes or enhancements to the Computer System, you may be required to make certain payments to our designated suppliers. You must acquire the right to use hardware, software, peripheral equipment, and accessories and arrange for installation, maintenance, and support services of the initial equipment and services and changes or enhancements, all at your cost. Maggiano’s also uses NCR connected payments P2PE payment processing platform, one device for each POS terminal in the restaurant.

You must participate, as we may require, in the integrated online ordering solution we designate. Currently, the mandatory and exclusive online ordering platform for Maggiano’s Restaurants is Olo. The current cost of the online ordering system is a one time activation fee of \$250 per Restaurant, with a monthly subscription fee of \$75/month per location + .010% per transaction fee through your gateway. In the event you transfer services to a different owner/company, there is a one time \$100 per location transfer fee as well. In connection with using Olo, you will be required to secure an additional eCommerce merchant ID for each Restaurant from your payment processor. If you elect to use a payment processor not affiliated with Olo, then you will have to use Olo’s Braintree solution and pay the associated costs.

## **Operations Manual**

The Table of Contents of our MFM is attached as Exhibit C to this disclosure document. The MFM has a total of 374 pages.

### **Training**

If you or your affiliate are opening your first or second Maggiano's Restaurant, we will provide initial training for your Managing Owner, Operating Partner, and up to 5 managers per Restaurant (including your executive chef who manages culinary operations ("Culinary Manager") at no additional charge to you, provided that you or your employees will be responsible for expenses incurred in attending the training, including meals, lodging, and transportation. All new managers hired by you and any Managing Owner or Operating Partner later appointed by you must attend and complete our initial training program to our satisfaction.

For initial training: (i) of your personnel in excess of the 7 representatives noted above; or (ii) of any person later employed by you in the position of manager; or (iii) for each replacement Operating Partner or Managing Owner; or (iv) after your first two Maggiano's Restaurants are opened or (v) if the opening of the Restaurant is moved to a later date and we require you to attend another initial training program, you must pay a training fee at the then current rate being charged by us to franchisees operating under the System. You are responsible for all costs and expenses like meals, lodging and transportation of the persons attending training.

We may send an opening team to your Restaurant to help with the opening if we believe it is necessary, considering factors such as your previous restaurant experience and the size and location of your Restaurant. If we do, our training representatives will be at the Restaurant for a period of approximately 20 total days before and after the opening date. You must reimburse us for our reasonable expenses incurred in providing the opening team, including costs of transportation, lodging, meals and wages. Costs may vary depending on factors like the number of opening team members, the distance they must travel and the time period they are at the Restaurant. Historically, the cost of our opening teams have ranged between \$120,000 and \$160,000 for a Maggiano's Restaurant. Although we do not always require an opening team, if we do, the types of costs assessed are uniform.

Initial training programs are offered at various times during the year depending on the number of franchisees entering the System, the number of replacement personnel needing training, the number of new restaurants we open and the timing of scheduled restaurant openings. The initial training program will generally last 8 to 10 weeks.

If you operate more than one Maggiano's Restaurant and your Managing Owner, Operating Partner, and at least 3 managers at your second Restaurant have completed our initial training program to our satisfaction, we may approve your Maggiano's Restaurant as a Certified Training Restaurant. If we do, then with our approval you may conduct the initial training for your managers at your Certified Training Restaurant. If you train your managers, we will have the right to review and determine (by written certification) whether your managers have satisfactorily complete training.

The subjects covered, approximate hours of classroom and on the job training, and other information about our initial training program are described below:

## TRAINING PROGRAM

| <b>Column 1</b><br><b><u>Subject</u></b>   | <b>Column 2</b><br><b><u>Hours of Classroom</u></b><br><b>(See Note 1)</b> | <b>Column 3</b><br><b><u>Hours of On-The-Job</u></b><br><b>(See Note 1)</b> | <b>Column 4</b><br><b><u>E-Learning Courses</u></b><br><br><b>Saba E-learning courses (remote)</b> | <b>Column 5</b><br><b><u>Location</u></b><br><b>(See Note 2)</b> |
|--|--|---|--|--|
| FOH Function Training<br>• Includes:<br>Bartender,<br>Server, Host,<br>Carryout, Food<br>Runner, Busser          | 24 hours   | 30 hours  | 1 hour   | Maggiano’s Restaurant  |
| HOH Function Training<br>• Includes: Line<br>Cook, Prep<br>Cook, &<br>Dishwasher<br>position required<br>modules | 13 hours   | 50 hours  | 1 hour   | Maggiano’s Restaurant  |
| Management   | 24   | 402   | 24 hours   | Maggiano’s<br>Restaurant   |

Notes:

- (1) The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained.
- (2) All required pre-opening training will be held at one of our Certified Training Restaurants and must be completed to our satisfaction at least 2 months (but not more than 5 months) before the Restaurant opens. Our Maggiano’s Training Restaurants are located throughout the U.S., and the location of the Maggiano’s Restaurant to which you are assigned will vary depending upon the region of the U.S. in which your Restaurant is located.

Instructional materials for the initial training program include the MFM, standard accounting forms, employee manuals, personnel forms, and the pre-opening procedural manual.

Davis Bell, Senior Learning and Development Manager, supervises the delivery of all initial training programs and restaurant opening training. Mr. Bell has served in this position since July 2021. Mr. Bell was previously Director of Operations Support for Elevated Brands based in San Antonio, Texas from February 2018 to March 2019. Mr. Bell was Senior Field Communications Manager for Ace Cash Express based in Irving, Texas from December 2012 to February 2018.

Our initial training and pre-opening training will be conducted by persons who have worked in our Maggiano’s Restaurants for at least 6 months and successfully completed our training certification course.

The training certification requirements vary depending on the subject matter for which the employee has been certified to provide training. The instructor will vary depending on the time, location and subject matter taught. Although we maintain a certified training staff (hourly workers, managers, General Manager, Area Director, and Regional Director) for our restaurants, there is no formal franchisee training staff. Your training programs will be conducted by one or more members of our certified training staff from our Maggiano's Restaurants. We currently have 45 certified trainers and also expect to draw on the substantial experience of our management and other restaurant personnel in conducting training.

We may require your personnel to attend supplemental training programs. We have the right to charge a reasonable fee for these supplemental training programs. You must also pay all expenses you or your personnel incur in any training program, including the cost of travel, lodging, and meals (Franchise Agreement, Section 3.4)

In addition to required training programs, we may provide conferences for general managers in a designated area. Attendance at these meetings is voluntary, and you will be responsible for your expenses. We may also hold annual conferences for general managers and quarterly meetings for unit supervisors. Your representatives may attend these meetings, at your expense.

As disclosed in Item 16, 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.

## **ITEM 12**

### **TERRITORY**

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

The Franchise Agreement grants you the right to operate the Restaurant only at the approved location, which is described in Attachment A to the Franchise Agreement. You may not relocate the Restaurant without first obtaining our written consent. We will consider your request to relocate the Restaurant if the Restaurant closes (i) for a purpose that we have expressly approved in writing; (ii) due to governmental order; or (iii) due to fire, flood, other casualty, or other catastrophic forces beyond your control; as long as (1) such event was not caused by your intentional and/or negligent acts, (2) that within 30 days after such event you apply for our approval to relocate or reconstruct the Restaurant, and (3) afterward you diligently pursue reconstruction or relocation. We may condition any approval to relocate on the payment to us of an agreed-to minimum royalty during the period in which the Restaurant is not in operation.

There are no territorial rights granted with the Franchise Agreement. There is no requirement that you achieve any specified sales volume or market penetration under the Franchise Agreement.

You may be required to participate in our then-current delivery and takeout programs. As of the issuance date, we do not grant territories in connection with our current delivery programs, and, should we designate a delivery area, it will be on a non-exclusive basis.

### **Other Concepts and Distribution Channels**

We have established other franchises and company-owned restaurants which may be considered competitive to a Maggiano's Restaurant or which sell similar products or services under different trade names or trademarks. This includes Chili's Bar & Grill restaurants. (See Item 1.) The Chili's Bar & Grill concept maintains its principal place of business at 3000 Olympus Boulevard, Dallas, Texas 75019, and we do not maintain physically separate offices or training facilities for this concept. To the extent that these restaurants and products compete for customers in their various market segments and all restaurants compete for customers generally, your Restaurant may compete for customers with our other company-owned or franchised restaurants that operate under other trademarks. We currently have no mechanism for

resolving conflicts between franchisees of Maggiano’s Restaurants and the franchised or company-owned restaurants operating under different marks or trade names. Any conflicts would be resolved on a case-by-case basis and, since there have been no conflicts in the past, no formal procedure or mechanism has been adopted for such disputes.

Other than those described above, we do not have any additional concepts or alternative distribution methods that we are currently planning on implementing; however, we are constantly evaluating the need to develop additional restaurant concepts or other means to deliver our products to the marketplace. We or our present or future affiliates may establish other franchises or company-owned restaurants selling or leasing similar products or services under the trade names or trademarks described above or under different trade names or trademarks. You may use the Internet to advertise only in compliance with the Franchise Agreement.

**Options/Rights of First Refusal**

We generally do not grant any right of first refusal to obtain additional restaurant locations. If you wish to obtain an additional location, you will be required to enter into a separate Franchise Agreement for the restaurant location.

**ITEM 13**

**TRADEMARKS**

The Franchise Agreement grants you the right to use the Proprietary Marks designated by us only in the manner we authorize and only for the operation of the Restaurant at the location specified in the Franchise Agreement.

Depending on the type of Restaurant you are authorized to operate, you must operate the Restaurant under the service mark “Maggiano’s” or “Maggiano’s Little Italy”.

The following Proprietary Marks are registered with the United States Patent and Trademark Office (“USPTO”). We have renewed (and intend to renew) the registration(s) and have filed (and intend to file) all appropriate affidavits at the times required by law.

| <b><u>MARK</u></b>                 | <b><u>REGISTER</u></b> | <b><u>REGISTRATION NUMBER</u></b> | <b><u>REGISTRATION DATE</u></b> |
|------------------------------------|------------------------|-----------------------------------|---------------------------------|
| Maggiano’s                         | Principal              | 2,221,706                         | February 2, 1999                |
| Maggiano’s Little Italy            | Principal              | 1,754,637                         | February 23, 1993               |
| Maggiano’s Little Italy and Design | Principal              | 3,377,886                         | February 5, 2008                |
| Maggiano’s Little Italy (stylized) | Principal              | 5,379,705                         | January 16, 2018                |

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 Proprietary Marks which is relevant to their ownership, use or licensing.

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

If any infringement of or challenge to your use of the Proprietary Marks or litigation involving the Proprietary Marks is instituted or threatened against you, you must promptly notify us and must cooperate fully in defending or settling the litigation. You and your owners agree that neither you nor they will communicate with any person other than us and our counsel concerning any action, claim or infringement. We will have sole discretion to take action, as we deem appropriate and the right to exclusively control any litigation, USPTO action, or other proceeding involving any infringement, challenge or claims relating to the Proprietary Marks.

We are not obligated by the Franchise Agreement to specifically protect any rights granted to you to use the Proprietary Marks or to protect you against claims of infringement or unfair competition involving them. 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 Proprietary Marks if the proceeding is resolved unfavorably to you.

You may not use any of the Proprietary 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 execute any documents we or our counsel determine are necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. Neither you nor your owners 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.

The license of the Proprietary Marks granted in the Franchise Agreement is non-exclusive to you except for the location of the Restaurant. We have and retain the right, among others:

1. To grant other licenses for the Proprietary Marks in addition to those licenses already granted to existing franchisees.
2. To use the Proprietary Marks in selling products and services.
3. To develop and establish other systems using the same or similar Proprietary Marks or any other Proprietary Marks and grant licenses or franchises under those systems without providing you any rights.
4. To develop other marks that may be similar to the Proprietary Marks and exclude those similar marks from the Proprietary Marks, in which case you will have no right to use them.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under it if our currently owned Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System. You will be responsible for all expenses related to the substitution of different Proprietary Marks and must complete the substitution in accordance with the deadlines we reasonably establish.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents and Copyrights

We do not own any registered patents, and do not have any pending patent applications, that are material to the franchise. We do not own any copyrights that are material to the franchise except as described below.

We claim copyright protection in original materials used in the System, including the CFM, menus, construction plans and specifications, training, and advertising and promotional materials used in 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 Agreements, 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.

#### Confidential Manuals and Other Confidential Information

You and your owners must at all times treat the MFM, any other manuals we authorize, and the information contained in those manuals, as confidential. You must not copy, duplicate, record or otherwise reproduce those materials, or make them available to any unauthorized person. The MFM is our sole property and must at all times be kept in a secure place on the Restaurant premises. We may revise the contents of the MFM, and you must comply with each new or changed standard. You must at all times ensure that the MFM is kept current and up-to-date, and, if there is any dispute as to the contents of the MFM, the terms of the master copy of the MFM we maintain at our home office will be controlling.

In addition to our manuals, you and your owners must protect our other confidential information. You and your owners may not, during the term of the Agreements or after their termination or expiration, communicate, divulge, or use for the benefit of any other person or legal entity, any confidential information, drawings, knowledge, or know-how concerning the methods of development or operation of Maggiano's Restaurants which may be communicated to you or them or of which you or they may learn in operating Maggiano's Restaurants under the Agreements. You and your owners may divulge the confidential information only to those of your employees, as must have access to it in order to develop or operate the Restaurants. All information, drawings, knowledge, know-how, and techniques used in or related to the Restaurant which we communicate in writing or otherwise to you, including, software licensed or provided by us, the MFM, recipes, plans and specifications, marketing information and strategies, and site evaluation and selection techniques are confidential for purposes of the Agreements.

If you or your owners fail to comply with the requirements of the Agreements concerning confidentiality, it will cause us irreparable injury (in addition to any other remedies we have) and you and your owners must pay all our court costs and our reasonable attorneys' fees incurred in obtaining specific performance of, or an injunction against any violation of, the requirements of the agreements concerning confidentiality.

### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

When you sign the Agreements, you must designate an individual to serve as your "Managing Owner." The same person must act as your Managing Owner under all Franchise Agreements between you or your affiliates and us. If you are an individual, you will be the Managing Owner.

If you are operating as a corporation, a partnership or other business entity, your Managing Owner must (i) own the largest percentage share of ownership in you, but in no event less than 10%, (ii) be authorized by you to bind you in any dealings with us and your authorized distributors, suppliers, and contractors, (iii) be authorized by you to direct any actions necessary to ensure compliance with the Agreements, and (iv) unless an Operating Partner is appointed, devote his or her full time and best efforts to the operations of the Restaurant and your operations under the Franchise Agreement with no operational or management commitments to other businesses. Your Managing Owner must also satisfy our training requirements. Except as may be permitted under the Agreements, the Managing Owner's interest in you must remain free of any encumbrance (including any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options).

If your Managing Owner does not intend to devote full time and best efforts to the daily operation of the Restaurant and your operations under the Franchise Agreement, then you must also designate an Operating Partner. The Operating Partner must satisfy our training requirements and be approved by us. The Operating Partner must (i) be authorized by you to bind you in any dealings with us and your authorized distributors, suppliers, and contractors, (ii) be authorized by the you to direct any actions necessary to ensure compliance with the Agreements, and (iii) devote his or her full time and best efforts to the operations of the Restaurant and your operations under the Franchise Agreement with no operational or management commitments to other businesses. The Operating Partner must also live in the Territory and within a 100-mile radius of each Restaurant within the Territory. The Operating Partner need not have an ownership interest in you, but if he does, it must remain free of encumbrances except as may be permitted under the Agreements. Even if we permit you to designate an Operating Partner to supervise your operations under the Agreements, we consider your Managing Owner ultimately responsible for the Operating Partner's performance.

You must designate a Managing Owner and/or an Operating Partner. We may require your Managing Owner, Operating Partner, and your Owners to sign agreements to be individually bound by certain covenants, including covenants protecting our confidential and proprietary information and/or covenants not to compete. We may, at our sole discretion, require your Managing Owner, Operating Partner, and any other of your Owners to guarantee your performance under the Agreements, including but not limited to your financial obligations. If a guarantee is not required by us upon execution of the Agreements, we reserve the right if you are in monetary default under the Agreements (even if cured), to require any or all of your Owners to sign the Guaranty Agreement, in addition to our other rights and remedies under the Agreements.

You cannot change your Managing Owner or Operating Partner without our prior written consent.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your Owners, managers and any other employees or agents who have received or will receive access to our training or confidential information. All of the required covenants must be substantially in the form attached to the agreements as Attachment B.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use the Restaurant premises solely for the operation of the Maggiano's Restaurant and must keep the restaurant open and in normal operation for the hours and days we specify in the MFM or otherwise in writing. You must refrain from using or permitting the premises to be used for any other purpose or activity at any time without first obtaining our written consent.

You must meet and maintain the highest applicable health standards and ratings. You must furnish to us, within 5 days after receipt, a copy of any inspection report, warning citation, certificate and/or rating which indicates you failed to meet or maintain the highest applicable health or safety standards in operating the Restaurant. If you fail to meet or maintain the health and safety standards or, if there is a public health, safety and/or sanitation emergency involving the Restaurant, then you must temporarily close the Restaurant immediately upon receipt of written notice from us and you shall not re-open the Restaurant until you have (a) cured such health and safety deficiency(ies) and/or resolved such emergency (-ies) and (b) received written permission from us to re-open the Restaurant.

To ensure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards, and specifications we require in the MFM, as it is amended in our discretion.

You must maintain in sufficient supply, and use and/or sell at all times, only the menu items, ingredients, products, materials, supplies, and paper goods that meet our standards and specifications, and must refrain from deviating from those standards by using or offering non-conforming items, without first obtaining our written consent. You are required to offer or sell only the menu items, products, and services as have been expressly approved for sale in writing by us; to offer or sell all types of menu items, products, and services specified by us; to refrain from any deviation from our standards and specifications without first obtaining our written consent; and to discontinue selling and offering for sale any menu items, products, or services which we may, in our discretion, disapprove in writing at any time. We may change the goods and services you are authorized to sell at any time in our discretion, and there are no limits on our right to do so.

You have discretion as to the prices to be charged customers for the offer and/or sale of any menu item, products, and/or services, subject to our reasonable rules, limitations and regulations regarding such pricing. To the fullest extent permitted by applicable law, we reserve the right to establish maximum, minimum, or other pricing requirements with respect to the prices that you may charge for products or services offered at the Restaurant.

You are required to offer or sell authorized products and services only at the Restaurant and to refrain from off-premises sales or catering unless expressly authorized by us in writing.

You are prohibited from installing or permitting to be installed on or about the Restaurant premises, any fixtures, furnishings, equipment, computer software, decor, signs, games, vending machines, or other items not previously approved as meeting our standards and specifications without first obtaining our written consent.

You may only employ advertising materials and promotional activities which conform to the standards and specifications listed in the MFM or otherwise and which have been approved by us.

You may not advertise, promote, post or list information relating to the Restaurant on the Internet (through the creation of a website or otherwise), including, social channels such as Facebook, Instagram, Twitter, SnapChat , Tumblr, You Tube or TikTok without our prior written consent.

We do not impose any other restrictions in the Agreements or otherwise, as to the goods or services which you may offer or as to the customers to whom you may sell.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**This table lists certain important provisions of the franchise agreement. You should read these provisions in the franchise agreement attached to this disclosure document.**

#### THE FRANCHISE RELATIONSHIP

| Category                               | Section | Summary  |
|--|---------|--|
| a. Length of the term of the Franchise | 2.1     | Term will begin on the effective date of your Franchise Agreement and, unless terminated sooner, will expire on the last day of the initial term of your lease for the Restaurant location . |

| Category  | Section                   | Summary   |
|---|---------------------------|---|
| b. Renewal or extension of the term               | 2.2                       | The term of the successor franchise agreement will be up to 10 years.   |
| c. Requirements for franchisee to renew or extend | 2.2(a) thru (i)           | Your right to obtain a successor franchise agreement 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 for obtaining a successor franchise, including signing our then-current form of franchise agreement, which may be materially different from the form attached to this disclosure document, including higher fees and payment of a successor fee. Other conditions are: you must give us notice at least 12 months (but not more than 24 months) before the end of the initial term; you must renovate and modernize your franchised restaurant; you must not be in default of any provisions of your Franchise Agreement; you must have satisfied all monetary obligations owed to us or our subsidiaries and affiliates; you must have the right to remain in possession of your franchised restaurant location for the entire term of the successor franchise agreement; you must execute a general release; and you must comply with our then-current qualification and training requirements. |
| d. Termination by Franchisee                      | Not applicable            | There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law.  |
| e. Termination by Franchisor without cause        | Not applicable            | Not applicable  |
| f. Termination by Franchisor with “cause”         | Article 14                | Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.   |
| g. “Cause” defined - curable defaults             | 7.5, 14.3, 14.4, and 14.5 | If you: abandon the Franchised Restaurant for 3 or more consecutive days unless the Franchised Restaurant has been closed for a reason approved in writing by us or due to governmental order or for reasons beyond your control; breach your lease agreement; lose the right to transact business; engage in conduct that reflects unfavorably on us; fail to comply with your Franchise Agreement, the System,  |

| Category   | Section       | Summary   |
|--|---------------|---|
|  |               | and/or any health, safety, or sanitation law, rule, or regulation relating to cleanliness and sanitation, failure to resolve any public health or safety emergency; misuse the Maggiano’s Marks; enter into a subfranchise or similar agreement or a management or consulting arrangement relating to your Franchise Agreement and/or the Franchised Restaurant; fail to pay amounts owed under the Franchise Agreement; fail (or repeatedly fail) to comply with any provision of your Franchise Agreement; fail to open the Restaurant to the general public within 365 days after signing the Franchise Agreement.   |
| h. “Cause” defined - defaults which cannot be cured    | 14.2 and 14.5 | If you: become insolvent or make a general assignment for the benefit of creditors; make a transfer in violation of the Franchise Agreement; file a voluntary petition for bankruptcy (or an involuntary petition involving you is filed); are adjudicated bankrupt or insolvent in proceedings filed against you; consent to a bill of equity or other proceeding for the appointment of a receiver or other custodian; have a receiver or other custodian appointed by any court; have proceedings for a composition of creditors instituted; have outstanding judgments against you for over 30 days; are dissolved; have execution levied against your business or property; are sued (or otherwise proceeded against) to foreclose any lien or mortgage against the Franchised Restaurant (or equipment therein) and not dismissed within 30 days; have real or personal property of restaurant sold after levy; convicted of a felony or a crime involving moral turpitude; submit documentation containing any material false/misleading statements or omitting any material facts; violates or deal with anyone who violates any anti-terrorism laws. |
| i. Franchisee’s obligations on termination/non-renewal | 15.1          | You must: immediately cease operating the Franchised Restaurant; cease using the System, the Maggiano’s Marks, the MFM, and the Confidential Information; de-identify the Franchised Restaurant; return the MFM, Confidential Information, all written materials bearing the Maggiano’s Marks, and all computer hardware and software which may have been provided or licensed by us; cancel any assumed name or equivalent registration which contains the Maggiano’s Marks and give us  |

| Category  | Section               | Summary   |
|---|-----------------------|---|
|   |                       | evidence of compliance; and pay all amounts owed to us under this Franchise Agreement.  |
| j. Assignment of contract by Franchisor                                 | 13.1                  | We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.  |
| k. "Transfer" by Franchisee – defined                                   | 13.2                  | Transfer includes selling, assigning, transferring, conveying, giving away, pledging, mortgaging or otherwise encumbering any direct or indirect interest in the Franchisee, Franchise Agreement, Franchised Restaurant, and/or Maggiano's Marks.   |
| l. Franchisor approval of transfer by Franchisee                        | 13.2 and 13.3         | You must obtain our written consent before transferring any interest. We will not unreasonably withhold our consent.  |
| m. Conditions for Franchisor approval of transfer                       | 13.3                  | You must: pay all amounts due us or our subsidiaries and affiliates; not be in default of your franchise agreement; execute a general release; pay a transfer fee; remain liable for pre-transfer obligations. Your proposed transferee must sign a written agreement agreeing to assume all obligations of your franchise agreement; meet our criteria for becoming a Maggiano's franchisee; sign our then-current franchise agreement; remodel and/or upgrade the Franchised Restaurant; complete our training program; if proposed transferee is an entity, it must show us its compliance with the representations and warranties and covenants in the Franchise Agreement; and satisfy other reasonable conditions that we reasonably require. |
| n. Franchisor's right of first refusal to acquire Franchisee's business | 13.6 and Attachment E | Within 30 calendar days after notice, we have the option to purchase the transferred interest on the same terms and conditions.   |
| o. Franchisor's option to purchase Franchisee's business                | 15.2 and Attachment F | Within 30 days before expiration or termination of your Franchise Agreement we have the option (but not the obligation) to purchase your building shell including any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to your Franchised Restaurant (excluding liabilities related to you and/or the Franchised Restaurant).  |

| Category  | Section         | Summary   |
|---|-----------------|---|
| p. Death or disability of Franchisee                                      | 13.7            | Upon death or permanent disability of any person with interest in the Franchise Agreement and/or Franchisee, a distributee must be approved by us, or the franchise must be transferred to someone approved by us within 12 months from death or for permanent disability, 6 months after notice to you.  |
| q. Non-competition covenants during the term of the franchise             | 16.3(a)         | Subject to state law, you are prohibited from: diverting or attempting to divert any business or customer to any competitor or taking any actions that injure or prejudice the Maggiano’s Marks and System; having any interest in any “Competitive Restaurant.”<br>“Competitive Restaurant” means (a) any casual-dining restaurant featuring Italian cuisine as a primary menu item, or (b) any restaurant operating under the following tradenames: Biaggi, Bravo, Brio, Bertolini’s, Bertucci’s, Bucca de Beppo, Carraba’s, Carmine’s, Coco Pazzo, Cucina! Cucina!, Il Fornaio, Italianni’s, Johnny Carino’s, Olive Garden, Old Spaghetti Factory, Piatti’s, Romano’s Macaroni Grill, Tuce Benucci, and Vinny Testa’s. |
| r. Non-competition covenants after the franchise is terminated or expires | 16.3(b) and (c) | Subject to state law, for a period of 2 years after the termination or expiration of your Franchise Agreement and/or after you transfer all of your interest in the Franchise Agreement, you are prohibited from: diverting or attempting to divert any business or customer to any Competitive Restaurant or taking any actions that injure or prejudice the Maggiano’s Marks and System; having any interest in any Competitive Restaurant located within the United States.  |
| s. Modification of the agreement  | 20.1            | Except for changes we are permitted to make under your Franchise Agreement, no amendment, change, or variance from the Franchise Agreement will be binding unless mutually agreed to and executed by the parties.   |
| t. Integration/Merger clause  | 20.1            | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. However, the Franchise Agreement will not disclaim representations made in the disclosure document.   |

| Category  | Section | Summary   |
|---|---------|---|
| u. Dispute resolution by arbitration or mediation | 21.2    | Subject to state law, either party may submit claims or disputes to non-binding mediation; the non-binding mediation will be conducted through either an individual mediator or a mediation service organization.   |
| v. Choice of forum                                | 21.3    | <p>Unless contrary to applicable state law, the venue for all proceedings related to the Franchise Agreement is under the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division.</p> <p>In addition to the provisions noted in this chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Sections 21.7 and 21.8. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.</p> |
| w. Choice of law                                  | 21.3    | Unless contrary to applicable state law, the Franchise Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules). Any State law regarding the offer and sale of franchises, franchise relationships and/or business opportunities will not apply unless the applicable jurisdictional requirements are met.  |

**ITEM 18**

**PUBLIC FIGURES**

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

**ITEM 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Dan Fuller at 3000 Olympus Boulevard, Dallas, Texas 75019 or 972-980-9917, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
**Systemwide Outlet Summary**  
**For years 2022 to 2024<sup>(1)</sup>**

| Column 1             | Column 2 | Column 3                         | Column 4                       | Column 5   |
|----------------------|----------|----------------------------------|--------------------------------|------------|
| Outlet Type          | Year     | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
| <b>Franchised</b>    | 2022     | 2                                | 2                              | 0          |
|                      | 2023     | 2                                | 2                              | 0          |
|                      | 2024     | 2                                | 2                              | 0          |
| <b>Company-Owned</b> | 2022     | 52                               | 52                             | 0          |
|                      | 2023     | 52                               | 50                             | -2         |
|                      | 2024     | 50                               | 50                             | 0          |
| <b>Total Outlets</b> | 2022     | 54                               | 54                             | 0          |
|                      | 2023     | 54                               | 52                             | -2         |
|                      | 2024     | 52                               | 52                             | 0          |

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2022, 2023, and 2024 are as follows respectively, June 29, June 28, and June 26.

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2022 to 2024<sup>(1)</sup>**

| <b>Column 1<br/>State</b> | <b>Column 2<br/>Year</b> | <b>Column 3<br/>Number of<br/>Transfers</b> |
|---------------------------|--------------------------|---|
| <b>All States</b>         | 2022                     | 0   |
|                           | 2023                     | 0   |
|                           | 2024                     | 0   |
| <b>Total</b>              | 2022                     | 0   |
|                           | 2023                     | 0   |
|                           | 2024                     | 0   |

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2022, 2023, and 2024 are as follows respectively, June 29, June 28, and June 26.

**Table No. 3**

**Status of Franchised Outlets  
For years 2022 to 2024<sup>(1)</sup>**

| <b>Col. 1<br/>State</b> | <b>Col. 2<br/>Year</b> | <b>Col. 3<br/>Outlets<br/>at Start<br/>of Year</b> | <b>Col. 4<br/>Outlets<br/>Opened</b> | <b>Col. 5<br/>Termina-<br/>-tions</b> | <b>Col. 6<br/>Non-<br/>Renewals</b> | <b>Col. 7<br/>Reacquired<br/>by<br/>Franchisor</b> | <b>Col. 8<br/>Ceased<br/>Operations<br/>– Other<br/>Reasons</b> | <b>Col. 9<br/>Outlets at<br/>End of the<br/>Year</b> |
|-------------------------|------------------------|--|--------------------------------------|---------------------------------------|-------------------------------------|--|---|--|
| <b>Texas</b>            | 2022                   | 2  | 0                                    | 0                                     | 0                                   | 0  | 0   | 2  |
|                         | 2023                   | 2  | 0                                    | 0                                     | 0                                   | 0  | 0   | 2  |
|                         | 2024                   | 2  | 0                                    | 0                                     | 0                                   | 0  | 0   | 2  |

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets<br>at Start<br>of Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termina-<br>-tions | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired<br>by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>– Other<br>Reasons | Col. 9<br>Outlets at<br>End of the<br>Year |
|-----------------|----------------|--|-----------------------------|------------------------------|----------------------------|--|--|--|
| <b>Totals</b>   | 2022           | 2  | 0                           | 0                            | 0                          | 0  | 0  | 2  |
|                 | 2023           | 2  | 0                           | 0                            | 0                          | 0  | 0  | 2  |
|                 | 2024           | 2  | 0                           | 0                            | 0                          | 0  | 0  | 2  |

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2022, 2023, and 2024 are as follows respectively, June 29, June 28, and June 26.

**Table No. 4**

**Status of Company-Owned Outlets  
For years 2022 to 2024<sup>(1)</sup>**

| Col. 1<br>State   | Col. 2<br>Year | Col. 3<br>Outlets<br>at Start<br>of the<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Col. 6<br>Outlets<br>Closed | Col. 7<br>Outlets<br>Sold to<br>Franchisee | Col. 8<br>Outlets at<br>End of the<br>Year |
|-------------------|----------------|---|-----------------------------|---|-----------------------------|--|--|
| <b>Arizona</b>    | 2022           | 1   | 0                           | 0   | 0                           | 0  | 1  |
|                   | 2023           | 1   | 0                           | 0   | 0                           | 0  | 1  |
|                   | 2024           | 1   | 0                           | 0   | 0                           | 0  | 1  |
| <b>California</b> | 2022           | 4   | 0                           | 0   | 0                           | 0  | 4  |
|                   | 2023           | 4   | 0                           | 0   | 1                           | 0  | 3  |
|                   | 2024           | 3   | 0                           | 0   | 0                           | 0  | 3  |

| <b>Col. 1</b>               | <b>Col. 2</b> | <b>Col. 3</b>                       | <b>Col. 4</b>         | <b>Col. 5</b>                             | <b>Col. 6</b>         | <b>Col. 7</b>                     | <b>Col. 8</b>                     |
|-----------------------------|---------------|-------------------------------------|-----------------------|---|-----------------------|-----------------------------------|-----------------------------------|
| <b>State</b>                | <b>Year</b>   | <b>Outlets at Start of the Year</b> | <b>Outlets Opened</b> | <b>Outlets Reacquired From Franchisee</b> | <b>Outlets Closed</b> | <b>Outlets Sold to Franchisee</b> | <b>Outlets at End of the Year</b> |
| <b>Colorado</b>             | 2022          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                             | 2023          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                             | 2024          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
| <b>District of Columbia</b> | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Florida</b>              | 2022          | 4                                   | 0                     | 0   | 0                     | 0                                 | 4                                 |
|                             | 2023          | 4                                   | 0                     | 0   | 0                     | 0                                 | 4                                 |
|                             | 2024          | 4                                   | 0                     | 0   | 0                     | 0                                 | 4                                 |
| <b>Georgia</b>              | 2022          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                             | 2023          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                             | 2024          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
| <b>Illinois</b>             | 2022          | 6                                   | 0                     | 0   | 0                     | 0                                 | 6                                 |
|                             | 2023          | 6                                   | 0                     | 0   | 0                     | 0                                 | 6                                 |
|                             | 2024          | 6                                   | 0                     | 0   | 0                     | 0                                 | 6                                 |
| <b>Indiana</b>              | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Kansas</b>               | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                             | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |

| <b>Col. 1</b>         | <b>Col. 2</b> | <b>Col. 3</b>                       | <b>Col. 4</b>         | <b>Col. 5</b>                             | <b>Col. 6</b>         | <b>Col. 7</b>                     | <b>Col. 8</b>                     |
|-----------------------|---------------|-------------------------------------|-----------------------|---|-----------------------|-----------------------------------|-----------------------------------|
| <b>State</b>          | <b>Year</b>   | <b>Outlets at Start of the Year</b> | <b>Outlets Opened</b> | <b>Outlets Reacquired From Franchisee</b> | <b>Outlets Closed</b> | <b>Outlets Sold to Franchisee</b> | <b>Outlets at End of the Year</b> |
| <b>Massachusetts</b>  | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Maryland</b>       | 2022          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2023          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2024          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
| <b>Michigan</b>       | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Missouri</b>       | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                       | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>North Carolina</b> | 2022          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2023          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2024          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
| <b>New Jersey</b>     | 2022          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                       | 2023          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                       | 2024          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
| <b>Nevada</b>         | 2022          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2023          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                       | 2024          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |

| <b>Col. 1</b>       | <b>Col. 2</b> | <b>Col. 3</b>                       | <b>Col. 4</b>         | <b>Col. 5</b>                             | <b>Col. 6</b>         | <b>Col. 7</b>                     | <b>Col. 8</b>                     |
|---------------------|---------------|-------------------------------------|-----------------------|---|-----------------------|-----------------------------------|-----------------------------------|
| <b>State</b>        | <b>Year</b>   | <b>Outlets at Start of the Year</b> | <b>Outlets Opened</b> | <b>Outlets Reacquired From Franchisee</b> | <b>Outlets Closed</b> | <b>Outlets Sold to Franchisee</b> | <b>Outlets at End of the Year</b> |
| <b>New York</b>     | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Ohio</b>         | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Pennsylvania</b> | 2022          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                     | 2023          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
|                     | 2024          | 2                                   | 0                     | 0   | 0                     | 0                                 | 2                                 |
| <b>Tennessee</b>    | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2023          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2024          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
| <b>Texas</b>        | 2022          | 7                                   | 0                     | 0   | 0                     | 0                                 | 7                                 |
|                     | 2023          | 7                                   | 0                     | 0   | 0                     | 0                                 | 7                                 |
|                     | 2024          | 7                                   | 0                     | 0   | 0                     | 0                                 | 7                                 |
| <b>Virginia</b>     | 2022          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                     | 2023          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
|                     | 2024          | 3                                   | 0                     | 0   | 0                     | 0                                 | 3                                 |
| <b>Washington</b>   | 2022          | 1                                   | 0                     | 0   | 0                     | 0                                 | 1                                 |
|                     | 2023          | 1                                   | 0                     | 0   | 1                     | 0                                 | 0                                 |
|                     | 2024          | 0                                   | 0                     | 0   | 0                     | 0                                 | 0                                 |

| Col. 1<br>State  | Col. 2<br>Year | Col. 3<br>Outlets<br>at Start<br>of the<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Col. 6<br>Outlets<br>Closed | Col. 7<br>Outlets<br>Sold to<br>Franchisee | Col. 8<br>Outlets at<br>End of the<br>Year |
|------------------|----------------|---|-----------------------------|---|-----------------------------|--|--|
| <b>Wisconsin</b> | 2022           | 1   | 0                           | 0   | 0                           | 0  | 1  |
|                  | 2023           | 1   | 0                           | 0   | 0                           | 0  | 1  |
|                  | 2024           | 1   | 0                           | 0   | 0                           | 0  | 1  |
| <b>Totals</b>    | 2022           | 52  | 0                           | 0   | 0                           | 0  | 52   |
|                  | 2023           | 52  | 0                           | 0   | 2                           | 0  | 50   |
|                  | 2024           | 50  | 0                           | 0   | 0                           | 0  | 50   |

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2022, 2023, and 2024 are as follows respectively, June 29, June 28, and June 26.

**Table No. 5**

**Projected Openings As Of June 26, 2024<sup>(1)</sup>**

| Column 1<br>State | Column 2<br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br>Projected New<br>Franchised Outlet in<br>the Next Fiscal Year | Column 4<br>Projected New<br>Company-Owned<br>Outlet in the Next<br>Fiscal Year |
|-------------------|---|---|---|
| <b>Utah</b>       | 0   | 1   | 0   |
| <b>Total</b>      | 0   | 1   | 0   |

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2022, 2023, and 2024 are as follows respectively, June 29, June 28, and June 26.

The names, addresses, and telephone numbers of our U.S. franchisees and their Restaurants as of June 26, 2024, are attached as Exhibit G.

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every U.S. franchisee who has had a Franchise Agreement terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit H. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this disclosure document, we are not offering to a prospective franchisee any outlets we currently control that were previously owned by a franchisee. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

As of June 26, 2024, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the Maggiano's franchise system.

As of June 26, 2024, there are no trademark-specific franchisee organizations associated with the Maggiano's franchise system.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

The financial statements listed below begin on page F-15 of the financial report and are attached to this disclosure document as Exhibit A.

Audited consolidated balance sheets of BII and subsidiaries as of June 26, 2024 and June 28, 2023, and the related consolidated statements of comprehensive income, shareholders' (deficit), and cash flows for each of the three years ended June 26, 2024, June 28, 2023, and June 29, 2022.

BII has executed a Guarantee of Performance relating to our obligations under the Franchise Agreements. A copy of the Guarantee of Performance is included in Exhibit A.

## **ITEM 22**

### **CONTRACTS**

Attached as Exhibit B to this disclosure document is the Franchise Agreement (with attachments and state amendments).

## **ITEM 23**

### **RECEIPTS**

Attached as the last 2 pages of this disclosure document are duplicate Receipts. Please sign and date both Receipts and return one to us.

