

FRANCHISE DISCLOSURE DOCUMENT



CHICKEN GUY (FRANCHISOR), LLC

A Florida Limited Liability Company

4700 Millenia Boulevard, Suite #400

Orlando, Florida 32839

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www.chickenguy.com

The franchisee will operate a fast casual restaurant under the name “Chicken Guy!” featuring all-natural anti-biotic free, ~~and fresh/never frozen~~ chicken tenders (“Chicken Guy! Restaurant”).

The total investment necessary to begin the operation of a Chicken Guy! Restaurant is \$8745,000 to \$2,690,000. The total investment necessary to begin the operation of a Chicken Guy! Restaurant at a Nontraditional Location is \$1,0730,000 to \$1,985,000. These estimates include \$53,000 to \$58,000 that must be paid to us. The total investment necessary to begin operation under a Development Agreement (for three to five Chicken Guy! Restaurants) ranges from \$123,000 to \$205,000. This includes \$120,000 to \$200,000 that must be paid to us. You must agree to develop at least one Chicken Guy! Restaurant under the Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our General Counsel, Jeffrey C. Sirolly, at 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839, or (877) 426-3275.

The terms of your franchise agreement will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement and this disclosure document to an advisor, like a lawyer or an 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 by calling 1-877-FTC-HELP or writing the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ~~August 29, 2023~~

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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit M.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Chicken Guy! business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Chicken Guy! franchisee?	Item 20 or Exhibit M lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and Development Agreement require you to resolve disputes with us by litigation only in the federal or state court having jurisdiction where our principal offices are located, which currently is Orlando, Florida. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with us in Florida than in your own state.
2. **Short Operating History.** We are at an early stage of development and have a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Our Financial Condition.** Our financial condition, as reflected in our financial statements (see Item 21), calls into question our financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement and Development Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Supplier control.** The franchisor can require you to purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

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Exhibits

- A. List of State Administrators and Agents for Service of Process
- B. Confidentiality Agreement
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- E. Franchise Agreement
- F. Nontraditional Location Addendum
- G. Manual Table of Contents
- H. Financial Statements
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we,” “us” or “Chicken Guy” means Chicken Guy (Franchisor), LLC, the franchisor. “You” means the person or legal entity who buys the franchise. If you are a corporation, a partnership or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

Chicken Guy (Franchisor), LLC is a Florida limited liability company formed on May 16, 2019. Our principal place of business is 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839. We do business under the name “Chicken Guy!” Our agents for service of process in various states are listed in Exhibit A. We do not operate any Chicken Guy! Restaurants; however, as of the issuance date of this franchise disclosure document, our affiliate operated ~~two~~three Chicken Guy! Restaurants. We have offered Chicken Guy! Restaurant franchises since June 2019 and as of December ~~25, 2022~~31, 2023, there were ~~four~~six franchised Chicken Guy! Restaurants in operation. We have not conducted business in any other line of business.

Chicken Guy! Restaurants

In this disclosure document, Chicken Guy is offering the opportunity to become a franchisee to develop and operate Chicken Guy! Restaurants. The Chicken Guy! Restaurant concept derives its name from chef and TV personality Guy Fieri. Chicken Guy! Restaurants are fast casual restaurants featuring all-natural anti-biotic free, ~~and fresh/never frozen~~ chicken tenders, which are hand-pounded, marinated in fresh lemon juice, pickle brine, buttermilk, and infused with flavorful herbs, served with a myriad of signature sauces. Chicken Guy! Restaurants also offer loaded fries, mac and cheese, pickle chips, American slaw, dessert items, and an array of beverages. Chicken Guy! Restaurants may also offer alcoholic beverages, catering and delivery services to businesses and individuals in their neighborhood, and drive-thru service.

Chicken Guy! Restaurants operate according to a distinctive format and appearance and distinguishing operating procedures (“System”). We identify the System by means of the “Chicken Guy!” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, “Proprietary Marks”) that we have designated, or may in the future designate, for use with the System.

Chicken Guy! Restaurants have a standard image, color scheme and interior design and layout, which includes unique architectural features, although each restaurant is tailored to meet local needs and preferences, which may be unique to the particular location. Chicken Guy! Restaurants will generally be located in urban and heavily populated suburban areas, preferably in close proximity to office areas and high volume shopping and trade centers and may be developed as in-line, end cap, free-standing, or drive-thru locations.

We have described our mandatory and recommended standards and procedures in a confidential Operations Manual (“Manual”). We will loan you one copy of the Manual for the term of your franchise. We retain the right to change the Manual and the elements of the System periodically.

When you are evaluating whether to purchase a Chicken Guy! franchise, you will acquire confidential information about the System. You must sign a Confidentiality Agreement, which is attached as Exhibit B, before we ~~will~~ provide access to this information.

You can buy a franchise to develop and operate one franchised Chicken Guy! Restaurant (“Franchised Restaurant”) at a site approved by us (“Franchised Location”) by signing a Franchise Agreement (Exhibit E) and paying the ~~Application Fee and the~~ Initial Franchise Fee, which ~~are~~^{is} described in Item 5. You may not acquire any interest in a site for the Franchised Restaurant until you have been approved as a franchisee and we have approved the site in writing. If you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Franchised Restaurants within a geographic area (“Development Territory”) by signing a Development Agreement (Exhibit D) and paying the Development Fee, which is described in Item 5. You must agree to develop at least one Chicken Guy! Restaurant under the Development Agreement. If you are developing a Franchised Restaurant under a Development Agreement, you will sign our then-current form of Franchise Agreement (which may differ from the form of Franchise Agreement included as Exhibit E) within 90 days after we approve the site for the Franchised Restaurant. When we approve your application to become a Chicken Guy! Restaurant franchisee, and prior to our preparation of your Franchise Agreement or Development Agreement, you will sign the Agreement Request Form attached as Exhibit C and pay the Deposit Fee described in Item 5.

Your receipt of this disclosure document does not mean that you will be approved as a franchisee or that you may develop or open a Franchised Restaurant. Before you may develop and open a Franchised Restaurant, we must approve you as a franchisee, you and we must sign the Franchise Agreement, we must approve the site of your proposed Franchised Restaurant, and you must attend and successfully complete our initial manager training program.

Nontraditional Restaurants

You can also purchase a franchise to develop and operate a Chicken Guy! Restaurant at a “Nontraditional Location,” which includes airports, train stations, bus stations, service plazas, stadiums, arenas, convention centers, military facilities, gas stations, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location. A “Nontraditional Restaurant” means a Chicken Guy! Restaurant developed at a Nontraditional Location.

If you buy a franchise to develop and operate a Nontraditional Restaurant, after we have approved the site, you will sign a Franchise Agreement (Exhibit E) and an Addendum to Franchise Agreement for a Nontraditional Location (“Nontraditional Location Addendum”) (Exhibit F) and pay the ~~Application Fee and the~~ Initial Franchise Fee. The Nontraditional Location Addendum will identify the larger building (“Facility”) in which the Nontraditional Restaurant will be located. The Nontraditional Location Addendum also will identify the portion of the Facility in which the Nontraditional Restaurant will be located. All references in this disclosure document to “Nontraditional Restaurant” or “Nontraditional Location” refer only to your operation of that portion of the Facility that is occupied by the Chicken Guy! Restaurant. Unless otherwise noted, in this disclosure document, all references to a “Franchised Restaurant” or “Franchised Location” also will include a Nontraditional Restaurant or Nontraditional Location, respectively.

Market and Competition

We believe the market for fast casual restaurants is either “developed” or “developing,” depending on the specific geographic area. Your customers will be the general public. You will compete with other local, regional and national fast casual, quick service, and take-away food service outlets and chains serving chicken, salads, and sandwiches in the \$5.99 to \$16.00 price range for lunch and dinner. Many of our competitors have a substantially greater number of restaurant units and greater resources and recognition than our organization. You may be in direct competition with other fast casual and quick service outlets

serving similar types of menu items, including chicken products, oven-baked subs, sandwiches, salads and hamburgers.

Industry-Specific Laws and Regulations

You must comply with all applicable local, state and federal laws and regulations, including health, sanitation, food handling, food preparation, menu labeling, waste disposal, smoking restrictions, alcoholic beverage restrictions, discrimination, labor, employment, sexual harassment and advertising laws. Some laws require point of sale disclosures, including statements concerning nutritional and dietary characteristics of the food served at your Franchised Restaurant. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning these and other laws and ordinances that may affect the operations of your Franchised Restaurant. You also must obtain all applicable real estate permits and operational licenses. Some states limit the available number of liquor licenses. In such markets you are likely to be required to pay grossly inflated prices on the secondary market to obtain a liquor license. The purchase of a liquor license may substantially increase your required initial investment.

Our Parent, Predecessors and Affiliates

Our parent company, Chicken Concept, LLC, owns the Proprietary Marks and shares our principal business address. Chicken Concept, LLC has granted a license to us to use and sublicense the Proprietary Marks to our franchisees. We do not have any predecessors. We do not have any affiliates that provide products or services to our franchisees. Our parent has not offered franchises in any line of business.