EXHIBIT A  
FINANCIAL STATEMENTS



KPMG LLP  
Suite 1400  
2323 Ross Avenue  
Dallas, TX 75201-2721

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Brinker International, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 26, 2024 and June 28, 2023, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the years in the three-year period ended June 26, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the the Company as of June 26, 2024 and June 28, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended June 26, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the the Company's internal control over financial reporting as of June 26, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 21, 2024 expressed an unqualified opinion on the effectiveness of the the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



*Assessment of gift card breakage revenue*

As discussed in Notes 1 and 2 to the consolidated financial statements, gift card breakage revenue represents the monetary value associated with outstanding gift card balances that will not be redeemed. The Company estimates this amount based on the historical gift card redemption patterns and recognizes the estimated breakage as revenue in proportion to the pattern of related gift card redemptions. The gift card breakage revenue recognized for the year ended June 26, 2024 was \$11.1 million.

We identified the assessment of gift card breakage revenue as a critical audit matter. Subjective auditor judgment was required to evaluate the Company's assessment of the trends in historical and expected future redemption patterns as well as the actuarial models utilized to update the breakage rate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's gift card breakage revenue process. This included controls related to the Company's estimation of the breakage rate, review of the actuarial models used, and the timing of breakage revenue recognition. We assessed breakage revenue by comparing the Company's estimated breakage rate to rates derived from historical redemption data. We evaluated the timing of breakage revenue recognition by analyzing historical redemption patterns and assessing the volume of redemptions subsequent to the period of breakage revenue recognition. We also involved actuarial professionals with specialized skills and knowledge, who assisted in assessing the reasonableness of the actuarial models by comparing them to generally accepted actuarial standards.

*KPMG LLP*

We have served as the the Company's auditor since 1984.

Dallas, Texas  
August 21, 2024



KPMG LLP  
Suite 1400  
2323 Ross Avenue  
Dallas, TX 75201-2721

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Brinker International, Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Brinker International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 26, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 26, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 26, 2024 and June 28, 2023, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the years in the three-year period ended June 26, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated August 21, 2024 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;



and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*KPMG LLP*

Dallas, Texas  
August 21, 2024

**BRINKER INTERNATIONAL, INC.**  
**Consolidated Statements of Comprehensive Income**  
(In millions, except per share amounts)

|   | Fiscal Years Ended |                 |                 |
|---|--------------------|-----------------|-----------------|
|   | June 26, 2024      | June 28, 2023   | June 29, 2022   |
| Revenues                                    |                    |                 |                 |
| Company sales                               | \$ 4,371.1         | \$ 4,093.2      | \$ 3,764.5      |
| Franchise revenues                          | 44.0               | 40.0            | 39.6            |
| Total revenues                              | <u>4,415.1</u>     | <u>4,133.2</u>  | <u>3,804.1</u>  |
| Operating costs and expenses                |                    |                 |                 |
| Food and beverage costs                     | 1,107.6            | 1,146.3         | 1,048.5         |
| Restaurant labor                            | 1,467.3            | 1,389.3         | 1,288.1         |
| Restaurant expenses                         | 1,212.9            | 1,097.5         | 968.3           |
| Depreciation and amortization               | 170.8              | 168.5           | 164.4           |
| General and administrative                  | 183.7              | 154.5           | 144.1           |
| Other (gains) and charges                   | 43.2               | 32.7            | 31.2            |
| Total operating costs and expenses          | <u>4,185.5</u>     | <u>3,988.8</u>  | <u>3,644.6</u>  |
| Operating income                            | 229.6              | 144.4           | 159.5           |
| Interest expenses                           | 65.0               | 54.9            | 46.1            |
| Other income, net                           | (0.3)              | (1.3)           | (1.8)           |
| Income before income taxes                  | 164.9              | 90.8            | 115.2           |
| Provision (benefit) for income taxes        | 9.6                | (11.8)          | (2.4)           |
| Net income                                  | <u>\$ 155.3</u>    | <u>\$ 102.6</u> | <u>\$ 117.6</u> |
| Basic net income per share                  | <u>\$ 3.49</u>     | <u>\$ 2.33</u>  | <u>\$ 2.62</u>  |
| Diluted net income per share                | <u>\$ 3.40</u>     | <u>\$ 2.28</u>  | <u>\$ 2.58</u>  |
| Basic weighted average shares outstanding   | <u>44.4</u>        | <u>44.1</u>     | <u>44.8</u>     |
| Diluted weighted average shares outstanding | <u>45.7</u>        | <u>45.0</u>     | <u>45.6</u>     |
| Other comprehensive loss                    |                    |                 |                 |
| Foreign currency translation adjustment     | \$ (0.3)           | \$ (0.7)        | \$ (0.6)        |
| Other comprehensive loss                    | (0.3)              | (0.7)           | (0.6)           |
| Comprehensive income                        | <u>\$ 155.0</u>    | <u>\$ 101.9</u> | <u>\$ 117.0</u> |

See accompanying Notes to Consolidated Financial Statements

**BRINKER INTERNATIONAL, INC.**  
**Consolidated Balance Sheets**  
(In millions, except per share amounts)

|  | June 26, 2024     | June 28, 2023     |
|--|-------------------|-------------------|
| <b>ASSETS</b>  |                   |                   |
| Current assets   |                   |                   |
| Cash and cash equivalents  | \$ 64.6           | \$ 15.1           |
| Accounts receivable, net   | 60.6              | 60.9              |
| Inventories  | 34.5              | 34.5              |
| Restaurant supplies  | 53.8              | 55.6              |
| Prepaid expenses   | 20.6              | 17.2              |
| Total current assets   | <u>234.1</u>      | <u>183.3</u>      |
| Property and equipment, at cost  |                   |                   |
| Land   | 41.6              | 42.4              |
| Buildings and leasehold improvements   | 1,670.2           | 1,635.7           |
| Furniture and equipment  | 830.6             | 765.8             |
| Construction-in-progress   | 41.0              | 30.1              |
|  | <u>2,583.4</u>    | <u>2,474.0</u>    |
| Less accumulated depreciation and amortization   | <u>(1,703.7)</u>  | <u>(1,665.7)</u>  |
| Net property and equipment   | <u>879.7</u>      | <u>808.3</u>      |
| Other assets   |                   |                   |
| Operating lease assets   | 1,095.2           | 1,134.9           |
| Goodwill   | 194.8             | 195.0             |
| Deferred income taxes, net   | 113.9             | 93.4              |
| Intangibles, net   | 19.9              | 23.9              |
| Other  | 55.5              | 48.2              |
| Total other assets   | <u>1,479.3</u>    | <u>1,495.4</u>    |
| Total assets   | <u>\$ 2,593.1</u> | <u>\$ 2,487.0</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>  |                   |                   |
| Current liabilities  |                   |                   |
| Accounts payable   | \$ 160.6          | \$ 125.7          |
| Gift card liability  | 64.8              | 73.0              |
| Accrued payroll  | 130.8             | 106.1             |
| Operating lease liabilities  | 114.1             | 112.4             |
| Other accrued liabilities  | 144.7             | 116.3             |
| Income taxes payable   | 7.3               | 2.4               |
| Total current liabilities  | <u>622.3</u>      | <u>535.9</u>      |
| Long-term debt and finance leases, less current installments   | 786.3             | 912.2             |
| Long-term operating lease liabilities, less current portion  | 1,084.5           | 1,125.8           |
| Other liabilities  | 60.6              | 57.4              |
| Commitments and contingencies (Note 8)   |                   |                   |
| Shareholders' equity (deficit)   |                   |                   |
| Common stock (250.0 million authorized shares; \$0.10 par value; 60.3 million shares issued and 45.0 million shares outstanding at June 26, 2024, and 60.3 million shares issued and 44.6 million shares outstanding at June 28, 2023) | 6.0               | 6.0               |
| Additional paid-in capital   | 707.8             | 690.0             |
| Accumulated other comprehensive loss   | (6.3)             | (6.0)             |
| Accumulated deficit  | (196.6)           | (351.9)           |
| Treasury stock, at cost (15.3 million shares at June 26, 2024, and 15.7 million shares at June 28, 2023)   | (471.5)           | (482.4)           |
| Total shareholders' equity (deficit)   | <u>39.4</u>       | <u>(144.3)</u>    |
| Total liabilities and shareholders' equity (deficit)   | <u>\$ 2,593.1</u> | <u>\$ 2,487.0</u> |

See accompanying Notes to Consolidated Financial Statements

**BRINKER INTERNATIONAL, INC.**  
**Consolidated Statements of Cash Flows**  
(In millions)

|   | Fiscal Years Ended |                |                |
|---|--------------------|----------------|----------------|
|   | June 26, 2024      | June 28, 2023  | June 29, 2022  |
| Cash flows from operating activities  |                    |                |                |
| Net income  | \$ 155.3           | \$ 102.6       | \$ 117.6       |
| Adjustments to reconcile Net income to Net cash provided by operating activities: |                    |                |                |
| Depreciation and amortization   | 170.8              | 168.5          | 164.4          |
| Deferred income taxes, net  | (20.6)             | (30.9)         | (11.7)         |
| Non-cash other (gains) and charges  | 28.7               | 24.0           | 20.3           |
| Stock-based compensation  | 25.9               | 14.4           | 18.6           |
| Net loss on disposal of assets  | 3.5                | 2.7            | 3.4            |
| Other   | 2.8                | 1.8            | 3.0            |
| Changes in assets and liabilities:  |                    |                |                |
| Accounts receivable, net  | (0.6)              | 0.7            | 3.4            |
| Inventories   | (0.5)              | 0.0            | (5.5)          |
| Restaurant supplies   | (1.0)              | (1.1)          | (1.6)          |
| Prepaid expenses  | (12.3)             | (20.6)         | (12.2)         |
| Income taxes  | 4.0                | 8.0            | 14.4           |
| Operating lease assets, net of liabilities  | (4.0)              | (2.8)          | 3.4            |
| Other assets  | (0.4)              | 0.0            | 0.0            |
| Accounts payable  | 30.8               | (5.8)          | 0.2            |
| Gift card liability   | (8.2)              | (10.9)         | (23.3)         |
| Accrued payroll   | 24.7               | (5.3)          | (11.5)         |
| Other accrued liabilities   | 21.7               | 10.0           | (2.0)          |
| Other liabilities   | 1.3                | 1.0            | (28.7)         |
| Net cash provided by operating activities   | <u>421.9</u>       | <u>256.3</u>   | <u>252.2</u>   |
| Cash flows from investing activities  |                    |                |                |
| Payments for property and equipment   | (198.9)            | (184.9)        | (150.3)        |
| Payments for franchise restaurant acquisitions                                    | —                  | —              | (106.6)        |
| Proceeds from sale leaseback transactions, net of related expenses                | —                  | —              | 20.5           |
| Proceeds from note receivable   | 1.3                | 4.5            | 2.1            |
| Proceeds from sale of assets  | 4.7                | 5.5            | 0.1            |
| Insurance recoveries  | 0.7                | 0.7            | —              |
| Net cash used in investing activities   | <u>(192.2)</u>     | <u>(174.2)</u> | <u>(234.2)</u> |
| Cash flows from financing activities  |                    |                |                |
| Borrowings on revolving credit facility   | 389.0              | 765.0          | 720.5          |
| Payments on revolving credit facility   | (550.3)            | (875.0)        | (620.5)        |
| Proceeds from issuance of long-term debt  | —                  | 350.0          | —              |
| Payments on long-term debt  | (20.1)             | (322.1)        | (23.7)         |
| Purchases of treasury stock   | (25.8)             | (5.0)          | (100.9)        |
| Proceeds from issuance of treasury stock  | 27.9               | 12.5           | 0.4            |
| Payments for debt issuance costs  | (0.7)              | (5.3)          | (3.1)          |
| Payments of dividends   | (0.2)              | (0.6)          | (1.1)          |
| Net cash used in financing activities   | <u>(180.2)</u>     | <u>(80.5)</u>  | <u>(28.4)</u>  |
| Net change in cash and cash equivalents   | 49.5               | 1.6            | (10.4)         |
| Cash and cash equivalents at beginning of period                                  | 15.1               | 13.5           | 23.9           |
| Cash and cash equivalents at end of period  | <u>\$ 64.6</u>     | <u>\$ 15.1</u> | <u>\$ 13.5</u> |
| Supplemental disclosure of cash flow information:                                 |                    |                |                |
| Income taxes paid (refunds received), net   | \$ 26.1            | \$ 12.4        | \$ (4.7)       |
| Interest paid, net of amounts capitalized   | 50.3               | 51.0           | 41.0           |
| Accrued capital expenditures  | 16.5               | 11.3           | 15.2           |

See accompanying Notes to Consolidated Financial Statements

**BRINKER INTERNATIONAL, INC.**  
**Consolidated Statements of Shareholders' Equity (Deficit)**  
(In millions)

|                             | Common Stock |        | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Treasury<br>Stock | Accumulated<br>Other<br>Comprehensive<br>Loss | Total      |
|-----------------------------|--------------|--------|----------------------------------|------------------------|-------------------|---|------------|
|                             | Shares       | Amount |                                  |                        |                   |   |            |
| Balances at June 30, 2021   | 45.9         | \$ 7.0 | \$ 685.4                         | \$ (266.1)             | \$ (724.9)        | \$ (4.7)                                      | \$ (303.3) |
| Net income                  | —            | —      | —                                | 117.6                  | —                 | —   | 117.6      |
| Other comprehensive loss    | —            | —      | —                                | —                      | —                 | (0.6)   | (0.6)      |
| Dividends                   | —            | —      | —                                | 0.1                    | —                 | —   | 0.1        |
| Stock-based compensation    | —            | —      | 18.6                             | —                      | —                 | —   | 18.6       |
| Purchases of treasury stock | (2.4)        | —      | (2.0)                            | —                      | (98.9)            | —   | (100.9)    |
| Issuances of treasury stock | 0.3          | —      | (11.1)                           | —                      | 11.5              | —   | 0.4        |
| Balances at June 29, 2022   | 43.8         | 7.0    | 690.9                            | (148.4)                | (812.3)           | (5.3)   | (268.1)    |
| Net income                  | —            | —      | —                                | 102.6                  | —                 | —   | 102.6      |
| Other comprehensive loss    | —            | —      | —                                | —                      | —                 | (0.7)   | (0.7)      |
| Dividends                   | —            | —      | —                                | 0.0                    | —                 | —   | 0.0        |
| Stock-based compensation    | —            | —      | 14.4                             | —                      | —                 | —   | 14.4       |
| Purchases of treasury stock | (0.1)        | —      | (0.4)                            | —                      | (4.6)             | —   | (5.0)      |
| Issuances of treasury stock | 0.9          | —      | (14.9)                           | —                      | 27.4              | —   | 12.5       |
| Retirement of stock         | —            | (1.0)  | —                                | (306.1)                | 307.1             | —   | —          |
| Balances at June 28, 2023   | 44.6         | 6.0    | 690.0                            | (351.9)                | (482.4)           | (6.0)   | (144.3)    |
| Net income                  | —            | —      | —                                | 155.3                  | —                 | —   | 155.3      |
| Other comprehensive loss    | —            | —      | —                                | —                      | —                 | (0.3)   | (0.3)      |
| Dividends                   | —            | —      | —                                | 0.0                    | —                 | —   | 0.0        |
| Stock-based compensation    | —            | —      | 25.9                             | —                      | —                 | —   | 25.9       |
| Purchases of treasury stock | (0.8)        | —      | (0.5)                            | —                      | (25.3)            | —   | (25.8)     |
| Issuances of treasury stock | 1.2          | —      | (7.6)                            | —                      | 36.2              | —   | 28.6       |
| Balances at June 26, 2024   | 45.0         | \$ 6.0 | \$ 707.8                         | \$ (196.6)             | \$ (471.5)        | \$ (6.3)                                      | \$ 39.4    |

See accompanying Notes to Consolidated Financial Statements

**BRINKER INTERNATIONAL, INC.**  
**Notes to Consolidated Financial Statements**  
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## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

The Company is principally engaged in the ownership, operation, development and franchising of the Chili's® Grill & Bar ("Chili's") and Maggiano's Little Italy® ("Maggiano's") restaurant brands. As of June 26, 2024, we owned, operated or franchised 1,614 restaurants, consisting of 1,171 Company-owned restaurants and 443 franchised restaurants, located in the United States, 27 other countries and two United States territories.

### Basis of Presentation

**Principles of Consolidation** - The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"), and include the accounts of Brinker International, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. All amounts within the Notes to Consolidated Financial Statements are presented in millions unless otherwise specified.

**Fiscal Year** - We have a 52 or 53 week fiscal year ending on the last Wednesday in June. We utilize a 13 week accounting period for quarterly reporting purposes, except in years containing 53 weeks when the fourth quarter contains 14 weeks. Fiscal 2024, Fiscal 2023 and Fiscal 2022 which ended on June 26, 2024, June 28, 2023 and June 29, 2022 respectively, each contained 52 weeks.

**Reclassifications** - Beginning in fiscal 2023, we are presenting certain revenue streams related to gift cards, digital entertainment, Maggiano's banquet service charges and delivery fees within Company sales to better align with the presentation used within the casual dining industry. Our presentation of Franchise revenues will now include only revenues related to the ongoing franchise-operated restaurants. Comparative figures in prior years have been adjusted to conform to the current year's presentation. These reclassifications have no effect on Total revenues or Net income previously reported.

**Use of Estimates** - The preparation of the Consolidated Financial Statements is in conformity with GAAP and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and costs and expenses in the reporting periods. Actual results could differ from those estimates.

### Significant Accounting Policies

**Cash and Cash Equivalents** - Our policy is to invest cash in excess of operating requirements in income-producing investments. Income-producing investments with original maturities of three months or less are reflected as cash equivalents.

**Accounts Receivable** - Accounts receivable, net of the allowance for credit losses, represents the estimated net realizable value. Our primary accounts receivables are due from third-party gift card sales, vendor rebates, restaurant sales made with credit cards and franchisees. Provisions for credit losses are recorded based on management's judgment regarding our ability to collect as well as the age of the receivables. Accounts receivable are written off when they are deemed uncollectible.

**Inventories** - Inventories consist of food, beverages and supplies and are valued at the lower of cost (using the first-in, first-out method) or net realizable value.

**Cloud-Based Computing Arrangements** - The Company defers application development stage costs for cloud-based computing arrangements and amortizes those costs over the related service (subscription) agreement. The current and long term portion is included in Prepaid expenses and Other assets in the Consolidated Balance Sheets, respectively.

**Fair Value Measurements** - Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date under market conditions. Fair value measurements are categorized in three levels based on the types of significant inputs used, as follows:

|         |   |
|---------|---|
| Level 1 | Quoted prices in active markets for identical assets or liabilities                         |
| Level 2 | Observable inputs available at measurement date other than quote prices included in Level 1 |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data                   |

**Property and Equipment** - Property and equipment is recorded at cost and depreciated using the straight-line method over the lesser of the remaining term of the lease, including certain renewal options, or the estimated useful lives of the assets. Typical useful lives of our Buildings and leasehold improvements range from 5 to 20 years, and Furniture and equipment range from 3 to 7 years.

Depreciation expenses related to property and equipment for the fiscal years ended June 26, 2024, June 28, 2023, and June 29, 2022, of \$167.9 million, \$165.3 million, and \$161.3 million, respectively, were recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

We review the carrying amount of property and equipment on an annual basis or when events or circumstances indicate that the carrying amount may not be recoverable. We have determined the restaurant level is the lowest level of identifiable cash flows. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on discounted projected future operating cash flows of the restaurants over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk that is considered Level 3 (refer to Fair Value Measurements policy above for definition of levels). Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

**Leases** - We recognize, on the balance sheet, the lease assets and related lease liabilities for the rights and obligations created at lease commencement by operating and finance leases with lease terms of more than 12 months. The lease term commences on the date the lessor makes the underlying asset or assets available, irrespective of when lease payments begin under the contract. When determining the lease term at commencement, we consider both termination and renewal option periods available, and only include the period for which failure to renew the lease imposes a penalty on us in such an amount that renewal, or termination options, appear to be reasonably certain.

Our lease liability is generally based on the present value of the lease payments, consisting of fixed costs and certain rent escalations, using our incremental borrowing rate applicable to the lease term. The lease asset is generally based on the lease liability, adjusted for amounts related to other lease-related assets and liabilities. Our adjustments typically include prepaid rent, landlord contributions as a reduction to the asset and favorable or unfavorable lease purchase price adjustments.

The interest rates used in our lease contracts are not implicit. We have derived our incremental borrowing rate using the interest rate we would pay on our existing borrowings, adjusted for the effect of designating collateral and the lease terms using market data as well as publicly available data for instruments with similar characteristics. The reasonably certain lease term and incremental borrowing rate for each lease requires judgment by management and can impact the classification and accounting for a lease as operating or finance, as well as the value of the lease asset and lease liability.

Lease asset carrying amounts are assessed for impairment annually or when events or circumstances indicate that the carrying amount may not be recoverable, in accordance with our long-lived asset impairment policy. We monitor for events or changes in circumstances that require reassessment of lease classification. When a reassessment results in the re-measurement of a lease liability, a corresponding adjustment is made to the carrying amount of the lease asset.

Variable lease costs, consisting primarily of property taxes, maintenance expenses and contingent rent, are expensed as incurred in Restaurant expenses related to restaurant properties and General and administrative for our corporate headquarters in the Consolidated Statements of Comprehensive Income and are not included in lease liabilities in the Consolidated Balance Sheets. Contingent rent represents payment of variable lease obligations based on a percentage of sales, as defined by the terms of the applicable lease, for certain restaurant facilities and is recorded at the point in time we determine that it is probable that such sales levels will be achieved.

Operating lease expenses are recognized on a straight-line basis over the lease term in Restaurant expenses for restaurant properties and General and administrative for our corporate headquarters, in the Consolidated Statements of Comprehensive Income.

Finance lease expenses are recognized on a straight-line basis over the lesser of the useful life of the leased asset or the lease term and the expenses are recognized in Depreciation and amortization in the Consolidated Statements of Comprehensive Income. Interest on each finance lease liability is recorded to Interest expenses in the Consolidated Statements of Comprehensive Income.

**Definite-Lived Intangible Assets** - Definite-lived intangible assets primarily include the reacquired franchise rights resulting from our acquisitions and included in Intangibles, net in the Consolidated Balance Sheets. These assets are amortized using the straight-line method over the remaining term of the related franchise agreement. We determine the fair value of reacquired franchise rights based on discounted projected future operating cash flows of the restaurants associated with these franchise rights. We review the carrying amount annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

**Indefinite-Lived Intangible Assets** - The costs of obtaining non-transferable liquor licenses from local government agencies are expensed over the specified term of the license to Restaurant expenses in the Consolidated Statements of Comprehensive Income. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in Intangibles, net in the Consolidated Balance Sheets.

Transferable liquor licenses are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Impairment charges are recognized based on the excess of carrying value over fair value. We determine fair value based on prices in the open market for licenses in same or similar jurisdictions. Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

**Goodwill** - Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate for purposes of impairment testing. Goodwill is tested for impairment annually, during the second quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our two restaurant brands, Chili's and Maggiano's, are both operating segments and reporting units.

We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. The carrying value of the reporting unit is compared to its estimated fair value, and if the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

During fiscal 2024, fiscal 2023 and fiscal 2022, we performed our annual goodwill impairment analysis using a qualitative approach to determine whether indicators of impairment exist. Related to the qualitative assessment, we evaluated factors including our market capitalization, as well as the market capitalization of other companies in the restaurant industry, sales at our restaurants and significant adverse changes in the operating environment for the restaurant industry. Based on these factors, no indicators of impairment were identified during our annual analysis performed in the second quarters of fiscal 2024, fiscal 2023 and fiscal 2022. Additionally, no indicators of impairment were identified through the end of each fiscal year.

***Insurance Reserves*** - We are self-insured for certain losses related to health, general liability and workers' compensation. We maintain stop loss coverage with third-party insurers to limit our total exposure. The self-insurance liability represents an estimate of the ultimate cost of claims incurred and unpaid as of the balance sheet date. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates and is reviewed on a quarterly basis to ensure that the liability is appropriate. The estimated incurred but unreported costs to settle unpaid claims are included in Other accrued liabilities and Other liabilities, depending on their current or long-term nature, in the Consolidated Balance Sheets.

***Preferred Stock*** - Our Board of Directors is authorized to provide for the issuance of 1.0 million preferred shares with a par value of \$1.00 per share, in one or more series, and to fix the voting rights, liquidation preferences, dividend rates, conversion rights, redemption rights, and terms, including sinking fund provisions, and certain other rights and preferences. As of June 26, 2024, no preferred shares were issued.

***Revenues*** - Revenues are presented in the Company sales and Franchise revenues captions in the Consolidated Statements of Comprehensive Income.

***Company Sales*** - Company sales include revenues generated by the operation of Company-owned restaurants including food and beverage sales, net of discounts, Maggiano's banquet service charge income, gift card breakage, delivery, digital entertainment revenues, merchandise income and are net of gift card discount costs from third-party gift card sales. We record revenues from the sale of food, beverages and alcohol, net of discounts, upon delivery to the customer. Sales taxes assessed by a governmental authority that are both imposed on and concurrent with specific revenue transactions and collected from a customer have been excluded from revenues.

Gift card breakage represents the monetary value associated with outstanding gift card balances that will not be redeemed. We estimate this amount based on our historical gift card redemption patterns and actuarial estimates, update the breakage rate estimate periodically and if necessary, adjust the deferred revenues balance within the Gift card liability in the Consolidated Balance Sheets. Breakage revenues are recognized proportionate to the pattern of related gift card redemptions. We do not charge dormancy, or any other fees related to monitoring or administering the gift card program to cardholders. Additionally, proceeds from the sale of gift cards are recorded as deferred revenues in the Gift card liability in the Consolidated Balance Sheets and recognized as Company sales when the gift card is redeemed by the holder.

Our gift cards are sold through various outlets such as in-restaurant, Chili's and Maggiano's websites, directly to other businesses and through third-party distributors that sell our gift cards at retail locations. We incur incremental direct costs, such as commissions and activation fees, for gift cards sold by third-party businesses and distributors. These gift card discount costs are deferred and amortized against revenues proportionate to the pattern of related gift card redemptions.

***Franchise Revenues*** - Franchise revenues include royalties, franchise advertising fees, franchise and development fees and gift card equalization. Franchise royalties are based on a percentage of the sales generated by our franchise-operated restaurants. The performance obligation related to franchise sales is considered complete upon the sale of food, beverages and alcohol, therefore royalty revenues are recognized in the same period the sales are generated at the franchise-operated restaurants. Franchise advertising contributions from domestic franchisees are contractually obligated to contribute into certain advertising and marketing funds. Franchise and Development Fees are received from franchises for new restaurant openings and for territory development arrangements. The performance obligation related to these arrangements are collectively deferred as a contract liability and recognized on a straight-

line basis into Franchise revenues in the Consolidated Statements of Comprehensive Income over the term of the underlying agreements.

**Advertising Expenses** - Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. In the fiscal years ended June 26, 2024, June 28, 2023 and June 29, 2022, advertising expenses of \$130.2 million, \$58.2 million and \$37.4 million, respectively, were included in Restaurant expenses, and advertising contributions from franchisees of \$6.0 million, \$3.0 million and \$2.4 million, respectively, were recorded in Franchise revenues in the Consolidated Statements of Comprehensive Income.

**Income Taxes** - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We record a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return that is not more-likely-than-not to be realized. We recognize any interest and penalties related to unrecognized tax benefits in Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. Additionally, income taxes are computed on a consolidated legal jurisdiction basis with no regard to brand.

**Stock-Based Compensation** - We measure and recognize compensation costs at fair value for all share-based payments. We record compensation expenses using a graded-vesting schedule or on a straight-line basis, as applicable, over the vesting period, or the date on which retirement eligibility is achieved, if earlier. We recognize compensation expenses for only the portion of share-based awards that are expected to vest. Therefore, we apply estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Certain employees are eligible to receive stock options, performance shares, restricted stock and restricted stock units, while non-employee members of the Board of Directors are eligible to receive stock options, restricted stock and restricted stock units. Awards granted to the Board of Directors are non-forfeitable and are fully expensed upon grant. Awards to eligible employees may vest over a specified period of time or service period and may also contain performance-based conditions. The fair values of restricted stock and restricted stock units that do not contain a performance condition are based on our closing stock price on the date of grant, while the fair value of stock options, if granted, is estimated using the Black-Scholes option-pricing model on the date of grant.

Performance shares represent a right to receive shares of common stock upon satisfaction of Company performance goals usually at the end of a three-fiscal-year cycle. Vesting of performance shares granted are generally contingent upon meeting Company performance goals based on a specified range of earnings at the end of the three-fiscal-year period and may also include a market-based metric, such as TSR. Compensation expenses for the performance shares are recorded to General and administrative expenses based on management's periodic estimates of the number of shares that will be earned under the Company performance metric, and the fair value of the shares as determined by our closing stock price on the date of grant, or by Monte Carlo simulation if a market-based metric is included. A cumulative expenses adjustment is recognized when that estimate changes.

**Foreign Currency** - Foreign currency translation adjustments represent the unrealized impact of translating the financial statements of our Canadian restaurants from their respective functional currency (Canadian dollars) to U.S. dollars and are reported as a component of comprehensive income and recorded in Accumulated other comprehensive loss on our Consolidated Balance Sheets.

**Net Income Per Share** - Basic net income per share is computed by dividing Net income by the Basic weighted average shares outstanding for the reporting period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of Diluted net income per share, the Basic weighted average shares outstanding is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the Diluted net income per share calculation. Basic weighted average shares outstanding are reconciled to Diluted weighted average shares outstanding as follows:

|   | June 26, 2024 | June 28, 2023 | June 29, 2022 |
|---|---------------|---------------|---------------|
| Basic weighted average shares outstanding   | 44.4          | 44.1          | 44.8          |
| Dilutive stock options                      | 0.1           | 0.1           | 0.2           |
| Dilutive restricted shares                  | 1.2           | 0.8           | 0.6           |
| Total dilutive impact                       | 1.3           | 0.9           | 0.8           |
| Diluted weighted average shares outstanding | 45.7          | 45.0          | 45.6          |
| Awards excluded due to anti-dilutive effect | 0.4           | 1.3           | 0.8           |

### Chili's Restaurant Acquisitions

During fiscal 2022, we completed the acquisitions of 68 Chili's restaurants from three former franchisees. We accounted for these acquisitions as a business combination. Total purchase price, including post-closing adjustments was \$106.7 million. The results of operations, and assets and liabilities, of these restaurants are included in the Consolidated Financial Statements from the acquisition dates.

### Recently Issued Accounting Standards or Disclosure Rules

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, which would require us to adopt the provisions in our fiscal 2025 Form 10-K. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. Management does not expect this ASU to have a material impact on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disaggregated information about a company's effective tax rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024, which would require us to adopt the provisions in our fiscal 2026 Form 10-K. Early adoption is permitted. The amendments should be applied prospectively; however, retrospective application is permitted. Management is currently evaluating this ASU to determine its impact on our disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule will require registrants to disclose certain climate-related information in registration statements and annual reports. In April 2024, the SEC voluntarily stayed the final rule as a result of pending legal challenges. The disclosure requirements will apply to our fiscal year beginning June 26, 2025 (fiscal 2026 Form 10-K), pending resolution of the stay. Management is currently evaluating the final rule to determine its impact on our disclosures.

## 2. REVENUE RECOGNITION

### Deferred Franchise and Development Fees

Our deferred franchise and development fees consist of the unrecognized fees received from franchisees. Recognition of these fees in subsequent periods is based on satisfaction of the contractual performance obligations of the active contracts with franchisees. We also expect to earn subsequent period royalties and advertising fees related to our franchise contracts; however, due to the variability and uncertainty of these future revenues based upon a sales-based measure, these future revenues are not yet estimable as the performance obligations remain unsatisfied. Deferred franchise and development fees are classified within Other accrued liabilities for the current portion expected to be recognized within the next 12 months and Other liabilities for the long-term portion in the Consolidated Balance Sheets.

The following table reflects the changes in deferred franchise and development fees for the fiscal years ended on June 26, 2024 and June 28, 2023:

|   | June 26, 2024 | June 28, 2023  |
|---|---------------|----------------|
| Beginning balance                       | \$ 11.1       | \$ 10.1        |
| Additions                               | 0.6           | 1.9            |
| Amount recognized to Franchise revenues | (2.0)         | (0.9)          |
| Ending balance                          | <u>\$ 9.7</u> | <u>\$ 11.1</u> |

The following table illustrates franchise and development fees expected to be recognized in the future related to performance obligations that were unsatisfied or partially unsatisfied as of June 26, 2024:

| Fiscal Year | Franchise and<br>Development Fees<br>Revenue Recognition |
|-------------|--|
| 2025        | \$ 0.9   |
| 2026        | 0.8  |
| 2027        | 0.7  |
| 2028        | 0.6  |
| 2029        | 0.5  |
| Thereafter  | 6.2  |
|             | <u>\$ 9.7</u>  |

### Deferred Gift Card Revenues

Total deferred revenues related to our gift cards include the full value of unredeemed gift card balances less recognized breakage and the unamortized portion of third-party fees. The following table reflects the changes in the Gift card liability for fiscal years ended on June 26, 2024 and June 28, 2023:

|   | June 26, 2024  | June 28, 2023  |
|---|----------------|----------------|
| Beginning balance                                 | \$ 73.0        | \$ 83.9        |
| Gift card sales                                   | 122.2          | 127.1          |
| Gift card redemptions recognized to Company sales | (119.5)        | (121.7)        |
| Gift card breakage recognized to Company sales    | (11.1)         | (16.5)         |
| Other   | 0.2            | 0.2            |
| Ending balance                                    | <u>\$ 64.8</u> | <u>\$ 73.0</u> |

### 3. FAIR VALUE MEASUREMENTS

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts because of the short maturity of these items.

The carrying amount of long-term debt outstanding related to our revolving credit facility approximates fair value as the interest rate on this instrument approximates current market rates (Level 2). As of the end of fiscal 2024, there was no outstanding balance on the revolving credit facility. Refer to Note 7 - Debt for more information regarding our long-term debt including our 5.000% and 8.250% notes. The fair values of these notes are based on quoted market prices and are considered Level 2 fair value measurements, and the carrying amounts and the fair values are as follows:

|              | June 26, 2024   |            | June 28, 2023   |            |
|--------------|-----------------|------------|-----------------|------------|
|              | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| 5.000% notes | \$ 349.8        | \$ 349.6   | \$ 349.0        | \$ 343.5   |
| 8.250% notes | 345.2           | 367.8      | 344.3           | 348.3      |

We review the carrying amounts of non-financial assets, primarily long-lived property and equipment, finance lease assets, operating lease assets, reacquired franchise rights, goodwill and transferable liquor licenses annually or when events or circumstances indicate that the fair value may not substantially exceed the carrying amount. We determined the fair values of property and equipment, including finance lease assets, operating lease assets and reacquired franchise rights are based on Level 3 fair value measurements. The fair values of transferable liquor licenses are based on prices in the open market for licenses in the same or similar jurisdictions and are categorized as Level 2. We record an impairment charge for the excess of the carrying amount over the fair value.

During fiscal 2024 and fiscal 2023 we impaired certain long-lived assets and operating lease assets primarily related to 35 and 38 underperforming Chili's restaurants, respectively. The table below presents the carrying values and related charges recorded on these impaired restaurants for the periods presented:

|                             | Pre-Impairment Carrying Value |               | Impairment Charges |               |
|-----------------------------|-------------------------------|---------------|--------------------|---------------|
|                             |                               |               | Fiscal Years Ended |               |
|                             | June 26, 2024                 | June 28, 2023 | June 26, 2024      | June 28, 2023 |
| Property and equipment      | \$ 10.2                       | \$ 10.2       | \$ 9.3             | \$ 10.2       |
| Reacquired franchise rights | 0.4                           | 0.3           | 0.4                | 0.3           |
| Operating lease assets      | 21.4                          | 21.4          | 2.5                | 1.5           |
| Total                       | \$ 32.0                       | \$ 31.9       | \$ 12.2            | \$ 12.0       |

During fiscal 2024 and fiscal 2023 we impaired certain transferable liquor licenses with related charges of \$0.1 million in each of the respective fiscal years.

All impairment charges were included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income for the periods presented. Refer to Note 13 - Other Gains and Charges for more information.

#### 4. GOODWILL AND INTANGIBLES

There have been no impairments of Goodwill for the fiscal years ended June 26, 2024, June 28, 2023 and June 29, 2022. The changes in the carrying amount of Goodwill by segment are as follows:

|   | June 26, 2024 |            |              | June 28, 2023 |            |              |
|---|---------------|------------|--------------|---------------|------------|--------------|
|   | Chili's       | Maggiano's | Consolidated | Chili's       | Maggiano's | Consolidated |
| Balance at beginning of year            | \$ 156.6      | \$ 38.4    | \$ 195.0     | \$ 156.7      | \$ 38.4    | \$ 195.1     |
| Changes in goodwill:                    |               |            |              |               |            |              |
| Foreign currency translation adjustment | (0.2)         | —          | (0.2)        | (0.1)         | —          | (0.1)        |
| Balance at end of year                  | \$ 156.4      | \$ 38.4    | \$ 194.8     | \$ 156.6      | \$ 38.4    | \$ 195.0     |

Intangible assets, net are as follows:

|  | June 26, 2024         |                          |                     | June 28, 2023         |                          |                     |
|--|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
|  | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| <b>Definite-lived intangible assets</b>            |                       |                          |                     |                       |                          |                     |
| Chili's reacquired franchise rights <sup>(1)</sup> | \$ 26.0               | \$ (16.2)                | \$ 9.8              | \$ 28.4               | \$ (14.9)                | \$ 13.5             |
| Chili's other                                      | 0.4                   | (0.4)                    | —                   | 0.4                   | (0.4)                    | —                   |
|  | \$ 26.4               | \$ (16.6)                | \$ 9.8              | \$ 28.8               | \$ (15.3)                | \$ 13.5             |
| <b>Indefinite-lived intangible assets</b>          |                       |                          |                     |                       |                          |                     |
| Chili's liquor licenses                            | \$ 9.3                |                          |                     | \$ 9.6                |                          |                     |
| Maggiano's liquor licenses                         | 0.8                   |                          |                     | 0.8                   |                          |                     |
|  | \$ 10.1               |                          |                     | \$ 10.4               |                          |                     |

<sup>(1)</sup> The carrying value of Definite-lived intangible assets was adjusted for closure write offs and impairment charges in fiscal 2024 and 2023.

Amortization expenses for all definite-lived intangible assets were recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income as follows:

|   | Fiscal Years Ended |               |               |
|---|--------------------|---------------|---------------|
|   | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Definite-lived intangibles amortization expense | \$ 3.0             | \$ 3.2        | \$ 3.0        |

Annual amortization expenses for definite-lived intangible assets are estimated to be \$2.7 million for fiscal 2025 and fiscal 2026, \$2.6 million for fiscal 2027, \$0.9 million fiscal 2028 and \$0.5 million for fiscal 2029.