Our affiliate, Earl of Sandwich (USA), LLC (“EOS”) has offered franchises for Earl of Sandwich restaurants since August 2004. EOS has not offered franchises in any other line of business. Earl of Sandwich restaurants are fast casual restaurants featuring hot sandwiches, which are made to order using freshly made artisan baked loaves filled with freshly sliced meats and unique sauces and spreads. Earl of Sandwich restaurants also offer fresh tossed salads, wraps, soups, grab and go items, dessert items and an array of beverages. EOS shares our principal business address. As of December ~~25, 2022~~ 31, 2023, EOS’ wholly owned subsidiaries operated 75 Earl of Sandwich restaurants and there were 26 franchised Earl of Sandwich restaurants in the United States and 1221 franchised international Earl of Sandwich restaurants.

ITEM 2 BUSINESS EXPERIENCE

Founder and Chairman: Robert Earl

~~Since October 1991, Mr. Earl has served as our Chairman since May 2019 in Orlando, Florida. He also has served as Founder, Chairman and CEO of Planet Hollywood International, Inc. since October 1991 the founder and chairman of the Earl Enterprises® group of companies (restaurants, which currently include~~ includes brands such as Chicken Guy!, Planet Hollywood, Buca di Beppo, Bertucci’s, EOS, Brio Italian Grille, Bravo Italian Kitchen, TooJay’s, Seaside on the Pier, Café Hollywood, Breakfast Club, Rock & Reilly’s, and Asian Street Eats (and which previously included brands such as Mixology101, Buca di Beppo, TooJay’s, and Tequila Taqueria) between August 2019 and August 2024) collectively, the “Earl Enterprises Companies” in Orlando, Florida ~~since October 1991.~~

Vice Chairman/Manager: Thomas Avallone

~~Mr. Avallone has served as our Vice Chairman since May 2019 in Orlando, Florida. Mr. Avallone has also served as Treasurer to EOS in Orlando, Florida since March 2012, Chief Financial Officer of EOS~~

~~from June 2004 to March 2011, and also from March 2012 to July 2012, and Executive Vice President and Chief Financial Officer of Planet Hollywood in Orlando, Florida since September 1994. Mr. Avallone has also served as President and Secretary of BUCA, Inc. in Orlando, Florida from December 2008 to February 2012 and from March 2013 to the present date. Mr. Avallone has also served as Vice Chairman for several of the Earl Enterprises® group of companies in Orlando, Florida since March 2012 (which currently include Planet Hollywood, Buca di Beppo, Bertucci's, EOS, Brio Italian Grille, Bravo Italian Kitchen, TooJay's, Seaside on the Pier, Café Hollywood, and Tequila Taqueria).~~ Avallone has served as our Manager in Orlando, Florida since May 2019. He has also served as the Vice Chairman for several of the Earl Enterprises Companies and the Treasurer for EOS in Orlando, Florida since March 2012.

President and Vice President of Development: John Thall

Mr. Thall has served as ~~our President and~~ our Vice President of Development since May 2019 in Orlando, Florida. He has served as President of Planet Hollywood ~~International, Inc. ("Planet Hollywood")~~ since November 2017 and EOS since March 2020, both in Orlando, Florida. ~~From August 2010 to November 2017, Mr. Thall served as Senior Vice President of Business Development of Planet Hollywood in Orlando, Florida.~~

Chief Sales and Marketing Officer: Trish Giordano

Ms. Giordano has served as our Chief Sales and Marketing Officer since May 2019 in Orlando, Florida. She has held this same position with several of the Earl Enterprises® ~~group of~~ Companies in Orlando, Florida since ~~July 2018 where she had previously served as Executive Vice President of Sales & Marketing from 1994 to~~ July 2018.

Senior Vice President, Chief Development Officer of Non-Traditional Concepts: Valentina Ellison

Ms. Ellison has served as our ~~Senior Vice President,~~ Chief Development Officer of Non-Traditional Concepts since March 2023 ~~in Orlando, Florida.~~ She ~~has also~~ has served as ~~Senior Vice President,~~ Chief Development Officer of Non-Traditional Concepts for ~~several of~~ the Earl Enterprises® ~~group of~~ Companies since March 2023 in Orlando, Florida. From October 2022 to March 2023, Ms. Ellison served as a consultant for several of the Earl Enterprises Companies in Orlando, Florida. From January 2021 to September 2022, she served as Senior Vice President of Business Development for Vessel Operating Holdco, LLC in Miami, Florida. From February 2019 to October 2020, she served as Vice President of Business Development for Areas USA, Inc. in Miami, Florida. ~~From August 2018 to February 2019, Ms. Ellison served as Divisional Vice President, Airports for the Marshall Retail Group in Las Vegas, Nevada.~~

Senior Vice President of Operations: Jason Taliaferro

Mr. Taliaferro has served as our Senior Vice President of Operations in Orlando, Florida since October 2023. From June 2020 to September 2022, he served as a Regional Vice President for Raising Cane's Restaurants, LLC in Winter Garden, Florida, and from February 1998 to November 2019, he was a Senior Vice President for RARE Hospitality International, Inc. d/b/a LongHorn Steakhouse in Winter Garden, Florida. Mr. Taliaferro was self-employed as a consultant for various restaurant companies from November 2019 to June 2020 and from September 2022 to October 2023 in Winter Garden, Florida.

Executive Vice President of Brand Marketing: Robyn Peot

Ms. Peot has served as our Executive Vice President of Brand Marketing since ~~May 2019 in Orlando, Florida.~~ January 2023. She also ~~has served~~ serves as Executive Vice President of Brand Marketing for

several of the Earl Enterprises[®] ~~group of~~ Companies since ~~May 2009~~ January 2023 in Orlando, Florida. She was our Vice President, ~~Non-Traditional Business: Christopher Kennedy~~

~~Mr. Kennedy has served as Vice President, Non-Traditional Business of Brand Marketing from May 2009 to January 2023 and for several of the Earl Enterprises[®] group of companies since April 2022 Companies from May 2009 to January 2023 in Orlando, Florida. From November 2019 to April 2022, he served as the Senior Director, Non-Traditional Business for Doctor's Associates, Inc. in Milford, Connecticut. From June 2018 to October 2019, Mr. Kennedy served as Vice President, Operations for Next Level Burger, Inc. in Rochester, New York. From October 2016 to June 2018, he served as Vice President, Operations for Ninety Rock Management LLC in Rochester, New York.~~

Vice President of Supply Chain & Strategic Projects: Michael Babin

Mr. Babin has served as our Vice President of Supply Chain & Strategic Projects in Orlando, Florida since March 2024. He served as the Director of Supply Chain for Virtual Dining Concepts, LLC in Orlando, Florida from October 2020 through March 2024 and as the Director of Purchasing for Veggie Grill, Inc. in Culver City, California from March 2018 to October 2020.

General Counsel and Secretary: Jeffrey C. Sirolly

Mr. Sirolly has served as our General Counsel ~~since May 2019 and as our~~ Secretary since May 2019 in Orlando, Florida. Mr. Sirolly also has served as General Counsel for several of the Earl Enterprises[®] ~~group of~~ Companies since January 2019 in Orlando, Florida. From April 2017 to December 2018, he served as Deputy General Counsel for the Earl Enterprises[®] ~~group of companies.~~

Vice President of Purchasing: Ron Eubanks

~~Mr. Eubanks has served as our Vice President of Purchasing since March 2023 in Orlando, Florida. He has also served as Vice President of Purchasing for the Earl Enterprises[®] group of companies since March 2023 in Orlando, Florida. From October 2019 to June 2022, he served as Purchasing Manager for Lockheed Martin Corporation in Orlando, Florida. Companies.~~

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

In re Bertucci's Restaurants, LLC, Case No. 6:22-bk-04313 (Bankr. M.D. Fla.). Our affiliate, Bertucci's Restaurants, Inc. ("Bertucci's") filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code on December 5, 2022. Bertucci's is currently in the post-confirmation stage of bankruptcy and expects to exit bankruptcy in 2024. Our Treasurer and Vice Chairman, Thomas Avallone, serves as Manager and President for Bertucci's and our General Counsel and Secretary, Jeffrey Sirolly, serves as Secretary for Bertucci's.

Other than the one matter noted above, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Development Agreement

You must pay a Development Fee in the amount of \$50,000 for each Franchised Restaurant that you agree to develop when you sign the Development Agreement. If you sign a Development Agreement to develop three or more Franchised Restaurants, we will reduce the Development Fee to \$40,000 for each Franchised Restaurant. The Development Fee is typically paid in one lump sum; however, in certain circumstances we may permit developers to pay the Development Fee in installments.

The Development Fee is not refundable, but will be credited against the Initial ~~Fees (including the Application Fee and Initial Franchise Fee)~~, which ~~are~~is payable to us under each Franchise Agreement that you sign under the Development Agreement. The aggregate amount of the Initial Franchise Fee credits that we provide for the Franchise Agreements you sign will not exceed the amount of the Development Fee that you paid when you signed the Development Agreement. You must agree to develop at least one Chicken Guy! Restaurant under the Development Agreement.

Franchise Agreement

When you sign the Franchise Agreement, you shall pay ~~the following Initial Fees: (1) an Application Fee in the amount of \$30,000 for our upfront costs associated with site selection, development and training; and (2) an Initial Franchise Fee in the amount of \$20,000 to use the System and the Proprietary Marks during the term of the Franchise Agreement.~~50,000. The Initial ~~Fees are~~Franchise Fee is fully earned by us when paid and ~~are~~is not refundable.