## 5. ACCRUED LIABILITIES

Other accrued liabilities consist of the following:

|   | June 26, 2024   | June 28, 2023   |
|---|-----------------|-----------------|
| Insurance   | \$ 31.4         | \$ 29.3         |
| Property tax                                      | 24.6            | 24.5            |
| Sales tax   | 18.4            | 17.3            |
| Interest  | 18.1            | 6.4             |
| Current installments of finance lease obligations | 14.1            | 10.2            |
| Utilities and services                            | 10.0            | 10.4            |
| Other   | 28.1            | 18.2            |
|   | <u>\$ 144.7</u> | <u>\$ 116.3</u> |

## 6. LEASES

As of June 26, 2024, 1,121 of our 1,171 Company-owned restaurant facilities were leased. We typically lease our restaurant facilities through ground leases (where we lease land only, but construct the building and leasehold improvements) or retail leases (where we lease the land/retail space and building, but construct the leasehold improvements). As of June 26, 2024, the restaurant leases have cumulative renewal clauses of 3 to 30 years at our option. Our leased restaurants typically have an initial lease term of 10 to 20 years, with one or more renewal terms ranging from 1 to 10 years. The leases typically provide for a fixed rental or a fixed rental plus percentage rentals based on sales volume. In addition to our restaurant facilities, we also lease our corporate headquarters location and certain equipment. Our lease agreements do not contain any material residual value guarantees or material covenant restrictions.

### Consolidated Balance Sheet Disclosure of Lease Amounts

The following table includes a detail of lease assets and liabilities included in the Consolidated Balance Sheets:

|                             | June 26, 2024                 |                                 |                   |
|-----------------------------|-------------------------------|---------------------------------|-------------------|
|                             | Finance Leases <sup>(1)</sup> | Operating Leases <sup>(2)</sup> | Total Leases      |
| Lease assets                | \$ 93.4                       | \$ 1,095.2                      | \$ 1,188.6        |
| Current lease liabilities   | 14.1                          | 114.1                           | 128.2             |
| Long-term lease liabilities | 91.3                          | 1,084.5                         | 1,175.8           |
| Total lease liabilities     | <u>\$ 105.4</u>               | <u>\$ 1,198.6</u>               | <u>\$ 1,304.0</u> |
|                             |                               |                                 |                   |
|                             | June 28, 2023                 |                                 |                   |
|                             | Finance Leases <sup>(1)</sup> | Operating Leases <sup>(2)</sup> | Total Leases      |
| Lease assets                | \$ 51.3                       | \$ 1,134.9                      | \$ 1,186.2        |
| Current lease liabilities   | 10.2                          | 112.4                           | 122.6             |
| Long-term lease liabilities | 57.6                          | 1,125.8                         | 1,183.4           |
| Total lease liabilities     | <u>\$ 67.8</u>                | <u>\$ 1,238.2</u>               | <u>\$ 1,306.0</u> |

<sup>(1)</sup> Finance lease assets are recorded in Property and equipment, at cost, and the related current and long-term lease liabilities are recorded within Other accrued liabilities and Long-term debt and finance leases, less current installments, respectively.

<sup>(2)</sup> Operating lease assets are recorded in Operating lease assets and the related current and long-term lease liabilities are recorded within Operating lease liabilities and Long-term operating lease liabilities, less current portion, respectively.

## Consolidated Statement of Comprehensive Income Disclosure of Lease Amounts

The components of lease expenses, including variable lease costs primarily consisting of rent based on a percentage of sales, common area maintenance and real estate tax charges, and short-term lease expenses for leases with lease terms less than twelve months are included in the Consolidated Statements of Comprehensive Income as follows:

|                            | Fiscal Years Ended |                 |                 |
|----------------------------|--------------------|-----------------|-----------------|
|                            | June 26, 2024      | June 28, 2023   | June 29, 2022   |
| Operating lease cost       | \$ 182.5           | \$ 181.0        | \$ 173.7        |
| Finance lease amortization | 14.0               | 19.7            | 21.9            |
| Finance lease interest     | 4.2                | 4.1             | 5.5             |
| Short-term lease cost      | 0.3                | 0.3             | 0.6             |
| Variable lease cost        | 63.4               | 63.5            | 60.5            |
| Sublease income            | (1.2)              | (2.8)           | (4.2)           |
| Total lease costs, net     | <u>\$ 263.2</u>    | <u>\$ 265.8</u> | <u>\$ 258.0</u> |

## Consolidated Statement of Cash Flows Disclosure of Lease Amounts

Supplemental cash flow information related to leases recorded in the Consolidated Statements of Cash Flows is as follows:

|  | Fiscal Years Ended |               |               |
|--|--------------------|---------------|---------------|
|  | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Cash flows from operating activities                             |                    |               |               |
| Cash paid related to lease liabilities                           |                    |               |               |
| Operating leases   | \$ 186.3           | \$ 184.3      | \$ 171.1      |
| Finance leases   | 4.2                | 4.1           | 5.5           |
| Cash flows from financing activities                             |                    |               |               |
| Cash paid related to lease liabilities                           |                    |               |               |
| Finance leases   | 20.1               | 22.1          | 23.7          |
| Non-cash lease assets obtained in exchange for lease liabilities |                    |               |               |
| Operating leases <sup>(1)</sup>                                  | 82.6               | 101.7         | 255.4         |
| Finance leases   | 53.7               | 0.3           | 13.4          |

<sup>(1)</sup> Non-cash operating lease assets obtained in exchange for operating lease liabilities were higher in fiscal 2022 primarily due to the new and assumed operating lease additions associated with the 68 restaurants purchased from three former franchisees, including sale leaseback transactions on six of the acquired restaurants. The combined transactions resulted in increased operating lease assets of \$86.8 million as of the end of fiscal 2022, and cash proceeds of \$20.5 million were received from the sale leaseback transactions. Additionally, the modifications of 25 leases in fiscal 2022 from finance leases to operating leases, resulted in increased operating lease assets of \$47.9 million.

## Weighted Average Lease Term and Discount Rate

Other information related to leases is as follows:

|                                       | Fiscal Years Ended |                  |                |                  |
|---------------------------------------|--------------------|------------------|----------------|------------------|
|                                       | June 26, 2024      |                  | June 28, 2023  |                  |
|                                       | Finance Leases     | Operating Leases | Finance Leases | Operating Leases |
| Weighted average remaining lease term | 7.4 years          | 11.6 years       | 9.9 years      | 11.8 years       |
| Weighted average discount rate        | 5.9 %              | 6.0 %            | 5.5 %          | 5.8 %            |

## Lease Maturity Analysis

Finance leases and Operating leases total future lease payments represent the contractual obligations due under the lease agreements, including cancellable option periods where we are reasonably assured to exercise the options. As of June 26, 2024, the future minimum lease payments on finance and operating leases, as well as sublease income were as follows:

| Fiscal Year                      | June 26, 2024  |                  |                 |
|----------------------------------|----------------|------------------|-----------------|
|                                  | Finance Leases | Operating Leases | Sublease Income |
| 2025                             | \$ 19.8        | \$ 180.7         | \$ 0.9          |
| 2026                             | 22.9           | 174.8            | 0.8             |
| 2027                             | 22.8           | 157.6            | 0.7             |
| 2028                             | 22.9           | 139.1            | 0.4             |
| 2029                             | 8.4            | 128.8            | 0.3             |
| Thereafter                       | 33.4           | 917.0            | 0.5             |
| Total future lease payments      | 130.2          | 1,698.0          | \$ 3.6          |
| Less: Imputed interest           | 24.8           | 499.4            |                 |
| Present value of lease liability | \$ 105.4       | \$ 1,198.6       |                 |

## Pre-Commencement Leases

In fiscal 2024, we executed four leases for new Chili's locations and one lease for a new Maggiano's location with undiscounted fixed payments over the initial term of \$15.5 million. These leases will commence when the landlords make the property available to us for new restaurant construction. We will assess the reasonably certain lease term at the lease commencement date.

## 7. DEBT

Long-term debt consists of the following:

|  | June 26, 2024 | June 28, 2023 |
|--|---------------|---------------|
| Revolving credit facility  | \$ —          | \$ 161.3      |
| 5.000% notes <sup>(1)</sup>  | 350.0         | 350.0         |
| 8.250% notes   | 350.0         | 350.0         |
| Finance lease obligations  | 105.4         | 67.8          |
| Total long-term debt   | 805.4         | 929.1         |
| Less: unamortized debt issuance costs and discounts                      | (5.0)         | (6.7)         |
| Total long-term debt, less unamortized debt issuance costs and discounts | 800.4         | 922.4         |
| Less: current installments of finance lease obligations <sup>(2)</sup>   | (14.1)        | (10.2)        |
| Total long-term debt, less current portion                               | \$ 786.3      | \$ 912.2      |

(1) Obligations under our 5.000% notes, which mature on October 1, 2024, have been classified as long-term, reflecting our intent and ability to refinance these notes through our existing revolving credit facility.

(2) Current installments of finance lease obligations, for the periods presented, are recorded within Other accrued liabilities in the Consolidated Balance Sheets. Refer to Note 5 - Accrued Liabilities for further details.

Excluding finance lease obligations and interest, our long-term debt maturities for the five fiscal years following June 26, 2024 and thereafter are as follows:

| Fiscal Year | Long-Term Debt  |
|-------------|-----------------|
| 2025        | \$ 350.0        |
| 2026        | —               |
| 2027        | —               |
| 2028        | —               |
| 2029        | —               |
| Thereafter  | 350.0           |
|             | <u>\$ 700.0</u> |

### Revolving Credit Facility

The \$900.0 million revolving credit facility, as amended, matures on August 18, 2026 and bears interest at a rate of SOFR plus an applicable margin of 1.60% to 2.35% and an undrawn commitment fee of 0.25% to 0.35%, both based on a function of our debt-to-cash-flow ratio. As of June 26, 2024, our interest rate was 6.94% consisting of SOFR of 5.34% plus the applicable margin and spread adjustment of 1.60%. As of June 26, 2024, there was \$900.0 million of borrowing capacity under the revolving credit facility.

### 8.250% Notes

In fiscal 2023, we issued \$350.0 million of 8.250% senior notes due July 15, 2030 (the “2030 Notes”). The 2030 Notes require semi-annual interest payments in arrears, on each January 15 and July 15, which began on January 15, 2024.

### 5.000% Notes

In fiscal 2017, we issued \$350.0 million of 5.000% senior notes due October 1, 2024 (the “2024 Notes”). The notes require semi-annual interest payments which began on April 1, 2017.

### Financial and Other Covenants

The indentures for the 2024 Notes and 2030 Notes contain certain covenants, including, but not limited to, limitations and restrictions on the ability of the Company and its Restricted Subsidiaries (as defined in the indentures) to (i) create liens on Principal Property (as defined in the Indenture) and (ii) merge, consolidate or amalgamate with or into any other person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of their property. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations.

Our debt agreements contain various financial covenants that, among other things, require the maintenance of certain leverage ratios. As of June 26, 2024, we were in compliance with our covenants pursuant to the \$900.0 million revolving credit facility and under the terms of the indentures governing our 5.000% and 8.250% notes.

## **8. COMMITMENTS AND CONTINGENCIES**

### **Lease Commitments and Guarantees**

We have, in certain cases, divested brands or sold restaurants to franchisees and have not been released from lease guarantees for the related restaurants. As of June 26, 2024 and June 28, 2023, we have outstanding lease guarantees or are secondarily liable for \$15.7 million and \$16.9 million, respectively. These amounts represent the maximum known potential liability of rent payments under the leases, but outstanding rent payments can exist outside of our knowledge as a result of the landlord and tenant relationship being between two third parties. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from fiscal 2025 through fiscal 2035. In the event of default under a lease by an owner of a divested brand, the indemnity and default clauses in our agreements with such third parties and applicable laws govern our ability to pursue and recover amounts we may pay on behalf of such third parties.

We have received notices of default and have been named a party in lawsuits pertaining to some of these leases in circumstances where the current lessee did not pay its rent obligations. We recorded a \$0.8 million and \$2.0 million charge related to these leases and lawsuits in fiscal 2024 and fiscal 2023, respectively, which are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income. We will continue to closely monitor our exposure.

### **Letters of Credit**

We provide letters of credit to various insurers to collateralize obligations for outstanding claims. As of June 26, 2024, we had \$5.8 million in undrawn standby letters of credit outstanding. All standby letters of credit are renewable within the next 10 months.

### **Cybersecurity Litigation**

In fiscal 2018, we discovered malware at certain Chili's restaurants that may have resulted in unauthorized access or acquisition of customer payment card data. We settled all claims from payment card companies related to this incident and do not expect material claims from payment card companies in the future. In connection with this event, the Company was also named as a defendant in a putative class action lawsuit in the United States District Court for the Middle District of Florida (the "Litigation") relating to this incident. In the Litigation, plaintiffs assert various claims at the Company's Chili's restaurants involving customer payment card information and seek monetary damages in excess of \$5.0 million, injunctive and declaratory relief, and attorney's fees and costs.

On April 29, 2024, the US Supreme Court denied our petition for certiorari concerning review of the Eleventh Circuit's decision to uphold plaintiff's damages calculation. Accordingly, the parties continue to await the trial court's ruling on the issue of predominance as it relates to class certification in light of the Eleventh Circuit's ruling on this issue. We believe we have defenses and intend to continue defending the Litigation. As such, as of June 26, 2024, we have concluded that a loss, or range of loss, from this matter is not determinable, therefore, we have not recorded a liability related to the Litigation. We will continue to evaluate this matter based on new information as it becomes available.

### **Legal Proceedings**

Evaluating contingencies related to litigation is a process involving judgment on the potential outcome of future events, and the ultimate resolution of litigated claims may differ from our current analysis. Accordingly, we review the adequacy of accruals and disclosures pertaining to litigated matters each quarter in consultation with legal counsel and we assess the probability and range of possible losses associated with contingencies for potential accrual in the Consolidated Financial Statements.

We are engaged in various legal proceedings and have certain unresolved claims pending. Liabilities have been established based on our best estimates of our potential liability in certain of these matters. Based upon consultation with legal counsel, management is of the opinion that there are no matters pending or threatened which are expected to have a material adverse effect, individually or in the aggregate, on the consolidated financial condition or results of operations.

## 9. INCOME TAXES

Income before income taxes consists of the following:

|                            | Fiscal Years Ended |                |                 |
|----------------------------|--------------------|----------------|-----------------|
|                            | June 26, 2024      | June 28, 2023  | June 29, 2022   |
| Domestic                   | \$ 161.8           | \$ 87.8        | \$ 113.5        |
| Foreign                    | 3.1                | 3.0            | 1.7             |
| Income before income taxes | <u>\$ 164.9</u>    | <u>\$ 90.8</u> | <u>\$ 115.2</u> |

The Provision (benefit) for income taxes and effective tax rate consists of the following:

|  | Fiscal Years Ended |                  |                 |
|--|--------------------|------------------|-----------------|
|  | June 26, 2024      | June 28, 2023    | June 29, 2022   |
| Current income tax expenses:                 |                    |                  |                 |
| Federal                                      | \$ 17.5            | \$ 12.2          | \$ 5.8          |
| State  | 12.3               | 6.8              | 3.7             |
| Foreign                                      | 0.4                | 0.2              | (0.3)           |
| Total current income tax expenses            | <u>30.2</u>        | <u>19.2</u>      | <u>9.2</u>      |
| Deferred income tax (benefit) expenses:      |                    |                  |                 |
| Federal                                      | (18.2)             | (29.5)           | (15.7)          |
| State  | (2.5)              | (2.0)            | 3.7             |
| Foreign                                      | 0.1                | 0.5              | 0.4             |
| Total deferred income tax (benefit) expenses | <u>(20.6)</u>      | <u>(31.0)</u>    | <u>(11.6)</u>   |
| Provision (benefit) for income taxes         | <u>\$ 9.6</u>      | <u>\$ (11.8)</u> | <u>\$ (2.4)</u> |
| Effective tax rate                           | 5.8 %              | (13.0)%          | (2.1)%          |

A reconciliation between the reported Provision (benefit) for income taxes and the amount computed by applying the statutory Federal income tax rate to Income before income taxes is as follows:

|   | Fiscal Years Ended |                  |                 |
|---|--------------------|------------------|-----------------|
|   | June 26, 2024      | June 28, 2023    | June 29, 2022   |
| Income tax expense at statutory rate              | \$ 34.6            | \$ 19.0          | \$ 24.2         |
| FICA and other tax credits                        | (34.2)             | (34.6)           | (32.9)          |
| State income taxes, net of Federal benefit        | 7.7                | 4.7              | 6.2             |
| Officers' compensation                            | 3.7                | 0.0              | 0.9             |
| Stock based compensation tax shortfall (windfall) | (1.2)              | 0.8              | (0.7)           |
| Other   | (1.0)              | (1.7)            | (0.1)           |
| Provision (benefit) for income taxes              | <u>\$ 9.6</u>      | <u>\$ (11.8)</u> | <u>\$ (2.4)</u> |

Our federal statutory tax rate for fiscal 2024, fiscal 2023 and fiscal 2022 was 21.0%.

## Deferred Tax and Allowances

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

|   | June 26, 2024   | June 28, 2023  |
|---|-----------------|----------------|
| Deferred income tax assets:                                     |                 |                |
| Lease liabilities   | \$ 472.4        | \$ 451.5       |
| Gift cards  | 8.3             | 9.2            |
| Insurance reserves  | 15.2            | 13.7           |
| Stock-based compensation  | 10.3            | 9.5            |
| Federal credit carryover  | 61.2            | 59.5           |
| Depreciation and capitalized interest on property and equipment | 15.8            | —              |
| Net operating losses  | 4.4             | 4.2            |
| State credit carryover  | 1.8             | 2.1            |
| Restructure charges and impairments                             | 3.0             | 2.1            |
| Other, net  | 11.9            | 9.7            |
| Less: Valuation allowance                                       | (5.8)           | (4.3)          |
| Total deferred income tax assets                                | <u>598.5</u>    | <u>557.2</u>   |
| Deferred income tax liabilities:                                |                 |                |
| Lease assets  | 444.0           | 421.9          |
| Goodwill and other amortization                                 | 23.0            | 23.2           |
| Depreciation and capitalized interest on property and equipment | —               | 0.7            |
| Prepaid expenses  | 16.8            | 17.3           |
| Other, net  | 0.8             | 0.7            |
| Total deferred income tax liabilities                           | <u>484.6</u>    | <u>463.8</u>   |
| Deferred income taxes, net                                      | <u>\$ 113.9</u> | <u>\$ 93.4</u> |

As of June 26, 2024, we have deferred tax assets of \$5.5 million reflecting the benefit of state loss carryforwards, before federal benefit and valuation allowance, which expire at various dates between 2025 and 2044. We have deferred tax assets of \$61.2 million of federal and \$2.3 million of state tax credits, before federal benefit and valuation allowance, which expire at various dates between 2025 and 2044. The recognized deferred tax asset, net of valuation allowance and federal benefit, for the state loss carryforwards is \$2.5 million and the state tax credit carryforwards is \$0.5 million. There is no valuation allowance on the federal credit carryover and \$5.1 million is limited by Section 382 of the Internal Revenue Code.

The valuation allowance is \$5.8 million at the end of fiscal 2024 to recognize certain deductions and tax credits management believes are more-likely-than-not to not be realized. In assessing whether a deferred tax asset will be realized, we consider the likelihood of the realization, and the reversal of existing taxable temporary differences, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income, as of June 26, 2024, we believe it is more-likely-than-not that we will realize the benefits of the deferred tax assets, net of the existing valuation allowances.

## Unrecognized Tax Benefits

A reconciliation of unrecognized tax benefits are as follows:

|   | June 26, 2024 | June 28, 2023 |
|---|---------------|---------------|
| Balance at beginning of year  | \$ 2.8        | \$ 3.7        |
| Additions based on tax positions related to the current year        | 0.4           | 0.4           |
| Additions (Decreases) based on tax positions related to prior years | —             | 0.1           |
| Expiration of statute of limitations                                | (0.3)         | (1.4)         |
| Balance at end of year  | <u>\$ 2.9</u> | <u>\$ 2.8</u> |

The total amount of unrecognized tax benefits, excluding interest and penalties, which would affect income tax expenses if resolved in our favor was \$2.3 million and \$2.2 million as of June 26, 2024 and June 28, 2023, respectively. We do not expect any material changes to our liability for uncertain tax positions in the next 12 months.

We recognize accrued interest and penalties related to unrecognized tax benefits in Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. As of June 26, 2024, we had \$0.2 million (\$0.2 million net of a \$0.0 million Federal deferred tax benefit) of interest and penalties accrued, compared to \$0.2 million (\$0.2 million net of a \$0.0 million Federal deferred tax benefit) as of June 28, 2023.

Our income tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate. The periods subject to examination for our federal return are fiscal 2023 to fiscal 2025, and fiscal 2021 to fiscal 2023 for our Canadian returns. State income tax returns are generally subject to examination for a period of three to five years from date return is filed. We have various state income tax returns in the process of examination or settlements. Our federal returns for fiscal 2023 to 2024 are currently under examination through the Internal Revenue Service: Compliance Assurance Process (CAP) program. Our federal return for fiscal 2025 is under examination through the Internal Revenue Service: Bridge Plus program. There are no unrecorded liabilities associated with these examinations.

## 10. SHAREHOLDERS' EQUITY (DEFICIT)

### Retirement of Common Stock

During the first quarter of fiscal 2023, the Board of Directors approved the retirement of 10.0 million shares of Treasury stock for a weighted average price per share of \$30.71. As of June 26, 2024, 15.3 million shares remain in treasury.

### Share Repurchases

Our Board of Directors approved a \$300.0 million share repurchase program in August 2021. Our share repurchase program is used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. We evaluate potential share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, proceeds from divestitures, borrowings and planned investment and financing needs. Repurchased shares are reflected as an increase in Treasury stock within Shareholders' equity (deficit) in the Consolidated Balance Sheets.

In fiscal 2024, we repurchased 0.7 million shares of our common stock for \$21.0 million as part of our share repurchase program and 0.1 million shares of our common stock for \$4.8 million from team members to satisfy tax withholding obligations on the vesting of restricted shares. These withheld shares of common stock are not considered common stock repurchases under our authorized common stock repurchase plan. In fiscal 2022, the Company repurchased 2.3 million shares of our common stock for \$96.0 million as part of our share repurchase program. The Company did not repurchase any shares under the repurchase program in fiscal 2023. As of June 26, 2024, approximately \$183.0 million was available in the share repurchase program.

## 11. STOCK-BASED COMPENSATION

Our shareholder approved stock-based compensation plans include the Stock Option and Incentive Plan for employees (“Employee Plan”) and the Stock Option and Incentive Plan for Non-Employee Directors and Consultants (“Non-Employee Plan” and collectively, the “Plans”). In fiscal 2023, our shareholders approved and we registered an additional 0.3 million shares of common stock of Brinker International, Inc. available for issuance under the Non-Employee Plan. The Plans provide for grants of options to purchase our common stock, performance shares, restricted stock, restricted stock units, and stock appreciation rights. Additionally, grants to eligible employees may vest over a specified period of time or service period, or may contain performance-based conditions. As of June 26, 2024, the total number of shares authorized for issuance to employees and non-employee directors and consultants under the Plans was 39.0 million shares.

Presented below is total stock-based compensation expenses, and the related total income tax benefit recognized in the Consolidated Statements of Comprehensive Income:

|  | Fiscal Years Ended |               |               |
|--|--------------------|---------------|---------------|
|  | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Stock-based compensation expenses                        | \$ 25.9            | \$ 14.4       | \$ 18.6       |
| Tax benefit related to stock-based compensation expenses | 4.3                | 2.6           | 3.9           |

### Restricted Share Awards

Restricted share awards consist of performance shares and restricted stock units. In fiscal 2024, fiscal 2023 and fiscal 2022, eligible employees under the Plans were granted performance shares whose vesting is contingent upon meeting Company performance goals based on our earnings at the end of a three-fiscal-year period. The number of shares that will vest varies depending on the amount of earnings achieved as compared to the target amount. The fiscal 2024 and fiscal 2023 grants also include a provision that will increase or decrease the number of shares to be vested if Brinker’s relative TSR ranking compared to the peer group falls in the top 25% or bottom 25%, respectively. The number of shares that can vest ranges from 0% of target to 200% of target. Expenses are recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter, based upon management’s periodic estimates of the number of shares that will be earned under the Company performance metric.

Restricted stock units granted to eligible employees under the Plans generally vest over a three-year period from the date of grant. Restricted stock units issued to eligible employees under our career equity plan generally vest upon each employee’s retirement from the Company. Expenses are recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. Full or partial vesting of awards may occur upon a change in control (as defined in the Plans), or upon an employee’s death, disability or involuntary termination.

Restricted stock units granted to non-employee directors under the Plans are non-forfeitable and are expensed upon grant. Non-employee directors’ awards have variable distribution dates ranging from one year after grant to two years following departure from the Board.

Restricted share award transactions, including performance shares reflected at target, during fiscal 2024 were as follows (fair value per award in dollars):

|  | Number of Restricted Share Awards | Weighted Average Grant Date Fair Value Per Award |
|--|-----------------------------------|--|
| Restricted share awards outstanding at June 28, 2023 | 1.5                               | \$ 36.97   |
| Granted  | 0.7                               | 35.03  |
| Vested   | (0.5)                             | 39.18  |
| Forfeited  | (0.1)                             | 34.69  |
| Restricted share awards outstanding at June 26, 2024 | 1.6                               | \$ 35.12   |

As of June 26, 2024, unrecognized compensation expenses related to unvested restricted share awards that are expected to vest totaled approximately \$18.1 million and will be recognized over a weighted average period of 1.6 years. The fair value of shares that vested is as follows:

|  | Fiscal Years Ended |               |               |
|--|--------------------|---------------|---------------|
|  | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Fair value of restricted share awards vested | \$ 16.8            | \$ 16.1       | \$ 18.1       |

### Stock Options

In fiscal 2019 and fiscal 2018, certain eligible employees under the Plans were granted performance stock options whose vesting was contingent upon meeting Company performance goals based on our annual earnings at the end of fiscal 2021 and fiscal 2022. Expenses for performance stock options were recognized using a graded-vesting schedule over the vesting period based upon management's periodic estimates of the number of stock options that ultimately vested. At the end of fiscal 2021, the first performance goal was met, resulting in the vesting of 0.4 million, or one-half, of the outstanding performance stock options. At the end of fiscal 2022, the second performance goal was not met, which resulted in the forfeiture of the remaining 0.4 million performance stock options. The options have a contractual term to exercise of no later than August 31, 2025.

Stock options that do not contain a performance condition were also granted to eligible employees in the fiscal years prior to fiscal 2021. Expenses related to these stock options were recognized using a graded-vesting schedule over the vesting period or to the date on which retirement eligibility was achieved, if shorter. Stock options generally vested over a period of 1 to 4 years and have contractual terms to exercise of 8 years. Full or partial vesting of awards may have occurred upon a change in control (as defined in the Plans), or upon an employee's death, disability or involuntary termination.

No stock options have been granted in fiscal 2024, fiscal 2023, or fiscal 2022.

Stock option transactions during fiscal 2024 were as follows (option prices in dollars):

|  | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|--|-------------------|---------------------------------|---|---------------------------|
| Stock options outstanding at June 28, 2023                 | 1.0               | \$ 40.74                        |   |                           |
| Exercised  | (0.7)             | 40.94                           |   |                           |
| Forfeited or canceled                                      | (0.1)             | 49.09                           |   |                           |
| Stock options outstanding and exercisable at June 26, 2024 | 0.2               | \$ 38.03                        | 1.9   | \$ 8.5                    |

The intrinsic value and related tax benefit of options exercised is as follows:

|   | Fiscal Years Ended |               |               |
|---|--------------------|---------------|---------------|
|   | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Intrinsic value of options exercised      | \$ 11.5            | \$ 3.3        | \$ 0.2        |
| Tax benefit realized on options exercised | 1.1                | 0.8           | —             |

## 12. DEFINED CONTRIBUTION PLAN

We sponsor a qualified defined contribution retirement plan. The plan covers all employees who have attained the age of 21 and have completed 90 days of eligible service.

Eligible employees are allowed to contribute, subject to IRS limitations on total annual contributions, up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan, to various investment funds. We match, in cash, what an employee contributes at a rate of 100% of the first 3% and 50% of the next 2% with immediate vesting.

We contributed employer matching contributions in each fiscal year which is recorded to General and administrative in the Consolidated Statements of Comprehensive Income:

|                                       | Fiscal Years Ended |               |               |
|---------------------------------------|--------------------|---------------|---------------|
|                                       | June 26, 2024      | June 28, 2023 | June 29, 2022 |
| Employer contributions match expenses | \$ 13.6            | \$ 11.9       | \$ 11.0       |

## 13. OTHER GAINS AND CHARGES

Other (gains) and charges in the Consolidated Statements of Comprehensive Income consist of the following:

|   | Fiscal Years Ended |                |                |
|---|--------------------|----------------|----------------|
|   | June 26, 2024      | June 28, 2023  | June 29, 2022  |
| Enterprise system implementation costs          | \$ 14.0            | \$ 4.7         | \$ 2.4         |
| Restaurant level impairment charges             | 12.3               | 12.1           | 8.5            |
| Restaurant closure asset write-offs and charges | 10.1               | 8.3            | 3.7            |
| Litigation & claims, net                        | 6.6                | 2.5            | 3.4            |
| Lease contingencies                             | 0.8                | 2.0            | 3.1            |
| Severance                                       | 0.5                | 3.7            | —              |
| Remodel-related asset write-offs                | 0.5                | 1.1            | 4.9            |
| Gain on sale of assets, net                     | (2.7)              | (3.7)          | —              |
| Other   | 1.1                | 2.0            | 5.2            |
|   | <u>\$ 43.2</u>     | <u>\$ 32.7</u> | <u>\$ 31.2</u> |

*Enterprise system implementation costs* primarily consists of software subscription fees, certain consulting fees, and contract labor associated with the ongoing enterprise system implementation.

*Restaurant level impairment charges* primarily associated with the following long-lived assets:

- Fiscal 2024 - 35 underperforming Chili's restaurants. Refer to Note 3 - Fair Value Measurements for further details.
- Fiscal 2023 - 38 underperforming Chili's restaurants.
- Fiscal 2022 - 30 underperforming Chili's and two underperforming Maggiano's restaurants.

*Restaurant closure asset write-offs and charges* includes costs associated with the closure of certain Chili's and Maggiano's restaurants.

*Litigation & claims, net* primarily relates to claims on alcohol service cases and legal contingencies.

*Lease contingencies* includes expenses related to certain sublease receivables and lease guarantees for divested brands when we have determined it is probable that the current lessee will default on the lease obligation. Refer to Note 8 - Commitments and Contingencies for additional information about our secondarily liable lease guarantees.

*Severance* relates to changes in our management team and organizational structure.

*Remodel-related asset write-offs* relates to assets that are removed or discarded in connection with Chili's and Maggiano's remodel projects.

*Gain on sale of assets, net* relates to sale of land parcel for a closed Chili's restaurant in fiscal 2024 and sale of land parcels on three previously closed Chili's restaurants in fiscal 2023.

#### **14. SEGMENT INFORMATION**

Our operating segments are Chili's and Maggiano's. The Chili's segment includes the results of our Company-owned Chili's restaurants, which are principally located in the United States, within the full-service casual dining segment of the industry. The Chili's segment also includes results of our Canadian Company-owned restaurants and royalties and other fees from our franchised locations in the United States, 27 other countries and two United States territories. The Maggiano's segment includes the results of our Company-owned Maggiano's restaurants in the United States as well as royalties and other fees from our domestic franchise business. Costs related to our restaurant support teams for the Chili's and Maggiano's brands, including operations, finance, franchise, marketing, human resources and culinary innovation are included in the results of our operating segments. The Corporate segment includes costs related to the common and shared infrastructure, including accounting, information technology, purchasing, guest relations, legal and restaurant development.

Company sales for each operating segment include revenues generated by the operation of Company-owned restaurants including food and beverage sales, net of discounts, Maggiano's banquet service charge income, gift card breakage, delivery, digital entertainment revenues, merchandise income and are net of gift card discount costs from third-party gift card sales. Franchise revenues for each operating segment include royalties, franchise advertising fees, franchise and development fees and gift card equalization.

We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our operating segments are predominantly located in the United States. There were no material transactions between our operating segments.

Our chief operating decision maker uses Operating income as the measure for assessing performance of our segments. Operating income includes revenues and expenses directly attributable to segment-level results of operations. Restaurant expenses during the years presented primarily included restaurant rent, repairs and maintenance, supplies, utilities, delivery fees, advertising, payment processing fees, franchise and property taxes, workers' compensation and general liability insurance, supervision expenses, and to-go supplies.

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP:

|                                     | Fiscal Year Ended June 26, 2024 |            |            |              |
|-------------------------------------|---------------------------------|------------|------------|--------------|
|                                     | Chili's                         | Maggiano's | Corporate  | Consolidated |
| Company sales                       | \$ 3,876.0                      | \$ 495.1   | \$ —       | \$ 4,371.1   |
| Franchise revenues                  | 43.3                            | 0.7        | —          | 44.0         |
| Total revenues                      | 3,919.3                         | 495.8      | —          | 4,415.1      |
| Food and beverage costs             | 990.7                           | 116.9      | —          | 1,107.6      |
| Restaurant labor                    | 1,309.0                         | 158.3      | —          | 1,467.3      |
| Restaurant expenses                 | 1,073.2                         | 139.2      | 0.5        | 1,212.9      |
| Depreciation and amortization       | 147.7                           | 13.1       | 10.0       | 170.8        |
| General and administrative          | 42.8                            | 10.2       | 130.7      | 183.7        |
| Other (gains) and charges           | 26.9                            | 0.6        | 15.7       | 43.2         |
| Total operating costs and expenses  | 3,590.3                         | 438.3      | 156.9      | 4,185.5      |
| Operating income (loss)             | 329.0                           | 57.5       | (156.9)    | 229.6        |
| Interest expenses                   | 3.9                             | 0.3        | 60.8       | 65.0         |
| Other income, net                   | 0.1                             | —          | (0.4)      | (0.3)        |
| Income (loss) before income taxes   | \$ 325.0                        | \$ 57.2    | \$ (217.3) | \$ 164.9     |
| Segment assets                      | \$ 2,158.4                      | \$ 259.1   | \$ 175.6   | \$ 2,593.1   |
| Payments for property and equipment | 172.0                           | 16.5       | 10.4       | 198.9        |

|                                     | Fiscal Year Ended June 28, 2023 |            |            |              |
|-------------------------------------|---------------------------------|------------|------------|--------------|
|                                     | Chili's                         | Maggiano's | Corporate  | Consolidated |
| Company sales                       | \$ 3,606.7                      | \$ 486.5   | \$ —       | \$ 4,093.2   |
| Franchise revenues                  | 39.4                            | 0.6        | —          | 40.0         |
| Total revenues                      | 3,646.1                         | 487.1      | —          | 4,133.2      |
| Food and beverage costs             | 1,022.9                         | 123.4      | —          | 1,146.3      |
| Restaurant labor                    | 1,232.3                         | 157.0      | —          | 1,389.3      |
| Restaurant expenses                 | 966.2                           | 130.4      | 0.9        | 1,097.5      |
| Depreciation and amortization       | 145.3                           | 13.0       | 10.2       | 168.5        |
| General and administrative          | 35.5                            | 7.8        | 111.2      | 154.5        |
| Other (gains) and charges           | 22.0                            | 1.4        | 9.3        | 32.7         |
| Total operating costs and expenses  | 3,424.2                         | 433.0      | 131.6      | 3,988.8      |
| Operating income (loss)             | 221.9                           | 54.1       | (131.6)    | 144.4        |
| Interest expenses                   | 3.7                             | 0.3        | 50.9       | 54.9         |
| Other income, net                   | (0.1)                           | —          | (1.2)      | (1.3)        |
| Income (loss) before income taxes   | \$ 218.3                        | \$ 53.8    | \$ (181.3) | \$ 90.8      |
| Segment assets                      | \$ 2,079.5                      | \$ 244.5   | \$ 163.0   | \$ 2,487.0   |
| Payments for property and equipment | 158.1                           | 16.6       | 10.2       | 184.9        |

|                                     | Fiscal Year Ended June 29, 2022 |            |            |              |
|-------------------------------------|---------------------------------|------------|------------|--------------|
|                                     | Chili's                         | Maggiano's | Corporate  | Consolidated |
| Company sales                       | \$ 3,340.5                      | \$ 424.0   | \$ —       | \$ 3,764.5   |
| Franchise revenues                  | 39.1                            | 0.5        | —          | 39.6         |
| Total revenues                      | 3,379.6                         | 424.5      | —          | 3,804.1      |
| Food and beverage costs             | 945.9                           | 102.6      | —          | 1,048.5      |
| Restaurant labor                    | 1,146.5                         | 141.6      | —          | 1,288.1      |
| Restaurant expenses                 | 849.8                           | 117.9      | 0.6        | 968.3        |
| Depreciation and amortization       | 139.8                           | 13.4       | 11.2       | 164.4        |
| General and administrative          | 33.3                            | 8.0        | 102.8      | 144.1        |
| Other (gains) and charges           | 23.3                            | —          | 7.9        | 31.2         |
| Total operating costs and expenses  | 3,138.6                         | 383.5      | 122.5      | 3,644.6      |
| Operating income (loss)             | 241.0                           | 41.0       | (122.5)    | 159.5        |
| Interest expenses                   | 5.1                             | 0.4        | 40.6       | 46.1         |
| Other income, net                   | (0.3)                           | —          | (1.5)      | (1.8)        |
| Income (loss) before income taxes   | \$ 236.2                        | \$ 40.6    | \$ (161.6) | \$ 115.2     |
| Payments for property and equipment | \$ 133.7                        | \$ 9.1     | \$ 7.5     | \$ 150.3     |

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer and, as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Form 10-K, we carried out an evaluation under the supervision of and with the participation of management, including the principal executive officer and principal financial officer, as of June 26, 2024, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, the principal executive officer and principal financial officer concluded that as of June 26, 2024, our disclosure controls and procedures were effective.

#### Management’s Report on Internal Control over Financial Reporting

“Management’s Report on Internal Control over Financial Reporting” and the attestation report of the independent registered public accounting firm of KPMG LLP on internal control over financial reporting are presented within Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

## **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting in the fourth quarter of fiscal 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

### **(a) Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year**

On August 20, 2024, the Board approved amendments (the “Amendments”) to the Bylaws of the Company (the “Bylaws”), effective immediately.

The Amendments to the Bylaws:

1. Remove the resignation requirement in the Bylaws in the event that a director nominee for reelection does not receive the requisite majority shareholder vote and removed the ability of the Board to determine whether to accept or reject the resignation.
2. Clarify that the Board of Directors or presiding officer of the Company are responsible for making determinations of whether shareholder proposals and nominations were made in compliance with the Bylaws.

The foregoing description of the Amendments to the Bylaws does not purport to be complete and is qualified in its entirety by reference to the full text of the Bylaws (as amended), a copy of which is attached hereto as Exhibit 3(b) and incorporated by reference herein.

### **(b) Trading Plans**

During the quarter ended June 26, 2024, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

## **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION**

Not applicable.

## **PART III**

## **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information about our executive officers, Board of Directors, including its committees, and Section 16(a) reporting compliance, contained in the sections entitled “Proposal 1 - Election of Directors”, “Information About the Board of Directors and Governance of the Company”, “Information About Our Executive Officers”, “Insider Trader Policy Statement” and to the extent applicable “Delinquent Section 16(a) Reports” in our Proxy Statement for the 2024 annual meeting of shareholders, is incorporated herein by reference.

We adopted a code of ethics that applies to all of our team members, including the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We also have a code of conduct that applies to our Board of Directors. These documents are posted on our website at: <https://investors.brinker.com> under the Governance tab. You may obtain free of charge copies of the code from our website at the above internet address. Any amendment of, or waiver from, our code of ethics required to be disclosed by applicable SEC rules or stock exchange listing requirements will be posted on our website within four business days of such amendment or waiver.

We also have adopted a set of corporate governance guidelines and charters for all of our Board committees. The corporate governance guidelines and committee charters are available on our website at: <https://investors.brinker.com> under the Governance tab. You may obtain free of charge copies of the guidelines and charters from our website at the above internet address.

## ITEM 11. EXECUTIVE COMPENSATION

The information about our executive and director compensation, contained in the sections entitled “Executive Compensation” and “Information About the Board of Directors and Governance of the Company - Directors Compensation” in our Proxy Statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information about our security ownership of certain beneficial owners and management and related stockholder matters, contained in the sections entitled “Stock Ownership of Certain Persons” and “Executive Compensation - Equity Compensation Plan Information” in our Proxy Statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information about certain relationships and related transactions, contained in the section entitled “Certain Relationships and Related Transactions” in our Proxy Statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

The information about the independence of our non-management directors, contained in the section entitled “Information About the Board of Directors and Governance of the Company - Director Independence” in our Proxy Statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information about principal accountant fees and services, contained in the section entitled “Proposal 2 - Ratification of Independent Registered Public Accounting Firm” in our Proxy Statement for the 2024 annual meeting of shareholders is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

**(a)(1) Financial Statements** - For a list of all financial statements, refer to the Consolidated Financial Statements Table of Contents in Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

**(a)(2) Financial Statement Schedules** - All schedules are omitted as the required information is inapplicable or the information is presented in the Part II, Item 8 - Financial Statements and Supplementary Data financial statements or related notes.

**(a)(3) Exhibits** - We make reference to the exhibits listed under Part (b) below.

#### **(b) Exhibits**

| <b>Exhibit</b>       | <b>Description</b>   |
|----------------------|--|
| <a href="#">3(a)</a> | Certificate of Incorporation of the Registrant, as amended <sup>(1)</sup>  |
| <a href="#">3(b)</a> | Amended and Restated Bylaws of the Registrant*   |
| <a href="#">4(a)</a> | Form of 5.000% Senior Note due 2024 <sup>(2)</sup>   |
| <a href="#">4(b)</a> | Senior Notes Indenture dated as of September 23, 2016, by and among the Registrant, the Guarantors named therein and U.S. Bank National Association, as trustee <sup>(2)</sup> |
| <a href="#">4(c)</a> | Form of 8.250% Senior Notes due 2030 <sup>(3)</sup>  |
| <a href="#">4(d)</a> | Indenture, dated as of June 27, 2023, by and among the Company, the Guarantors named therein and U.S. Bank Trust Company, National Association, as trustee <sup>(3)</sup>      |

## GUARANTEE OF PERFORMANCE

For value received, Brinker International, Inc., a Delaware corporation (the "Guarantor"), located at 3000 Olympus Boulevard, Dallas, Texas 75019, absolutely and unconditionally guarantees to assume the duties and obligations of Brinker International Payroll Company, L.P., located at 3000 Olympus Boulevard, Dallas, Texas 75019 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Dallas, Texas on the 20<sup>th</sup> day of September 2024.

Guarantor:

Brinker International, Inc.,  
a Delaware corporation

By: \_\_\_\_\_

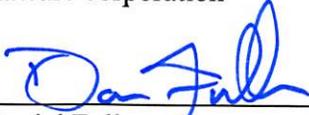
  
Daniel Fuller,  
Senior Vice President and Chief Legal Officer

EXHIBIT B  
FRANCHISE AGREEMENT



**MAGGIANO'S LITTLE ITALY®  
DOMESTIC FRANCHISE AGREEMENT**

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\* \* \* \* \*

MAGGIANO'S LITTLE ITALY®  
DOMESTIC FRANCHISE AGREEMENT

This Maggiano's Little Italy® Domestic Franchise Agreement (this "Franchise Agreement") is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor") and \_\_\_\_\_ ("Franchisee") to be effective as of \_\_\_\_\_ (the "Effective Date").

Recitals

- Franchisor (and/or its parent company, affiliates, and subsidiaries), as the result of the expenditure of time, skill, effort and money, has developed and owns a distinctive system (the "System") relating to the establishment and operation of restaurants under the tradename Maggiano's Little Italy® and related tradenames (collectively, "Maggiano's Restaurants").
- The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.
- Franchisor identifies the System by means of certain tradenames, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, Maggiano's Little Italy® and such other tradenames, service marks, and trademarks as are now designated (and may hereafter be designated) by Franchisor for use in connection with the System (collectively, the "Maggiano's Marks").
- Franchisor continues to develop and use (and control the use of) the Maggiano's Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.
- Franchisor has established a high reputation and a positive image with the public as to the quality of products and services available at Maggiano's Restaurants, which reputation and image have been and continue to be unique benefits to Franchisor and its franchisees.
- Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.
- Franchisee desires to use the System in connection with the operation of a Maggiano's Restaurant at the "Location" specified in Attachment A, as well as to receive the training and other assistance provided by Franchisor in connection with such restaurant.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

**ARTICLE 1**  
**GRANT OF FRANCHISE**

**Section 1.1 Grant of Franchise.** Subject to this Franchise Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the non-exclusive right and obligation to operate a franchised Maggiano's Little Italy® restaurant in accordance with the System only at the "Location" specified on Attachment A and using only the Maggiano's Marks at such restaurant (collectively, the "Franchised Restaurant"). During the Term (defined below), Franchisee shall use the Location solely for the operation of the Franchised Restaurant in accordance with this Franchise Agreement and for no other purpose and Franchisee shall not relocate the Franchised Restaurant without the express prior written consent of Franchisor. Franchisee must participate in any delivery and/or takeout program designated by Franchisor via any method, platform or system Franchisor may require in accordance with Franchisor's standards and procedures. If Franchisor requires Franchisee to participate in such programs, Franchisee will not be granted an exclusive delivery territory in connection with such programs.

(a) Franchisee or any of Franchisee's Owners shall not enter into any subfranchise agreement, management agreement, operating agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to the rights and obligations of Franchisee hereunder other than a joint venture agreement with an Airport Concessions Disadvantaged Business Enterprise ("ACDBE"), provided that (i) Franchisor shall have the right to approve or disapprove Franchisee's ACDBE partner and any future change in Franchisee's ACDBE partner, (ii) Franchisee maintains at least fifty-one percent (51%) ownership and voting control of such joint venture, (iii) Franchisee's ACDBE partner shall not be a third party beneficiary to or be given any rights under this Franchise Agreement, and (iv) Franchisee shall be fully responsible for the actions of its ACDBE joint venture partner relating to the Franchised Restaurant and use of the System and the Maggiano's Marks. This Franchise Agreement (including the rights, obligations, duties, and benefits hereunder) is intended solely for the parties hereto, and no other person or entity shall have any rights, obligations, duties, and benefits under this Franchise Agreement.

(b) Franchisee agrees this Franchise Agreement is strictly limited to the non-exclusive right and obligation to operate a franchised Maggiano's Restaurant at the Location in accordance with this Franchise Agreement and Franchisee agrees this Franchise Agreement is not a development agreement and does not grant any right to develop and/or operate any other Maggiano's Restaurants.

**Section 1.2 No Territorial Rights.** Franchisee agrees this Franchise Agreement does not grant any territorial rights, radius restrictions, minimum population requirements, and/or any other requirements which would govern and/or restrict where another Maggiano's Restaurant may open and operate. Franchisor (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise is or becomes affiliated with) retains all rights not expressly granted in this Franchise Agreement.

(a) Franchisee agrees that Franchisor may establish, develop, construct, open, and operate Maggiano's Restaurants at any location (either directly or through a franchise, licensing, joint venture, or any other arrangement).

(b) Franchisor (including its affiliates, partners, and/or authorized representatives) may, at any time, advertise or promote the System and fulfill customer orders.

(c) Franchisor may offer and sell (or authorize any person or entity to offer and sell) products and services displaying the Maggiano's Marks or other tradenames and trademarks (e.g., prepackaged food and beverage items, T-shirts and other memorabilia) to the public through any distribution channel and Franchisee acknowledges such products or services may be similar to those offered by Franchised Restaurant.

(d) Franchisor reserves the right to develop and establish other tradenames, service marks, trademarks, logos, emblems and indicia of origin which may be similar to, or different from, the Maggiano's Marks (collectively, the "Other Marks"). The Other Marks shall be separate and distinct from the Maggiano's Marks referenced in this Franchise Agreement; therefore, (i) Franchisee shall have no rights to the Other Marks, and (ii) Franchisor (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise is or becomes affiliated with) reserves the right to establish, develop, construct, open, and operate restaurants, other food service operations and other businesses under the Other Marks at any location (either directly or through a franchise, licensing, joint venture or any other arrangement). The Other Marks may include, without limitation, brand extensions or related brands of Maggiano's Restaurants such as counter-service restaurants, quick-service restaurants or other such restaurants, and the Other Marks may include such restaurants operating under a similar tradename.

(e) Franchisee releases Franchisor and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, damages, costs, and/or expenses which Franchisee may claim to have arising out of, or related to, the exercise by Franchisor (including its affiliates, franchisees, developers, partners, and/or authorized representatives) of the rights reserved to Franchisor under this Section 1.2, including, without limitation, any claim related to an alleged cannibalization of Gross Sales and any claim related to the right to establish, develop, construct, open, and operate Maggiano's Restaurants and/or other restaurants, other food service operations, and other businesses under the Other Marks (either directly or through a franchise, licensing, joint venture, or any other arrangement).

## ARTICLE 2 TERM AND SUCCESSOR FRANCHISE AGREEMENT

**Section 2.1 Term.** Unless sooner terminated, the "Term" of this Franchise Agreement shall commence on the Effective Date and shall expire on the last day of the initial term of Franchisee's lease for the Location (so long as the same is not voluntarily terminated or assigned by Franchisee).

**Section 2.2 Successor Franchise Agreement.** Franchisee may, at its option, deliver a written request to Franchisor for a successor franchise agreement for the Franchised Restaurant (a "Successor Franchise Agreement"), subject to the following conditions precedent which must be satisfied prior to the parties executing any such Successor Franchise Agreement.

(a) Franchisee shall give Franchisor written notice of Franchisee's request to sign a Successor Franchise Agreement not less than twelve (12) months nor more than twenty-four (24) months prior to the end of the initial Term. The term of the Successor Franchise Agreement shall be up to ten (10) years, but shall not exceed the period of time Franchisee has the right to remain in possession of the Location after expiration of the Term, and such term shall commence upon the expiration of this Franchise Agreement.

(b) Franchisee shall complete, in a manner satisfactory to Franchisor, such renovation and modernization of the Franchised Restaurant as Franchisor may reasonably require, including, without limitation, renovation and modernization of the building, signs, furnishings, fixtures, equipment and decor, to reflect the then-current standards and image of the System.

(c) As of the date of the notice referenced above in Section 2.2(a) and as of the expiration of this Franchise Agreement, Franchisee shall not be in default of any provision of this Franchise Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or their respective subsidiaries and affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof.

(d) As of the date of the notice referenced above in Section 2.2(a) and as of the expiration of this Franchise Agreement, Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and shall have timely met those obligations throughout the term of this Franchise Agreement.

(e) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the approved location for the entire term of the Successor Franchise Agreement.

(f) Franchisee and Franchisee's Owners (defined below) shall execute the Successor Franchise Agreement in Franchisor's then-current form of franchise agreement, which agreement shall supersede this Franchise Agreement in all respects, and the terms of which may substantially differ from the terms of this Franchise Agreement, including, without limitation, payments by Franchisee of higher percentage of royalty fees, higher percentage of technical services fees, and higher percentage of advertising fees.

(i) Attachment C contains a complete list of all owners of any type of interest in Franchisee and such individuals and/or entities shall be deemed as "Franchisee's Owners" for the purposes of this Agreement.

(g) Upon execution of the Successor Franchise Agreement, Franchisee shall pay, in lieu of the Franchise Fee, a successor fee of Three Thousand Five Hundred and 00/100 Dollars (\$3,500.00) for each year of the term of the Successor Franchise Agreement.

(h) Franchisee and each of Franchisee's Owners shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents.

(i) Franchisee shall comply with Franchisor's then-current qualification and operations training requirements.

(j) In the event Franchisee fails (or failed) to comply with any or all of the conditions precedent set forth above, then Franchisee shall be deemed to have waived any such option to a Successor Franchise Agreement and, in such event, Franchisor shall be entitled to deny Franchisee's request for a Successor Franchise Agreement by written notice to Franchisee and this Franchise Agreement shall thereafter expire on the date specified in Section 2.1 (unless sooner terminated in accordance with the provisions of this Franchise Agreement).

(k) Upon expiration (or termination) of this Franchise Agreement, Franchisee hereby waives any right or option to a Successor Franchise Agreement, unless a Successor Franchise Agreement has been signed by both Franchisor and Franchisee in accordance with this Section 2.2 prior to such expiration or termination.

### ARTICLE 3 TRAINING AND OPENING REQUIREMENTS

**Section 3.1 Initial Training.** If the Franchised Restaurant is one of the first two (2) openings of a Maggiano's Restaurant by Franchisee, Franchisor shall provide (on such dates and at such locations as determined by Franchisor) an initial operational training program for Franchisee's Managing Owner and Operating Partner (as defined in Article 7) and up to five (5) of Franchisee's managers (inclusive of the Culinary Manager (defined below)) for the Franchised Restaurant and Franchisee agrees that such personnel must complete such operational training program to Franchisor's satisfaction not more than five (5) months prior to opening of the Franchised Restaurant (the "Initial Training"). The Initial Training for the Culinary Manager shall include training specific to the culinary operations and management of a Maggiano's Restaurant.

(a) In connection with the first two (2) openings of Franchised Restaurants, Franchisor shall be responsible for the onsite training costs related to the Initial Training for the Managing Owner, Operating Partner, and up to five (5) of Franchisee's managers per Franchised Restaurant; provided that Franchisee shall be responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) for such individuals associated with such training.

(i) However, if the Managing Owner, Operating Partner, and five (5) of Franchisee's managers have completed the Initial Training and if the opening of the Franchised Restaurant is then moved to a later date, then Franchisor may, at its option, elect to require such personnel to attend another Initial Training. In such event, Franchisee shall pay to Franchisor a training fee for the Managing Owner, Operating Partner, and five (5) of Franchisee's managers (as applicable) at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs, lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(ii) If the Franchised Restaurant represents the third (3<sup>rd</sup>) or more Maggiano's Restaurant to be opened by Franchisee, then Franchisor reserves the right to charge Franchisee a training fee for the Managing Owner, Operating Partner, and up to five (5) of Franchisee's managers (as applicable) at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(b) Any person subsequently employed by Franchisee in the position of manager (e.g., the 6<sup>th</sup> manager at the Franchised Restaurant) and each subsequent Managing Owner and Operating

Partner, if any, shall attend and complete, to Franchisor's satisfaction, the Initial Training and, in such event, Franchisee shall pay to Franchisor a training fee at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(c) If (i) Franchisee operates another Maggiano's Restaurant (other than the Franchised Restaurant), (ii) Franchisee's Managing Owner and Operating Partner and at least three (3) managers at the other restaurant have completed the Initial Training to Franchisor's satisfaction, and (iii) such other Maggiano's Restaurant has been approved by Franchisor as a "Certified Training Store ("CTS)", then Franchisee may, subject to Franchisor's approval, conduct the Initial Training for Franchisee's managers at the Maggiano's Restaurant which has been approved as a Certified Training Store. If Franchisee conducts the Initial Training, then Franchisee's managers shall satisfactorily complete such training as evidenced by Franchisor's written certification thereof.

**Section 3.2 Pre-Opening Assistance.** Franchisor may, at its option, elect to provide on-site supervision and assistance prior to opening of the Franchised Restaurant (which may include, at Franchisee's expense, an opening crew as described in this Article 3 and otherwise subject to the availability of such opening crew).

**Section 3.3 Other Assistance.** Franchisor may, at its option, provide such continuing advisory assistance to Franchisee in the operation of the Franchised Restaurant, as Franchisor deems advisable.

(a) Franchisor may make available, from time to time, research data and other materials relating to merchandising, marketing, and advertising.

(b) Franchisor may, from time-to-time and at its option, make available to Franchisee, at a reasonable cost, "back-of-the-house" software system(s) and computerized point-of-sale systems. Franchisee shall be required to execute such documents related to the licensing of the software and register systems as Franchisor may reasonably require and to pay any licensing fees associated therewith.

(c) Franchisor may, from time-to-time and at its option, provide to Franchisee advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including information regarding new developments and improvements in restaurant equipment, food products, packaging, and preparation.

**Section 3.4 Supplemental Training.** In addition to the Initial Training, Franchisor reserves the right to require Franchisee, Managing Owner, Operating Partner, and then-current managers at the Franchised Restaurant to attend supplemental training courses at times and locations determined by Franchisor and all costs (including, without limitation, travel, lodging, and food costs for Franchisee's personnel) associated with such supplemental training shall be Franchisee's responsibility. Franchisor reserves the right to charge a fee to Franchisee for such supplemental training courses and training materials.

**Section 3.5 Opening Requirements.** In connection with the opening of the Franchised Restaurant, Franchisee shall conduct, at Franchisee's expense, such promotional and advertising activities as Franchisor may require. Franchisee agrees that Franchisor, in its reasonable business judgment, may require that the Franchised Restaurant be supported, in whole or in part, by an opening crew composed of

trained representatives of Franchisor, for a total period not to exceed twenty (20) days occurring before and after the date of opening of the Franchised Restaurant. Franchisee's management team shall be at the Franchised Restaurant at least six (6) weeks prior to the Franchised Restaurant opening and no opening crew shall be furnished by Franchisor until Franchisor's representative approves the Franchised Restaurant as ready for training. Franchisee further agrees to reimburse Franchisor for all reasonable expenses incurred in providing such opening crew for the Franchised Restaurant, including costs of transportation, lodging, meals and wages.

**Section 3.6 Construction and Authorization To Open.** Prior to opening the Franchised Restaurant for business, Franchisee shall comply with all opening requirements set forth in this Franchise Agreement and the Site Development Obligations on Attachment I, the MFM (as defined below), and/or elsewhere in writing by Franchisor. Franchisee shall not, in any event, open the Franchised Restaurant to the public for business until Franchisee has received authorization to open from Franchisor.

**Section 3.7 Training Costs.** Franchisee shall be responsible for any and all expenses incurred by Franchisee, Franchisee's Owners, and its managers and employees in connection with any training programs hereunder, including, without limitation, the costs of transportation, lodging, meals and wages.

**Section 3.8 Release by Franchisee.** Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant. Franchisee acknowledges that Franchisor's approval of a prospective site and the rendering of assistance in connection with the foregoing does not constitute a representation, promise, warranty, or guarantee by Franchisor that the Franchised Restaurant will be profitable or otherwise successful. Accordingly, Franchisee releases Franchisor and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages which may arise from Franchisee's locating, obtaining, and developing the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant.

#### ARTICLE 4 FEES AND PAYMENTS

**Section 4.1 Franchise Fee.** Franchisee shall pay to Franchisor an initial franchise fee equal to Three Thousand Five Hundred and 00/100 Dollars (\$3,500.00) times the number of years in the Term, and such payment shall be due on or before the commencement of construction on the Franchised Restaurant (the "Franchise Fee"). Except as provided for in Section 7.14.(a) of this Agreement, upon payment, the Franchise Fee shall be deemed fully earned and nonrefundable in consideration for administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

**Section 4.2 Monthly Fee and Definition of Gross Sales.**

(a) **Royalty Fee.** During the Term (and in consideration of Franchisee's right to use the Maggiano's Marks for the Franchised Restaurant in accordance with the terms of this Franchise Agreement), Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount equal to One and One-Fourth Percent (1.25%) of Gross Sales, as defined below (the "Royalty Fee").

(b) **Technical Services Fee.** During the Term and in addition to the Royalty Fee (and in consideration of Franchisee's right to use the System and receive the services available to Franchisee

under this Franchise Agreement), Franchisee shall pay to Franchisor a continuing monthly technical services fee in an amount equal to Three and Three-Fourths Percent (3.75%) of Gross Sales (the "Technical Services Fee").

(c) Monthly Fee. The Royalty Fee and the Technical Services Fee are hereinafter collectively called the "Monthly Fee."

(d) Monthly Fee Payment and Reporting Date. Subject to Section 4.8, the Monthly Fee shall be paid to and received by Franchisor on or before the tenth (10th) day of each month based on the Gross Sales for the preceding calendar month. Franchisee must also provide Franchisor with a weekly Gross Sales report (covering the period from Thursday through Wednesday) by Friday of each week for the preceding week's sales in a form and by the method of delivery designated by Franchisor.

(e) Gross Sales. The term "Gross Sales" shall include the total value of all services and products provided by and/or from the Franchised Restaurant and all revenue from any sale of all services and products and all other income of every kind and nature related to the Franchised Restaurant (including, without limitation, the full value of on-premise sales, off-premise sales, catering sales, delivery sales, internet sales, sales from tabletop and other digital media devices, complimentary sales, coupon sales, sales to employees, employee meals, and any other type of sale related to the Franchised Restaurant – all such sales subject to Section 7.1(e)), whether for cash or credit (and regardless of collection in the case of credit) and with no deductions or exclusions whatsoever, except federal, state, or municipal sales taxes collected by Franchisee from customers and paid by Franchisee to the appropriate taxing authority or tips or gratuities collected by you from customers and paid to employees. Without limiting the foregoing, Franchisee shall not be permitted to take any other deduction or exclusion from Gross Sales other than the taxes, tips and gratuities listed in the previous sentence and specifically, Franchisee shall not be permitted to deduct any complimentary sales including, without limitation, sales from complimentary food and beverages provided to customers and/or employees.

**Section 4.3 Other Payments.** All other payments required under this Franchise Agreement (except the Monthly Fee and the Advertising Fee (defined below) which must be received by Franchisor no later than the 10<sup>th</sup> day of each calendar month), including those related to reimbursement of expenses, are due and payable upon demand or receipt of any billing statement or invoice therefor, whichever is earlier and shall otherwise be payable in accordance with the provisions of this Franchise Agreement, unless otherwise instructed in writing by Franchisor. Franchisee shall designate a single address/location for the delivery of all billing statements and invoices under this Franchise Agreement and any other development or franchise agreement between Franchisor and Franchisee (including its parent company and affiliated entities).

**Section 4.4 Late Charge and Interest on Late Payments.** Any payment or report not actually received by Franchisor on or before the date on which such payment is due shall be deemed as late. To compensate Franchisor for the increased administrative expense of handling late payments, Franchisor has the right to charge a \$500 late charge for each delinquent payment, due upon making the delinquent payment. In addition to such late charge, Franchisee shall pay Franchisor interest on such late payment from the date it was due until paid at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. Franchisee agrees this section does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to Franchisee or otherwise finance the operation of the Franchised Restaurant.

**Section 4.5 Application of Payments/ No Refunds/No Offset.** Regardless of any designation by Franchisee, Franchisor has the right to apply any payments by Franchisee to any of Franchisee's past due indebtedness, interest, or any other indebtedness or amounts owed to Franchisor. Except as provided for in Section 7.14(a) of this Franchise Agreement, under no circumstances will any amounts paid or payable to Franchisor be refunded by Franchisor for any reason. Franchisee shall not withhold, retain, deduct, credit, and/or offset any amounts which may be owed by Franchisor to Franchisee (and/or its affiliates or subsidiaries) against any amounts due from Franchisee to Franchisor.

**Section 4.6 Method of Payments.** All amounts owed to Franchisor pursuant to this Franchise Agreement shall be paid to and received by Franchisor on or before the date such amount is due. All such payments must be made by wire transfer, electronic payment or other mechanism as designated from time to time by Franchisor, and each payment shall be accompanied by the electronic, digital or other reports as specified by Franchisor.

**Section 4.7 Payment By Pre-Authorized Bank Transfer.** Franchisee agrees to execute and complete the Authorization Agreement in Attachment D, and/or such other documents as Franchisor may require from time to time, to authorize and direct Franchisee's bank or financial institution to pay and deposit directly to Franchisor's account, and to charge to Franchisee's account, the amount of the Franchise Fee, Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement.

(a) Franchisee's authorizations will permit Franchisor to initiate debit entries and/or credit correction entries to Franchisor's account for the amount of such fees and other amounts then payable to Franchisor from Franchisee. Franchisee agrees to maintain, at all times during the term of this Agreement, a balance in Franchisee's account at Franchisee's bank or financial institution sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of such fees and other amounts payable by Franchisee for deposit in Franchisor's account.

(b) The Monthly Fee, Advertising Fee, and any other fees actually transferred from Franchisee's account each month shall be based on the Monthly Financial Statement (as defined in Section 10.2) provided by Franchisee pursuant to this Article 4. If Franchisee does not provide Franchisor with a Monthly Financial Statement for any given month, Franchisor has the right to debit Franchisee's account (i) in an amount equal to such fees transferred from Franchisee's account for the last reporting period for which Franchisor received a Monthly Financial Statement from Franchisee, or (ii) such other amount reasonably estimated by Franchisor to approximate the Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement for a particular month. Franchisee is responsible for any administrative costs, penalties, fines or other similar expenses associated with the pre-authorized bank transfers described in this Section 4.7.

**Section 4.8 Bi-Weekly Payments.** Franchisor reserves the right to require Franchisee to pay the Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement on a bi-weekly basis pursuant to a schedule determined by Franchisor.

**Section 4.9 Taxes.** Franchisee shall promptly pay when due all taxes, duties, and/or fees levied or assessed (including, without limitation, gross receipts taxes, franchise taxes, sales taxes, withholding taxes, value added taxes, and/or any similar taxes or fees) and all accounts and other indebtedness of every kind incurred by Franchisee under this Franchise Agreement (collectively, "Taxes"). In the event of any

bona fide dispute as to Franchisee's liability for Taxes, Franchisee may contest the validity or the amount of such Taxes in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against this Franchise Agreement, the Franchised Restaurant, and/or Location (or any improvements thereon).

(a) All payments made by Franchisee to Franchisor under this Franchise Agreement shall be paid in U.S. Dollars and shall be grossed-up and paid by Franchisee to Franchisor without any retention, deduction, credit, and/or offset for any Taxes – except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above. Franchisee shall, at its sole cost, pay directly to the appropriate taxing authority any and all Taxes on any amounts paid by Franchisee under this Franchise Agreement or otherwise imposed on Franchisor by any taxing authority.

(b) It is the parties' intention that all payments by Franchisee to Franchisor hereunder shall be grossed-up (and without any retention, deduction, credit, and/or offset) for any Taxes in order for Franchisor to receive the entire Franchise Fee, Monthly Fee, Advertising Fee, and/or other amounts due to Franchisor under this Franchise Agreement without any retention, deduction, credit, and/or offset for any Taxes (except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above).

(c) Any Taxes imposed upon or with respect to this Franchise Agreement or any materials, supplies or specifications acquired by or provided to Franchisee pursuant to or in connection with this Franchise Agreement shall be paid by Franchisee.

(d) In the event Franchisor is required under applicable law or otherwise elects (all as determined by Franchisor in its sole discretion) to pay any Taxes to the appropriate taxing authority(ies) in the Territory arising out of this Franchise Agreement, then Franchisee shall immediately pay to Franchisor an amount equal to any amount(s) so paid by Franchisor to such taxing authority(ies).

## ARTICLE 5 MAGGIANO'S FRANCHISE MANUAL, PUBLIC RELATIONS, AND CRISIS COMMUNICATIONS

**Section 5.1** Maggiano's Franchise Manual. The term "Maggiano's Franchise Manual" or "MFM" means the manuals, policies, specifications, standards, checklists, evaluation forms, spreadsheets, guides, recipes, handbooks, documents, and other information designated by Franchisor from time-to-time regarding the System and Maggiano's Restaurants. The MFM is part of the System and may be updated, modified, and/or revised by Franchisor from time-to-time in its sole discretion. The MFM also includes such other manuals, policies, specifications, standards, guides, documents, and other information as may be designated by Franchisor in the future with respect to Maggiano's Restaurants.

(a) During the Term, Franchisee shall remain in strict conformity with the System and the MFM and Franchisee shall also operate the Franchised Restaurant in strict conformity with the System and MFM in accordance with Section 7.1 below.

(b) Franchisor has the right, at its option, to furnish the MFM to Franchisee in the form of paper copies, electronic copies, on computer diskette or CD-Rom, or electronic copies accessed through the Internet, designated website(s), or other media. The MFM (in whole or in part) is currently located at

the following website (<https://franchise.brinker.com>), but Franchisor may update, modify, and/or revise such website from time-to-time in its sole discretion.

(c) Franchisor has the right to update, modify, and/or revise the System and/or the MFM in the future to reflect changes to Maggiano's Restaurants and changes in the System, image, specifications, standards, procedures, approved products, and other items. In such event, Franchisee shall thereafter comply with the System and/or MFM, as updated, modified, and/or revised.

**Section 5.2 Franchisee's Use of Maggiano's Franchise Manual.** With respect to Franchisee's use of the MFM, Franchisee agrees that:

(a) Franchisee and Franchisee's Owners shall at all times treat the MFM (including the information therein) as confidential, and shall use all reasonable efforts to maintain the confidentiality of such manuals (and the information therein).

(b) Franchisee and Franchisee's Owners shall not at any time copy, duplicate, record or otherwise reproduce the MFM, in whole or in part, nor otherwise make the same available to any unauthorized person.

(c) The MFM shall at all times remain the sole property of Franchisor.

(d) Franchisor may from time to time supplement and/or modify the MFM and Franchisee expressly agrees that such supplements and/or modifications shall be effective upon receipt and Franchisee shall promptly comply with all such supplements and/or modifications.

(e) To the extent that Franchisee maintains a hard copy(ies) of the MFM (or any portion thereof), Franchisee shall at all times maintain the MFM in a secure place at the Franchised Restaurant and shall ensure the MFM is kept current and up-to-date. In the event of any dispute as to the contents of the MFM, the terms of the master version of the MFM maintained by Franchisor on Franchisor's website referenced above or at Franchisor's home office shall control.

(f) If applicable and if Franchisee's copy of the MFM is lost, destroyed or significantly damaged, Franchisee will immediately notify Franchisor and will be obligated to obtain from Franchisor, at Franchisor's then applicable charge, a replacement copy of the MFM.

**Section 5.3 Public Relations and Crisis Communications.** The term "PR Manual" is part of the MFM and means the policies, procedures, and other standards designated by Franchisor from time-to-time regarding public relations matters and crisis communications related to the System, Maggiano's Restaurants, and/or the Franchised Restaurant. Franchisee agrees to comply with the PR Manual and further agrees that:

(a) The PR Manual contains the official guidelines and procedures outlined by Franchisor for managing the public relations and crisis communications aspects of the Franchised Restaurant.

(b) Franchisee shall at all times maintain the PR Manual in a secure place at the Franchised Restaurant and shall ensure the PR Manual is kept current and up-to-date. In the event of any dispute as to the contents of the PR Manual, the terms of the master copy of the PR Manual maintained by Franchisor at Franchisor's home office shall control.

(c) The information in the PR Manual is confidential and proprietary to Brinker and is to be used by the Franchisee only in connection with the operation of the Franchised Restaurant.

(d) Franchisee is responsible for managing its public relations and crisis communications matters and agrees that Franchisor's public relations department will not be responsible for such matters. However, Franchisor may, from time-to-time and at its option, make its public relations department available to Franchisee to assist with public relations and crisis communications matters. In the event of an emergency, Franchisor reserves the right (but shall not be obligated) to direct and control all crisis communications on behalf of Franchisee and the Franchised Restaurant.

(e) Franchisee may retain its own local public relations firm for its day-to-day public relations needs and must inform Franchisor of the firm's identity.

(f) Franchisee shall not distribute any press release to the media without the prior written consent of Franchisor, in its sole discretion.

(g) Franchisee agrees to notify Franchisor immediately upon the development of any crisis situation regarding the Franchised Restaurant, regardless of whether the Franchisee has retained a local public relations firm. Franchisee shall also alert Franchisor to any potential crisis situation, which Franchisee reasonably believes may be developing.

## **ARTICLE 6 FRANCHISEE'S REPRESENTATIONS**

**Section 6.1 Franchisee's Representations.** Franchisee represents, warrants and covenants as set forth below.

(a) If Franchisee is a corporation, limited liability company, or partnership, then Franchisee is duly organized and validly existing under the state law of its formation.

(b) If Franchisee is a corporation, limited liability company, or partnership, then Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

(c) Franchisee's corporate charter, articles of incorporation, articles of organization, shareholder agreements, limited liability company agreement, or written partnership agreement shall at all times provide that the activities of Franchisee are confined exclusively to operating the Franchised Restaurant unless otherwise consented to by Franchisor in writing.

(d) The execution of this Franchise Agreement and the performance of Franchisee's obligations hereunder have been duly authorized by Franchisee and are within Franchisee's corporate power or permitted under Franchisee's partnership agreement or limited liability company agreement.

(e) If Franchisee is a corporation, then Franchisee has delivered to Franchisor copies of Franchisee's articles of incorporation, bylaws, resolution of the board of directors authorizing entry into and performance of this Franchise Agreement, other governing documents and any amendments thereto.

(f) If Franchisee is a limited liability company, then Franchisee has delivered to Franchisor copies of Franchisee's articles of organization, operating agreement, membership transfer agreement, a resolution of the members or manager authorizing entry into and performance of this Franchise Agreement, other governing documents and any amendments thereto.

(g) If Franchisee is a partnership, then Franchisee has delivered to Franchisor copies of Franchisee's written partnership agreement, evidence of consent or approval of the entry into and performance of this Franchise Agreement by the requisite number or percentage of partners (if such approval or consent is required by Franchisee's partnership agreement), other governing documents and any amendments thereto.

(h) Attachment C contains a complete list of all owners (both direct and indirect of any type of interest in Franchisee and such individuals and/or entities shall be deemed as "Franchisee's Owners" for the purposes of this Franchise Agreement. Franchisee shall maintain a current list of Franchisee's Owners and such list shall be certified by the Managing Owner and furnished to Franchisor upon request. If necessary, Franchisee shall execute an addendum to Attachment C to ensure the information contained in Attachment C complies with this Franchise Agreement.

(i) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities of Franchisee and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon assignments by this Franchise Agreement.

(j) If Franchisee is a limited liability company, its operating agreement, membership transfer agreement, and any other relevant agreement, shall provide that ownership of an interest in Franchisee is held subject to all restrictions imposed upon assignments by this Franchise Agreement.

(k) If Franchisee is a partnership, then Franchisee's written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to all restrictions imposed upon assignments by this Franchise Agreement.

(l) If any officer or director of Franchisee shall cease to serve as such or any individual shall be elected as an officer or director of Franchisee subsequent to the execution of this Franchise Agreement, then Franchisee agrees to provide Franchisor with notice thereof within ten (10) days subsequent to such change. In the event such newly elected officer or director is a "Managing Owner" or "Operating Partner", then Franchisee shall cause such newly elected officer or director to comply with the relevant portions of this Franchise Agreement.

(m) Managing Owner (defined below), Operating Partner (defined below), and any other of Franchisee's Owners shall not be obligated to execute the Guaranty in the form set forth on Attachment H; provided that, in the event of a monetary default under this Franchise Agreement (even if such monetary default is cured), Franchisor reserves the right to require the Managing Owner to sign the Guaranty in the form set forth on Attachment H, in addition to Franchisor's other rights and remedies hereunder.

(n) Franchisee acknowledges and agrees that the representations, warranties and covenants set forth in Sections 6.1(a)-(m) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default

under Article 14 pursuant to which Franchisor may terminate this Franchise Agreement in addition to such other rights and remedies available to Franchisor hereunder. Franchisee shall cooperate with Franchisor in any efforts made by Franchisor to verify Franchisee's compliance with such representations, warranties and covenants.

**Section 6.2 Background Information.** Franchisee agrees to promptly provide information regarding Franchisee, Managing Owner, Operating Partner, Franchisee's Owners, its ACDBE partner, and other senior level individuals associated with Franchisee and/or the Franchised Restaurant as may be reasonably requested by Franchisor from time-to-time for the purpose of conducting background checks and security clearances.

## ARTICLE 7 OPERATION OF THE FRANCHISED RESTAURANT

**Section 7.1 Operation of the Franchised Restaurant.** During the Term, Franchisee shall operate the Franchised Restaurant in a first-class manner and in strict conformity with the System and the MFM (and such other required methods, standards and specifications as Franchisor may from time-to-time prescribe in the MFM or otherwise in writing) which Franchisee acknowledges exist to protect the System and the Maggiano's Marks. In the event of an update, modification, and/or revision to the System and/or MFM, Franchisee shall thereafter comply with the System and/or MFM, as updated, modified, and/or revised. Franchisee acknowledges that every detail of the Franchised Restaurant is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect Franchisor's reputation and goodwill. Furthermore, Franchisee agrees:

(a) To maintain in sufficient supply, and to use and/or sell at all times, only such menu items, ingredients, products, materials, supplies and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use or offer of non-conforming items, without Franchisor's prior written consent.

(b) To sell or offer for sale only such menu items, products and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of menu items, products and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products or services which Franchisor may, in its discretion, disapprove in writing at any time.

(c) To permit Franchisor or its agents, at any reasonable time, to remove samples of food or non-food items from Franchisee's inventory or from the Franchised Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Franchise Agreement, Franchisor may (i) require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's then-current specifications and (ii) require Franchisee to remove and destroy such food or non-food items at Franchisee's sole cost without reimbursement from Franchisor whatsoever.

(d) To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, computer software and hardware, decor and signs as Franchisor may reasonably direct from time to time in the MFM or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, computer software and hardware, decor, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications.

(e) To sell or offer for sale products and services only at the Franchised Restaurant and to refrain from off-premises sales or catering unless expressly authorized by Franchisor in writing.

(f) To permit Franchisor to poll Franchisee's point-of-sale and other related computer systems (regardless of location at the Franchised Restaurant, Franchisee's offices, or other locations) for the purpose of compiling data regarding Gross Sales and other relevant data.

(g) If so requested by Franchisor, to provide reports daily, weekly or otherwise to Franchisor regarding Gross Sales and other relevant data related to the Franchised Restaurant in a file format and export method reasonably established by Franchisor, at Franchisee's sole cost.

(h) Franchisee acknowledges that Franchisor may implement new and/or supplemental programs and/or procedures from time-to-time and in its sole discretion (e.g., food-and-restaurant safety programs, operational improvement procedures, nutrition information programs, etc.) as an integral part of the System and Franchisee shall be required to participate in (and comply with) such programs and/or procedures established by Franchisor. Franchisee acknowledges it may be responsible for the payment of certain costs associated with such programs and/or procedures. Franchisor reserves the right to establish (and set forth the terms and conditions of) such programs and procedures through a modification and/or revision to the System and/or MFM and, in such event, Franchisee shall thereafter comply with the System and/or MFM, as modified and/or revised.