If you sign a Franchise Agreement pursuant to a Development Agreement, where you agreed to develop three or more Chicken Guy! Restaurants, we will reduce the ~~Application Fee to \$25,000 and the Initial Franchise Fee to \$15~~40,000. The specific amount of the ~~Application Fee and~~ Initial Franchise Fee that you will owe under each Franchise Agreement will be specified in the Development Agreement.

If you open a Chicken Guy! Restaurant within a Walmart store, you will sign the Nontraditional Location Addendum to the Franchise Agreement and you will pay a reduced Initial Franchise Fee of \$40,000.

Deposit Fee

When we approve your application to become a Chicken Guy! Restaurant franchisee, and prior to our preparation of your Franchise Agreement or Development Agreement, you will sign the Agreement Request Form attached as Exhibit C and pay a Deposit Fee in the amount of \$5,000. The Deposit Fee is not refundable, but if you sign a Franchise Agreement or Development Agreement within 10 business days of receiving the agreement for signature, Chicken Guy shall apply the Deposit Fee toward payment of the Development Fee required under the Development Agreement or the ~~Application~~Initial Franchise Fee required under the Franchise Agreement, as applicable.

Veterans Discount

Under our veterans program, if you (or a holder of at least a 51% ownership interest in your franchisee entity) provide us with a DD Form 214 or other adequate documentation, as determined by us, demonstrating honorable discharge from the United States military and you sign a Franchise Agreement to develop and operate a new Franchised Restaurant, then we will reduce your ~~Application~~Initial Franchise

Fee due under the Franchise Agreement by \$5,000. You will sign a Veterans Addendum to the Franchise Agreement, a copy of which is attached as Exhibit I. If, prior to the first anniversary of the opening date of the Franchised Restaurant, (1) you transfer the Franchised Restaurant, or (2) we terminate the Franchise Agreement, you must pay us the \$5,000 that we waived under the veterans program.

Team Member Training

If you postpone or delay team member training based on your failure to obtain a certificate of occupancy or for any other reason, you must reimburse us for any additional costs and expenses, including the salaries and wages for our trainers during the period of such delay. If the Franchised Restaurant is not your first Chicken Guy! Restaurant and if you request that we conduct the team member training for non-management staff, you must upon receipt of an invoice from us pay all reasonable expenses incurred by us in connection with such on-site training, including without limitation, travel expenses, lodging accommodations and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees. These expenses will range from \$3,000 to \$8,000 per week (for one to two trainers).

* * *

The Deposit Fee, Development Fee, ~~Application Fee~~, and Initial Franchise Fee are typically uniform for all franchisees. However, in our last fiscal year, we reduced the ~~Development Fee for one developer to \$5,000 for its fifth through tenth Chicken Guy! Restaurants. We reduced the~~ Initial Franchise Fee ~~to \$25,000~~ for one franchisee ~~to \$40,000, we reduced the Initial Franchise Fee for one franchisee to \$25,000,~~ and ~~we~~ waived the Initial Franchise Fee for ~~one~~ another franchisee.

**ITEM 6
OTHER FEES**

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Royalty	6% of Gross Sales	Within five days after the end of each fiscal week	You must participate in our electronic funds transfer program to pay your royalty fees and other fees (See Note 2). See Note 3 for the definition of Gross Sales. See Note 4 if you operate a Nontraditional Restaurant.

TYPE OF FEE ⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Weekly Marketing Obligation	Currently 4% of Gross Sales	See below	Currently, your Weekly Marketing Obligation consists of your contribution obligation to the Brand Fund <u>(spend 4% of Gross Sales, all of which is allocated to your for Local Store Marketing expenditures).</u> When the Brand Fund is established, the Weekly Marketing Obligation shall consist of 2% of Gross Sales going to the Brand Fund (subject to a maximum annual contribution of \$30,000) and 2% of Gross Sales going to Local Store Marketing. We reserve the right to increase your Weekly Marketing Obligation and we may reallocate the Weekly Marketing Obligation among the Brand Fund, a Regional Advertising Fund (or Regional Co-Op) and Local Store Marketing. The advertising fees and advertising funds are further described in Item 11. Your Weekly Marketing Obligation will not exceed 5% of Gross Sales.
Additional Training	We do not currently charge these fees; however we may set a tuition fee for additional training programs that we develop in the future. You also must reimburse us for our costs and expenses incurred for developing, compiling and distributing any additional training materials, if requested by you.	Within 30 days of receipt of invoice	We have the right to require certain designated employees to attend training programs in addition to the initial manager training program. You must pay all travel, living, food and other incidental expenses incurred by your employees while attending training.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Audit and Inspection Costs	Deficiency in royalty fees and advertising contributions, plus interest.	Within ten days after receipt of the audit or inspection report	The interest rate is the same as the interest rate for late payments. If an inspection or audit is made necessary by your failure to furnish reports or supporting records, or to furnish such reports, records or information on a timely basis, or if there is an understatement of Gross Sales of greater than 2%, in addition to the understated royalty fees and advertising contributions, you also must pay the reasonable costs of the audit or inspection.
Collection Costs and Expenses	Our costs and expenses	On demand, if required	These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.
Costs and Attorneys' Fees	Our costs and expenses	As incurred	If we prevail in litigation regarding enforcement of the terms of any agreement, you must pay our attorneys' fees and costs.
Gift Card Reconciliation	Total amount of gift cards sold from Franchised Restaurant	Monthly	On a monthly basis, you must pay us the total amount of any gift cards sold from your Franchised Restaurant and we will reimburse you for the amount of any gift cards redeemed at your Franchised Restaurant.
Indemnification	Our and our affiliates' losses and expenses	As incurred	You must indemnify and hold us and our affiliates harmless in all actions arising out of or resulting from the development or operation of your Franchised Restaurant (and, for a Nontraditional Restaurant, your other businesses at the Facility) excluding any gross negligence or willful misconduct by an indemnitee.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Interest	Interest on the amount owed from the date due until paid	When any payment is overdue	The interest rate is the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Restaurant is located not to exceed 1.5% per month (or a portion of a month). See Note 2 for additional information regarding the payment of interest charges.
New Product and Supplier Testing	Reasonable cost of inspection and actual cost of testing	As incurred	If you request our authorization to sell new products or use an alternate supplier of products or services, you must pay our reasonable expenses to evaluate the supplier. See Item 8.
Reimbursement of Insurance Costs	Our out-of-pocket costs of obtaining coverage	Immediately upon receipt of invoice	If you fail to procure or maintain the required insurance, we may procure the insurance and charge its cost along with our out-of-pocket expenses to you.
Relocation	Our reasonable expenses and an agreed minimum royalty fee during the period in which the Franchised Restaurant is not in operation	On demand, if required	You may not relocate the Franchised Restaurant without our prior written consent.
Renewal Fee	\$10,000	At the time you sign the renewal franchise agreement	The renewal fee is in addition to any costs for remodeling that we may require as a condition of renewal.
Software Licenses and Updates	Actual cost of license fee and updates	As incurred	You must purchase and use any new or upgraded proprietary software programs, system documentation manuals and other proprietary materials that we may develop or designate for use in the System in the future.
Taxes	Our expenses	Within 30 days of receipt of invoice	You must reimburse us for any taxes, fees or assessments imposed on us for acting as franchisor or licensing the Proprietary Marks.
Transfer	\$10,000	Prior to consummation of transfer	We have the right to approve all transfers. There is no fee if you transfer an agreement to a corporation or limited liability company that your owners control.

TYPE OF FEE⁽¹⁾	AMOUNT	DUE DATE	REMARKS
Website Fee	\$0 - \$1,000	As incurred	Although we do not currently do so, in the future we may charge you a fee for developing, reviewing and approving your website and/or for hosting the website.
Early Termination Damages	Amount of the average weekly Royalty Fees that you owed for the one year period prior to termination, multiplied by the lesser of 104 weeks or the number of weeks remaining in the term of the Franchise Agreement	Within 30 days following the termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the Initial Term.

NOTES

- (1) Unless otherwise noted, all fees are imposed by and payable to us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee for a limited period of time.
- (2) You must participate in our electronic funds transfer program authorizing us to utilize a pre-authorized bank draft system. All royalty fees and other amounts owed to us under the Franchise Agreement, including advertising fees, where applicable, and interest charges, must be received by us before 5:00 p.m. on the 5th day after the end of each fiscal week or at a later point, or due date, specified by us. No later than 30 days prior to opening, you must designate an account at a commercial bank and furnish to us all authorizations (including the ACH Authorization form attached as Exhibit C to the Franchise Agreement) necessary to permit us to make withdrawals by electronic funds transfer.
- (3) Gross Sales include all revenue from the sale of all food products, beverages and all other income of every kind and nature related to the Franchised Restaurant (including the redemption value of stored value gift cards and gift certificates when purchases are made) whether for cash or credit and regardless of collection in the case of credit, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Restaurant, including, but not limited to, such off-premises services as catering and delivery. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, promotional discounts and coupons, the value of any employee discounts provided to your bona fide employees during the fiscal week in which the discounts are provided, all proceeds from the sale of gift certificates or stored value cards, customer refunds made in good faith to customers, or the sale of equipment used in the operation of the Franchised Restaurant.