(i) To provide Franchisor a fully executed copy of Franchisee's purchase contract or lease agreement (as applicable) for the occupancy of the Franchised Restaurant premises, within three (3) business days after request by Franchisor.

## **Section 7.2 Managing Owner and Operating Partner.**

(a) Managing Owner. Franchisee shall designate and retain an individual to serve as the "Managing Owner" of the Franchised Restaurant. The Managing Owner (i) shall be deemed as a "Franchisee's Owner" hereunder and must have the largest share of unencumbered equity ownership in Franchisee, but not less than ten percent (10%), (ii) must be authorized by the Franchisee to bind the Franchisee in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Franchisee, (iii) must be authorized by the Franchisee to direct any actions necessary to ensure compliance with the Franchise Agreement, and (iv) must devote his full time and best efforts to the satisfaction of Franchisee's obligations under this Franchise Agreement and the daily operations of the Franchised Restaurant. Except as may otherwise be provided in this Franchise Agreement, the Managing Owner's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(i) Franchisee has not taken and agrees that it will not hereafter take, whether directly or indirectly, any action to avoid the authority requirements of the

Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. Franchisee agrees to furnish Franchisor with such evidence as Franchisor may request from time to time for the purpose of assuring Franchisor that the Managing Owner's authority remains as represented herein.

(b) **Operating Partner.** If the Managing Owner does not intend to devote his full time and best efforts to the daily operation of the Franchised Restaurant, then Franchisee must also designate an individual "Operating Partner" who must be approved by Franchisor and the Operating Partner (i) shall be deemed as a "Franchisee's Owner" hereunder and must be authorized by Franchisee to bind Franchisee in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Franchisee, (ii) must be authorized by the Franchisee to direct any actions necessary to ensure compliance with the Franchise Agreement, and (iii) must devote his full time and best efforts to the satisfaction of Franchisee's obligations under this Franchise Agreement and the daily operations of the Franchised Restaurant with no operational or management commitments to other businesses.

(i) The Operating Partner must live within the general area (100-mile radius) of the Franchised Restaurant. Except as may otherwise be provided in this Franchise Agreement, the Operating Partner's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(c) Franchisee shall not change the Managing Owner and/or Operating Partner without the prior written consent of Franchisor. Any sale, transfer or assignment of the Managing Owner's interest in Franchisee, or any portion thereof, shall be subject to the restrictions on transfer described in Article 13 and any failure to comply with such requirements shall be deemed a material event of default by Franchisee under Article 14. Any sale, transfer or assignment of the Operating Partner's interest in Franchisee, or any portion thereof (if any), shall be subject to the restrictions on transfer described in Article 13 and any failure to comply with such requirements shall be deemed a material event of default by Franchisee under Article 14.

**Section 7.3 Hours of Operation.** Franchisee shall keep the Franchised Restaurant open and in normal operation for such hours and days as Franchisor may from time to time specify in the MFM or as Franchisor may otherwise approve in writing.

**Section 7.4 Personnel and Staffing.** Franchisee shall staff the Franchised Restaurant in accordance with MFM and Franchisee agrees to maintain a competent, conscientious, and fully-trained staff at the Franchised Restaurant including at least four (4) fully-trained, full-time managers (unless otherwise agreed by Franchisor) and one (1) fully-trained, salaried manager or executive chef that manages culinary operations (the "Culinary Manager"). Franchisee agrees to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. Franchisee also acknowledges and agrees that Franchisor may require Franchisee to maintain "above-restaurant" supervision (e.g., area director(s), regional director(s), etc.) and, in such event, Franchisee shall ensure that such personnel are fully-trained in accordance with the MFM.

(a) Franchisee alone is responsible for hiring, firing, line-training, disciplining, setting hours for and otherwise supervising all employees. As between Franchisor and Franchisee, Franchisee is

solely responsible for the safety and well-being of Franchisee's employees and the customers of the franchised business. Any evaluation or inspection Franchisor conducts is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Restaurant or to assume any responsibility for Franchisee's obligations under this Franchise Agreement. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Maggiano's Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor.

**Section 7.5 Health and Safety Standards.** Franchisee shall, at all times, operate the Franchised Restaurant in accordance with (i) the highest health, safety, and sanitation standards under applicable law and (ii) the highest health, safety, and sanitation standards as set forth in the MFM. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of any inspection report, warning, citation, certificate and/or rating which indicates Franchisee's failure to meet or maintain the highest health, safety, and/or sanitation standards in the operation of the Franchised Restaurant.

(a) **Temporary Closure of Franchised Restaurant.** In the event Franchisee violates the terms of Section 7.5, then (in addition to Franchisor's other rights and remedies hereunder) Franchisee shall temporarily close the Franchised Restaurant immediately upon receipt of written notice from Franchisor and Franchisee shall not re-open the Franchised Restaurant until Franchisee has cured such violation(s) of Section 7.5 and Franchisee has received written permission from Franchisor to re-open the Franchised Restaurant.

(b) **Public Health and/or Safety Emergency.** In the event of a public health, safety, and/or sanitation emergency involving the Franchised Restaurant, then (in addition to Franchisor's other rights and remedies hereunder) Franchisee shall temporarily close the Franchised Restaurant immediately upon receipt of written notice from Franchisor and Franchisee shall not re-open the Franchised Restaurant until such emergency has been resolved and Franchisee has received written permission from Franchisor to re-open the Franchised Restaurant.

**Section 7.6 Approved Suppliers.** Franchisee shall purchase all food items, ingredients, supplies, materials and other products used or offered for sale at the Franchised Restaurant solely from suppliers (including manufacturers, distributors and other sources) who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and who have not thereafter been disapproved.

(a) If Franchisee desires to purchase any products from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase from any supplier unless and until such supplier has been approved in writing by Franchisor. Franchisee acknowledges it will be required to secure such supplier's signature to a reasonably acceptable confidentiality agreement as a condition precedent to any approval by Franchisor.

(b) Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier.

(c) Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier (such determination to be made by Franchisor in its sole discretion).

**Section 7.7 Proprietary Products.** Franchisee acknowledges and agrees that Franchisor may have developed, or in the future develop certain products which are made from highly confidential secret recipes and which are trade secrets of Franchisor (the "Proprietary Products"). Because of the importance of quality and uniformity of production and the significance of the Proprietary Products to the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of the Proprietary Products. Accordingly, Franchisee agrees that, in the event Proprietary Products become a part of the System (and thereby required for use in the Franchised Restaurant), then Franchisee shall only use Proprietary Products in the Franchised Restaurant which have been purchased from Franchisor or from a source designated by Franchisor.

**Section 7.8 Repair and Maintenance of the Franchised Restaurant.** Franchisee shall maintain the Franchised Restaurant in a first-class manner and condition and Franchisee shall, at its sole cost, make such repairs to the Franchised Restaurant as may be required to maintain the Franchised Restaurant in a first-class manner and condition (including, without limitation, periodic repainting and/or replacement of obsolete or damaged signs, furnishings, equipment and decor) as Franchisor may reasonably direct.

(a) Except for repairs required to maintain the Franchised Restaurant in a first class manner and condition, all other repairs, replacements, additions, and modifications to the Franchised Restaurant shall require Franchisor's prior written consent.

**Section 7.9 The Current Image.** Upon Franchisor's request, Franchisee shall, at its sole cost and expense, make all improvements and alterations that Franchisor may determine to be necessary for the Franchised Restaurant to conform with the then-current image of Maggiano's Restaurants as required by the System or as prescribed by Franchisor from time-to-time (the "Current Image"). Franchisee shall, at its expense, undertake and complete such improvements and alterations within reasonable times specified by Franchisor.

**Section 7.10 Mandatory Remodeling of Franchised Restaurant.** Franchisee acknowledges (i) Franchisor's right to make changes in the Current Image, as it reasonably deems appropriate; (ii) Franchisor's current requirement that Franchisee must remodel the entire Franchised Restaurant, at Franchisee's sole cost, every seven (7) years to conform with the Current Image of Maggiano's Restaurants; and (iii) Franchisor's right to require Franchisee to make specific changes to the Franchised Restaurant from time-to-time to conform with the Current Image, at Franchisee's sole cost.

**Section 7.11 Inspection by Franchisor.**

(a) To determine whether Franchisee and the Franchised Restaurant are in compliance with this Franchise Agreement and with the System, Franchisor and its agents shall have the right to enter the Franchised Restaurant at any time, with or without prior notice, for the purpose of conducting inspections of the Franchised Restaurant and Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request.

(b) Following each inspection, Franchisor will provide Franchisee an inspection report listing Franchisee's score on the inspection (an "Inspection Score") and those conditions at the Franchised Restaurant that must be rectified. Upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Franchise Agreement, Franchisee shall take such steps as may be necessary to immediately correct any deficiencies detected during any such inspection (regardless of Franchisee's inventory), including, without limitation, ceasing further sale of unauthorized menu items and ceasing further use of any equipment, advertising materials or supplies that do not conform with the standards and requirements promulgated by Franchisor from time to time. Franchisor shall notify Franchisee of standards for a satisfactory and unsatisfactory Inspection Score, which standards may be modified by Franchisor from time to time. Any Inspection Score given to Franchisee shall be based on the standards for Inspection Scores that were effective thirty (30) days prior to the applicable inspection.

(c) Recognizing that the failure of Franchisee to be in compliance with the System may endanger the reputation and operations of other Maggiano's Restaurants and/or potentially endanger the general public, Franchisee agrees that in the event that operations at the Franchised Restaurant fall below compliance with the System, Franchisor, in its sole discretion and in addition to remedies set forth in Section 14.4, may require that Franchisee discontinue all operations at the Franchised Restaurant and close the Franchised Restaurant to the public until Franchisee is able to establish to Franchisor's reasonable satisfaction that upon re-opening the Franchised Restaurant to the public operations at the Franchised Restaurant will meet or exceed compliance with the System.

(d) If Franchisor requests a meeting with Franchisee to discuss results of an inspection, Franchisee's Operating Partner shall meet in person with a representative of Franchisor within fifteen (15) days of Franchisor's request. If Franchisee fails to achieve a satisfactory Inspection Score, Franchisor may, in its sole discretion, require that Franchisee, the Operating Partner and/or one or more managers of the Franchised Restaurant attend and successfully complete an additional management training program to be held at a location designated by Franchisor. Franchisee shall pay a tuition charge as established by Franchisor from time to time for this training program and the travel, living, food and other incidental expenses incurred by Franchisee's employees while attending this training program.

(e) If Franchisee fails to achieve a satisfactory Inspection Score on two (2) consecutive inspections, the inspection report that accompanies the second unsatisfactory Inspection Score shall constitute a notice of default, and thereafter Franchisor may exercise its remedies pursuant to Section 14.4 of this Franchise Agreement.

**Section 7.12 Mandatory Sanitation and Food Safety Program.** Franchisor reserves the right to require Franchisee's participation in a mandatory sanitation and food safety program relating to the Franchised Restaurant (including periodic inspections and evaluations of the Franchised Restaurant) in accordance with such rules, terms, and conditions as Franchisor deems advisable. Franchisor reserves the right to incorporate the rules, terms, and conditions of such program into the MFM and to supplement such rules, terms, and conditions from time-to-time through modifications to the MFM. Franchisee shall, at all times, operate the Franchised Restaurant in accordance with the rules, terms, and conditions of such mandatory sanitation and food safety program. Franchisee acknowledges Franchisee may be responsible for some (or all) costs of such program as it applies to the Franchised Restaurant.

**Section 7.13 Prices at Franchised Restaurant.** Subject to this Franchise Agreement, Franchisee shall be responsible for determining the prices of products offered at the Franchised Restaurant, subject to

Franchisor's reasonable rules, limitations, and regulations regarding such pricing as permitted by applicable law. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products or services offered at the Franchised Restaurant.

**Section 7.14 Liquor Licenses and Business Licenses.** This Franchise Agreement is expressly conditioned upon Franchisee's ability to secure and maintain, at its sole cost, any and all required state, county, and/or local liquor licenses required for the on-premises sale and consumption of alcoholic beverages at the Franchised Restaurant and any other business licenses required for the operation of the Franchised Restaurant.

(a) If Franchisee fails to secure the required liquor license(s) by the date the Franchised Restaurant is otherwise ready (and/or required) to open for business, then Franchisor may, in its sole discretion, terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee and, in such event, Franchisor shall refund the Franchise Fee paid by Franchisee (without interest), less any expenses and/or damages incurred by Franchisor under this Franchise Agreement prior to the date of such termination.

(b) After Franchisee has secured the required liquor licenses, Franchisee shall thereafter comply with all applicable laws and regulations relating to the sale of alcoholic beverages at the Franchised Restaurant. If the sale and consumption of alcoholic beverages at the Franchised Restaurant is suspended or prohibited for more than thirty (30) consecutive days as a result of Franchisee's failure to comply with applicable laws and regulations relating to the sale of alcoholic beverages at the Franchised Restaurant, then Franchisor may, in its sole discretion, terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee and, in such event, Franchisor shall not be required to refund the Franchise Fee.

**Section 7.15 Compliance With Laws and Industry Standards.** Franchisee shall operate the Franchised Restaurant in compliance with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Restaurant including, without limitation, business licenses, certificates of occupancy, liquor licenses, fictitious name registrations, sales tax permits, and fire permits. Franchisee shall be solely responsible for any fines, costs, or penalties related to the foregoing matters.

(a) Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality related to any of the matters referenced in this Section 7.15 or which may adversely affect the Franchised Restaurant.

(b) Franchisee shall, at its sole cost, comply (i) with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Maggiano's Restaurants also comply with such rules and regulations and/or (ii) rules and regulations promulgated by Franchisor which are reasonably consistent with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Maggiano's Restaurants also comply with such rules and regulations.

(c) Franchisor and Franchisee acknowledge and agree that protection of customer

privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee will cause its Maggiano's Restaurant to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards (PCI DSS) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA) and all other successor or additional laws, and all other data security requirements we prescribe. Franchisee is solely responsible for educating itself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee will defend, indemnify, and hold Franchisor harmless from and against all claims arising out of or relating to Franchisee's violation of this Section 7.15.

**Section 7.16 Computer System(s)**. Franchisee shall, at Franchisee's sole cost, install and maintain a computerized point-of-sale system and all hardware, software, peripheral equipment, and accessories (the "POS System") that we require at the Franchised Restaurant. If Franchisor has designated a POS System, then Franchisee must install and maintain the designated POS System, at Franchisee's sole cost, including all future updates, supplements, modifications, and enhancements. If Franchisor has designated a POS System, then Franchisee must install the designated POS System. If Franchisor has not designated a POS System, then any POS System Franchisee desires to install shall be subject to Franchisor's prior written approval. Franchisor also reserves the right to require Franchisee to replace Franchisee's existing POS System at the Franchised Restaurant with a POS System designated by Franchisor and, in such event, Franchisor shall give Franchisee a reasonable timeframe not to exceed twenty-four (24) months to replace Franchisee's then existing POS System with a POS System designated by Franchisor, all at Franchisee's sole cost. In addition to the POS System, Franchisee shall not install any back-of-house ("BOH") software system and/or front-of-house ("FOH") software system without Franchisor's prior written approval. Franchisor may also require Franchisee to install and maintain a BOH software system designated by Franchisor and/or FOH software system designated by Franchisor, all at Franchisee's sole cost.

**Section 7.17 Supplemental Marketing Programs**. Franchisee acknowledges that (i) supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) are an integral part of the System and (ii) Franchisee shall be required to participate in (and comply with) such supplemental marketing programs established by Franchisor from time-to-time. Franchisee acknowledges it may be responsible for the payment of certain costs associated with these supplemental marketing programs. Franchisor reserves the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through (i) a supplement and/or modification to the MFM or (ii) a standard supplemental marketing program agreement which Franchisee agrees to sign, if so requested by Franchisor. Franchisee acknowledges that Franchisor has developed a gift card program and Franchisee shall be required to participate in (and comply with the terms and conditions of) Franchisor's gift card policy as amended or modified by Franchisor from time-to-time.

## ARTICLE 8 THE MAGGIANO'S MARKS

**Section 8.1 Franchisor's Representations**. Franchisor represents that Franchisor has the corporate power and authority to grant to Franchisee the rights specified in Section 1.1 and to execute, deliver and perform its obligations under this Franchise Agreement.

**Section 8.2 Franchisee's Use of the Maggiano's Marks.** With respect to Franchisee's licensed use of the Maggiano's Marks pursuant to this Franchise Agreement, Franchisee agrees that:

(a) Franchisee shall use only the Maggiano's Marks designated by Franchisor and then only in the manner authorized by Franchisor. Any use by Franchisee of the Maggiano's Marks shall require the prior written consent of Franchisor.

(b) Franchisee shall use the Maggiano's Marks only at the Franchised Restaurant or in advertising for the Franchised Restaurant (unless otherwise authorized by Franchisor in writing).

(c) Franchisee shall cause all advertising materials, promotional materials, signs, banners, decorations, paper goods (including disposable food containers, napkins, menus, forms, and stationery) and other items designated by Franchisor used in connection with the Franchised Restaurant to display the Maggiano's Marks in the form, color, location and manner prescribed and approved in writing by Franchisor.

(d) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Restaurant only under the name "Maggiano's Little Italy" without prefix or suffix.

(e) During the Term of this Franchise Agreement, Franchisee shall identify itself as the owner of the Franchised Restaurant and independent franchisee in conjunction with any use of the Maggiano's Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations at the Franchised Restaurant as Franchisor may designate in writing.

(f) Franchisee's right to use the Maggiano's Marks is limited to such uses as are authorized under this Franchise Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(g) Franchisee shall not use the Maggiano's Marks to incur any obligation or indebtedness on behalf of Franchisor.

(h) Franchisee shall not use the Maggiano's Marks (or any derivative or portion thereof) as part of its corporate or other legal name.

(i) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Maggiano's Marks or to maintain their continued validity and enforceability.

(j) In the event of any infringement of or challenge to Franchisee's use of the Maggiano's Marks or litigation involving the Maggiano's Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully in defending or settling such litigation. Franchisee and Franchisee's Owners agree that they will not communicate with any person other than the Franchisor and Franchisor's counsel in connection with any such action, claim or infringement. Franchisor shall have sole discretion to take such action as it deems appropriate and the right

to exclusively control any litigation, Patent and Trademark Office action or other proceeding arising out of any infringement, challenge or claims relating to the Maggiano's Marks.

**Section 8.3 Limitations on Franchisee's Use of Maggiano's Marks.** With respect to Franchisee's licensed use of the Maggiano's Marks pursuant to this Franchise Agreement, Franchisee agrees that:

(a) Franchisor is the owner or licensee of all right, title and interest in and to the Maggiano's Marks and the goodwill associated with and symbolized by them.

(b) The Maggiano's Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(c) Franchisee shall not directly or indirectly contest the validity or Franchisor's ownership of the Maggiano's Marks.

(d) Franchisee's use of the Maggiano's Marks pursuant to this Franchise Agreement does not give Franchisee any ownership interest or other interest in or to the Maggiano's Marks, except the license granted by this Franchise Agreement.

(e) Any and all goodwill arising from Franchisee's use of the Maggiano's Marks and the System under this Franchise Agreement shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Franchise Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Maggiano's Marks.

(f) The right and license of the Maggiano's Marks granted hereunder to Franchisee is non-exclusive, and Franchisor thus has and retains the rights, among others:

(i) To use the Maggiano's Marks itself in connection with selling products and services;

(ii) To grant other licenses for the Maggiano's Marks, in addition to those licenses already granted to existing franchisees; and

(iii) To develop and establish other systems using the same or similar Maggiano's Marks, or other Maggiano's Marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

(iv) To develop and establish the Other Marks and exclude the Other Marks from the Maggiano's Marks pursuant to and in accordance with Section 1.2(d) of this Franchise Agreement.

(g) Franchisee's use of the Maggiano's Marks pursuant to this Franchise Agreement does not give Franchisee any interest in or right to use the Other Marks.

**Section 8.4 Substitutions to Maggiano's Marks.** Franchisor reserves the right to substitute different Maggiano's Marks for use in identifying the System and the business operating thereunder if Franchisor's currently owned Maggiano's Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Maggiano's Marks will be beneficial to the System. In

such event, Franchisee shall be responsible for all expenses related to the substitution of different Maggiano's Marks and shall complete such substitution in accordance with the deadlines reasonably established by Franchisor.

## ARTICLE 9 CONFIDENTIAL INFORMATION

**Section 9.1 Confidential Information.** Franchisee and Franchisee's Owners shall not, during the term of this Franchise Agreement or and for a period of five (5) years thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, trade secrets, knowledge, or know-how concerning the Maggiano's Marks, System, MFM, and methods of development and operation of the Franchised Restaurant (collectively, the "Confidential Information"). The foregoing items shall be deemed as Confidential Information regardless of whether such items are disclosed to Franchisee under a "confidentiality notice". In addition to the foregoing, any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurant including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(a) Franchisee and Franchisee's Owners (i) shall disclose Confidential Information only to Franchisee's ACDBE partner and such of Franchisee's and its ACDBE partner's employees as must have access to it in order to operate the Franchised Restaurant(s), (ii) shall not copy, duplicate, record, or otherwise reproduce the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person, and (iii) shall be solely responsible to ensure that Franchisee's ACDBE partner, Franchisee's managers, employees, agents, or independent contractors of Franchisee having access to Confidential Information comply with this Article 6 and do not communicate, divulge or use Confidential Information in violation of this Article 9.

**Section 9.2 Confidentiality Agreement.** In addition to Franchisee's obligations under Section 9.1, Franchisor may require that Franchisee require Franchisee's Owners and its managers, employees, ACDBE partner, agents or independent contractors having access to Confidential Information to execute a "Confidentiality Agreement" in the form contained in Attachment B.

**Section 9.3 Breach of Confidentiality.** Franchisee acknowledges that any failure to comply with the requirements of this Article 9 shall constitute a material event of default under Article 14 and will cause Franchisor irreparable injury. Therefore (and in addition to any remedies under Article 14), Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Article 9.

**Section 9.4 Franchisee's Access to Confidential Information and Other Information.** In addition to Confidential Information, Franchisor may, from time-to-time and at Franchisor's sole option, elect (i) to grant Franchisee access to certain database(s), web-based information programs, and other software, and/or (ii) to make other information related to the Franchised Restaurant available to Franchisee and Franchisee agrees to promptly comply, at Franchisee's sole cost, with all rules and requirements imposed by Franchisor in connection therewith (including, without limitation, implementing required security measures, updating and restricting Franchisee's personnel access lists, and other requirements).

**Section 9.5 Survival.** The terms of this Article 9 shall survive the termination, expiration, or any transfer of this Franchise Agreement. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Franchise Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 9.

## ARTICLE 10 ACCOUNTING AND RECORDS

**Section 10.1 Franchisee's Accounting Records.** Franchisee shall maintain during the Term of this Franchise Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts related to the Franchised Restaurant in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the MFM or otherwise in writing.

**Section 10.2 Monthly Financial Statement.** Commencing on the opening date of the Franchised Restaurant and thereafter on or before the tenth (10<sup>th</sup>) day of each month during the Term, Franchisee shall prepare and submit to Franchisor a monthly financial statement accurately reflecting all Gross Sales generated at the Franchised Restaurant during the preceding calendar month (the "Monthly Financial Statement"). The Monthly Financial Statement shall be prepared and submitted by Franchisee in the form prescribed by Franchisor from time-to-time including, without limitation, (i) an itemized listing of Gross Sales for the preceding calendar month including a detailed breakdown of any deductions, reductions, and/or credits claimed by Franchisee, (ii) a monthly profit-and-loss statement, (iii) a summary of Gross Sales by categories designated by Franchisor from time-to-time (e.g., PLU, FOH labor, BOH labor, food cost, menu mix, etc.).

### **Section 10.3 Other Financial Statements.**

(a) **Quarterly Financial Statements.** Within fifteen (15) days after the expiration of each fiscal quarter during the Term, Franchisee shall prepare and submit to Franchisor the following financial statements related to the Franchised Restaurant in a form prescribed by Franchisor from time-to-time: (i) a quarterly profit-and-loss statement; (ii) a quarterly statement of marketing expenditures; (ii) a quarterly balance sheet which may be unaudited; and (iii) a fiscal-year-to-date profit and loss statement which may be unaudited (collectively, the "Quarterly Financial Statements").

(b) **Sales Tax Returns.** Franchisee shall also submit to Franchisor (at the time of filing with taxing authorities) copies of all sales tax returns for the Franchised Restaurant.

(c) **Annual Financial Statements.** Within ninety (90) days after the expiration of each fiscal year during the Term, Franchisee shall prepare and submit to Franchisor a complete, audited, annual financial statement for the Franchised Restaurant (in a form prescribed by Franchisor from time-to-time) prepared by an independent certified public accountant satisfactory to Franchisor, showing the results of operations of the Franchised Restaurant during such fiscal year (the "Annual Financial Statement").

(d) **Annual Operating Budget.** At least thirty (30) days prior to the beginning of each fiscal year during the Term, Franchisee shall prepare and submit to Franchisor a complete operating budget for the Franchised Restaurant in a form prescribed by Franchisor from time-to-time (the "Annual Operating Budget").

(e) Other Financial Records. Upon written request by Franchisor or as specified in the MFM, Franchisee shall promptly submit to Franchisor such other forms, reports, records, financial information and financial data related to Franchisee and/or the Franchised Restaurant (including, without limitation, such financial information and financial data for any parent company(ies) and affiliated entity(ies) related to Franchisee and/or Managing Owner) in the form prescribed by Franchisor.

(f) Franchisor's Accounting Cycle. Franchisee acknowledges that Franchisor may (upon thirty (30) days prior written notice) require Franchisee to (i) change its reporting period and prepare and submit the Monthly Financial Statement in accordance with Franchisor's accounting cycle and fiscal calendar, (ii) pay all amounts due to Franchisor hereunder in accordance with Franchisor's accounting cycle and fiscal calendar, and (iii) otherwise comply with Franchisor's reasonable requests to effectuate this Section 10.3(f).

**Section 10.4 Certification.** Each statement and report referenced in Sections 10.2 and 10.3 shall be signed by Franchisee and the Managing Owner attesting that it is true, complete, and accurate.

**Section 10.5 Franchisor's Audit Rights.**

(a) Financial Audit. Franchisor or its designated agents shall have the right at all reasonable times to request, inspect, audit, and copy, at Franchisor's expense, the statements and reports referenced above as well as the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of the Franchised Restaurant.

(b) Compliance Audit. Franchisor or its designated agents shall also have the right at all reasonable times to request, inspect, audit, and copy, at Franchisor's expense, the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of the Franchised Restaurant in order to determine compliance (or non-compliance) with this Franchise Agreement and/or any other agreement involving Franchisor.

(c) Independent Audit. Franchisor or its designated agents shall also have the right, at any time, to inspect or have an independent audit made, at Franchisor's expense, of the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of Franchised Restaurant in order to determine compliance (or non-compliance) with this Franchise Agreement and/or any other agreement between such party(ies) and Franchisor.

(d) Audit Results. If any such inspection or audit referenced above should reveal that any amounts have been underpaid and/or understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount underpaid and/or understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less.

(i) If any such inspection or audit referenced above discloses an underpayment or understatement in any report of two percent (2%) or more of Gross Sales for the period covered by any statement or report which is the subject

of such inspection or audit, then Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with such inspection or audit (including, without limitation, travel, lodging and wage expenses and reasonable audit, accounting, and/or legal costs).

(ii) If any such inspection or audit referenced above shall reveal that Franchisee or any affiliate or parent company involved in the development and/or operation of Franchised Restaurants is not compliant with this Franchise Agreement or any other agreement between such party(ies) and Franchisor, then Franchisee shall immediately cure such non-complying items in accordance with Franchisor's reasonable instructions and Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with such inspection or audit (including, without limitation, travel, lodging and wage expenses and reasonable audit, accounting, and/or legal costs).

(iii) The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Franchise Agreement.

## **ARTICLE 11 ADVERTISING**

**Section 11.1 Advertising Programs.** Until Franchisor has established a regional advertising program, as defined in Section 11.3 below, or a national advertising program, as defined in Section 11.4 below, applicable to the Franchised Restaurant, the Franchisee may be obligated to participate in a local advertising program as contemplated in Section 11.2 or contribute to a production fund as contemplated in Section 11.8 during the term of this Franchise Agreement, such determination to be made by Franchisor in its sole discretion. Upon notification by Franchisor, Franchisee shall participate in one of the following advertising programs designated by Franchisor and Franchisee agrees that such designation may be changed by Franchisor from time-to-time during the Term. Notwithstanding anything to the contrary, as of the Effective Date Franchisor will not require Franchisee to participate in any of the advertising programs contemplated in this Article 11 and Franchisee will not be required to pay the Advertising Fee (as defined in Section 11.9 below). Franchisor may require Franchisee's participation in an advertising program by providing Franchisee written notice at least thirty (30) days prior to commencement of the required participation (the "Advertising Program Notice"). Franchisor and Franchisee agree that so long as the Franchised Restaurant is located within an airport terminal facility, any Advertising Fee required pursuant to an Advertising Program Notice shall not exceed one percent (1%) of Gross Sales, and the Technical Services Fee shall be reduced by the same percentage of Gross Sales required to be paid for the RAP Fee or NAP Fee (up to a one percent (1%) reduction in the Technical Services Fee). Any Advertising Fee required to be paid shall be payable on or before the tenth (10<sup>th</sup>) day of each calendar month based on the preceding month's Gross Sales.

**Section 11.2 Local Advertising Program.** In the event Franchisor requires Franchisee to participate in the "Local Advertising Program", then Franchisee shall comply with this Section 11.2.

(a) Franchisee shall spend on local advertising (defined below) an amount up to or equal to one percent (1%) of Gross Sales if the Franchised Restaurant is located in an airport or an amount up to or equal to two and one-half percent (2.5%) of Gross Sales if the Franchised Restaurant is not located in an airport (each, the "LAP Fee").

(b) The term “local advertising” as used in this Agreement shall be deemed to mean advertising which complies with the requirements set forth on Attachment G. All local advertising shall be subject to Franchisor’s prior written approval.

(c) Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee’s expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(d) Franchisor reserves the right to require Franchisee to remit up to one hundred percent (100%) of the LAP Fee to Franchisor upon ten (10) days notice to Franchisee for use by Franchisor for advertising and promotional activities in the Franchised Restaurant’s local area.

(e) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that Franchisee has complied with this Section 11.2 and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate.

(f) In the event Franchisee does not comply with this Section 11.2, and/or in the event Franchisee fails to spend the amounts required by Section 11.2(a) on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

**Section 11.3 Regional Advertising Program.** Upon the establishment of a “Regional Advertising Program,” as defined in this Section 11.3, and if Franchisor requires Franchisee to participate in the Regional Advertising Program, then Franchisee shall comply with this Section 11.3, subject to Section 11.1.

(a) Franchisee agrees that Franchisor shall have the right, in its discretion, to designate any geographical area (e.g., an area of dominant influence or “ADI”) as a region for purposes of establishing a Regional Advertising Program.

(b) A Regional Advertising Program may be composed of one or more Maggiano’s Restaurants operated by Franchisor and/or one or more Maggiano’s Restaurants operated by Franchisee (and/or its parent company or affiliates) and/or other franchisees of Franchisor. If a Regional Advertising Program has been (or, is) established for the geographic area where the Franchised Restaurant is located, then Franchisee shall execute such documentation as required by Franchisor to become a member of such Regional Advertising Program.

(c) The Regional Advertising Program shall be organized, governed, and operated in accordance with written guidelines prepared and approved in advance by Franchisor (the “RAP Guidelines”) and Franchisor shall be responsible for maintaining and administering advertising programs in the geographic area where the Franchised Restaurant is located in accordance with the RAP Guidelines. No advertising or promotional plans or materials may be used by the Regional Advertising Program or furnished to its members without the prior written consent of Franchisor. Further, Franchisor shall direct all advertising and production programs in the Regional Advertising Program and Franchisor shall have

sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the Regional Advertising Program all as determined by Franchisor in its sole discretion.

(d) On or before the tenth (10<sup>th</sup>) day of each calendar month, Franchisee shall pay to Franchisor a continuing monthly advertising fee in an amount up to or equal to one percent (1%) of Gross Sales if the Franchised Restaurant is located in an airport or an amount up to or equal to four percent (4%) of Gross Sales if the Franchised Restaurant is not located in an airport (each, the "RAP Fee"). The RAP Fee shall be determined by Franchisor in its sole discretion from time-to-time during the Term, but shall not exceed one percent (1%) of Gross Sales for an airport location and shall not exceed four percent (4%) of Gross Sales for a non-airport location.

(e) The RAP Fee shall be used exclusively by Franchisor in connection with any and all costs incurred in connection with the Regional Advertising Program including, without limitation, (i) maintaining, directing, and preparing advertising materials such as the preparation and coordination of television, digital (email, sms, search, display, video, social), radio, print, direct mail, outdoor billboard advertising, marketing surveys and other public relations activities; (ii) the employment of advertising agencies to assist in the Regional Advertising Program; (iii) the preparation and distribution of promotional brochures and other marketing materials in connection with the Regional Advertising Program; (iv) the cost of developing and maintaining any website(s) related to the Regional Advertising Program; (v) reasonable administrative costs and overhead incurred by Franchisor in activities reasonably related to the administration or direction of the Regional Advertising Program; and (vi) such other items as may be set forth in the RAP Guidelines.

(f) In the event the RAP Fee is set by Franchisor at an amount less than four percent (4%) of Gross Sales, and if the Franchised Restaurant is not located in an airport, then Franchisor may require Franchisee to spend an amount equal to the difference between the actual RAP Fee and four percent (4%) of Gross Sales on local advertising for the benefit of the Franchised Restaurant (as designated by Franchisor and all such local advertising shall be subject to Attachment G and Franchisor's prior written approval). Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee's expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(i) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that Franchisee has complied with this Section 11.3(f) and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate. In the event Franchisee does not comply with this Section 11.3(f) and/or in the event Franchisee fails to spend the required amount on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

(ii) Franchisee shall submit to Franchisor such other statements or reports as may be reasonably required by Franchisor in connection with the Regional Advertising Program.

(g) Franchisor, in its sole discretion, may exclude Maggiano's Restaurants operated by Franchisor from the Regional Advertising Program and may grant to Franchisee (or, any other franchisee in the Regional Advertising Program) an exemption for any length of time from the requirement of membership in the Regional Advertising Program, upon written request stating reasons supporting such exemption. Franchisor may require as a condition of granting such exemption that Franchisee comply with Section 11.2; provided that Franchisor may require Franchisee to spend an amount equal to such amounts as Franchisee would have otherwise been obligated to pay under this Section 11.3. Franchisor's decision concerning such request for exemption shall be final.

**Section 11.4 National Advertising Program.** Upon establishment of a "National Advertising Program," as defined in this Section 11.4, and if Franchisor requires Franchisee to participate in the National Advertising Program, then Franchisee shall comply with this Section 11.4, subject to Section 11.1.

(a) On or before the tenth (10<sup>th</sup>) day of each calendar month, Franchisee shall pay to Franchisor a continuing monthly advertising fee in an amount up to or equal to one percent (1%) of Gross Sales if the Franchised Restaurant is located in an airport or an amount up to or equal to four percent (4%) of Gross Sales if the Franchised Restaurant is not located in an airport (each, the "NAP Fee"). The NAP Fee shall be determined by Franchisor in its sole discretion from time-to-time during the Term, but shall not exceed one percent (1%) of Gross Sales for an airport location and shall not exceed four percent (4%) of Gross Sales for a non-airport location.

(b) The National Advertising Program shall be organized, governed, and operated in accordance with written guidelines prepared and approved in advance by Franchisor (the "NAP Guidelines") and Franchisor shall be responsible for maintaining and administering advertising programs in accordance with the NAP Guidelines. No advertising or promotional plans or materials may be used by the National Advertising Program or furnished to its members without the prior written consent of Franchisor. Further, Franchisor shall direct all advertising and production programs in the National Advertising Program and Franchisor shall have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the National Advertising Program all as determined by Franchisor in its sole discretion.

(c) The NAP Fee shall be used exclusively by Franchisor in connection with any and all costs incurred in connection with the National Advertising Program including, without limitation, (i) maintaining, directing, and preparing advertising materials such as the preparation and coordination of television, digital (email, sms, search, display, video, social), radio, print, direct mail, outdoor billboard advertising, marketing surveys and other public relations activities; (ii) the employment of advertising agencies to assist in the National Advertising Program; (iii) the preparation and distribution of promotional brochures and other marketing materials in connection with the National Advertising Program; (iv) the cost of developing and maintaining any website(s) related to the National Advertising Program; (v) reasonable administrative costs and overhead incurred by Franchisor in activities reasonably related to the administration or direction of the National Advertising Program; and (vi) such other items as may be set forth in the NAP Guidelines.

(d) In the event Franchisor requires Franchisee to participate in the National Advertising Program, Franchisor may also require Franchisee to participate in a Regional Advertising Program (if such a program exists for the Franchised Restaurant) and, in such event, Franchisor reserves the right to allocate the NAP Fee between the National Advertising Program and the Regional Advertising Program.

(e) In the event the RAP Fee is set by Franchisor at an amount less than four percent (4%) of Gross Sales, and if the Franchised Restaurant is not located in an airport, then Franchisor may require Franchisee to spend an amount equal to the difference between the actual NAP Fee and four percent (4%) of Gross Sales on local advertising for the benefit of the Franchised Restaurant (as designated by Franchisor and all such local advertising shall be subject to Attachment G and Franchisor's prior written approval). Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee's expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(i) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that Franchisee has complied with this Section 11.4(e) and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate. In the event Franchisee does not comply with this Section 11.4(e) and/or in the event Franchisee fails to spend the required amount on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

(ii) Franchisee shall submit to Franchisor such other statements or reports as may be reasonably required by Franchisor in connection with such local advertising.

**Section 11.5 Administration of Advertising Programs.** Franchisor reasonably anticipates that the RAP Fee or the NAP Fee (as the case may be) shall be expended for advertising and/or promotional purposes as described herein during Franchisor's fiscal year within which such fees are received. In the event excess amounts remain in such advertising program at the end of such fiscal year, then all expenditures in the following fiscal year(s) shall be made first out of accumulated fees from previous years and then from fees collected during the current year.

(a) If Franchisor elects to operate the Regional Advertising Program and/or the National Advertising Program, then such programs will be operated as a conduit for the collection and expenditure of advertising fees for the purposes stated herein. An unaudited statement of the operations of the Regional Advertising Program and/or the National Advertising Program shall be prepared annually by Franchisor, if such programs are operated, and shall be made available to Franchisee upon Franchisee's request.

(b) Franchisor reserves the right to terminate the Regional Advertising Program and/or the National Advertising Program; provided that such program(s) shall not be terminated until all monies in such programs have been expended for advertising and/or promotional purposes or other appropriate arrangements have been made with respect to such monies.

**Section 11.6 Advertising Standards and Approval.** All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the MFM or otherwise. Franchisee shall obtain Franchisor's

prior written consent to all advertising and promotional plans and materials that Franchisee desires to use which have not been prepared or previously approved by Franchisor within one (1) year.

(a) Franchisee shall not use any advertising, marketing, and/or promotional materials in connection with the Franchised Restaurant unless such materials have been approved by Franchisor in writing. Franchisee shall submit any unapproved advertising, marketing, and/or promotional materials to Franchisor (by personal delivery or through the mail, return receipt requested), and Franchisor shall use reasonable efforts to approve or disapprove such materials within fourteen (14) days from the date of receipt thereof by Franchisor. Franchisee shall use no such materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising, marketing, and/or promotional materials upon notice from Franchisor.