If any law prohibits us from receiving a percentage royalty fee based on alcoholic beverage revenues, you must pay us a royalty fee on all Gross Sales, except alcoholic beverage revenues, in the same dollar amount as would have been paid if you paid a 6% royalty fee on all Gross Sales.

- (4) If you operate a Nontraditional Restaurant and (a) beverages cannot be ordered at the Nontraditional Restaurant; or (b) your point of sale system cannot allocate to Gross Sales beverages ordered at the Nontraditional Restaurant, then you must pay a royalty fee in the amount of 8% of Gross Sales.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**TABLE NO. 1
YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT**

Type of Expenditure	Amount: In-line, End Cap or Drive Thru (1)	Amount: Nontraditional Restaurant (2)	Method of Payment (3)	When Due	To Whom Paid
Deposit Fee(4)	\$0 - \$5,000	\$0 - \$5,000	Lump sum	See Item 5	Chicken Guy
Initial Franchise Fee (4)	\$20 50,000	\$20 40,000 - \$50 ,000	Lump sum	See Item 5	Chicken Guy
Application Fee (4)	\$30,000	\$30,000	Lump sum	See Item 5	Chicken Guy
Grand Opening Required Spending (5)	\$10,000	\$5,000	Progress payments	As incurred	Vendors
Leasehold Costs and Building and Site Improvements (6)	\$400,000 - \$1,900,000	\$600,000 - \$1,200,000	Progress payments	As arranged	Contractor, Architect
Furnishings, Fixtures and Equipment (7)	\$225 195,000 - \$350,000	\$225 195,000 - \$350,000	As arranged	As incurred	Vendors
Signage (8)	\$30,000 - \$95,000	\$30,000 - \$95,000	As arranged	As incurred	Vendors
Point of Sale System (9)	\$15,000 - \$25,000	\$15,000 - \$25,000	As arranged	As incurred	Vendors
Technology (10)	\$15,000 - \$25,000	\$15,000 - \$25,000	As arranged	As incurred	Vendors
Graphic Items (11)	\$30,000 - \$60,000	\$30,000 - \$60,000	As arranged	As incurred	Vendors
Professional Fees (12)	\$10,000 - \$20,000	\$10,000 - \$20,000	Before opening	As incurred	Attorney, accountant, and other business advisors
Initial Manager Training (13)	\$15,000 - \$25,000	\$15,000 - \$25,000	As arranged	As incurred	Third parties

Type of Expenditure	Amount: In-line, End Cap or Drive Thru (1)	Amount: Nontraditional Restaurant (2)	Method of Payment (3)	When Due	To Whom Paid
Pre-Opening Costs (14)	\$25,000 - \$50,000	\$25,000 - \$50,000	As arranged	As incurred	Vendors
Additional Funds – 3 months (16)	\$50,000 - \$75,000	\$50,000 - \$75,000	As arranged	As incurred	Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (17)	\$8745,000 - \$2,690,000	\$1,0730,000 - \$1,985,000	(Estimate does not include the cost to obtain an alcoholic beverage license which you may choose to incur. See Note 15 below.)		

TABLE NO. 2
ESTIMATED INITIAL INVESTMENT
DEVELOPMENT AGREEMENT – THREE TO FIVE RESTAURANTS

Type of Expenditure	Amount Low Estimate	Amount High Estimate	Method of Payment ¹	When Due	To whom payment is to be made
Development Fee (18)	\$120,000	\$200,000	Lump sum	Upon signing Development Agreement	Us
Business Plan Preparation, Legal Fees & Miscellaneous Expenses (19)	\$3,000	\$5,000	As incurred	As incurred	Third parties
Total	\$123,000	\$205,000			

NOTES

1. Traditional Restaurants. Chicken Guy! Restaurants may be developed as in-line, end cap, free-standing, or drive-thru locations. The figures in the table reflect the estimated initial investment for a Chicken Guy! Restaurant located at an in-line or end cap location based on our affiliates' experience in developing restaurants. The estimated investment for inline and endcap locations will range towards the low end of the estimate in the table above while drive-thru locations will range toward the high end of the estimated initial investment in the table above. If you plan to develop a Chicken Guy! Restaurant in a free-standing location, the real estate, building and site improvement costs are likely to be significantly higher than what is included in this Item 7.
2. Nontraditional Restaurants. These figures reflect the estimated initial investment for a Nontraditional Restaurant. These estimates are based upon our affiliates' experience in developing Nontraditional Restaurants. The estimated initial investment for a Nontraditional Restaurant will vary, depending on the type of venue, size, location, number of seats, anticipated volume, operational conditions and configuration of the Facility.
3. Method of Payment. Costs paid to Chicken Guy are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice in the area where your Franchised Restaurant is located.

4. Deposit Fee and Initial Fees Franchise Fee. The manner in which the Deposit Fee and Initial Franchise Fee, ~~Deposit Fee, and Application Fee~~ are paid is explained in detail in Item 5.
5. Grand Opening Required Spending. See Item 11 for a description of your grand opening marketing obligations.
6. Leasehold Costs and Building and Site Improvements. We expect that you will lease the location for the Franchised Restaurant, which will vary in size from 800 to 1,400 square feet for a Nontraditional Restaurant with limited or shared seating; and 2,200 to 3,000 square feet for a Traditional or Nontraditional Restaurant with full seating. We cannot estimate the lease payments that you will make to third party lessors since these payments will vary considerably depending upon the property size, type of transaction and location. Rent amounts vary greatly depending on location, square footage, condition of premises, market conditions, your credit worthiness, tenant improvement allowances, and other factors. Any lease that you sign for the Franchised Location must contain the provisions set forth in the Franchise Agreement and the Addendum to Lease form attached as Exhibit B to the Franchise Agreement. You may be required to pay the first and last months' lease payment upon signing your lease agreement. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent and other charges related to the operation of the Franchised Restaurant. We cannot estimate the costs to purchase real estate for a Franchised Restaurant if you elect to purchase the site since these costs vary widely by geographic area.

The Franchised Restaurant must be established in accordance with the System. We estimate that building and site improvement costs, including permits and municipality fees, will range from \$400 to \$500 per square foot or more depending upon the condition of the property and local regulatory requirements. These building and site improvement costs include estimates for a smaller footprint prototype for in-line or end cap locations. With respect to a Nontraditional Restaurant, we estimate that building and site improvement costs, including permits and municipality fees, will range from \$400 to \$1,200 per square foot or more depending upon the condition of the property and local regulatory requirements. The higher end of the estimate reflects higher development costs incurred in certain geographic areas. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses and other fees, which can vary greatly depending on location, size, condition, market condition, and other factors.

7. Furnishings, Fixtures and Equipment. You must purchase certain items of furniture, fixtures, equipment and smallwares as required by the Franchise Agreement and the Manual. You may be able to lease from or finance through a third party a portion of these purchases; however, you should expect to make a down-payment ranging between 40% and 50% of the cost.
8. Signage. The type of signage installed is governed by local ordinances regarding height and size restrictions. The typical signage package includes a minimum of one large exterior facial sign, one exterior banner sign, digital menu boards, marked awnings, and an interior and directional signage package.
9. Point of Sale System. The point of sale system requirements are described in Item 11.
10. Technology. These costs include charges to set up your technology systems including the online ordering program, gift and loyalty card programs and music system. This estimate does not include on site store POS configuration.
11. Graphic Items. This estimate includes the interior and exterior art package, which may include wall treatments, vinyl graphics, prints and pictures as specified in the Manual.

12. Professional Fees. These figures represent the estimated costs of engaging an attorney or other business professionals to review this disclosure document and the accompanying agreements, assist you in organizing a business entity and help you obtain required licenses and permits.
13. Initial Manager Training. These costs include transportation, lodging, food and other incidental expenses for you and your employees during training. The amount of these expenses will depend on the distance you and your employees travel, type of accommodations, the number of your employees attending training and their wages.
14. Pre-Opening Costs. These costs include utility deposits, installation of telephones, data transfer lines, business licenses, uniforms, office and cleaning supplies and other prepaid expenses. It also includes a range of \$25,000 to \$50,000 for the initial inventory of food and paper.
15. Alcoholic Beverage License. If you elect to obtain an alcoholic beverage license to serve wine and beer at your Franchised Restaurant, which is not required, you can expect to pay between \$10,000 and \$200,000. The cost of these licenses varies greatly from jurisdiction to jurisdiction depending on the licensing authority involved and the local alcoholic beverage license resale market, if any. Some states limit the available number of alcoholic beverage licenses. In such markets you are likely to be required to pay grossly inflated prices on the secondary market to obtain a license and you may decide not to offer alcoholic beverages at your Franchised Restaurant.
16. Additional Funds - Three Months. These figures are an estimate of the additional funds that you may require for operating expenses during the initial three months of business. They include payroll, taxes, insurance, food, paper, supplies, utilities, music service fees, gift and loyalty program fees, online ordering fees, technology maintenance and support fees, licenses and permits, bank charges and repair and maintenance expenses. They do not include advertising or royalty fee payments made to us. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. These estimates are based upon our affiliates' experience in developing restaurants.
17. Total Estimated Initial Investment. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer any financing directly or indirectly for any part of the initial investment.
18. Development Fee. These figures are the Development Fees for three to five Chicken Guy! Restaurants. Your estimated initial investment under the Development Agreement will vary depending on the number of restaurants you develop within the Development Territory. The Development Fee is not refundable, but will be credited against the Initial ~~Fees (including the Application Fee and Initial Franchise Fee)~~,² which are payable to us under each Franchise Agreement that you sign under the Development Agreement. You must agree to develop at least one Chicken Guy! Restaurant under the Development Agreement.
19. Legal Fees & Miscellaneous Expenses. These are the estimates to retain legal services to evaluate the Development Agreement and set up your entity. Except for the Development Fee, there is no additional initial investment for training, real property, equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, decorating costs, inventory, security deposits, utility deposit, business licenses, other prepaid expenses or other costs required to begin operating under the Development Agreement and those costs are reflected in Table No. 1 above with respect to a Franchise Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Equipment and Supplies

We have the right to require that you: (1) purchase those proprietary food products that will be prepared by or for Chicken Guy! Restaurants according to our proprietary special recipes and formulas (“proprietary products”) only from us or a third party designated and licensed by us to prepare and sell such products (“designated suppliers”); (2) use the proprietary products only in accordance with the Manual and for items sold at the Franchised Restaurant; and (3) purchase from manufacturers, distributors, vendors and suppliers approved by us (“approved suppliers”) all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products, as well as advertising materials, furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials that meet our standards and specifications. We have the right to require that you use only certain brands and to prohibit you from using other brands. We may from time to time modify the list of approved brands (including certain brands of soft drinks and bottled beverages), and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. We may from time to time modify the list of designated suppliers and/or approved suppliers, and you may not, after receipt of such modification in writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier. Neither we nor any of our affiliates are currently designated or approved suppliers of any products.

Our standards and specifications for Chicken Guy! Restaurants are contained in the Manual. A list of approved suppliers is available upon written request. We estimate that the purchase of products that are subject to our standards and specifications represents approximately 100% of your overall purchases in establishing and operating the Franchised Restaurant. We do not provide material benefits to our franchisees (such as renewal or granting additional franchises) based on their purchase of particular products or services or based on their use of a particular supplier.

We may earn revenue or other material consideration from required purchases or leases by franchisees in the future although we do not currently supply any products to our franchisees. We did not earn any revenue from the sale of products by us to our franchisees in our last fiscal year that ended on December ~~25, 2022~~31, 2023. We may negotiate system-wide purchasing arrangements, including pricing terms, with suppliers for the benefit of all Chicken Guy! Restaurants. We do not currently have purchasing or distribution cooperatives, but we reserve the right to establish them. None of our officers owns an interest in any of our suppliers.

We may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. We have entered into a contract with the Coca-Cola Company (“Coke”) under the terms of which Coke is the exclusive fountain beverage and lemonade supplier for Chicken Guy! Restaurants. Coke has agreed to accrue and semi-annually pay \$3.50 to us for each gallon of fountain syrup purchased for the use of mutually agreed upon marketing activities. Coke has also agreed to provide a \$0.60 to us for each gallon of fountain syrup purchased for various other funds – including the marketing support fund, meeting fund, and growth fund.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers.

Supplier Approval Process

We may approve one or more suppliers or distributors for any goods or materials, and we may approve a supplier or distributor only as to certain goods or materials. Approval of a supplier or a distributor may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, sanitation standards, facility standards, insurance and other quality assurance requirements or other criteria, and concentration of purchases, as set forth above, and such approval may be rescinded or provided on a temporary basis pending our further evaluation of the supplier. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Chicken Guy! Restaurants or any other group of restaurants operated or franchised by us or our affiliates. We may establish commissaries and distribution facilities owned and operated by us or an affiliate that we will designate as an approved supplier.

If you propose to purchase any goods or materials (that you are not required to purchase from us, our affiliates or designated suppliers) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or you must request that the supplier do so. We will provide our standards and specifications to you or to the proposed supplier, subject to the supplier's execution of a confidentiality agreement in a form acceptable to us. We have the right to require, as a condition of approval, that our representatives be permitted to inspect the supplier's facilities and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. In addition to product testing, a facility audit may be required. A fee not to exceed our actual costs of reviewing the supplier or distributor and auditing the facility, if needed, may be charged by us and shall be paid by you. We will notify you within 60 days after receipt of your request as to whether you are authorized to purchase such products from that supplier, and if such authorization is granted, you may contract with the approved supplier. We may periodically require that the testing be performed again at your expense to ensure continued compliance with our specifications.

Technology Equipment

You must obtain and install at your expense a technology system, including such data processing equipment, computer hardware, software, point of sale system, required dedicated telephone lines, broadband and wireless Internet connections, modems, printers and other computer related accessory or peripheral equipment as we may specify in the Manual or otherwise in writing. You must record all transactions at the Franchised Restaurant on a point of sale system that is fully compatible with our technology system and that includes an information interface capability to communicate electronically with our technology system to provide us with continuous transaction level point of sale data. You must utilize any proprietary software programs, system documentation manuals and other proprietary materials provided by us in connection with the operation of the Franchised Restaurant. You must input and maintain in your computer the software programs, data and information as we prescribe. You must purchase from us or our designated suppliers, at prices and upon terms that we determine, the applicable proprietary software programs, manuals and/or computer-related materials if and when we decide to use new or upgraded programs, manuals and/or materials throughout the System. We do not currently receive any payments in connection with these items.

Insurance

You must maintain in full force and effect throughout the term of your Development Agreement and your Franchise Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant(s), which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by us. We,

and any entity with an insurable interest designated by us, shall be an additional insured in all liability policies (except workers' compensation) to the extent each has an insurable interest. We may reasonably increase the minimum coverage required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. You will receive written notice of such modifications and must take prompt action to secure the additional coverage or higher policy limits. All insurance policies must be written by an insurance company (or companies) satisfactory to us and must comply with our standards and specifications, which we will supply to you in writing. You must submit a certificate of insurance to us when you sign the Development Agreement or any Franchise Agreement and on each policy renewal date thereafter.

These required insurance policies include, at a minimum, the following: Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, and completed operations and property damage on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; All Risks Property Insurance for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Restaurant, its furniture, fixtures, equipment, inventory and other tangible property; Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss; Plate Glass Insurance for replacement of glass from breakage; Employer's Liability Insurance in the amount of \$500,000 per person, \$500,000 in the aggregate and \$500,000 for occupational disease; Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000, to the extent that we have approved the sale of alcoholic beverages at the Franchised Restaurant; Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located, including coverage for all of your employees who participate in any of the training programs; Builder's All Risks Insurance in connection with new construction or substantial renovation, refurbishment or remodeling of the Franchised Restaurant; Automobile Liability if you are engaged in any delivery operations with coverage on a Symbol 1 (any auto) basis in the amount of \$1,000,000 per occurrence on any auto; Cyber-Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability; and Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in the annual aggregate that includes the prior mentioned coverages as underlying policies. You also must maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to us.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement and Development Agreement. 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 DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	DA: Sections 5.B.-G. FA: Sections 3 & 4 NTA: Section 4	Items 7 & 11

OBLIGATION		SECTION IN DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
b.	Pre-opening purchases/leases	DA: Sections 5.G. & 6 FA: Sections 4, 5.D., 14.B.-D. & 16 NTA: Section 4	Items 7 & 8
c.	Site development and other pre-opening requirements	DA: Sections 3 & 5 FA: Sections 3, 5 & 6 NTA: Not applicable	Items 6, 7 & 11
d.	Initial and ongoing training	DA: Section 5.H. FA: Sections 5.A. & 12 NTA: Not applicable	Items 5, 6, 7 & 11
e.	Opening	DA: Not applicable FA: Section 5.H., 6 & 13.A. & B. NTA: Not applicable	Item 11
f.	Fees	DA: Sections 3.B., 4 & Appendix B FA: Sections 7, 9, 12 & Appendices A & B NTA: Section 5	Items 5 & 6
g.	Compliance with standards and policies/Operations Manual	DA: Section 7 FA: Sections 5.D., 10, 11 & 14 NTA: Not applicable	Items 8 & 11
h.	Trademarks and proprietary information	DA: Not applicable FA: Section 15 NTA: Not applicable	Items 13 & 14
i.	Restrictions on products/services offered	DA: Not applicable FA: Section 14.B. NTA: Not applicable	Item 16
j.	Warranty and customer service requirements	DA: Not applicable FA: Section 14.H. & M. NTA: Not applicable	Item 11
k.	Territorial development and sales quotas	DA: Sections 1.A., 2 & Appendices A & B FA: Sections 1.A. & B. & Appendix A NTA: Section 2	Item 12
l.	Ongoing product/service purchases	DA: Not applicable FA: Section 14.A. & B. NTA: Not applicable	Item 8
m.	Maintenance, appearance and remodeling requirements	DA: Not applicable FA: Section 14.G. NTA: Section 8	Item 11
n.	Insurance	DA: Section 6 FA: Section 16 NTA: Not applicable	Items 6 & 7