(b) This Section 11.6 shall apply in all respects to the distribution and display of advertising, marketing, and/or promotional materials in any medium (including, without limitation, print, radio, television, and the display or use by Franchisee of advertising and promotional materials and the Maggiano's Marks on the Internet).

**Section 11.7 Internet and Electronic Commerce.** Franchisee shall not advertise the Franchised Restaurant over the Internet (or any other form of electronic commerce and/or electronic media) without Franchisor's prior written consent. Franchisee shall not use the Maggiano's Marks over the Internet (or any other form of electronic commerce and/or electronic media) without Franchisor's prior written consent. Franchisee shall not develop, create, establish, and/or use any website or other electronic media which uses, and/or creates any association with, the System and/or the Maggiano's Marks (including any abbreviation, acronym, phonetic variation, or visual variation).

(a) All domain names using, and/or creating any association with, the System and/or the Maggiano's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) shall be registered in Franchisor's name. Franchisor may grant to Franchisee a non-exclusive license to use domain name(s) selected by Franchisor for Franchisee's use in accordance with this Franchise Agreement. Franchisee shall not register any domain name in any class or category that uses or creates any association with the System and/or Maggiano's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) without Franchisor's prior written consent.

(b) Franchisee agrees that any consent by Franchisor to develop, create, establish, advertise, register, and/or use any of the Maggiano's Marks over the Internet (or any other form of electronic commerce and/or electronic media) shall be subject to certain conditions including, without limitation, requirements as to form, content, and appearance; requirement of a hypertext link to Franchisor's website(s); prohibitions on hypertext links to third-party websites; and other requirements, restrictions, and prohibitions deemed necessary by Franchisor.

(c) On termination or expiration of this Franchise Agreement or in the event Franchisee fails to comply with this Section 11.7, then Franchisor shall have the right (in addition to Franchisor's other rights and remedies hereunder) to revoke its consent to Franchisee's development, creation, establishment, advertisement, registration, and/or use any of the Maggiano's Marks over the Internet or any other form of electronic commerce and/or electronic media (including, without limitation, website(s) and domain names) and, in such event, Franchisee shall immediately cease all such activities and shall immediately take all actions reasonably required to disassociate Franchisee from all such activities.

**Section 11.8 Production Fee.** Unless or until Franchisor institutes the National Advertising Program and/or the Regional Advertising Program, Franchisee may be required to pay Franchisor a continuing monthly production fee in an amount equal to one-half of one percent (½%) of Gross Sales (the “Production Fee”). The Production Fee shall be used by Franchisor exclusively for the purpose of maintaining, administering, directing, and preparing advertising and promotional activities for the benefit of the System, including, but not limited to, creative costs associated therewith.

**Section 11.9 Advertising Fee.** The term “Advertising Fee” shall be deemed to mean the LAP Fee, RAP Fee, or the NAP Fee (as the case may be) and the Production Fee.

**Section 11.10 Copyrights.** Franchisee acknowledges that Franchisor or its affiliates own the worldwide copyright and other ownership rights to the MFM, and all components of the System that are written, electronic, and/or magnetic media subject to copyright (collectively, the “Copyright Materials”). Franchisee acknowledges and agrees that it may only make modifications to the Copyright Materials upon receiving the prior written consent of Franchisor. Franchisee agrees to use proper copyright and other proprietary notices in connection with all Copyright Materials or translations, modifications or adaptations of the Copyright Materials and conform to Franchisor’s standards for protecting its rights. Franchisee agrees to promptly cause the execution of any assignments, waivers of rights, or other documents, and take any further actions needed or advisable to ensure that Franchisor has such copyright and other rights described in this Section 11.10.

## **ARTICLE 12 INSURANCE**

**Section 12.1 Liability Insurance.** During the Term, Franchisee shall maintain, at its cost, comprehensive general liability insurance, including broad form contractual liability, broad-form property damage, personal injury, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars (\$2,000,000) per occurrence for bodily injury and property damage, Two Million Dollars (\$2,000,000) for liquor liability and Three Million Dollars (\$3,000,000) general aggregate.

**Section 12.2 Property Insurance.** During the Term, Franchisee shall maintain, at its sole cost and expense, property insurance against damage or loss by fire and such other hazards (including without limitation, earthquake, lightning, windstorm, hail, explosion, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle and smoke) on an “all risk” basis on the Franchised Restaurant in an amount not less than the full replacement value thereof.

**Section 12.3 Worker’s Compensation Insurance.** During the Term, Franchisee shall subscribe to the workers’ compensation law in the state in which the Franchised Restaurant is located and shall maintain, at its sole cost, workers’ compensation and employers’ liability insurance covering all of Franchisee’s employees with employer’s liability limits not less than Five Hundred Thousand Dollars (\$500,000) for each bodily injury by accident and Five Hundred Thousand Dollars (\$500,000) for each bodily injury of an employee by disease, and Franchisee is required to carry this insurance regardless of waiver or exemption of coverage under applicable state statute.

**Section 12.4 Builder’s Risk Insurance.** In connection with any construction, renovation, refurbishment or remodeling of the Franchised Restaurant, Franchisee shall maintain “all risks” Builder’s

Risk insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

**Section 12.5 Automobile Insurance.** During the Term, Franchisee shall maintain, at its cost, automobile liability insurance for all owned, non-owned and hired vehicles covering bodily injury, death and property damage with a minimum combined single coverage limit of One Million Dollars (\$1,000,000).

**Section 12.6 Excess Insurance.** During the Term, Franchisee shall maintain, at its cost, commercial umbrella liability or excess liability insurance with a minimum limit of Five Million Dollars (\$5,000,000) per occurrence; such policy shall provide excess limits for the general liability, automobile liability and employer's liability forms required above or at least as broad in coverage.

**Section 12.7 Cyber Liability Insurance.** During the Term, Franchisee shall maintain at its sole cost and expense, cyber liability insurance with a minimum coverage of Five Million Dollars (\$5,000,000) general aggregate.

**Section 12.8 Additional Insurance Policies.** During the Term, Franchisee agrees to maintain, at its cost, such additional insurance policies as a reasonably prudent franchisee would maintain or as reasonably required by Franchisor.

**Section 12.9 Policy Requirements.** All insurance policies required under this Article 12 will contain provisions to the effect that the insurance will not be canceled or modified without at least 30 days prior written notice to Franchisor and that no modification will be effective unless approved in writing by Franchisor. All such policies will be issued by a company or companies, rated "A" or better by Best's Insurance Guide, responsible and authorized to do business in the state in which Franchised Restaurant is located, as Franchisee may determine, and as approved by Franchisor, which approval will not be unreasonably withheld.

(a) All insurance policies required hereunder, with the exception of Workers' Compensation Insurance, shall name Franchisor, its affiliates, successors and assigns (and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents) as additional insureds and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. In addition, all insurance policies required hereunder shall waive subrogation in favor of Franchisor, its affiliates, successors and assigns (and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents).

(b) Franchisee may elect to have reasonable deductibles in connection with the insurance coverage required under Sections 12.1, 12.2, 12.5 and 12.6 subject to a reasonable evaluation of Franchisee's financial strength as compared to such deductibles and otherwise subject to Franchisor's prior written consent. Franchisee may not agree to sublimits in the insurance policies required by this Article 12 without the prior, written consent of Franchisor.

(c) Franchisee's obligation to maintain the insurance policies under this Article 12 shall not (i) release Franchisee from its obligations under the indemnity provisions set forth in Article 17; or (ii) be limited by reason of any insurance which may be maintained by Franchisor.

(d) Franchisor reserves the right to reasonably revise and/or reasonably increase the insurance coverages required under this Article 12 and Franchisee shall promptly comply with any such revisions and/or increases.

(e) Not less than once per year, Franchisee shall deliver to Franchisor certificates of insurance evidencing the insurance coverages required under this Article 12. Franchisee shall also deliver such certificates and/or copies of such insurance policies within 10 days after Franchisor's request.

**Section 12.10 Franchisor's Right to Procure Insurance.** In the event Franchisee fails to comply with this Article 12, then (in addition to any other remedies available to Franchisor under this Franchise Agreement), Franchisor shall have the right (but not the obligation) to procure such insurance on Franchisee's behalf and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice.

### ARTICLE 13 TRANSFER AND ASSIGNMENT

**Section 13.1 Transfer by Franchisor.** Franchisor shall have the right to transfer or assign this Franchise Agreement and all or any part of its rights or obligations herein (including, without limitation, the Maggiano's Marks and/or the System) to any person or legal entity and, in such event, (i) the transferee or assignee shall be solely responsible for all of Franchisor's obligations hereunder arising after the date of such transfer or assignment and (ii) Franchisor shall be released of its obligations hereunder to the extent such obligations arise after the date of such transfer or assignment. Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor in connection therewith.

(a) Without limiting the foregoing, Franchisee agrees that Franchisor may (i) sell its assets, the Maggiano's Marks or the System to a third party; (ii) offer its securities privately or publicly; (iii) merge, acquire other corporations or be acquired by another corporation; and/or (iv) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor in connection therewith.

(b) Nothing contained in this Franchise Agreement shall require Franchisor to offer any services or products, whether or not bearing the Maggiano's Marks, to Franchisee if Franchisor transfers or assigns its rights in this Franchise Agreement.

**Section 13.2 Transfer by Franchisee.** Franchisee agrees the rights and duties set forth in this Franchise Agreement are personal to Franchisee and that Franchisor entered into this Franchise Agreement in reliance on the business skill, financial capacity and personal character of the Franchisee and Franchisee's Owners.

(a) Franchisee and/or Franchisee's Owners and/or ACDBE partner shall not (i) sell, assign, transfer, convey, give away, gift, pledge, mortgage or otherwise encumber any direct or indirect interest in this Franchise Agreement and/or the Maggiano's Marks and (ii) shall not grant a security interest or collateral interest in this Franchise Agreement and/or Maggiano's Marks. Franchisee and/or Franchisee's Owners and/or ACDBE partner shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in Franchisee and/or the Franchised Restaurant without

the prior written consent of Franchisor which Franchisor may condition upon any or all of the requirements set forth in Section 13.3 (as determined by Franchisor in its sole discretion).

(b) Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Franchisee and/or Franchisee's Owners and/or ACDBE partner which does not comply with this Article 13 (including, without limitation, the prior written consent of Franchisor) shall be null and void and shall constitute an event of default under Section 14.2(a) of this Franchise Agreement.

**Section 13.3 Conditions for Approval.** Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Franchise Agreement, and/or the Franchised Restaurant; provided Franchisor may, in its sole discretion, require any or all of the following as conditions precedent to its approval (and Franchisee agrees that all such conditions are reasonable and necessary).

(a) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries and its affiliates shall have been satisfied.

(b) Franchisee is not in default of any provision of this Franchise Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, or its subsidiaries and affiliates.

(c) Franchisee, Franchisee's Owners, and the proposed transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents, in their corporate and individual capacities, including, without limitation, claims arising under this Franchise Agreement and federal, state and local laws, rules and ordinances.

(d) The proposed transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Franchise Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's owners and shall guarantee the performance of all such obligations, covenants and agreements in writing in a form satisfactory to Franchisor.

(e) The proposed transferee shall demonstrate to Franchisor's satisfaction that such transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a franchise including but not limited to Franchisor's educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to operate the Franchised Restaurant in accordance with this Franchise Agreement (as may be evidenced by prior related business experience or otherwise); transferee's ability, financial resources, infrastructure, and capital for operation of a multi-unit restaurant business; and the geographic proximity of other Maggiano's Little Italy restaurants owned or operated by transferee and the territories or areas with respect to which transferee is obligated to develop Maggiano's Little Italy restaurants pursuant to any development agreement between Franchisor and Franchisee, in relation to the Franchised Restaurant.

(f) The proposed transferee shall execute, for a term ending on the expiration date of this Franchise Agreement and with such renewal term as may be provided by this Franchise Agreement,

the standard form franchise agreement then being offered to new franchisees in the System and other ancillary agreements as Franchisor may require; and if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreements as transferee's principals and shall guarantee the performance of all such obligations, contracts and agreements in writing in a form satisfactory to Franchisor. Such agreements shall supersede this Franchise Agreement and its ancillary documents in all respects and the terms of such agreements may differ from the terms of this Franchise Agreement, including, without limitation, a higher percentage royalty fee, a higher percentage technical services fee and a higher advertising contribution; provided, however, that the transferee shall not be required to pay any initial franchise fee.

(g) The proposed transferee, at its expense, shall remodel and/or upgrade the Franchised Restaurant to conform to the Current Image and then-current standards and specifications of the System and shall complete such remodeling and/or upgrading within the time specified by Franchisor.

(h) Franchisee, Franchisee's Owners, and the proposed transferor shall remain liable for all of the obligations and liabilities related to this Franchise Agreement and/or the Franchised Restaurant prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

(i) The proposed transferee, the transferee's manager and the transferee's operating partner shall complete, at transferee's cost, any training programs then in effect for franchisees upon such terms and conditions as Franchisor may reasonably require.

(j) Franchisee shall pay a transfer fee of Five Thousand and 00/100 Dollars (\$5,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with any transfer of this Franchise Agreement and preparing or reviewing transfer documentation, including, without limitation, the cost of background checks, legal and accounting fees (in addition to any other transfer fees that may be payable under any other Franchise Agreement(s); provided that the total transfer fees payable to Franchisor in connection with any single transfer shall not exceed \$25,000.00). The Transfer Fee shall be paid in two, non-refundable installments: (a) Two Thousand Five Hundred and 00/100 Dollars (\$2,500) shall be paid together with the delivery to Franchisor of the application from the proposed transferee; and (b) the balance of the Transfer Fee, the amount of such total Transfer Fee to be determined by Franchisor in its sole discretion pursuant to this Section 13.3(j), shall be paid on or before the date of the transfer.

(k) If the proposed transferee is a corporation or a partnership, then transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth in Article 6 and Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Article 6 have been satisfied and are true and correct on the date of transfer.

(l) Franchisee, Franchisee's Owners, and the proposed transferor and transferee shall comply with any other conditions that Franchisor reasonably requires from time to time as part of Franchisor's transfer policies including, without limitation, evidence of landlord consent, subordination of purchase price to monetary obligations under this Franchise Agreement, execution of confidentiality and non-compete agreements, etc.

**Section 13.4 No Security Interest.** Franchisee shall not grant a security or collateral interest in this Franchise Agreement, the System, and/or the Maggiano's Marks. Franchisee shall not grant a security

or collateral interest in the Franchised Restaurant, without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by Franchisor to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

**Section 13.5 Transfer for Convenience of Ownership.** Any proposed assignment and/or transfer of this Franchise Agreement by Franchisee to an affiliated or subsidiary corporation or other entity formed by Franchisee solely for the convenience of ownership shall be subject to Franchisor's prior written consent which Franchisor may condition upon any or all of the requirements set forth in Section 13.3 (as determined by Franchisor in its sole discretion). With respect to any proposed assignment or transfer under this Section 13.5, Franchisee shall be the owner of all of the voting stock or interest of such corporation or entity and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or entity as such individual had in Franchisee prior to the transfer.

**Section 13.6 Right of First Refusal.** The "Right of First Refusal" attached hereto as Attachment E is hereby incorporated into this Franchise Agreement.

**Section 13.7 Transfer Upon Death or Permanent Disability.**

(a) Upon the death of any person with an interest in this Franchise Agreement and/or Franchisee (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

(b) Upon the permanent disability of any person with an interest in this Franchise Agreement or Franchisee, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 13 within six (6) months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Franchise Agreement or in the Guaranty attached to this Franchise Agreement for at least ninety consecutive days and from which condition recovery within ninety days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of the person; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Article 13. The costs of any examination required by this Section 13.7(b) shall be paid by Franchisor.

(c) Upon the death or claim of permanent disability of any person with an interest in this Franchise Agreement and/or Franchisee, Franchisee or a representative of Franchisee must promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article 13 for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section 13.7, then Franchisor may terminate this Franchise Agreement.

**Section 13.8 Non-Waiver of Claims.** Franchisor's consent to a transfer of any interest under this Article 13 shall not constitute a waiver of any claims it may have against transferor nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Franchise Agreement by the proposed transferee.

**Section 13.9 Offerings by Franchisee.** Securities or partnership interests in Franchisee may be offered to the public by private offering or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under this Article 13), which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No Franchisee offering shall imply (by use of the Maggiano's Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Franchisee or Franchisor securities; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Ten Thousand and 00/100 Dollars (\$10,000.00). Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 13.9.

## ARTICLE 14 DEFAULT AND TERMINATION

**Section 14.1 Obligations Material.** Franchisee acknowledges and agrees that each of the Franchisee's obligations described in this Franchise Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable.

**Section 14.2 Default and Automatic Termination.** Each of the following shall be deemed an event of default by Franchisee and, upon such default, this Franchise Agreement shall automatically terminate without notice to Franchisee or cure period.

(a) Franchisee shall become insolvent or makes a general assignment for the benefit of creditors. Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Franchisee and/or Franchisee's Owners which does not comply with Article 13.

(b) Franchisee files a voluntary petition (or an involuntary petition involving Franchisee is filed) under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due or Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof.

(c) If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee. If a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed). If Franchisee is dissolved or if execution is levied against Franchisee's business or property. If suit or other proceeding to foreclose any lien or mortgage against the Franchised Restaurant (or equipment therein) is instituted against Franchisee and not dismissed within thirty (30) days or if the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff or other person with competent jurisdiction.

(d) Franchisee or any of Franchisee's Owners (i) violates any "Anti-Terrorism Laws", as defined below, (ii) is listed under any such Anti-Terrorism Laws, (iii) has any dealings with any person listed under any such Anti-Terrorism Laws, and/or (iv) assets are blocked under any such Anti-Terrorism Laws.

(i) The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

**Section 14.3 Other Defaults by Franchisee.** Each of the following shall be deemed an event of default by Franchisee under this Franchise Agreement.

(a) Franchisee ceases to operate or otherwise abandons the Franchised Restaurant for three (3) consecutive days unless the Franchised Restaurant has been closed (i) for a purpose that has been expressly approved in writing by Franchisor; (ii) due to governmental order; or (iii) due to fire, flood, other casualty, or other catastrophic forces beyond Franchisee's control; provided (1) such event was not caused by Franchisee's intentional and/or negligent acts, (2) that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the Franchised Restaurant (which approval shall not be unreasonably withheld), (3) Franchisee thereafter diligently pursues such reconstruction or relocation, and (4) any such approval may be conditioned upon the payment of an agreed minimum royalty to Franchisor during the period in which the Franchised Restaurant is not in operation.

(b) Franchisee (i) breaches the lease agreement for the Location and/or loses the right to possession and/occupancy of the Location, and/or (ii) loses the right to transact business in the jurisdiction where the Franchised Restaurant is located.

(c) Franchisee or any of Franchisee's Owners or the ACDBE partner is convicted (regardless of any pending appeal) of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Maggiano's Marks, the goodwill associated therewith, or Franchisor's interest therein. Submission by Franchisee or any

of Franchisee's Owners of a franchise application and/or management commitment form (or other documentation required under this Franchise Agreement) which contains any material false or misleading statements or omits any material fact.

(d) Franchisee or any of Franchisee's Owners or the ACDBE partner engages in conduct that is deleterious or reflects unfavorably on Franchisor, the System, the Maggiano's Marks, and/or the goodwill associated therewith including, without limitation, conduct which exhibits a disregard for the physical and mental well-being of employees, customers, Franchisor's representatives, the public at large (e.g., battery, assault, sexual harassment, discrimination, and other forms of threatening, outrageous, or socially unacceptable behavior).

(e) Franchisee fails to comply with this Franchise Agreement, the System, and/or any health, safety, or sanitation law, rule, or regulation relating to cleanliness and sanitation of the Franchised Restaurant. Franchisee's construction, maintenance, and/or operation of the Franchised Restaurant represents a threat or danger to public health or safety.

(f) Franchisee misuses or makes any unauthorized use of the Maggiano's Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein.

(g) Franchisee and/or any of Franchisee's Owners enters into a subfranchise agreement, management agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to this Franchise Agreement and/or the Franchised Restaurant.

(h) Franchisee fails to pay the Franchise Fee, Monthly Fee, Advertising Fee, and/or any other amounts due hereunder.

(i) Without limitation to Section 14.3(h) above, for all purposes under this Franchise Agreement, any failure by Franchisee to pay the Royalty Fee in full as and when due (without any retention, deduction, credit, and/or offset whatsoever, except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above) shall automatically be deemed a failure to pay the Monthly Fee and an event of default by Franchisee under this Franchise Agreement. Likewise, a failure by Franchisee to pay the Technical Services Fee in full as and when due (without any retention, deduction, credit, and/or offset whatsoever, except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above) shall automatically be deemed a failure to pay the Monthly Fee and an event of default by Franchisee under this Franchise Agreement.

(i) Franchisee and/or any of Franchisee's Owners fails to comply with any provision of this Franchise Agreement.

(j) Franchisee repeatedly fails to comply with the provisions of this Franchise Agreement (whether or not cured after notice).

(k) Franchisee has not opened the Franchised Restaurant for business to the general public within 365 days from the Effective Date of this Franchise Agreement.

(l) Franchisee fails to achieve a satisfactory Inspection Score on two (2) consecutive inspections conducted pursuant to Section 7.11.

**Section 14.4 Remedies for Default by Franchisee.** In the event of a default under Section 14.3, then Franchisor may, at its option, elect any one or more of the following remedies.

(a) With respect to a default under Section 14.3(c), Franchisor may terminate this Franchise Agreement immediately upon written notice which notice shall specify the nature of the default(s). With respect to a default under Section 14.3(d), Franchisor may terminate this Franchise Agreement upon three (3) days prior written notice which notice shall specify the nature of the default(s). In the event Franchisee cures such default(s) to the satisfaction of Franchisor prior to the expiration of such 3-day period, then such default shall be deemed as cured and this Franchise Agreement shall not terminate due to such default. If any such default is not cured within such 3-day period, then this Franchise Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the 3-day period.

(i) With respect to other defaults under Section 14.3, Franchisor may terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee which notice shall specify the nature of the default(s). In the event Franchisee cures such default(s) to the satisfaction of Franchisor prior to the expiration of such 10-day period (or such shorter period in the event of an emergency), then such default shall be deemed as cured and this Franchise Agreement shall not terminate due to such default. If any such default is not cured within such 10-day period, then this Franchise Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the 10-day period.

(b) Franchisor may require that Franchisee discontinue all operations at the Franchised Restaurant and close the Franchised Restaurant to the public until Franchisee is able to cure all outstanding defaults and establish to Franchisor's reasonable satisfaction that upon re-opening the Franchised Restaurant to the public operations at the Franchised Restaurant will meet or exceed compliance with the System.

(c) With respect to an event of default under Section 14.3(l), Franchisee shall pay to Franchisor an amount equal to One Percent (1.00%) of Gross Sales (a "Liquidated Damages Fee") for the period from and after the date Franchisee receives the second consecutive unsatisfactory Inspection Score until Franchisee receives a satisfactory Inspection Score on a subsequent inspection. Franchisor and Franchisee agree that it would be impracticable or extremely difficult to ascertain actual damages to the System, Maggiano's Restaurants and the value of the Maggiano's Marks caused by Franchisee's failure to be in compliance with the System for an extended period of time, as evidenced by two consecutive unsatisfactory Inspection Scores. The Liquidated Damages Fee is a reasonable estimation as of the Effective Date of Franchisor's damages resulting from a default under Section 14.3(l), and the Liquidated Damages Fee has been specifically negotiated as a payment of liquidated damages to Franchisor and not as a penalty. When applicable, the Liquidated Damages Fee shall be paid on or before the tenth (10th) day of each month based on the Gross Sales for the preceding calendar month, and shall be paid in addition to all other amounts due under this Franchise Agreement.

(i) If an event of default exists under Section 14.3(l), Franchisor shall perform an inspection approximately every thirty (30) days until Franchisor obtains a satisfactory Inspection Score. If Franchisee obtains a satisfactory Inspection Score on the three (3) consecutive inspections immediately following an event of default under Section 14.3(l), then Franchisor shall waive and refund to Franchisor the Liquidated Damages Fee paid for the thirty (30) day period immediately preceding the first of the three (3) consecutive satisfactory Inspection Scores (the "Earn Back Opportunity"). Any Liquidated Damages Fee attributable to periods more than thirty (30) days prior to the first satisfactory Inspection Score shall not be subject to the Earn Back Opportunity. If Franchisee receives less than three (3) consecutive satisfactory Inspection Scores after an event of default under Section 14.3(l), then no Liquidated Damages Fee shall be waived or subject to the Earn Back Opportunity.

(ii) Franchisor's remedies and the Earn Back Opportunity set forth in this Section 14.4(c) shall not be construed as a guarantee that Franchisee shall have the right to continue to operate after an event of default under Section 14.3(l), and Franchisor retains the right to exercise any other remedies set forth in this Franchise Agreement upon such an event of default.

(d) Franchisor may elect any other right or remedy available to Franchisor under this Franchise Agreement, at law, or in equity.

**Section 14.5 No Cure Period.** Franchisee agrees there is no cure period for any of the events of default described in Section 14.2. Franchisee agrees there is no cure period for any of the events of default described in Section 14.3 except as expressly set forth in Section 14.4. If any applicable law or rule requires a notice period and/or a cure period, then the notice period and/or cure period required under such law or rule shall be substituted for the requirements herein.

**Section 14.6 No Waiver.** Forbearance by Franchisor to enforce its rights and remedies in this Article 14 in the event of a default by Franchisee shall not constitute a waiver of such default and shall not constitute a waiver by Franchisor of its rights and remedies in this Article 14 in the event of any subsequent default by Franchisee.

**Section 14.7 Remedies Not Exclusive.** No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

**Section 14.8 Default By Franchisor.** If Franchisor defaults in the performance of any term of this Franchise Agreement, then Franchisee shall deliver written notice of such default to Franchisor within thirty (30) days after such default and such notice shall clearly and definitively specify each act or omission constituting such default. If Franchisee does not believe that Franchisor has cured such default within sixty (60) days after delivery of such default notice to Franchisor, then Franchisee shall notify Franchisor that Franchisee believes such default has not been cured. If Franchisee fails to notify Franchisor within such 60-day period that such default has not been cured, then such default shall be deemed as cured.

**ARTICLE 15**  
**TERMINATION OR EXPIRATION OF FRANCHISE AGREEMENT**

**Section 15.1 Termination or Expiration.** Upon termination or expiration of this Franchise Agreement, Franchisee agrees that all rights and licenses granted to Franchisee under this Franchise Agreement (including, without limitation, rights to use the System, the MFM, and the Maggiano's Marks) shall immediately terminate and any right, title, and interest claimed by Franchisee to any such matters shall immediately revert to Franchisor without further notice or documentation. Franchisee shall also comply with the following obligations:

(a) Franchisee shall immediately cease to operate the Franchised Restaurant and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(b) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the System, the Maggiano's Marks, the MFM, and the Confidential Information. In connection with the promotion, advertising, marketing, and/or operation of any other business conducted by Franchisee, Franchisee shall not, under any circumstances, use any reproduction, counterfeit, copy or colorable imitation of the Maggiano's Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Maggiano's Marks. Franchisee shall not use any designation of origin, description, or representation which falsely suggests or represents an association and/or connection (or former association or connection) with Franchisor.

(c) Franchisee shall immediately de-identify (and make non-structural changes to) the Franchised Restaurant in accordance with a "De-Identification Schedule" to be prepared by Franchisor so as to reasonably distinguish the building shell (and its interior) from other Maggiano's Restaurants, except as set forth in Section 15.2.

(d) Franchisee shall immediately deliver to Franchisor the MFM, Confidential Information, all written materials bearing the Maggiano's Marks or identifying the Franchised Restaurant, all computer hardware and software which may have been provided or licensed by Franchisor, such items as may be listed in the De-Identification Schedule, and all other records, files, instructions, correspondence, brochures, agreements, invoices, and other materials relating to the operation of the Franchised Restaurant. Franchisee shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Franchise Agreement and copies of any correspondence between the parties.

(e) Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Maggiano's Marks and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Franchise Agreement.

(f) Within 10 days after such termination or expiration, Franchisee shall pay all sums owing to Franchisor under this Franchise Agreement including, without limitation, all damages, costs (including costs under subparagraph (g) below), expenses, and reasonable attorneys' fees incurred by Franchisor as a result of such termination or expiration. In the event Franchisee fails to comply with this subparagraph (f), then (in addition to any rights and remedies available to Franchisor), such failure shall give rise to and remain a lien in favor of Franchisor (until paid in full) against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee at the Franchised

Restaurant (in addition to any other rights and remedies available to Franchisor under this Franchise Agreement or applicable law).

(g) In the event Franchisee fails or refuses to comply with the requirements of this Section 15.1, then Franchisor shall have the right to enter the Location, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required under this Section 15.1, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

**Section 15.2 Franchisor's Option to Purchase the Franchised Restaurant.** "Franchisor's Option to Purchase the Franchised Restaurant" attached hereto as Attachment F is hereby incorporated into this Franchise Agreement.

**Section 15.3 Survival.** The terms of this Article 15 shall survive the termination or expiration of this Franchise Agreement. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Franchise Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 15.

## ARTICLE 16 NO-COMPETE CLAUSE AND RELATED COVENANTS

**Section 16.1 Best Efforts.** During the Term, Franchisee, Managing Owner and Operating Partner (as applicable) agree to devote full time and best efforts to the management and operation of the Franchised Restaurant.

**Section 16.2 Receipt of Confidential Information.** Franchisee and Franchisee's Owners agree (i) they will receive valuable specialized training and Confidential Information which is beyond their present skills and experience, and (ii) that such training and Confidential Information provide a competitive advantage and will be valuable to them in the operation of the Franchised Restaurant, (iii) access to such training and Confidential Information is a primary reason for entering into this Franchise Agreement, (iv) such training and Confidential Information are provided by Franchisor for the benefit of the System and each Maggiano's Restaurant under the System and (v) that the System and each such restaurant individually and mutually benefit from Franchisee's compliance with the covenants described below.

**Section 16.3 No-Compete Clause.** In consideration for such training and Confidential Information (and the other benefits provided to Franchisee by this Franchise Agreement), Franchisee and Franchisee's Owners agree as follows:

(a) During the Term, Franchisee and Franchisee's Owners shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Maggiano's Restaurants to any Competitive Restaurant (defined below) or otherwise take any action injurious or prejudicial to the goodwill associated with the Maggiano's Marks and the System.

(ii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant.

(iii) The term "Competitive Restaurant" shall be deemed to mean (a) any casual-dining restaurant featuring Italian cuisine as a primary menu item, or (b) any restaurant operating under the following tradenames: Biaggi, Bravo, Brio, Bertolini's, Bertucci's, Bucca de Beppo, Carraba's, Carmine's, Coco Pazzo, Cucina! Cucina!, Il Fornaio, Italianni's, Johnny Carino's, Olive Garden, Old Spaghetti Factory, Piatti's, Romano's Macaroni Grill, Tucce Benucci, and Vinny Testa's.

(b) Commencing on (i) the expiration or termination of this Franchise Agreement or (ii) on the date of an approved transfer of all of Franchisee's interest in this Franchise Agreement and continuing for a period of two (2) years after such date, Franchisee shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Maggiano's Restaurants to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Maggiano's Marks and the System.

(ii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(c) Commencing on (i) the expiration or termination of this Franchise Agreement or (ii) on the date which an individual or entity ceases to satisfy the definition of "Franchisee's Owner" and continuing for a period of two (2) years after such date, Franchisee's Owner(s) shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Maggiano's Restaurants to any Competitive Restaurant or otherwise take any action injurious or prejudicial to the goodwill associated with the Maggiano's Marks and the System.

(ii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(d) In addition to any other rights and remedies available to Franchisor under this Franchise Agreement and in the event of a violation of Sections 16.3(a)(ii), 16.3(b)(ii), and/or 16.3(c)(ii), Franchisor may elect, in its sole discretion, to require Franchisee to pay to Franchisor an amount equal to three (3) times the annual salary of the person(s) involved in such violation plus an amount equal to costs and attorney's fees incurred by Franchisor in connection with such violation and such amounts shall be deemed as liquidated damages.

**Section 16.4 Managers and Employees.** At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 16 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any and all managers of Franchisee and any other employees of Franchisee who have received or will receive training or Confidential Information, and any holder (except for limited partners) of a beneficial interest of less than one percent

(1%) of the securities of Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company (or of any general partner that is a corporation, partnership or limited liability company or any corporation, partnership or limited liability company directly or indirectly controlling a general partner of Franchisee, if Franchisee is a partnership). The covenants required by this Section 16.4 shall be substantially in the form contained in Attachment B.

**Section 16.5 Survival.** The terms of this Article 16 shall survive the termination, expiration, or any transfer of this Franchise Agreement. The parties agree this Article 16 shall be construed as independent of any other provision of this Franchise Agreement. If all or any portion of this Article 16 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and Franchisee's Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 16.

**Section 16.6 Reduction in Scope.** Franchisee and Franchisee's Owners agree; that Franchisor shall have the right, in its sole discretion, to reduce the scope of any provision, or portion thereof, in this Article 16 without their consent, effective immediately upon notice to Franchisee; and Franchisee and Franchisee's Owners agree that they shall comply forthwith with any provision as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20.1.

**Section 16.7 No Defense.** Franchisee and Franchisee's Owners expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Franchise Agreement, shall not constitute a defense to the enforcement by Franchisor of the provisions of this Article 16. In addition to any other rights and remedies, Franchisee and Franchisee's Owners agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 16.

**Section 16.8 Consent to Injunctive Relief.** Franchisee and Franchisee's Owners acknowledge that a violation of the terms of this Article 16 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and Franchisee's Owners accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or Franchisee's Owners in violation of the terms of this Article 16.

## ARTICLE 17 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

**Section 17.1 Independent Contractor.** The parties agree that Franchisee is an independent contractor, this Franchise Agreement does not create a fiduciary or other special relationship between them, and nothing in this Franchise Agreement is intended to designate either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

(a) During the Term, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Restaurant under this Franchise Agreement. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Franchised Restaurant, the content of which Franchisor reserves the right to specify.

(b) The parties agree that nothing in this Franchise Agreement authorizes Franchisee or any of Franchisee's Owners to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee or Franchisee's Owners or for any claim or judgment arising therefrom against Franchisee, any of Franchisee's Owners or Franchisor.

(c) Franchisee shall be the sole and exclusive employer of its employees with the sole right to hire, discipline, and discharge such employees and the sole right to establish wages, hours, benefits, employment policies, and other terms and conditions of employment for such employees all as determined by Franchisee in its sole discretion without consultation or approval by Franchisor. Additionally, Franchisee must communicate to all employees that Franchisee, not Franchisor, is their employer; and Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Franchisee shall be solely responsible for the payment of all social security taxes and/or other applicable payroll-related, government-mandated contributions and/or taxes and Franchisee shall indemnify and hold Franchisor harmless from any liability for any such contributions and/or taxes.

**Section 17.2 Indemnity.** Franchisee is responsible for all Damages (defined in Section 17.5) related to Franchisee's obligations under this Franchise Agreement and the development and operation of the Franchised Restaurant. Franchisee shall, at all times, indemnify and hold Franchisor (including its subsidiaries, affiliates, successors and assigns and their respective officers, directors, attorneys, shareholders, partners, agents, representatives, independent contractors and employees -- collectively referenced hereinafter as "Indemnitees") harmless to the fullest extent permitted by law (without regard to the cause thereof or the negligence of Indemnitees) from all Damages related to Franchisee's obligations under this Franchise Agreement and the development and operation of the Franchised Restaurant including, without limitation, Damages related to the following matters:

(a) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's Owners of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Maggiano's Marks or other proprietary information granted hereunder).

(b) The violation, breach or asserted violation or breach by Franchisee or any of Franchisee's Owners of any federal, state or local law, regulation, ruling, standard or directive or any industry standard (including, without limitation, any claims related to the employment of Franchisee's employees).

(c) Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System, by Franchisee or by any of Franchisee's Owners;

(d) The violation or breach by Franchisee or by any of Franchisee's Owners of any provision of this Franchise Agreement or in any other agreement between Franchisee, its subsidiaries and affiliates and Franchisor, its subsidiaries and affiliates or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees thereof.

(e) Acts, errors, or omissions of Franchisee, any of Franchisee's subsidiaries or affiliates and any of Franchisee's Owners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its subsidiaries and affiliates in connection with the establishment and operation of the Franchised Restaurant.

**Section 17.3 Notice to Franchisor.** Franchisee and each of Franchisee's Owners agree to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of Franchisee's Owners, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of Franchisee's Owners to indemnify the Indemnitees and to hold them harmless.

**Section 17.4 Settlement or Other Remedial Actions.** In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective actions it deems expedient with respect to any third-party action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that (i) any of the acts or circumstances enumerated in Section 17.2 have occurred or (ii) any act, error, or omission as described in Section 17.2(e) may result directly or indirectly in damage, injury, or harm to any person or any property.

(a) All Damages incurred under this Article 17 shall be chargeable to and paid by Franchisee or any of Franchisee's Owners pursuant to its obligations of indemnity under this Article 17, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

**Section 17.5 Definition of Damages.** As used in this Article 17, the term "Damages" shall include, without limitation, all liability, losses, damages (including, without limitation, compensatory, exemplary and punitive damages), claims, fines, charges, costs, expenses, debts, lost profits, reasonable attorney's fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**Section 17.6 No Liability.** Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee, any of Franchisee's Owners, Franchisee's subsidiaries and affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee, its subsidiaries or affiliates may contract, regardless of the purpose.

**Section 17.7 No Requirement to Pursue Third Party.** Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of Franchisee's Owners. Franchisee and each of Franchisee's Owners agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of Franchisee's Owners by the Indemnitees.

**Section 17.8 Survival.** The terms of this Article 17 shall survive the termination, expiration, or any transfer of this Franchise Agreement.

## ARTICLE 18 APPROVALS AND WAIVERS

**Section 18.1 Requests for Approvals.** Whenever this Franchise Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing.

(a) Franchisor makes no warranties or guarantees upon which Franchisee or Franchisee's Owners may rely, and assumes no liability or obligation to Franchisee or such persons, by providing any waiver, approval, consent, or suggestion to Franchisee or Franchisee's Owners in connection with this Franchise Agreement, or by reason of any neglect, delay, or denial of any request therefor.

**Section 18.2 No Waiver.** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or Franchisee's Owners under this Franchise Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee or Franchisee's Owners, or as to any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or Franchisee's Owners of any terms, provisions, covenants, or conditions of this Franchise Agreement.

## ARTICLE 19 NOTICES

Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Franchise Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within one (1) business day after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this Article 19, then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the other party in accordance with this Article 19 with new notice information. Franchisor may elect (in its sole discretion) to deliver copies of any notices to Franchisee under this Franchise Agreement to Franchisee's lender(s), landlord(s), and other similar parties.

|                        |   |
|------------------------|---|
| Notices To Franchisor: | Brinker International Payroll Company, L.P.<br>3000 Olympus Boulevard<br>Dallas, Texas 75019<br>Attn: Maggiano's Little Italy Franchise Department<br>Email: <a href="mailto:legalnotices@brinker.com">legalnotices@brinker.com</a> |
|------------------------|---|

w/ a copy to: Brinker International Payroll Company, L.P.  
3000 Olympus Boulevard  
Dallas, Texas 75019  
Attn: General Counsel  
Email: [legalnotices@brinker.com](mailto:legalnotices@brinker.com)

Notices To Franchisee and  
Franchisee's Owners:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

**ARTICLE 20  
MISCELLANEOUS PROVISIONS**

**Section 20.1 Entire Agreement.** This Franchise Agreement, the documents referred to herein, and the Attachments hereto constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements, discussions, correspondence, understandings and/or communications in any form or format between the parties hereto with respect to the subject matter hereof. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Franchise Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. In entering into this Franchise Agreement, no party is relying on any promise, warranty, inducement or representation by the other party other than those expressly set forth herein; provided, however, that nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee by Franchisor.

**Section 20.2 Severability.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Franchise Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Franchise Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms and/or provisions shall be deemed not to be a part of this Franchise Agreement.

**Section 20.3 No Benefit.** Except as expressly provided to the contrary herein, nothing in this Franchise Agreement is intended, nor shall be deemed, to confer upon any person or legal entity any rights or remedies under this Franchise Agreement (and otherwise except for Franchisee, Franchisee's Owners, Franchisor, and Franchisor's officers, directors, and employees).

**Section 20.4 Agreement to be Bound.** Franchisee and Franchisee's Owners, as applicable, expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Franchise Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final

decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

**Section 20.5 Captions.** All captions in this Franchise Agreement are intended solely for the convenience of all parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

**Section 20.6 Survival.** Any obligation of Franchisee or Franchisee's Owners that contemplates performance of such obligation after termination, expiration, or any transfer of this Franchise Agreement shall be deemed to survive such termination, expiration or transfer.

**Section 20.7 References.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and, without limiting the obligations individually undertaken by the Franchisee's Owners hereunder, all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Franchise Agreement on behalf of Franchisee.

(a) Each reference in this Franchise Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Franchise Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

**Section 20.8 Counterparts.** This Franchise Agreement may be executed in one or more counterparts and each counterpart so executed shall be deemed an original.

**Section 20.9 Business Days.** The term "business days" means any days excluding Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving and Christmas.

**Section 20.10 Franchisee's Responsibility For Franchisee's Owners.** Franchisee shall be solely and completely responsible to ensure (and cause) each of Franchisee's Owners to comply with the terms of this Franchise Agreement and each of Franchisee's Owners must sign the Signature Page of Franchisee's Owners attached hereto. Franchisee agrees that any violation of the terms of this Franchise Agreement by Franchisee's Owners shall constitute an event of default under Article 14.

**Section 20.11 Outsourcing by Franchisor.** Franchisor may, in its sole discretion, elect to outsource and/or subcontract certain of Franchisor's obligations set forth in this Franchise Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided (i) any such outsourcing and/or subcontracting shall not discharge Franchisor from its obligations under this Franchise Agreement, and (ii) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Franchise Agreement.

**ARTICLE 21**  
**DISPUTE RESOLUTION**

**Section 21.1 Legal Remedies.** Franchisor and Franchisee will each have the right in a proper case to obtain specific performance, eviction from the premises of the Franchised Restaurant, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived).

**Section 21.2 Non-Binding Mediation.** The parties agree that either party may submit any claim, controversy, or dispute arising out of this Franchise Agreement to non-binding mediation; provided the parties shall not be required to pursue mediation of any claim, controversy, or dispute as a prerequisite to issuing default notices, filing a lawsuit or commencing other legal proceedings. Any such non-binding mediation shall be conducted through either an individual mediator or a mediation services organization, provided the mediator shall be (i) experienced in the mediation of food service business disputes and (ii) agreed upon by the parties.

**Section 21.3 Consent to Jurisdiction, Venue, and Governing Law.** Franchisee and Franchisee's Owners irrevocably (i) submit themselves to the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waive all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agree that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Franchise Agreement (including the relationship contemplated by this Franchise Agreement) by any means allowed by Texas or Federal law; and (iv) agree that venue for any proceeding relating to, or arising out of, this Franchise Agreement shall be in Dallas County, Texas; provided Franchisor may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Franchise Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules), except that any State law regarding (i) the offer and sale of franchises, (ii) franchise relationships, and/or (iii) business opportunities will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

Franchisee, Franchisee's Owners, and Franchisor acknowledge the terms of this Section 21.3 provide each of the parties with the mutual benefit of uniform interpretation of this Franchise Agreement and any dispute arising out of the relationship contemplated by this Franchise Agreement. Franchisee, Franchisee's Owners, and Franchisor acknowledge the receipt and sufficiency of mutual consideration for such benefit.

**Section 21.4 Place of Execution of Franchise Agreement.** Franchisee, Franchisee's Owners, and Franchisor acknowledge (i) this Franchise Agreement was executed in Dallas County, Texas; and (ii) performance of certain obligations of Franchisee and Franchisee's Owners under this Franchise Agreement, including payment of monetary sums due hereunder, shall occur at Franchisor's principal offices in Dallas, Texas.

**Section 21.5 Costs and Attorneys' Fees.** Prior to the commencement of litigation, arbitration, or other dispute resolution procedure and in the event Franchisor incurs costs and expenses (including

attorneys' fees) in connection with Franchisee's failure to comply with (and/or failure to timely pay amounts owing to Franchisor under) this Franchise Agreement, then Franchisee shall promptly reimburse Franchisor for such reasonable costs and expenses. In the event of litigation, arbitration, or other dispute resolution procedure between the parties to enforce this Franchise Agreement, the prevailing party in any such action shall be entitled to recover reasonable costs and expenses from the other party, including, without limitation, court costs, attorneys' fees, and discovery costs.

**Section 21.6 Rights of Parties are Cumulative.** Franchisor's and Franchisee's rights under this Franchise Agreement are cumulative and the exercise or enforcement of any right or remedy under this Franchise Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Franchise Agreement which it is entitled by law or this Franchise Agreement to exercise or enforce.

**Section 21.7 Waiver of Punitive Damages and Jury Trial.** To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.

**Section 21.8 Limitation of Claims.** Any and all claims arising out of or relating to this Franchise Agreement or the relationship among the parties to this Franchise Agreement will be barred unless an action or proceeding is commenced within one year from the date Franchisee or Franchisor knew or should have known of the facts giving rise to such claim.

## ARTICLE 22 ACKNOWLEDGMENTS

**The acknowledgments in Sections 22.1, 22.2 and 22.3 apply to all franchisees and franchises except not to any 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, and Wisconsin.**

**Section 22.1 Investigation by Franchisee and Franchisee's Owners.** Franchisee and Franchisee's Owners agree that (i) they have conducted an independent investigation of the Franchised Restaurant; (ii) the business venture contemplated by this Franchise Agreement involves business risks; and (iii) Franchisee's success will be largely dependent upon the ability of Franchisee and its Franchisee's Owners as independent business people. Franchisor expressly disclaims the making of, and Franchisee and Franchisee's Owners agree not having received, any warranty or guarantee, express or implied as to the potential volume, profits, or success of the business venture contemplated by this Franchise Agreement. Further, Franchisee and Franchisee's Owners acknowledge that Franchisor has made no representations that Franchisee or any of Franchisee's Owners may or will derive income from the Franchised Restaurant.

**Section 22.2 Receipt of Documents.** Franchisee and Franchisee's Owners acknowledge they have received a copy of Franchisor's franchise disclosure document and have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of their own choosing at least fourteen (14) calendar days prior to its execution and they are entering into this Franchise Agreement after having made an independent investigation and not upon any representation as to the profits and/or sales volume which Franchisee might be expected to realize.

**Section 22.3 Acknowledgement by Franchisee and Franchisee's Owners.** Franchisee and Franchisee's Owners acknowledge they have read and understood this Franchise Agreement, the Attachments hereto, and agreements relating hereto, if any, and that Franchisor has accorded Franchisee and Franchisee's Owners ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Franchise Agreement.

**Section 22.4 Franchisor's Right To Vary The System and Other Standards.** Franchisee and Franchisee's Owners acknowledge and agree that other franchisees of the System may be granted franchise rights at different times and in different situations pursuant to franchise agreements which may substantially differ from this Franchise Agreement (including without limitation, royalty fees, technical services fees, advertising fees, and other fees). Franchisee and Franchisee's Owners acknowledge and agree that Franchisor reserves the right to vary the System and other standards, specifications, and operating procedures (including standards and specifications related to building, furniture, fixtures, equipment, and signage) to address different circumstances or for other reasons deemed sufficient by Franchisor, in its sole discretion.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Franchise Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee:

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SIGNATURE PAGE OF FRANCHISEE'S OWNERS

As of the Effective Date of the Franchise Agreement, each of the undersigned acknowledges and agrees as follows:

- (1) This "Signature Page of Franchisee's Owners" constitutes a part of the Franchise Agreement.
- (2) Each of the undersigned is included in the term "Franchisee's Owners" as described in the Franchise Agreement.
- (3) Each has read the terms and conditions of this Franchise Agreement. Each acknowledges that the undertakings by Franchisee's Owners in the Franchise Agreement are made and given in partial consideration of, and as a condition and inducement to, the Franchisor's execution of this Franchise Agreement.
- (4) The undersigned individuals, jointly and severally, make all of the covenants, representations, and agreements of Franchisee's Owners set forth in the Franchise Agreement.

Franchisee's Owners:

\_\_\_\_\_  
Signed as an Individual

Name: \_\_\_\_\_

ATTACHMENT A TO FRANCHISE AGREEMENT

THE LOCATION

Approved Location  
for the  
Franchised Restaurant

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ATTACHMENT B TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

This Agreement for Protection of Maggiano's Little Italy Trade Secrets and Confidential Information (this "Confidentiality Agreement") is entered into between Brinker International Payroll Company, L.P. ("Franchisor"), \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_ ("Covenantor") to be effective as of \_\_\_\_\_ (the "Effective Date").

RECITALS

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of full-service restaurants under such tradenames as Maggiano's Little Italy® (collectively, "Maggiano's Restaurants").

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management, and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (collectively and as further defined in Section 1(a) below, the "Confidential Information").

The Confidential Information provides economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means to, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information.

Franchisor has taken, and intends to take all reasonable steps to maintain the confidentiality and secrecy of Confidential Information.

Franchisor has granted Franchisee a limited right to develop a Maggiano's Restaurant using the System and Confidential Information pursuant to that certain Franchise Agreement between Franchisor and Franchisee.

Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to the Franchisee and other licensed users of the System of restricting use, access and dissemination of Confidential Information.

Franchisor and Franchisee acknowledge it will be necessary for certain employees, directors, officers, partners, members, managers and owners of Franchisee to have access to and to use some or all of the Confidential Information in the operation of Maggiano's Restaurants using the System.

Franchisee has agreed to obtain from those employees, directors, officers, partners, members, managers and owners written agreements protecting Confidential Information and the System against unfair competition.

Covenantor desires to remain (or desires to become) an employee, director, officer, partner, member, manager or owner of Franchisee and Covenantor desires to receive and use Confidential Information in the course of his or her employment. Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

(1) Confidentiality Agreement.

(a) All information and materials, including, without limitation, the MFM, any confidential information, knowledge, or know-how concerning the Maggiano's Marks, the System, and methods of operation of the Franchised Restaurant, and any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurant including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(b) Covenantor shall receive Confidential Information in confidence and shall, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee, or in the performance of his or her other responsibilities to Franchisee, and only in connection with this Confidentiality Agreement and/or operation by Franchisee of a Maggiano's Restaurant using the System for so long as Franchisee is licensed by Franchisor to use the System.

(c) Covenantor shall not, at any time, make copies of any documents or compilations containing some or all of Confidential Information without Franchisor's express written permission.

(d) Covenantor shall not, at any time, disclose or permit the disclosure of Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of a Restaurant using the System.

(e) Covenantor shall surrender the MFM and any other material containing some or all of Confidential Information to Franchisee or to Franchisor, upon request, or upon termination of employment by or association with Franchisee or Covenantor, or upon conclusion of the use for which MFM or other information or material may have been furnished to the Covenantor.

(f) Covenantor shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

(2) Covenants Not to Compete.

(a) In order to protect the goodwill and distinctive qualities of the System and the confidentiality and value of Confidential Information, and in consideration for the disclosure to Covenantor of Confidential Information, Covenantor further agrees and covenants that, during the time

Covenantor is employed by Franchisee, or is an officer, director, partner, member, manager or owner of Franchisee, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Restaurants using the System to any Competitive Restaurant (as defined in the Franchise Agreement).

(ii) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation, or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, or have any interest in, advise, help or make loans to any Competitive Restaurant.

(b) In further consideration for the disclosure to Covenantor of Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants for two (2) years following the termination of his or her employment or relationship by Franchisee or Covenantor, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Restaurants using the System to any Competitive Restaurant.

(ii) Directly or indirectly, for himself or herself/herself or through, on behalf of or in conjunction with any person, partnership, corporation or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, of have any interest in, advise, help or make loans to any Competitive Restaurant located in the United States of America.

(3) Miscellaneous.

(a) Franchisee undertakes to use its best efforts to ensure that Covenantor acts as required by this Confidentiality Agreement and the Franchise Agreement and any Franchise Agreement.

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

(c) Covenantor and Franchisee, jointly and severally, agree to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Confidentiality Agreement.

(d) Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Confidentiality Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

(e) Except as expressly set forth below, Covenantor irrevocably (i) submits himself/herself to the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waives all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agrees that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Franchise Agreement (including the relationship contemplated by this Franchise Agreement) by any means allowed by Texas or Federal law; and (iv) agrees that venue for any proceeding relating to, or arising out of, this Franchise Agreement shall be in Dallas County, Texas; provided Franchisor or Franchisee may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Confidentiality Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules).

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

(g) This Confidentiality Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Confidentiality Agreement may be modified only by a duly authorized writing executed by all parties.

(h) Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Confidentiality Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within one (1) business day after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this subparagraph (h), then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the other party in accordance with this subparagraph (h) with new notice information. Franchisor may elect (in its sole discretion) to deliver copies of any notices to Franchisee and Covenantor under this Confidentiality Agreement to their respective lender(s), landlord(s), and other similar parties.

|                        |   |
|------------------------|---|
| Notices To Franchisor: | Brinker International Payroll Company, L.P.<br>3000 Olympus Boulevard<br>Dallas, Texas 75019<br>Attn: Maggiano's Little Italy Franchise Department<br>Email: <a href="mailto:legalnotices@brinker.com">legalnotices@brinker.com</a> |
|------------------------|---|

w/ a copy to:

Brinker International Payroll Company, L.P.  
3000 Olympus Boulevard  
Dallas, Texas 75019  
Attn: General Counsel  
Email: [legalnotices@brinker.com](mailto:legalnotices@brinker.com)

Notices To Franchisee  
and Covenantor:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Email: \_\_\_\_\_

(i) The rights and remedies of Franchisor under this Confidentiality Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Franchisee and the Covenantor hereunder are personal in nature and may not be assigned by the Franchisee or Covenantor, as applicable, without the prior written consent of Franchisor.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee:

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Covenantor:

\_\_\_\_\_

Name: \_\_\_\_\_

ATTACHMENT C TO FRANCHISE AGREEMENT

FRANCHISEE'S OWNERS, MANAGING OWNER, AND OPERATING PARTNER

Managing Owner: \_\_\_\_\_

Operating Partner: \_\_\_\_\_

Franchisee's Owners

Percentage of Ownership

ATTACHMENT D TO FRANCHISE AGREEMENT

PRE-AUTHORIZED BANK TRANSFER  
(DIRECT DEBITS)

Name of Person or Legal Entity: \_\_\_\_\_

ID Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

Address: \_\_\_\_\_

The undersigned depositor ("Depositor") hereby authorizes Brinker International Payroll Company, L.P. ("COMPANY") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") and to debit such account pursuant to COMPANY'S instructions for any and all amounts due to COMPANY. The Depositor understands that all amounts debited from the account below will be credited to COMPANY'S account. IN LIEU OF COMPLETING THE INFORMATION REQUIRED ON THE FOLLOWING FOUR LINES, FRANCHISEE MAY ATTACH A CANCELLED OR VOIDED CHECK HERETO.

|                          |                        |          |
|--------------------------|------------------------|----------|
| Depository               | Branch                 |          |
| City                     | State                  | Zip Code |
| Telephone Number of Bank | Contact Person at Bank |          |
| Bank Transit/ABA Number  | Account Number         |          |
|                          |                        |          |

*[Remainder of page intentionally left blank]*

This authority is to remain in full force and effect until Depository has received joint written notification from COMPANY and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide COMPANY and Depositor with 30 days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
Depositor

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Depository

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT E TO FRANCHISE AGREEMENT

### RIGHT OF FIRST REFUSAL

*Capitalized terms used in this Right of First Refusal shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.*

(1) In the event Franchisee receives (or delivers) an acceptable bona fide offer from a third party related to a proposed sale of the Franchised Restaurant (or any portion thereof or interest therein), then Franchisee shall give Franchisor written notice setting forth the name and address of the prospective purchaser, the price and terms of the offer together with a franchise application completed by the prospective purchaser, a copy of the purchase and sale agreement, executed by both Franchisee and purchaser, and all exhibits, copies of any real estate purchase agreement or agreements, proposed security agreements and related promissory notes, assignment documents, title insurance commitment and any other information that Franchisor may request in order to evaluate the offer.

(2) Franchisor shall then have the right of first refusal to purchase Franchisee's interest covered by such offer at the price and upon the same terms of the offer. Franchisor shall have thirty (30) calendar days after receipt of Franchisee's notice of offer and the furnishing of all reasonably requested information within which to notify Franchisee in writing of its intent to accept or reject the offer. Silence on the part of Franchisor shall constitute rejection. Franchisee may not rely upon any notice from Franchisor of its intention to accept or reject the offer nor shall such notice be effective unless such notice is in writing and signed by an officer of Franchisor.

(a) In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, an independent appraiser shall be designated by Franchisor to determine such amount, and his determination shall be binding.

(3) If the proposed sale includes assets of Franchisee not related to the Franchised Restaurant, then Franchisor may, at its option, elect to purchase only the assets related to the Franchised Restaurant and an equitable purchase price shall be allocated to each asset included in the proposed sale.

(4) If (in addition to the Franchised Restaurant) the proposed sale includes (i) other Franchised Restaurant(s) operated by Franchisee (or affiliates of Franchisee) and/or (ii) Brinker-franchised restaurants other than Maggiano's Restaurants (the "Brinker Non-Maggiano's Restaurants"), then Franchisor may, at its option, elect to purchase: (i) only the Franchised Restaurant; (ii) only the other Franchised Restaurant(s) operated by Franchisee (or affiliates of Franchisee); (iii) only the Brinker Non-Maggiano's Restaurants; or (iv) any combination of restaurants set forth in clauses (i)-(iii) whether on an individual restaurant basis or on an aggregate basis; and an equitable purchase price shall be allocated to each restaurant.

(5) To the extent any franchise agreements or other agreements relating to the Brinker Non-Maggiano's Restaurants may be inconsistent with, or conflict with the terms of the right of first refusal contained herein, the terms of this right of first refusal shall control. This right of first refusal shall apply to any transfer, conveyance, assignment, consolidation, merger or any other transaction in which legal or beneficial ownership of the franchise granted in a franchise agreement is vested in an individual or entity other than Franchisee; provided, however, it shall not apply if Franchisee consists of more than one person

and the transfer or assignment is from one partner to another, both of whom are signatories to this Franchise Agreement, so long as (i) the Managing Owner continues to satisfy the requirements set forth in this Franchise Agreement, and (ii) Franchisor is given written notice thereof prior to such transfer.

(6) If this Franchise Agreement has been assigned to a corporation in accordance with Section 13.5 of this Franchise Agreement, then this right of first refusal shall also apply if voting common stock in such corporation is sold, assigned or transferred to individuals or entities other than those approved by Franchisor as owners of the voting common stock.

(7) The election by Franchisor not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

(8) Any sale, attempted sale, assignment or other transfer of the rights granted effected without first giving Franchisor the right of first refusal described above shall be void and of no force and effect.

(9) If Franchisor does not accept the offer referenced herein, then Franchisee may conclude the sale to the purchaser who made the offer provided Franchisor's consent to the assignment be first obtained, which consent will not be unreasonably withheld upon compliance with the conditions imposed by Franchisor on the assignment including the conditions set forth in Article 13.

(10) In addition, Franchisee agrees that, prior to acquiring any other Maggiano's Restaurant development rights or franchise which may be offered to it for sale or which it may offer to purchase, such development rights or franchise will first be offered to Franchisor on the same terms, conditions and price.

\* \* \* \* \*

ATTACHMENT F TO FRANCHISE AGREEMENT

FRANCHISOR'S OPTION TO PURCHASE THE FRANCHISED RESTAURANT

*Capitalized terms used in this Franchisor's Option to Purchase the Franchised Restaurant shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.*

(1) Within thirty (30) days prior to the expiration or termination of this Franchise Agreement, Franchisor shall have the option (but not the obligation) to purchase from Franchisee the restaurant building shell including any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to the Franchised Restaurant and excluding any liabilities related to Franchisee and/or the Franchised Restaurant at the Purchase Price, defined below (collectively, the "Franchised Business").

(2) The "Purchase Price" shall be equal to the fair market value as if the sale were an "asset sale" of the restaurant building shell and any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to the Franchised Restaurant and excluding any liabilities related to Franchisee and/or the Franchised Restaurant (the "FMV"). Franchisor may, at its option, elect to calculate the Purchase Price based upon the value of the Franchised Restaurant as a "going-concern" as determined by a multiple of EBITDA for such restaurant.

(a) If Franchisee and Franchisor are unable to agree upon a FMV within a period of 10 days after Franchisor's exercise of such option, then the parties shall engage an independent third party, knowledgeable and reputable in valuing restaurant business operations, to appraise the FMV of the Franchised Business as if the sale were to be an "asset sale" and assuming (i) the sale of the Franchised Business in an active marketing process and (ii) there were no restrictions on the transfer of the equity interests of the Franchisee.

(b) For this valuation the parties agree that Franchisor will pay the lesser of (i) 50% of the cost of such third party appraiser or (ii) \$5,000; and that Franchisee will pay the balance of the cost of such third party appraiser. Once the appraiser provides the FMV of the Franchised Business, the parties will then agree either (i) to proceed to close the transaction as soon as reasonably practicable, taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties, or (ii) to discontinue such discussions.

(c) All amounts due and owing to Franchisor under the Franchise Agreement shall be deducted from the Purchase Price and the Purchase Price shall also exclude any items which are required to be returned or delivered to Franchisor under Article 15.

(3) The closing of this transaction will take place no later than 30 days after the determination of the Purchase Price or such later date as agreed by the parties taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

(4) At closing, Franchisee will deliver all instruments required to transfer to Franchisor good and merchantable title to the Franchised Business purchased, free and clear of all liens and encumbrances

and with all sales and other transfer taxes paid by Franchisee, and with all licenses or permits of Franchised Restaurants which may be assigned or transferred.

(5) At closing, Franchisee will also deliver to Franchisor an assignment of the lease for the Location (or, if assignment is prohibited, subleases for the full remaining term and on the same terms and conditions as Franchisee's lease). If Franchisee owns the Location, then Franchisee agrees to lease the Premises to Franchisor pursuant to the terms of Franchisor's standard lease, for a term of five years with two successive five-year renewal options at fair market rental during the term.

(6) If the closing of the purchase does not occur as set forth above because Franchisee fails to act diligently in connection with the purchase, then the Purchase Price will be reduced by 10%. The Purchase Price will be further reduced by 10% per month for each subsequent month Franchisee fails to act diligently to consummate the purchase.

(7) Prior to closing, Franchisee and Franchisor will comply with any applicable Bulk Sales provisions of the Uniform Commercial Code enacted in the state where Franchisee's Restaurant is located.

(8) If Franchisor exercises the option to purchase the Franchised Business, then (pending the closing of such purchase), Franchisor has the right to appoint a manager to maintain the operation of the Franchised Restaurant or, at Franchisor's option, require Franchisee to close the Franchised Restaurant during such time period without removing any assets.

(a) If Franchisor appoints a manager to maintain the operation of Franchisee's Restaurant pending closing of such purchase, all funds from the operation of Franchisee's Restaurant during the period of management by Franchisor's appointed manager will be kept in a separate fund, and all expenses of the Franchised Restaurant, including compensation, other costs, and travel and living expenses of Franchisor's appointed manager, will be charged to such fund.

(b) As compensation for such management services, Franchisor will charge such fund 10% of the Gross Sales during the period of Franchisee's management. Operation of the Franchised Restaurant during any such period will be on Franchisee's behalf, provided that Franchisor will have a duty only to utilize Franchisor's good faith effort and will not be liable to Franchisee for any debts or obligations incurred by Franchisee's Restaurant or to any of Franchisee's creditors for any merchandise, materials, supplies or services purchased by Franchisee's Restaurant during any period in which Franchisee's Restaurant is managed by Franchisor's appointed manager. Franchisee will maintain in force all insurance policies required by this Franchise Agreement until the date of closing.

(9) In the event Franchisee fails to comply with this Attachment F, then (in addition to any other rights and remedies available to Franchisor), Franchisee agrees that Franchisor shall be entitled to sue for specific performance of Franchisee's obligations under this Attachment F.

## ATTACHMENT G TO FRANCHISE AGREEMENT

### REQUIREMENTS FOR LOCAL ADVERTISING PROGRAM

1. Franchisee must submit a semi-annual or annual marketing plan to Franchisor's marketing department for approval. In addition to Section 11.6, Franchisor may, from time-to-time, provide Franchisee with an outline of the approval process for marketing plans and all advertising materials. Franchisor may also consult with Franchisee regarding the strategy of Franchisee's marketing plan and may discuss marketing materials available to Franchisee.

2. Franchisee must obtain prior approval from Franchisor on all advertising materials to be used in the Local Advertising Program before production (including all in-store and external marketing pieces).

3. All advertising materials used in the Local Advertising Program must fall into the categories listed below.

(a) Advertising Materials For Use Inside Franchised Restaurant. The LAP Fee may be used to pay third parties, ad agencies, and/or Franchisor for costs incurred to develop, design, obtain, or produce Franchisor-approved advertising materials for use inside the Franchised Restaurant (e.g., food photography, table tents, rolodex table stands, menu inserts, drink coasters, chalkboards, banners, danglers, stickers, posters, promotional t-shirts, and special promotional in-store bounceback certificates).

(b) Advertising Materials For Use Outside Franchised Restaurant. The LAP Fee may be used to pay third parties, ad agencies, and/or Franchisor for costs incurred to develop, design, obtain, or produce Franchisor-approved advertising materials for use outside the Franchised Restaurant (e.g., advertising on television, radio, and cinema including talent & residual costs, direct mail pieces, free-standing insert ads, newspaper or magazine ads, Internet ads, bumper stickers, flyers, banners, door hangers, magnets, advertising on billboards, and advertising on subway, mall, airport, and telephone kiosks).

(c) Public Relations or Promotional Events. The LAP Fee may be used to pay public relations agency(ies) for costs incurred to develop, design, produce, and execute Franchisor-approved public relations materials, events, or sponsorships (e.g., media press releases, media kits, talent for in-store promotional events such as face painting, clowns, etc., promotional giveaways items such as pens, pins, t-shirts, etc.). The LAP Fee may not be used to pay vendor-funded items such as athletic, business or community event sponsorships, contest POS materials, prizes given away for a consumer promotion, and remote radio broadcasts.

(d) Co-Operative Advertising Agreements. The LAP Fee may be used to pay third parties for costs incurred as part of Franchisor-approved cooperative advertising efforts (e.g., advertising which may be required under the lease agreement for the Franchised Restaurant).

4. The materials listed below may be appropriate (and/or required) for use at the Franchised Restaurant (subject to this Agreement and Franchisor's approval), but such materials are examples of materials that will not satisfy Franchisee's obligations under the Local Advertising Program.

- Value of gift certificates, buy none's, Be Our Guest certificates
- Value of vendor-paid materials for any of the advertising materials referenced above
- Value of any and all discounts on food or beverages
- Value of comps for food, whether for VIP's or for promotions
- Costs related to any menus (e.g., role-play menu, fax menu, kids menu, etc.)
- Costs incurred in connection with incentive contests (e.g., beverage contests, etc.)
- Value of vendor-funded table tents, promotional t-shirts, merchandising items, etc.
- Costs related to newspaper or magazine subscriptions
- Costs related to satellite or cable television at the Franchised Restaurant
- Costs related to uniforms, logos for uniforms, name tags, etc.
- Value of salaries and benefits for Franchisee's marketing employees
- Value of monthly retainer fee to local marketing, advertising, or public relations agency
- Costs related to travel to marketing meetings (e.g., airfare, lodging, meals, rental car, etc.)
- Costs related to any signage at the Franchised Restaurant

\* \* \* \* \*

ATTACHMENT H TO FRANCHISE AGREEMENT

GUARANTY OF FRANCHISE AGREEMENT (“GUARANTY”)

The undersigned (“Guarantor”), for the purpose of inducing Brinker International Payroll Company, L.P. (“Franchisor”) to enter into that certain Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) with \_\_\_\_\_ (“Franchisee”), hereby agrees to be individually bound (and if multiple guarantors, jointly and severally bound) by all the terms and conditions of the Agreement and unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations under the Franchise Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Agreement. Without affecting the obligations of Guarantor under this Guaranty, Franchisor may, without notice to Guarantor, renew, extend, modify, amend, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

Guarantor hereby waives all demands and notices of every kind with respect to this Guaranty and the Franchise Agreement, including, without limitation, notice of: the amendment or modification of this Guaranty or the Franchise Agreement, the demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Franchisor of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty to be effective as of the Effective Date of the Franchise Agreement.

Acknowledged and Agreed by Guarantor:

\_\_\_\_\_

Name: \_\_\_\_\_  
(Signed as an Individual)

Date: \_\_\_\_\_

## ATTACHMENT I TO FRANCHISE AGREEMENT

### SITE DEVELOPMENT OBLIGATIONS

*Capitalized terms used in this Site Development Obligations shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.*

#### I. Site Selection and Approval

(a) Franchisee acknowledges and agrees that Franchisee has previously received such site selection counseling and assistance as Franchisor deemed advisable. Franchisee acknowledges and agrees that Franchisee has previously provided all information and materials concerning such site required by Franchisor in order for Franchisor to accept or not accept the proposed site as the location for the Franchised Restaurant. Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing a site for the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant at such site. Franchisee's proposed development of a Franchised Restaurant at any site is subject to Franchisor's prior written approval in accordance with Franchisor's then-existing site approval procedures including, but not limited to, the procedures set forth below in Section I.(b).

(b) Prior to acquisition by lease or purchase of a site for the Franchised Restaurant, Franchisee shall submit to Franchisor for each Franchised Restaurant, in the form prescribed by Franchisor, financial proformas, a description of the site, a market feasibility study for the site (which shall include, but not be limited to, demographic information, traffic count and patterns, site plans, relationship of the site to potential competition as well as relationship of the site to existing Maggiano's Restaurants, and other information requested by Franchisor), and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor, which confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee must submit such information and materials for each proposed site to Franchisor in writing for its approval. Franchisor shall have 30 days after receipt of such information and materials from Franchisee to approve or disapprove the proposed site as the location for the Franchised Restaurant, which approval shall not be unreasonably withheld. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(c) If the Franchised Restaurant being developed hereunder is Franchisee's or its Affiliate's first Maggiano's Restaurant, then Franchisor shall furnish to Franchisee one (1) construction/design evaluation of such restaurant at no charge. Franchisor will perform additional construction/design evaluation as Franchisor may deem advisable or in response to Franchisee's requests for site approval; provided that Franchisor shall not provide evaluation for any proposed site prior to the receipt of all required information and materials concerning such site. If additional evaluation is requested by Franchisee, then Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation, including, without limitation, the cost of travel, lodging, and meals.

(i) Regardless of Franchisee's requests for such evaluation, Franchisor reserves the right to evaluate Franchisee's construction/design process and any such evaluation will be at Franchisor's sole cost and expense (unless such evaluation is required due to Franchisor's reasonable concerns with Franchisee's

construction/design process and, in such event, Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation(s) including, without limitation, the cost of travel, lodging and meals).

## II. Site Acquisition

If the Franchisee will occupy the premises of the Franchised Restaurant under a lease agreement, then upon request by Franchisor, Franchisee shall deliver a copy of the final lease agreement to Franchisor prior to its execution. Within three (3) days after request by Franchisor, Franchisee shall furnish to Franchisor a copy of the executed lease agreement. Unless Franchisee has obtained Franchisor's written consent to the exclusion of a required provision, each lease agreement shall include the terms set forth in clauses (a)-(h) below.

(a) That the premises shall be used for the operation of the Franchised Restaurant.

(b) That lessor consents to the use of such Maggiano's Marks and signs, decor, color scheme and related components of the System as Franchisor may prescribe for the Franchised Restaurant.

(c) That lessor agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and the premises, at the same time that such letters and notices are sent to Franchisee.

(d) That Franchisee (or tenant) may not sublease or assign all or any part of its occupancy rights, or extend the term of or renew the lease, without Franchisor's prior written consent, which shall not be unreasonably withheld.

(e) That Franchisor shall have the right to enter the premises to make any modification necessary to protect the Maggiano's Marks or to cure any default under the lease or the Franchise Agreement.

(f) That Franchisee shall have the right to assign the lease to Franchisor and the Franchisor shall have the option (but not the obligation) to assume Franchisee's occupancy rights, and the right to sublease, for all or any part of the term of the lease, without the lessor having any right to impose conditions on such assignment or assumption or to obtain payment in connection therewith.

(g) That Franchisee and lessor shall not amend or otherwise modify the lease in any manner that would materially affect any of the foregoing requirements without Franchisor's prior written consent.

(h) That lessor acknowledges and agrees that any furniture, fixtures, equipment or personal property maintained by Franchisee on the leased premises, whether leased or owned by Franchisee, are not the property of lessor and shall be subject to Franchisor's purchase option provided for herein or in the Franchise Agreement for such Franchised Restaurant in the event of Franchisee's default under the lease or the Franchise Agreement, and may be removed at expiration or termination of the lease, so long as such removal is accomplished without damage to the leased facility.

## III. Pre-Construction Requirements.

Within a reasonable period after the Effective Date, Franchisor shall provide to Franchisee design elements for the construction of a Maggiano's Restaurant and for the exterior and interior design and layout, fixtures, furnishings and signs for use by Franchisee. Before commencing any construction of the Franchised Restaurant, Franchisee, at its expense, shall comply, to Franchisor's reasonable satisfaction, with all of the following requirements:

(a) Franchisee shall employ a qualified architect and engineer who are reasonably acceptable to Franchisor to prepare, for Franchisor's approval, preliminary plans and specifications for site improvement and construction of the Franchised Restaurant based upon design elements and any other plans or drawings furnished by Franchisor. Any plans or drawings provided by Franchisor shall not be used as construction plans or blue-prints for the Franchised Restaurant, but only as required design concepts, which shall be adapted by Franchisee and its architect, engineer and contractor to Franchisee's site.

(i) Any plans, specifications and/or drawings provided to Franchisee are proprietary and confidential information belonging to Franchisor, may not be copied or reproduced except to the extent necessary by Franchisee's architects, engineers or contractors in the performance of their duties. Franchisor may require that such plans, specifications and drawings be returned to Franchisor after the opening of the Franchised Restaurant.

(ii) Franchisee hereby releases and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages relating to Franchisee's design, construction, and use of the Franchised Restaurant including, without limitation, liability, loss, or damages related to design or structural flaws in the construction of the Franchised Restaurant and any plans and specifications and/or drawings provided to Franchisee.

(b) Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by the state, provincial or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Franchised Restaurant location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be materially changed or modified without the prior written permission of Franchisor.

(c) Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

(d) Franchisee shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct the Franchised Restaurant and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction builder's risk (or equivalent local) insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers reasonably satisfactory to Franchisor.

(e) Franchisee shall employ a qualified person who is responsible for the purchasing of materials, equipment and supplies for the Franchised Restaurant. In that regard, Franchisee shall require this person to attend an orientation at Franchisor's home office in Dallas, Texas, concerning information and issues related to the procurement and distribution of necessary items for the opening of the Franchised Restaurant.

#### IV. Construction and Authorization to Open.

Franchisee shall commence, or make every diligent attempt toward commencement of, construction of the Franchised Restaurant (including acquisition of all necessary permits and licenses) within 180 days after approval by Franchisor of Franchisee's site or, if the approved location is occupied by an existing tenant on the date of execution of the lease for the premises, then immediately upon obtaining possession of the premises.

(a) Franchisee shall provide written notice to Franchisor of the date construction of the Franchised Restaurant commenced within 10 days after commencement. Construction shall be deemed to commence on the date on which excavation for footings is begun or other initial construction or remodeling work is commenced. Franchisee agrees that Franchisor and its agents shall have the right to inspect the construction at all reasonable times for the purpose of ascertaining that all work complies with the final plans approved by Franchisor. However, Franchisee shall assume full responsibility for completing construction of the Franchised Restaurant in accordance with the approved plans, employing its architect, as necessary, to oversee such construction in accordance with the plans. Franchisee shall warrant and certify to Franchisor upon completion of construction that the structure has been built in accordance with the Franchisor-approved plans and specifications, with such exceptions, subject to Franchisor approval, as are noted in such certification.

(b) Franchisee shall maintain reasonably continuous construction of the Franchised Restaurant and its premises and shall complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment and signs) in accordance with the approved final plans, at Franchisee's expense, within 240 days after commencement of construction (exclusive of time lost by reason of strikes, lockouts, fire, other casualties, acts of God, weather and other factors beyond the reasonable control of Franchisee).

(c) Franchisee shall notify Franchisor of the date of completion of construction and, within a reasonable time thereafter, Franchisor may at its option conduct a final inspection of the Franchised Restaurant and its premises.

(d) Prior to opening the Franchised Restaurant for business, Franchisee shall comply with all opening requirements set forth in the Franchise Agreement, the MFM, and/or elsewhere in writing by Franchisor. Franchisee shall not, in any event, open the Franchised Restaurant to the public for business until Franchisee has received authorization to open from Franchisor.

## PUBLIC COMPANY ADDENDUM

This "Public Company Addendum" is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor"), and \_\_\_\_\_ ("Franchisee") to be effective as \_\_\_\_\_ (the "Effective Date").

1. Introduction. Franchisor and Franchisee entered into Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement") related to the operation of a Maggiano's Restaurants at \_\_\_\_\_ and the parties desire to modify certain provisions of the Franchise Agreement regarding publicly-held corporations.

2. Defined Terms. Capitalized terms used in this Public Company Addendum shall have the meanings ascribed to such terms in the Franchise Agreement unless otherwise expressly defined herein.

3. Definition of Public Company. The term "Public Company" as used in this Public Company Addendum shall be deemed to mean a publicly-held corporation having its securities registered pursuant to Section 12 under the Securities Exchange Act of 1934, as amended or a corporation subject to the requirements of Section 15(d) under the Securities Exchange Act of 1934, as amended.

4. Amendment to Franchise Agreement. Commencing on the Effective Date of this Public Company Addendum, the terms of Section 6.1(i) and Section 6.1(m) of the Franchise Agreement shall not apply to Franchisee so long as Franchisee is a Public Company.