OBLIGATION		SECTION IN DEVELOPMENT AGREEMENT (DA) FRANCHISE AGREEMENT (FA) AND NON-TRADITIONAL LOCATION ADDENDUM (NTA)	DISCLOSURE DOCUMENT ITEM
o.	Advertising	DA: Not applicable FA: Section 9 & Appendix B NTA: Section 7	Items 6 & 11
p.	Indemnification	DA: Section 16 FA: Section 26 NTA: Section 11	Item 6
q.	Owner's participation/ management/staffing	DA: Section 8.G. FA: Sections 14.I. & 17.G. NTA: Not applicable	Items 11 & 15
r.	Records/reports	DA: Not applicable FA: Sections 5.F. & 8 NTA: Not applicable	Item 6
s.	Inspections/audits	DA: Not applicable FA: Sections 5.E. & H., 8.F., 13.C. & 14.F. NTA: Not applicable	Items 6 & 11
t.	Transfer	DA: Sections 9 & 10 FA: Sections 18 & 19 NTA: Not applicable	Item 17
u.	Renewal	DA: Not applicable FA: Section 2.B. NTA: Not applicable	Item 17
v.	Post-termination obligations	DA: Section 14 FA: Section 23 NTA: Not applicable	Item 17
w.	Non-competition covenants	DA: Section 12 FA: Section 21 NTA: Not applicable	Item 17
x.	Dispute resolution	DA: Section 22 FA: Section 31 NTA: Not applicable	Item 17
y.	Personal Guarantee	DA: Section 8.F. FA: Section 17.F. NTA: Not applicable	Not Applicable

**ITEM 10
FINANCING**

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

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

Except as listed below, Chicken Guy (Franchisor), LLC is not required to provide you with any assistance.

Our Obligations Prior To Opening

Before you open your Franchised Restaurant, we will:

1. Provide our site selection guidelines and, as you may request, a reasonable amount of consultation with respect to the guidelines. We will also provide such on-site evaluation as we may deem advisable as part of our evaluation of your request for site approval. (Development Agreement, § 5.B.; Franchise Agreement, § 3.B.) For restaurants that you develop in the future under the Development Agreement, we will apply our then-current site selection criteria to your site applications.
2. We will advise you in writing whether we have approved a proposed site within 15 days after we receive your Real Estate Site Application, a business plan and any additional information that we may reasonably require. If we do not respond within 15 days, we will be deemed to have denied approval of the site. (Development Agreement, § 5.E.; Franchise Agreement, § 3.E.)
3. Provide you with any development training we require. (Development Agreement, § 5.H.; Franchise Agreement, § 5.A.)
4. Provide written specifications for fixtures, furnishings, equipment, signs and opening inventory and provide you with a list of designated and approved suppliers for these items. (Franchise Agreement, § 5.D.) Neither we nor any of our affiliates are currently designated or approved suppliers of any of these items.
5. Furnish you with plans and specifications for a Chicken Guy! Restaurant (or Nontraditional Restaurant if applicable), including requirements for dimensions, design image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. We may require you to engage the services of an architect, project manager and/or general contractor that have been approved by us. It will be your responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Franchised Location, subject to our approval, and you must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must use only registered architects, registered engineers and professional and licensed contractors. We will provide you with written approval or disapproval of your construction plans for the proposed Franchised Restaurant and notify you within 14 days after we receive the plans whether we approve or disapprove of the plans. (Franchise Agreement, § 5.B.)
6. Provide you with a final inspection of the Franchised Restaurant, if we choose to conduct one, and provide you with express written authorization to open the Franchised Restaurant if you have complied with all conditions. (Franchise Agreement, § 5.H.)
7. Loan you a copy of our confidential and proprietary Manual, which contains information and knowledge that is unique, necessary and material to the System, including mandatory specifications and standards relating to the construction, management and operation of Chicken Guy! Restaurants.

The Manual remains our property. We may revise the contents of the Manual, and you agree to comply with each new or changed section. (Development Agreement, § 7; Franchise Agreement, § 10). The Table of Contents of the Manual as of the date of this disclosure document is attached as Exhibit G. As of that date, the Manual, contained a total of ~~130~~112 pages.

8. Provide you with consultation and advice with regard to the development and operation of the Franchised Restaurant, building layout, furnishings, fixtures and equipment, plans and specifications, employee recruiting, selection and training, purchasing and inventory control and such other matters as we deem appropriate. (Franchise Agreement, § 13.A.)
9. Provide an initial manager training program to you, your Operating Principal (as defined in Item 15), your restaurant manager and any other person that we designate. The details of the initial manager training program are described later in this Item 11. (Franchise Agreement, § 12)
- ~~10. Set the resale pricing policies for menu items and products sold at Chicken Guy! Restaurants. (Franchise Agreement, § 14.D.)~~

Our Obligations After Opening

During the operation of your Franchised Restaurant, we will:

1. Collect, administer and spend for advertising purposes monies paid by franchised and company-operated Chicken Guy! Restaurants into the Brand Fund (when established) and any Regional Advertising Fund (if established). (Franchise Agreement, §§ 9.B.-F. & H.)
2. Provide you with guidelines for local advertising and promotion from time to time upon request. You must submit to us for our prior approval any local advertising and promotional materials that you purchase from a source other than us or our affiliates. (Franchise Agreement, § 9.G.)
3. We may change or modify the System, including modifications to the Manual, the menu, including menu items and menu formats, product packaging, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, décor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and means of reporting and payment of any monies owed to us and the adoption and use of new or modified Proprietary Marks or copyrighted materials. (Franchise Agreement, § 11.A.)
4. Provide additional training to you and any other employees that we designate, if we decide to offer any additional training. We reserve the right to require you to pay a tuition fee for these additional training programs, and you will be required to pay all travel, living, food and other incidental expenses incurred by you and your employees while attending the training. (Franchise Agreement, § 12.B.)
5. Provide periodic advice and consultation to you in connection with the operation of the Franchised Restaurant as we deem appropriate or necessary. We will provide to you, as we deem appropriate or necessary, our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, management, food and beverage preparation, sales promotion, service concepts and other areas. We may provide these services through visits by our representatives to the Franchised Restaurant or your offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications. (Franchise Agreement, § 13.B.)

6. Conduct inspections of the Franchised Restaurant and valuations of the products sold and services rendered as we deem appropriate or necessary. (Franchise Agreement, §§ 13.C. & 14.F.)
7. Provide a list of approved suppliers of proprietary products, goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products, as well as advertising materials furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials that meet the standards and specifications that we promulgate from time to time. (Franchise Agreement, §14.B.)
8. Set the resale pricing policies for menu items and products sold at Chicken Guy! Restaurants. (Franchise Agreement, § 14.D.)

Advertising

Weekly Marketing Obligation

During the term of the Franchise Agreement, your Weekly Marketing Obligation will not exceed 5% of the Gross Sales of the Franchised Restaurant. We may allocate the Weekly Marketing Obligation at our discretion between the Brand Fund; (when established), a Regional Advertising Fund (or Regional Co-op) (if established), and/or your Local Store Marketing. Currently, your Weekly Marketing Obligation is 4% of Gross Sales of the Franchised Restaurant, all of which is allocated to your Local Store Marketing. When the Brand Fund is established, the Weekly Marketing Obligation shall consist of 2% of Gross Sales to the Brand Fund (subject to a maximum annual contribution of \$30,000) and 2% of Gross Sales to your Local Store Marketing. We have the right, following written notice to you, to increase and reallocate the Weekly Marketing Obligation among the Brand Fund, a Regional Advertising Fund (or Regional Co-Op) and/or Local Store Marketing.

Brand Fund

We plan to establish the Chicken Guy! Brand Fund (“Brand Fund”). When established, you must contribute 2% of weekly Gross Sales of the Franchised Restaurant to the Brand Fund up to a maximum annual contribution of \$30,000. We will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that we believe will enhance, protect, and increase public recognition and perception of the System and Proprietary Marks. We will direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund.

Among the programs, concepts, and expenditures for which we may utilize the Brand Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and marketing materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys, including the use of secret shoppers; (6) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events, and charitable or nonprofit events; (7) creative development of signage, posters, and individual restaurant décor items including wall graphics and signage; (8) development and management of a kiosk or truck program; (9) website, extranet and/or intranet development and maintenance; (10) development, implementation, and maintenance of an electronic commerce website and/or related strategies; (11) development and implementation of search engine optimization strategies; (12) development and administration of consumer

surveys, interviews and other customer satisfaction and retention policies; (13) retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; and (14) public relations and community involvement activities and programs; and (15) real estate analytics and marketing.

Vendors and suppliers also may contribute to the Brand Fund. We may produce materials in house or work with an advertising agency in developing advertising for print, Internet, and other related advertising media. We did not collect or spend any Brand Fund contributions in our last fiscal year ending December ~~25, 2022~~31, 2023.

Regional Advertising

In addition to the Brand Fund (when established), you will pay that portion of the Weekly Marketing Obligation as we direct to any Regional Advertising Fund or, in lieu of a Regional Advertising Fund, a Regional Co-op that we may establish in the geographic area that covers your Franchised Location. We will determine the geographic area covered by a Regional Advertising Fund or a Regional Co-op based on the location of the Chicken Guy! Restaurants in the area and the reach of print, radio and television media in the area. Company-operated and franchised Chicken Guy! Restaurants in the geographic area covered by a Regional Advertising Fund or a Regional Co-op will be obligated to contribute to that Fund or Co-op. As of the date of this disclosure document, we have not yet established any Regional Advertising Fund or Co-op.