(a) Commencing on the Effective Date of this Public Company Addendum, the terms of Sections 16.3(a)(iii), 16.3(b)(iii), and 16.3(c)(iii) of the Franchise Agreement shall not apply to ownership of less than one percent (1%) beneficial interest in Franchisee so long as Franchisee is a Public Company.

(b) With respect to Section 13.2(a) of the Franchise Agreement, Franchisor's prior written consent shall not be required for a transfer of less than a \_\_\_% interest so long as Franchisee is a Public Company, except that Franchisor's prior written consent shall be required for a series of transfers which, in the aggregate, amounts to a transfer of greater than a \_\_\_% interest (even if each individual transfer in such series falls below the \_\_\_% threshold).

5. Except as modified by this Public Company Addendum, the Franchise Agreement remains in full force and effect as written therein.

*Remainder of page intentionally left blank*

IN WITNESS WHEREOF, the parties hereto have executed this Public Company Addendum to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee:

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor” or us), dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**CALIFORNIA LAW MODIFICATIONS**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- b. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- d. The Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.
- e. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

*Remainder of page intentionally left blank*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor” or “us”), dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**ILLINOIS LAW MODIFICATIONS**

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.

2. Article 21, “Dispute Resolution,” is amended by the addition of the following:

“This Article 21 shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41.”

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company  
Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor” or “us”), dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the “Law”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.
- b. Any acknowledgments or representations of the Franchisee made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.
- c. A Franchisee may bring a lawsuit in Maryland for claims arising under the Law.
- d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Franchisee for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. In the state of Maryland, the payment of the initial franchise fees and any other initial payments under the Franchise Agreement are deferred until we have fulfilled our pre-opening obligations and your Restaurant is open for business.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires Franchisor to indemnify Franchisee against liability to third parties for infringement resulting from Franchisee’s use of the trademarks licensed under the Agreement to the extent required by Minnesota law. Franchisor will not indemnify Franchisee against third-party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.
- b. Sec. 80C.14, Subd. 4 of the Franchise Act requires, except in certain specified instances, that Franchisor give Franchisee written notice of our intention not to renew the franchise 180 days before the franchise expires. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.
- c. Sec. 80C.14, Subd. 3 of the Franchise Act requires, except in certain specified instances, that we give you 90 days notice of termination (with 60 days to cure). Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.
- d. To the extent Franchisee is required to execute a general release in Franchisor’s favor, such release will exclude liabilities arising under the Franchise Act or a rule or any order promulgated thereunder.
- e. If the Agreement requires that it be governed by the laws of a state other than the state of Minnesota, or if the Agreement requires arbitration or mediation, those provisions will not in any way abrogate or reduce any rights of Franchisee, as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
- f. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. In the state of Minnesota, the payment of the initial franchise fees and any other initial payments under the Franchise Agreement are deferred until we have fulfilled our pre-opening obligations and your Restaurant is open for business.

3. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the franchise disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. The Agreement/and or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or Franchise Disclosure Document shall be admissible as evidence of actual damages

5. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
a \_\_\_\_\_ corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor” or “us”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**I. NEW YORK LAW MODIFICATIONS**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.  
FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Brinker International Payroll Company, L.P. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “you”) and Brinker International Payroll Company, L.P. (“Franchisor” or “us”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**WASHINGTON LAW MODIFICATIONS**

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- b. RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- c. 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.
- c. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
- e. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
- f. Nothing contained in Section 18.1(a) of the Franchise Agreement shall be deemed to waive any liability that Franchisor may have under the Washington Franchise Investment Protection Act, WA Rev. Code § 19.100 et seq., and the rules adopted thereunder.

2. 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.

3. 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.

4. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**IN WITNESS WHEREOF**, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**

Brinker International Payroll Company, L.P.,  
a Delaware limited partnership

By: BIPC Management, LLC,  
a Delaware limited liability company

Its: General Partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT C

TABLE OF CONTENTS OF MAGGIANO'S FRANCHISE MANUAL



## TABLE OF CONTENTS OF MAGGIANO'S® FRANCHISE MANUAL

### **Intro to the Maggiano's® Franchise Manual (23 Pages)**

Maggiano's Little Italy® Franchise Manual Important Warrant and Disclaimer Information  
Introduction to the Maggiano's Franchise Manual  
History of Maggiano's  
The Maggiano's Way  
Brinker's Cultural Beliefs

### **Beverage Programs (1 page)**

Introduction to Beverage Programs

### **Comp Card Program (13 pages)**

Introduction to the Comp Card Program  
Comp Card Policy

### **Crisis/Issues Management and Public Relations (2 pages)**

Introduction to Crisis/Issues Management and Public Relations

### **Culinary Programs (1 page)**

Introduction to Culinary Programs

### **Financial Standards (12 pages)**

Introduction to Financial Standards  
Balance Sheet  
Income Statement  
Cash Flow Statement  
Monthly P&L Statement  
Monthly Gross Sales Statement  
Domestic Franchise Information – Deadlines and Calendar  
Franchise Payment Instructions  
Weekly Sales Reporting Form  
Franchise Portal Instructions

### **Franchisee Information Security (3 pages)**

Introduction to Franchisee Information Security

### **Gift Card Program (12 Pages)**

Introduction to the Gift Card Program  
Gift Card Policy  
Introduction to Gift Card Ordering  
Dear Valued Customer Letter Template  
Gift Card FAQs  
Who to Contact

### **Guest Engagement (9 pages)**

Introduction to Guest Engagement  
Services Case Handling Procedures



## TABLE OF CONTENTS OF MAGGIANO'S® FRANCHISE MANUAL

### **Information Technology (9 Pages)**

Introduction to Information Technology  
Maggiانو's Franchise IT Vendor References and Additional Information

### **Launch Guides (1 page)**

Introduction to Launch Guides

### **Learning and Development (1 page)**

Introduction to Learning and Development

### **Marketing and Advertising (3 pages)**

Introduction to Maggiانو's® Grill & Bar Marketing and Advertising Programs

### **New Restaurant Opening (25 pages)**

Introduction to New Restaurant Opening  
New Restaurant Opening Launch Guide

### **Online Ordering (2 page)**

Introduction to Online Ordering

### **POS (1 page)**

Introduction to POS

### **Quality Assurance and Food Safety (130 pages)**

Introduction to Quality Assurance and Food Safety  
What's New  
SAFE Program Overview  
SAFE Assessment Guide  
SAFE Sanitation  
Corrective Action Plan  
Blackout Dates

### **Restaurant Operations (119 pages)**

Introduction to Restaurant Operations  
Brand Standards  
Operational Excellence Inspection Form

### **Supply Chain (7 pages)**

Introduction to Supply Chain  
Quality Assurance Requirements Summary  
Quality Assurance Questionnaire  
Franchise Restaurant Online Ordering Instructions  
Vendor List

**374 TOTAL PAGES**

EXHIBIT D

AGENTS FOR SERVICE OF PROCESS

**AGENTS FOR SERVICE OF PROCESS**

| <b>AGENT NAME</b>   | <b>STREET</b>                  | <b>SUITE</b>                  | <b>CITY</b> | <b>STATE</b> | <b>ZIP</b> | <b>COUNTY</b>     |
|---|--------------------------------|-------------------------------|-------------|--------------|------------|-------------------|
| Corporation Service Company   | 8585 Old Dairy Road            | Suite 208                     | Juneau      | AK           | 99801      |                   |
| The Prentice-Hall Corporation System, Inc.  | 8585 Old Dairy Road            | Suite 208                     | Juneau      | AK           | 99801      |                   |
| United States Corporation Company   | 8585 Old Dairy Road            | Suite 208                     | Juneau      | AK           | 99801      |                   |
| Corporation Service Company, Inc.   | 641 South Lawrence Street      |                               | Montgomery  | AL           | 36104      | Montgomery County |
| The Prentice-Hall Corporation System, Inc.  | 641 South Lawrence Street      |                               | Montgomery  | AL           | 36104      | Montgomery County |
| United States Corporation Company   | 641 South Lawrence Street      |                               | Montgomery  | AL           | 36104      | Montgomery County |
| Corporation Service Company   | 300 Spring Building, Suite 900 | 300 S. Spring Street          | Little Rock | AR           | 72201      | Pulaski County    |
| The Prentice-Hall Corporation System, Arkansas  | 300 Spring Building, Suite 900 | 300 S. Spring Street          | Little Rock | AR           | 72201      | Pulaski County    |
| United States Corporation Company   | 300 Spring Building, Suite 900 | 300 S. Spring Street          | Little Rock | AR           | 72201      | Pulaski County    |
| Corporation Service Company   | 8825 N. 23rd Avenue            | Suite 100                     | Phoenix     | AZ           | 85021      | Maricopa County   |
| The Prentice-Hall Corporation System, Inc.  | 8825 N. 23rd Avenue            | Suite 100                     | Phoenix     | AZ           | 85021      | Maricopa County   |
| United States Corporation Company   | 8825 N. 23rd Avenue            | Suite 100                     | Phoenix     | AZ           | 85021      | Maricopa County   |
| Corporation Service Company Which Will Do Business In California As CSC-Lawyers Incorporating Service | 2710 Gateway Oaks Drive        | Suite 150N                    | Sacramento  | CA           | 95833-3505 | Sacramento County |
| The Prentice-Hall Corporation System, Inc.  | 2710 Gateway Oaks Drive        | Suite 150N                    | Sacramento  | CA           | 95833-3505 | Sacramento County |
| United States Corporation Company   | 2710 Gateway Oaks Drive        | Suite 150N                    | Sacramento  | CA           | 95833-3505 | Sacramento County |
| Corporation Service Company   | 1900 W. Littleton Boulevard    |                               | Littleton   | CO           | 80120      | Arapahoe County   |
| The Prentice-Hall Corporation System, Inc.  | 1900 W. Littleton Boulevard    |                               | Littleton   | CO           | 80120      | Arapahoe County   |
| United States Corporation Company   | 1900 W. Littleton Boulevard    |                               | Littleton   | CO           | 80120      | Arapahoe County   |
| Corporation Service Company   | Goodwin Square                 | 225 Asylum Street, 20th Floor | Hartford    | CT           | 06103      |                   |
| The Prentice-Hall Corporation System, Inc.  | Goodwin Square                 | 225 Asylum Street, 20th Floor | Hartford    | CT           | 06103      |                   |
| United States Corporation Company   | Goodwin Square                 | 225 Asylum Street, 20th Floor | Hartford    | CT           | 06103      |                   |

| AGENT NAME                                    | STREET                        | SUITE                   | CITY              | STATE | ZIP   | COUNTY            |
|---|-------------------------------|-------------------------|-------------------|-------|-------|-------------------|
| Corporation Service Company                   | 1090 Vermont Avenue N.W.      |                         | Washington        | DC    | 20005 |                   |
| The Prentice-Hall Corporation System, Inc.    | 1090 Vermont Avenue NW        |                         | Washington        | DC    | 20005 |                   |
| United States Corporation Company             | 1090 Vermont Avenue N.W.      |                         | Washington        | DC    | 20005 |                   |
| Corporation Service Company                   | 251 Little Falls Drive        |                         | Wilmington        | DE    | 19808 | New Castle County |
| The Prentice-Hall Corporation System, Inc.    | 251 Little Falls Drive        |                         | Wilmington        | DE    | 19808 | New Castle County |
| United States Corporation Company             | 251 Little Falls Drive        |                         | Wilmington        | DE    | 19808 | New Castle County |
| Corporation Service Company                   | 1201 Hays Street              |                         | Tallahassee       | FL    | 32301 | Leon County       |
| The Prentice-Hall Corporation System, Inc.    | 1201 Hays Street              |                         | Tallahassee       | FL    | 32301 | Leon County       |
| United States Corporation Company             | 1201 Hays Street              |                         | Tallahassee       | FL    | 32301 | Leon County       |
| Corporation Service Company                   | 2 Sun Court                   | Suite 400               | Peachtree Corners | GA    | 30092 | Gwinnett County   |
| The Prentice-Hall Corporation System, Inc.    | 2 Sun Court                   | Suite 400               | Peachtree Corners | GA    | 30092 | Gwinnett County   |
| United States Corporation Company             | 2 Sun Court                   | Suite 400               | Peachtree Corners | GA    | 30092 | Gwinnett County   |
| Corporation Service Company                   | 1003 Bishop Street            | Suite 1600 Pauahi Tower | Honolulu          | HI    | 96813 | Honolulu          |
| PHCS Hawaii, Inc.                             | 1003 Bishop Street            | Suite 1600 Pauahi Tower | Honolulu          | HI    | 96813 | Honolulu          |
| Corporation Service Company                   | 505 5th Avenue                | Suite 729               | Des Moines        | IA    | 50309 | Polk County       |
| The Prentice-Hall Corporation System, Inc.    | 505 5th Avenue                | Suite 729               | Des Moines        | IA    | 50309 | Polk County       |
| United States Corporation Company             | 505 5th Avenue                | Suite 729               | Des Moines        | IA    | 50309 | Polk County       |
| Corporation Service Company                   | 1305 12th Avenue Road         |                         | Nampa             | ID    | 83686 | Canyon County     |
| The Prentice-Hall Corporation System, Inc.    | 1305 12th Avenue Road         |                         | Nampa             | ID    | 83686 | Canyon County     |
| United States Corporation Company             | 1305 12th Avenue Road         |                         | Nampa             | ID    | 83686 | Canyon County     |
| Illinois Corporation Service Company          | 801 Adlai Stevenson Drive     |                         | Springfield       | IL    | 62703 | Sangamon County   |
| The Prentice-Hall Corporation System, Inc.    | 801 Adlai Stevenson Drive     |                         | Springfield       | IL    | 62703 | Sangamon County   |
| United States Corporation Company Of Illinois | 801 Adlai Stevenson Drive     |                         | Springfield       | IL    | 62703 | Sangamon County   |
| Corporation Service Company                   | 135 North Pennsylvania Street | Suite 1610              | Indianapolis      | IN    | 46204 | Marion County     |
| The Prentice-Hall Corporation System, Inc.    | 135 North Pennsylvania Street | Suite 1610              | Indianapolis      | IN    | 46204 | Marion County     |

| AGENT NAME   | STREET                          | SUITE                 | CITY           | STATE | ZIP   | COUNTY                  |
|--|---------------------------------|-----------------------|----------------|-------|-------|-------------------------|
| United States Corporation Company                  | 135 North Pennsylvania Street   | Suite 1610            | Indianapolis   | IN    | 46204 | Marion County           |
| Corporation Service Company                        | 1100 SW Wanamaker Rd.           | Suite 103             | Topeka         | KS    | 66604 | Shawnee County          |
| The Prentice-Hall Corporation System, Kansas, Inc. | 1100 SW Wanamaker Rd.           | Suite 103             | Topeka         | KS    | 66604 | Shawnee County          |
| United States Corporation Company                  | 1100 SW Wanamaker Rd.           | Suite 103             | Topeka         | KS    | 66604 | Shawnee County          |
| Corporation Service Company                        | 421 West Main Street            |                       | Frankfort      | KY    | 40601 | Franklin County         |
| The Prentice-Hall Corporation System, Inc.         | 421 West Main Street            |                       | Frankfort      | KY    | 40601 | Franklin County         |
| United States Corporation Company                  | 421 West Main Street            |                       | Frankfort      | KY    | 40601 | Franklin County         |
| Corporation Service Company                        | 450 Laurel Street               | 8 <sup>th</sup> Floor | Baton Rouge    | LA    | 70801 | East Baton Rouge Parish |
| The Prentice-Hall Corporation System, Inc.         | 450 Laurel Street               | 8 <sup>th</sup> Floor | Baton Rouge    | LA    | 70801 | East Baton Rouge Parish |
| United States Corporation Company                  | 450 Laurel Street               | 8 <sup>th</sup> Floor | Baton Rouge    | LA    | 70801 | East Baton Rouge Parish |
| Corporation Service Company                        | 84 State Street                 |                       | Boston         | MA    | 02109 | Suffolk County          |
| The Prentice-Hall Corporation System, Inc.         | 84 State Street                 |                       | Boston         | MA    | 02109 | Suffolk County          |
| U.S. Corporation Company                           | 84 State Street                 |                       | Boston         | MA    | 02109 | Suffolk County          |
| CSC-Lawyers Incorporating Service Company          | 7 St. Paul Street               | Suite 820             | Baltimore      | MD    | 21202 | Baltimore City          |
| The Prentice-Hall Corporation System, Maryland     | 7 St. Paul Street               | Suite 820             | Baltimore      | MD    | 21202 | Baltimore City          |
| The United States Corporation Company              | 7 St. Paul Street               | Suite 820             | Baltimore      | MD    | 21202 | Baltimore City          |
| Severin M. Beliveau, Clerk                         | c/o Corporation Service Company | 45 Memorial Circle    | Augusta        | ME    | 04330 | Kennebec County         |
| CSC-Lawyers Incorporating Service (Company)        | 3410 Belle Chase Way            | Ste 600               | Lansing        | MI    | 48911 | Ingham County           |
| The Prentice-Hall Corporation System, Inc.         | 3410 Belle Chase Way            | Ste 600               | Lansing        | MI    | 48911 | Ingham County           |
| United States Corporation Company                  | 3410 Belle Chase Way            | Ste 600               | Lansing        | MI    | 48911 | Ingham County           |
| Corporation Service Company                        | 2345 Rice Street                | Suite 230             | Roseville      | MN    | 55113 | Ramsey County           |
| The Prentice-Hall Corporation System, Inc.         | 2345 Rice Street                | Suite 230             | Roseville      | MN    | 55113 | Ramsey County           |
| United States Corporation Company                  | 2345 Rice Street                | Suite 230             | Roseville      | MN    | 55113 | Ramsey County           |
| CSC-Lawyers Incorporating Service Company          | 221 Bolivar Street              |                       | Jefferson City | MO    | 65101 | Cole County             |
| The Prentice-Hall Corporation System, Inc.         | 221 Bolivar Street              |                       | Jefferson City | MO    | 65101 | Cole County             |

| AGENT NAME   | STREET                                   | SUITE                  | CITY           | STATE | ZIP        | COUNTY                 |
|--|--|------------------------|----------------|-------|------------|------------------------|
| United States Corporation Company                      | 221 Bolivar Street                       |                        | Jefferson City | MO    | 65101      | Cole County            |
| Corporation Service Company                            | 109 Executive Drive                      | Suite 3                | Madison        | MS    | 39110      | Madison County         |
| The Prentice-Hall Corporation System, Inc.             | 109 Executive Drive                      | Suite 3                | Madison        | MS    | 39110      | Madison County         |
| United States Corporation Company                      | 109 Executive Drive                      | Suite 3                | Madison        | MS    | 39110      | Madison County         |
| Corporation Service Company                            | 26 West Sixth Avenue                     | P.O. Box 1691          | Helena         | MT    | 59624-1691 | Lewis And Clark County |
| The Prentice-Hall Corporation System, Inc.             | 26 West Sixth Avenue                     | P.O. Box 1691          | Helena         | MT    | 59624-1691 | Lewis And Clark County |
| United States Corporation Company                      | 26 West Sixth Avenue                     | P.O. Box 1691          | Helena         | MT    | 59624-1691 | Lewis And Clark County |
| Corporation Service Company                            | 2626 Glenwood Avenue                     | Suite 550              | Raleigh        | NC    | 27608      | Wake County            |
| The Prentice-Hall Corporation System, Inc.             | 2626 Glenwood Avenue                     | Suite 550              | Raleigh        | NC    | 27608      | Wake County            |
| United States Corporation Company                      | 2626 Glenwood Avenue                     | Suite 550              | Raleigh        | NC    | 27608      | Wake County            |
| Corporation Service Company                            | 418 N. 2 <sup>nd</sup> Street            |                        | Bismarck       | ND    | 58501      | Burleigh County        |
| The Prentice-Hall Corporation System, Inc.             | 418 N. 2 <sup>nd</sup> Street            |                        | Bismarck       | ND    | 58501      | Burleigh County        |
| United States Corporation Company                      | 418 N. 2 <sup>nd</sup> Street            |                        | Bismarck       | ND    | 58501      | Burleigh County        |
| CSC-Lawyers Incorporating Service Company              | 233 South 13th Street                    | Suite 1900             | Lincoln        | NE    | 68508      | Lancaster County       |
| The Prentice-Hall Corporation System, Inc.             | 233 South 13th Street                    | Suite 1900             | Lincoln        | NE    | 68508      | Lancaster County       |
| United States Corporation Company                      | 233 South 13th Street                    | Suite 1900             | Lincoln        | NE    | 68508      | Lancaster County       |
| Corporation Service Company                            | 10 Ferry Street                          | Suite 313              | Concord        | NH    | 03301      | Merrimack County       |
| The Prentice-Hall Corporation System, Inc.             | 10 Ferry Street                          | Suite 313              | Concord        | NH    | 03301      | Merrimack County       |
| U.S. Corporation Company                               | 10 Ferry Street                          | Suite 313              | Concord        | NH    | 03301      | Merrimack County       |
| Corporation Service Company                            | Princeton South Corporate Ctr, Suite 160 | 100 Charles Ewing Blvd | Ewing          | NJ    | 08628      | Mercer County          |
| The Prentice-Hall Corporation System, New Jersey, Inc. | Princeton South Corporate Ctr, Suite 160 | 100 Charles Ewing Blvd | Ewing          | NJ    | 08628      | Mercer County          |
| United States Corporation Company                      | Princeton South Corporate Ctr, Suite 160 | 100 Charles Ewing Blvd | Ewing          | NJ    | 08628      | Mercer County          |
| Corporation Service Company                            | 110 E Broadway St.                       |                        | Hobbs          | NM    | 88240      | Lea County             |
| The Prentice-Hall Corporation System, Inc.             | 110 E Broadway St.                       |                        | Hobbs          | NM    | 88240      | Lea County             |

| AGENT NAME   | STREET                  | SUITE                             | CITY          | STATE | ZIP        | COUNTY           |
|--|-------------------------|-----------------------------------|---------------|-------|------------|------------------|
| United States Corporation Company                    | 110 E Broadway St.      |                                   | Hobbs         | NM    | 88240      | Lea County       |
| The Prentice-Hall Corporation System, Inc.           | c/o Lee R. Belone       | Rural Address No. 40, PO Box 1969 | Fort Defiance | NN    | 86504      |                  |
| Corporation Service Company                          | 112 North Curry Street  |                                   | Carson City   | NV    | 89703      | Carson City      |
| United States Corporation Company                    | 112 North Curry Street  |                                   | Carson City   | NV    | 89703      | Carson City      |
| Corporation Service Company                          | 80 State Street         |                                   | Albany        | NY    | 12207-2543 | Albany County    |
| The Prentice-Hall Corporation System, Inc.           | 80 State Street         |                                   | Albany        | NY    | 12207-2543 | Albany County    |
| United States Corporation Company                    | 80 State Street         |                                   | Albany        | NY    | 12207-2543 | Albany County    |
| Corporation Service Company                          | 1160 Dublin Road        | Suite 400                         | Columbus      | OH    | 43215      | Franklin County  |
| The Prentice-Hall Corporation System, Inc.           | 1160 Dublin Road        | Suite 400                         | Columbus      | OH    | 43215      | Franklin County  |
| United States Corporation Company                    | 1160 Dublin Road        | Suite 400                         | Columbus      | OH    | 43215      | Franklin County  |
| Corporation Service Company                          | 10300 Greenbriar Place  |                                   | Oklahoma City | OK    | 73159-7653 | Oklahoma County  |
| The Prentice-Hall Corporation System, Oklahoma, Inc. | 10300 Greenbriar Place  |                                   | Oklahoma City | OK    | 73159-7653 | Oklahoma County  |
| United States Corporation Company                    | 10300 Greenbriar Place  |                                   | Oklahoma City | OK    | 73159-7653 | Oklahoma County  |
| Corporation Service Company                          | 1127 Broadway Street NE | Suite 310                         | Salem         | OR    | 97301      | Marion County    |
| The Prentice-Hall Corporation System, Inc.           | 1127 Broadway Street NE | Suite 310                         | Salem         | OR    | 97301      | Marion County    |
| United States Corporation Company                    | 1127 Broadway Street NE | Suite 310                         | Salem         | OR    | 97301      | Marion County    |
| Corporation Service Company                          | 2595 Interstate Drive   | Suite 103                         | Harrisburg    | PA    | 17110      | Dauphin County   |
| The Prentice-Hall Corporation System, Inc.           | 2595 Interstate Drive   | Suite 103                         | Harrisburg    | PA    | 17110      | Dauphin County   |
| United States Corporation Company                    | 2595 Interstate Drive   | Suite 103                         | Harrisburg    | PA    | 17110      | Dauphin County   |
| Corporation Service Company                          | 222 Jefferson Boulevard | Suite 200                         | Warwick       | RI    | 02888      | Kent County      |
| The Prentice-Hall Corporation System, Inc.           | 222 Jefferson Boulevard | Suite 200                         | Warwick       | RI    | 02888      | Kent County      |
| United States Corporation Company                    | 222 Jefferson Boulevard | Suite 200                         | Warwick       | RI    | 02888      | Kent County      |
| Corporation Service Company                          | 508 Meeting Street      |                                   | West Columbia | SC    | 29169      | Lexington County |
| The Prentice-Hall Corporation System, Inc.           | 508 Meeting Street      |                                   | West Columbia | SC    | 29169      | Lexington County |

| AGENT NAME  | STREET                        | SUITE     | CITY           | STATE | ZIP        | COUNTY           |
|---|-------------------------------|-----------|----------------|-------|------------|------------------|
| United States Corporation Company   | 508 Meeting Street            |           | West Columbia  | SC    | 29169      | Lexington County |
| Corporation Service Company   | 503 South Pierre Street       |           | Pierre         | SD    | 57501      | Hughes County    |
| The Prentice-Hall Corporation System, Inc.                                  | 503 South Pierre Street       |           | Pierre         | SD    | 57501      | Hughes County    |
| United States Corporation Company   | 503 South Pierre Street       |           | Pierre         | SD    | 57501      | Hughes County    |
| Corporation Service Company   | 2908 Poston Avenue            |           | Nashville      | TN    | 37203      | Davidson County  |
| The Prentice-Hall Corporation System, Inc.                                  | 2908 Poston Avenue            |           | Nashville      | TN    | 37203      | Davidson County  |
| United States Corporation Company   | 2908 Poston Avenue            |           | Nashville      | TN    | 37203      | Davidson County  |
| Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company | 211 E. 7th Street             | Suite 620 | Austin         | TX    | 78701-3218 | Travis County    |
| The Prentice-Hall Corporation System, Inc.                                  | 211 E. 7th Street             | Suite 620 | Austin         | TX    | 78701-3218 | Travis County    |
| United States Corporation Company   | 211 E. 7th Street             | Suite 620 | Austin         | TX    | 78701-3218 | Travis County    |
| Corporation Service Company   | 15 West South Temple          | Suite 600 | Salt Lake City | UT    | 84101      | Salt Lake County |
| The Prentice-Hall Corporation System, Inc.                                  | 15 West South Temple          | Suite 600 | Salt Lake City | UT    | 84101      | Salt Lake County |
| United States Corporation Company   | 15 West South Temple          | Suite 600 | Salt Lake City | UT    | 84101      | Salt Lake County |
| Corporation Service Company   | 100 Shockoe Slip              | 2nd Floor | Richmond       | VA    | 23219      | Richmond City    |
| The Prentice-Hall Corporation System, Inc.                                  | 100 Shockoe Slip              | 2nd Floor | Richmond       | VA    | 23219      | Richmond City    |
| United States Corporation Company   | 100 Shockoe Slip              | 2nd Floor | Richmond       | VA    | 23219      | Richmond City    |
| Corporation Service Company   | 100 North Main Street         | Suite 2   | Barre          | VT    | 05641      |                  |
| The Prentice-Hall Corporation System, Inc.                                  | 100 North Main Street         | Suite 2   | Barre          | VT    | 05641      |                  |
| United States Corporation Company   | 100 North Main Street         | Suite 2   | Barre          | VT    | 05641      |                  |
| Corporation Service Company   | MC-CSC1, 300 Deschutes Way SW | Suite 208 | Tumwater       | WA    | 98501      | Thurston County  |
| The Prentice-Hall Corporation System, Inc.                                  | MC-CSC1, 300 Deschutes Way SW | Suite 208 | Tumwater       | WA    | 98501      | Thurston County  |
| United States Corporation Company   | MC-CSC1, 300 Deschutes Way SW | Suite 208 | Tumwater       | WA    | 98501      | Thurston County  |
| Corporation Service Company   | 33 East Main Street           | Suite 610 | Madison        | WI    | 53703      | Dane County      |
| The Prentice-Hall Corporation System, Inc.                                  | 33 East Main Street           | Suite 610 | Madison        | WI    | 53703      | Dane County      |

| <b>AGENT NAME</b>                             | <b>STREET</b>                 | <b>SUITE</b> | <b>CITY</b> | <b>STATE</b> | <b>ZIP</b> | <b>COUNTY</b>  |
|---|-------------------------------|--------------|-------------|--------------|------------|----------------|
| United States Corporation<br>Company          | 33 East Main Street           | Suite 610    | Madison     | WI           | 53703      | Dane County    |
| Corporation Service Company                   | 209 West<br>Washington Street |              | Charleston  | WV           | 25302      | Kanawha County |
| The Prentice-Hall Corporation<br>System, Inc. | 209 West<br>Washington Street |              | Charleston  | WV           | 25302      | Kanawha County |
| United States Corporation<br>Company          | 209 West<br>Washington Street |              | Charleston  | WV           | 25302      | Kanawha County |
| Corporation Service Company                   | 1821 Logan<br>Avenue          |              | Cheyenne    | WY           | 82001      | Laramie County |
| The Prentice-Hall Corporation<br>System, Inc. | 1821 Logan<br>Avenue          |              | Cheyenne    | WY           | 82001      | Laramie County |
| United States Corporation<br>Company          | 1821 Logan<br>Avenue          |              | Cheyenne    | WY           | 82001      | Laramie County |

EXHIBIT E

LIST OF STATE ADMINISTRATORS

## LIST OF STATE ADMINISTRATORS

### California

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, CA 90013-2344  
(866) 275-2677

### Hawaii

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

### Illinois

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

### Indiana

Chief Deputy Commissioner  
Indiana Securities Division, Franchise Section  
Secretary of State  
302 West Washington Street, Room E111  
Indianapolis, IN 46204

### Maryland

Maryland Division of Securities  
Franchise Examiner  
200 St. Paul Place  
Baltimore, MD 21202-2020

### Michigan

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, MI 48933

### Minnesota

Commissioner of Commerce  
Minnesota Department of Commerce  
Market Assurance Division  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, MN 55101-2198

### New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
212-416-8222

### North Dakota

Securities Department  
State Capitol - 5th Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510

### Oregon

Department of Consumer and  
Business Services  
Division of Finance and  
Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97301

### Rhode Island

Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex-69-1  
Cranston, Rhode Island 02920-4407

### South Dakota

Franchise Administration  
Department of Labor and Regulation  
Division of Insurance  
Securities Regulation  
124 S Euclid  
Suite 104  
Pierre, South Dakota 57501-3185

Virginia

State Corporation Commission  
Division of Securities and Retail Franchising  
Tyler Building, 1300 East Main Street  
Richmond, VA 23219

Washington

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Road S.W.  
Tumwater, WA 98501  
(360) 902-8760

Wisconsin

Franchise Administrator  
Division of Securities  
Department of Financial Institutions  
P.O. Box 1768  
Madison, WI 53701

EXHIBIT F

LIST OF CURRENT U.S. FRANCHISEES

LIST OF CURRENT U.S. FRANCHISEES

| <b>Franchisee Name</b>                | <b>Store ID</b> | <b>Address</b>   | <b>City</b> | <b>State</b> | <b>Zip</b> | <b>Phone</b> |
|---------------------------------------|-----------------|--|-------------|--------------|------------|--------------|
| Host International, Inc.              | 760.032.0001    | DFW International Airport<br>Terminal C. Gate 16<br>3301 S. 22 <sup>nd</sup> Avenue<br>P.O. Box 619007         | Dallas      | TX           | 75261      | 972-426-5200 |
| Air Star-Bush-LTS<br>Marquis DAL, LLC | 760.873.0001    | Dallas Love Field Airport<br>Love Field Airport Terminal<br>Building<br>8008 Cedar Springs Road<br>Lock Box 19 | Dallas      | TX           | 75235      | 469-965-7007 |

EXHIBIT G

LIST OF U.S. FRANCHISEES WHO HAVE LEFT THE SYSTEM AND  
FRANCHISEES WHO HAVE INVOLUNTARILY OR VOLUNTARILY CLOSED A RESTAURANT

None.

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

EXHIBIT H

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. The State Cover Page is supplemented by the addition of the following risk factor:

FAILURE TO SECURE THE REQUIRED LIQUOR LICENSES BY THE DATE THE RESTAURANT IS OTHERWISE READY (AND/OR REQUIRED) TO OPEN FOR BUSINESS MAY RESULT IN THE TERMINATION OF YOUR FRANCHISE AGREEMENT. IF YOUR FRANCHISE AGREEMENT IS TERMINATED, YOUR INITIAL FRANCHISE FEE (WITHOUT INTEREST), LESS ANY EXPENSES AND/OR DAMAGES FRANCHISOR HAS INCURRED WILL BE REFUNDED.

B. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker in Item 2 of the Franchise Disclosure Document 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 persons from membership in such association or exchange.

C. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
- b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- d. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.
- e. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

4. You must sign a general release if you renew or transfer your franchise. 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 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Corporations Code 31512 provides that: “Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The franchise agreement requires a shortened status of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

6. Section 31125 of the California Corporations Code requires us to give to 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.

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

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

1. Illinois law governs the Franchise Agreement.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law or Illinois is void.
4. Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure act.

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

1. In the state of Maryland, the payment of the initial franchise fees and any other initial payments described in Items 5 and 7 of the Franchise Disclosure Document are deferred until we have fulfilled our pre-opening obligations and your Restaurant is open for business.

2. (a) The Summary column for Items 17.v., “Choice of forum” (Franchise Agreement chart) is amended as follows:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held in Dallas County, Texas. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us.”

(b) Item 17.c., “Requirements for franchisee to renew or extend” (Franchise Agreement chart) and Item 17.m. “Conditions for Franchisor approval of transfer” (Franchise Agreement chart) are amended by the addition of the following:

“The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment or transfer of the Franchise Agreement.”

(c) Item 17 is amended to add the following note at the end of that Item:

“Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

(d) The following is added as the last paragraph of Item 17:

“A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.”

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

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

1. In the state of Minnesota, the payment of the initial franchise fees and any other initial payments described in Items 5 and 7 of the Franchise Disclosure Document are deferred until we have fulfilled our pre-opening obligations and your Restaurant is open for business.

2. The following is added to Item 13 of the disclosure document:

We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you against any liability to third parties for infringement resulting from your use of the trademarks licensed under the franchise agreement to the extent required by Minnesota law. We will not indemnify you against third-party liability for trademark infringement. Minnesota considers it unfair for franchisors not to protect the franchisee's right to use the trademarks. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

3. The following is added to Item 17 of the disclosure document:

Item 17 of the disclosure document is supplemented by the following language:

Under Minnesota law, and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of our intention not to renew a franchise and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with Minnesota law, Minnesota law will control.

To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with Minnesota franchise law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of Minnesota franchise law.

4. To the extent you are required to execute a general release in our favor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

5. Sec. 80C.17, Sudb. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

6. Sec. 80C.21 of the Minnesota Franchises Act and Minn. Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. All sections of the disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

8. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

9. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise, including but not limited to Sections 20.1 and Article 22 of the Franchise Agreement.

**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

Item 3, "Litigation" is hereby amended by deleting the last paragraph in that Item and replacing it by the following language:

"Other than this 1 action:

- (1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.
- (2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.
- (3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, 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 a license as a real estate broker or sales agent."

Item 4, "Bankruptcy" is hereby amended by deleting the last paragraph in that Item and replacing it by the following language:

"Except for this bankruptcy, neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) 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 1 year after the officer or general partner of Brinker International Payroll Company, L.P. held this position with the company or partnership."

Item 17, “Renewal, Termination, Transfer and Dispute Resolution” is amended in the franchise agreement table as follows:

(a) By adding the following in the “Summary” column opposite category d., “Termination by Franchisee”:

“To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law.”

(b) By adding the following in the “Summary” column opposite category w., “Choice of law”:

“The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. Item 5 is supplemented by the following:

“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.”

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Brinker International Payroll Company, L.P. is supplemented by the following:

“Under Section 13.1-564 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.”

3. 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.

**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. 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.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

New York Insert  
(To be inserted immediately before the Acknowledgment of Receipt)

This Franchise Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

## **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   | [Pending]             |
| Illinois     | [Pending]             |
| Indiana      | [Pending]             |
| Maryland     | [Pending]             |
| Michigan     | [Pending]             |
| Minnesota    | [Pending]             |
| New York     | [Pending]             |
| Virginia     | [Pending]             |
| Washington   | [Pending]             |

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  
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Brinker International Payroll Company, L.P. 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) Connecticut and Michigan require 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, (b) New York requires us to provide you 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 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 Brinker International Payroll Company, L.P. 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. (Please see Exhibit E for a list of state agencies.) Exhibit D contains a list of our agents for service of process.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

| <i>Name</i>  | <i>Principal Business Address</i>   | <i>Telephone Number</i> |
|--------------|-------------------------------------|-------------------------|
| Doug Comings | 3000 Olympus Blvd, Dallas, TX 75019 | 972-770-8860            |
| Blair Wilson | 3000 Olympus Blvd, Dallas, TX 75019 | 972-770-9369            |
| David Weston | 3000 Olympus Blvd, Dallas, TX 75019 | 972-770-5855            |
| Bob Bartley  | 3000 Olympus Blvd, Dallas, TX 75019 | 972-770-9007            |
| Troy Duzik   | 3000 Olympus Blvd, Dallas, TX 75019 | 780-886-2028            |

Issuance Date: September 20, 2024

I received a disclosure document dated September 20, 2024. The disclosure document included the following Exhibits and Attachments:

- Exhibit A – Financial Statements
- Exhibit B – Franchise Agreement (including state amendments)
- Exhibit C – Table of Contents of Maggiano’s Franchise Manual
- Exhibit D – Agents for Service of Process
- Exhibit E – List of State Administrators
- Exhibit F – List of Current U.S. Franchisees
- Exhibit G – List of Franchisees Who Have Left the System
- Exhibit H – State Specific Addenda to Franchise Disclosure Document
- Exhibit I – State Effective Dates

Dated: \_\_\_\_\_

**PROSPECTIVE FRANCHISEE:**

If a corporation or other business entity:

If an individual:

\_\_\_\_\_  
(Name of Entity)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**[Keep this page for your records.]**

**ITEM 23  
RECEIPT**

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If Brinker International Payroll Company, L.P. 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. (Please see Exhibit E for a list of state agencies.) Exhibit D contains a list of our agents for service of process.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

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| Bob Bartley  | 3000 Olympus Blvd, Dallas, TX 75019 | 972-770-9007            |
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- Exhibit H – State Specific Addenda to Franchise Disclosure Document
- Exhibit I – State Effective Dates

Dated: \_\_\_\_\_

**PROSPECTIVE FRANCHISEE:**

If a corporation or other business entity:

If an individual:

\_\_\_\_\_  
(Name of Entity)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**[Sign and return this page to us.]**