As noted above, in lieu of a Regional Advertising Fund for the area that includes your Franchised Location, we may establish a Regional Co-op. Monies in the Regional Co-op may be spent for the purposes determined by majority vote of the Regional Co-op on the basis of one vote for each Chicken Guy! Restaurant in the Regional Co-op. If the members of a Regional Co-op are unable or fail to determine how to spend Regional Co-op monies, we may assume this decision-making authority following ten days' advance written notice to the Regional Co-op members.

Administration of the Funds

We, or our designee, shall direct all advertising, marketing, and public relations programs and activities financed by the Brand Fund (when established) and any Regional Advertising Fund with sole discretion over the creative concepts, materials and endorsements used in those programs and activities and the geographic, market and media placement and allocation of advertising and marketing materials.

Unless we otherwise agree in writing, advertising that is funded by the Brand Fund or any Regional Advertising Funds or Regional Co-ops must conform to those advertising and sales promotions that we specify from time to time. We, or our designee, have the right to terminate (and subsequently restart) any of the advertising and cooperative funds and establish different advertising and/or cooperative funds. We may incorporate any advertising fund and may have a separate entity manage any advertising fund. We will not use any of the advertising funds for advertising that is principally a solicitation for the sale of franchises. We have not established an advertising cooperative or an advisory council of franchisees to provide input on advertising matters, but we reserve the right to do so in the future.

We will separately account for all of the Brand Fund and the Regional Advertising Funds that we administer; however, we are not required to segregate any of the funds from our other monies. None of the funds shall be used to defray any of our general operating expenses. We and our affiliates may be reimbursed by each fund for expenses directly related to the fund's marketing programs including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each fund. We may spend in any fiscal year an amount greater or less than the aggregate

contribution of all Chicken Guy! Restaurants to each fund during the year or cause each fund to invest any surplus for future use by the fund. We will prepare an unaudited report of the operations of each fund annually, which will be available to you upon written request. Company-operated Restaurants contribute to the various advertising funds and cooperatives an amount equivalent to that contributed by comparable franchised Chicken Guy! Restaurants. In spending advertising monies, we are not obligated to make expenditures for any franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditure of the funds. We are not required to spend any amount on advertising in the area where your Franchised Restaurant is located.

Local Store Marketing

Currently, you must spend 4% of the Gross Sales of the Franchised Restaurant on [your](#) Local Store Marketing. We do not place any local advertising materials in your market. You may purchase local advertising and promotion materials from any source that we approve. From time to time, we, or our designee, may furnish you with marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges. You may not modify such materials without our prior written consent. If you purchase these materials from a source other than us or our affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by us or our designee and must be submitted to us or our designee at least 30 days prior to first use for approval, which we may grant or withhold in its sole discretion. All of your marketing, advertising and promotional materials must bear the Proprietary Marks in the form, color, location and manner that we prescribe. In no event may your advertising contain any statement or material which, in our sole discretion, may be considered: (1) in bad taste or offensive to the public or to any group of persons; (2) defamatory of any person or an attack on any competitor; (3) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (4) inconsistent with our public image or that of the System.

Grand Opening Advertising

At least 30 days prior to the opening of a Franchised Restaurant, you must submit a Grand Opening Required Spending Plan ("Grand Opening Plan") to us outlining your proposal for grand opening advertising of the Franchised Restaurant. (The Grand Opening Plan is in addition to your [Local advertising](#) [Store Marketing](#) obligation.) You must obtain our consent to the Grand Opening Plan before you begin to implement it. After we consent to the Grand Opening Plan, you cannot make any substantial changes to the Grand Opening Plan without our advance written consent. You must, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing until 60 days after the Franchised Restaurant first opens for business, spend at least \$10,000 (\$5,000 for a Nontraditional Restaurant) to conduct grand opening advertising under the Grand Opening Plan. Within ten days after the end of this period, you must submit proof of your grand opening advertising expenditures to us.

Point of Sale System and Technology

You must purchase (or lease), install, and maintain, at your expense, a technology system including such data processing equipment, computer hardware, software, point of sale system, required dedicated data, telephone lines, broadband and wireless Internet connections, modems, printers and other computer-related accessories or peripheral equipment that we require. You must sign any applicable licensing agreements with third party developers or manufacturers of those systems.

Your point of sale system must be capable of recording customer transactions, collecting and generating gross sales reports allowing us to poll data and sales from the Franchised Restaurant, and

collecting and generating sales reports by categories, including, but not limited to, menu mix by day-parts and order type (dine-in, to go, etc.). The system also must be capable of complying with the Payment Card Industry Data Security Standard (PCI Standards) and the Fair Credit Reporting Act, which requires that, among other things, merchants truncate credit card and debit card numbers. You must provide all assistance required by us to bring your point of sale system on-line with our technology system. We have the independent right under the Franchise Agreement to retrieve any data and information from your point of sale system that we deem appropriate, including electronically polling the daily sales, menu mix and other data of the Franchised Restaurant. There are no contractual limitations on our right to access this information and data.

Currently, we have approved the ~~NCR Aloha~~[Toast](#) Point of Sale system and software; however we may permit our franchisees to use a different system on a case by case basis. We estimate that it will cost you approximately \$15,000 to \$25,000 to purchase the point of sale system for your Franchised Restaurant. We may require you to replace, upgrade, or update these systems at any time during the term of the Franchise Agreement at your expense, and there is no limitation on the frequency or the cost of this obligation.

Selecting the Location for the Franchised Restaurant

We do not select the site for your Franchised Restaurant. You select the site for your Franchised Restaurant (subject to our approval). If no site has been designated at the time you sign the Franchise Agreement, you must select the site within the Site Selection Area mutually agreed to in the Franchise Agreement, and you must obtain our approval for a site before the Site Approval Deadline specified in the Franchise Agreement (which will typically be 180 days after you sign the Franchise Agreement). We may require you to engage the services of a real estate broker approved by us to assist you in identifying and securing a site for your Franchised Restaurant. If you develop the Franchised Restaurant under a Development Agreement, you must obtain our approval of a site by the site approval date identified in the Development Schedule contained in the Development Agreement. If we do not approve a site within the relevant time period, we, at our option, may terminate the Development Agreement or the Franchise Agreement, respectively. If you sign a Development Agreement, we will review your site applications for each Franchised Restaurant under the site selection criteria that have in place when we receive your application. If you develop a Nontraditional Restaurant, you must purchase or lease the location before you sign the Franchise Agreement and the Nontraditional Location Addendum. As noted in Item 1, you should not acquire any leasehold or ownership interest in a site for your Franchised Restaurant until you have been approved as a franchisee, and we have approved the site in writing.

You must submit a Real Estate Site Application (containing that information as we may reasonably require) for a proposed site which you reasonably believe conforms to site selection criteria we establish from time to time, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by us and our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. We may retain the services of third party real estate analysts to evaluate proposed sites for Chicken Guy! Restaurants. You also must furnish us with such financial statements, business plans and other information regarding you and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant.

Upon receipt of your Real Estate Application and other requested materials, our Real Estate Review Committee will review those materials and evaluate the proposed site using the site selection criteria referenced above. Within 15 days after we receive the Real Estate Site Application, your business plan and any additional information that we require (and if the Franchised Restaurant is not developed under a

Development Agreement, the signed Franchise Agreement and all requisite fees), we will advise you in writing whether we have approved a particular site. If we do not respond within that time period, we will be deemed to have denied approval of the site. Our approval or denial of approval of a site may be subject to reasonable conditions as determined in our sole discretion.

If you propose to lease or sublease the Franchised Location, you must provide us with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the initial term of the Franchise Agreement) for the Franchised Location within 90 days after we approve the site for the Franchised Location or, for a Nontraditional Restaurant, within 30 days after you sign the Franchise Agreement and the Nontraditional Location Addendum.

Time Between Agreement Signing and Opening

We estimate that the time from signing the Franchise Agreement to opening of the Franchised Restaurant is approximately eight months. Factors affecting the length of time needed to open the Franchised Restaurant usually include your ability to obtain a lease and adequate financing, weather, local requirements and procedures for necessary permits and zoning, shortages or delayed installation of equipment, signs and fixtures and special circumstances affecting construction in a particular area, none of which are within our control.

Training

Initial Manager Training Program

At least 45 days prior to opening your Franchised Restaurant, we will provide to you (or your Operating Principal) and up to two managers designated by you an initial manager training program in the operation of a Chicken Guy! Restaurant at those times and those places that we designate. The initial manager training program will include classroom instruction and on-the-job training at a company-operated Chicken Guy! Restaurant designated by us. Upon completion of the initial manager training program, you and your designated employees who attend the initial manager training program will take an exam, upon successful completion of which a “Certificate of Completion” will be awarded to each applicable individual, and you will be “Certified” to operate the Franchised Restaurant. We require a minimum of one certified manager for each Franchised Restaurant. We will not authorize your Franchised Restaurant to open until an adequate number of your managers (as determined by us during the construction phase in our sole discretion based on the size of your Franchised Restaurant and the planned hours of operation) have attended, successfully completed and been “Certified” in the initial manager training program. We will notify you of your trainee’s certification status at the end of the initial manager training program.

After you open the Franchised Restaurant, any employee of yours who assumes any management position must, within 30 days after assuming such position, attend the initial manager training program and become certified for that position. We will provide the initial manager training program unless we have certified a Chicken Guy! Restaurant operated by you as a Certified Training Restaurant as discussed below. The initial manager training program is provided to share our brand operating standards with your trainees to protect the System and the Proprietary Marks and not to control the day to day operation of your Franchised Restaurant.

The length of our initial manager training program averages four weeks to learn the required skills. We may increase or decrease the length of the initial manager training program at our discretion based upon your managers’ prior restaurant experience and actual training success. We offer these training programs periodically during the year on an as-needed basis. The initial manager training program is scheduled so that it is completed sufficiently in advance of your Franchised Restaurant’s initial opening to afford

adequate time for the Franchised Restaurant set-up and the hiring and training of team members before the opening of the Franchised Restaurant. Currently, we do not charge a fee for the initial manager training program; however, you must pay all travel, living, food and other incidental expenses incurred by you and your employees while attending the training. We reserve the right to dismiss from the initial manager training program any person whom we do not believe will perform acceptably in the position for which he has been hired by you and you shall provide a suitable replacement within one month of such dismissal.

~~Managers of the Chicken Guy! Restaurant operated by our affiliate will administer the initial manager training program. Our instructors are under the direction of Ronnie Sammons, our General Manager and Training Director who has more than three years of training experience with us and more than 10 years of management and training experience with other restaurant concepts and, Mike Cruz, our General Manager, who has more than three years of training experience with us and more than 10 years of management and training experience with other restaurant concepts.~~

This initial manager training program is mandatory for all franchisees. The following chart summarizes the subjects taught during the initial manager training program in the operation of a Chicken Guy! Restaurant:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation	4	8	Orlando, Florida
Hourly Team Member Functions	4	60	Orlando, Florida
Management Functions	10	40	Orlando, Florida
Total	18	108	

The instructional materials for the initial manager training program include the Chicken Guy! training guides, supplemental handouts and the Manual. [Our Director of Operations, Ronnie Sammons, manages our initial manager training program. Our trainers include:](#)

<u>Name</u>	<u>Years of Training Experience with Chicken Guy!</u>	<u>Years of Training Experience with Other Concepts</u>
Ronnie Sammons Director of Operations	<u>5</u>	<u>10</u>
Cassie Montoro Restaurant Manager and NRO Training Leader	<u>3</u>	<u>10</u>
Eric Harris General Manager and NRO Training Leader	<u>2</u>	<u>15</u>

Team Member Training

Prior to opening the Franchised Restaurant, you or your “Certified” manager must train all newly hired team members in the operation of the Franchised Restaurant. We will not authorize your Franchised Restaurant to open until an adequate number of your employees (as determined by us in our sole discretion

based on the Franchised Restaurant's size, location, hours of operation and proposed work hours per team member) have attended and successfully completed the Team Member Training. You must conduct any additional initial and continuing training programs for your employees as we may require from time to time.

If the Franchised Restaurant is your first Chicken Guy! Restaurant, we will conduct the team member training on-site at the Franchised Restaurant for non-management staff for seven days prior to and seven days after the date that you open the Franchised Restaurant. You must reimburse us for the reasonable travel and lodging accommodation expenses incurred by our training personnel in conducting the on-site training. We will notify you during the team member training if any staff member does not successfully complete the program.

You shall provide us written notice 30 days in advance of the scheduled opening date, and we shall have the right to rely on that date to schedule and coordinate our personnel who will assist in the team member training. You must have a certificate of occupancy, or a conditional certificate of occupancy, at least two days before the scheduled arrival of our employees. We may delay the scheduled arrival of our employees if we determine, in our sole discretion, that the Franchised Restaurant building is not safe or not ready to begin training. If the team member training date or the opening date is postponed or delayed for failure to obtain a certificate of occupancy or for any other reason and, as a direct result thereof, we incur any additional costs and expenses, you shall promptly reimburse us for those costs and expenses, including the salaries and the wages of our trainers during the period of such delay.

If the Franchised Restaurant is not your first Chicken Guy! Restaurant and if you request that we conduct the team member training for non-management staff, you must pay all reasonable expenses incurred by us in connection with such on-site training, including without limitation, travel expenses, lodging accommodations, salaries and wages of our training personnel during any requested dates of training, and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees.

In connection with any on-site training at the Franchised Restaurant, if your opening date is delayed for failure to obtain a certificate of occupancy or due to regulatory or operational issues, you will be required to reimburse us for any reasonable expenses we incur in connection with: (1) any additional training related to the delays of such opening date (regardless of cause); and (2) any additional training required for team member training or re-training conducted on-site at the Franchised Restaurant.

Certified Training Restaurants

If you operate two or more franchised Chicken Guy! Restaurants, within 90 days after you open your third Franchised Restaurant, you may request permission to establish one of your Franchised Restaurants as a Certified Training Restaurant ("CTR") at which you will offer the initial manager training program to your employees. ~~Chicken Guy!~~ We must certify the Franchised Restaurant as a CTR before you may begin training there. We may periodically visit the CTR to ensure that it continues to meet our standards, and we may revoke our certification if the CTR ceases to meet those standards.

Additional Training Programs

We have the right to require that you (or your Operating Principal), your restaurant managers, and any other employees that we designate take and successfully complete other training courses in addition to the initial manager training program. Although we do not currently charge a tuition fee for these additional training programs, we may do so in the future. ~~We do not currently charge this tuition fee, but we may set this tuition fee for programs that we develop in the future.~~ We also reserve the right to modify the elements of the initial manager training program and any additional training programs, in our sole discretion. You

will be required to pay all travel, living, food and other incidental expenses incurred by you and your employees while attending any training program.

ITEM 12 TERRITORY

Development Agreement

If you sign a Development Agreement, you will receive a Development Territory, which will be mutually agreed upon by ~~Chicken Guy~~^{us} and you, taking into consideration the density of the area and the number of Franchised Restaurants you agree to develop. A description of the Development Territory will be included in the Development Agreement. The perimeters of the Development Territory may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks or other similar boundary descriptions, and the size may range from a portion of a metropolitan area to a county or a state in less densely populated areas. For each Chicken Guy! Restaurant you will develop under the Development Agreement, you must select a site which we approve, based on our then-current site selection criteria we establish from time to time.

The System (including the products sold under the Proprietary Marks) has been developed, and is designed, to function effectively in a wide variety of retail environments, many of which are not practically available to you. Accordingly, under the Development Agreement, we reserve to ourselves the right to: (1) operate, and license others to operate, restaurants identified in whole or in part by the name and mark “Chicken Guy!” in the Development Territory at Nontraditional Locations; (2) award national or regional licenses to third parties to sell products under the name and mark “Chicken Guy!” in foodservice facilities primarily identified by the third party’s trademark; (3) develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Chicken Guy!” in the Development Territory; (4) merchandise and distribute products identified by some or all of the Proprietary Marks in the Development Territory through any other method or channel of distribution; and (5) sell and distribute products identified by some or all of the Proprietary Marks in the Development Territory to restaurants other than restaurants identified in whole or in part by the name and mark “Chicken Guy!,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

Except as described in the preceding paragraph, we will not, during the term of the Development Agreement (which expires on the date that you sign the lease for the last Franchised Restaurant that you are required to develop under the Development Schedule) operate, or license others to operate, restaurants identified in whole or in part by the name and mark “Chicken Guy!” in the Development Territory, provided you are in compliance with the terms of the Development Agreement and other agreements with us or our affiliates and you are current on all obligations due to us and our affiliates. This does not prohibit us or our affiliates from: (1) operating, and licensing others to operate, during the term of the Development Agreement, restaurants identified in whole or in part by the name and mark “Chicken Guy!” at any location outside of the Development Territory; (2) operating, and licensing others to operate, after the Development Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Chicken Guy!” at any location; and (3) operating, and licensing others to operate, at any location, during or after the Development Term, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “Chicken Guy!” The restrictions above apply only to Chicken Guy and do not apply to restaurants identified in whole or in part by the name and mark “Chicken Guy!” under construction or in operation in the Development Territory as of the date of the Development Agreement. We are not required to compensate you for exercising any rights reserved to us in the Development Territory.

There are no minimum sales quotas or other conditions that must be met in order to maintain your territorial rights in the Development Territory. However, if you are in default under the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement, we may terminate the Development Agreement and your territorial rights in the Development Territory. You will not receive any exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You do not receive the right under the Development Agreement to develop or operate any Franchised Restaurants in addition to the number specified in the Development Schedule.

Franchise Agreement

If you sign a Franchise Agreement without a Development Agreement, you must select a site which we approve, based on the site selection criteria we establish from time to time. Under the Franchise Agreement, we grant you the right to operate the Franchised Restaurant continuously at the approved site (the “Franchised Location”). You may not relocate the Franchised Restaurant without our prior written consent, which may be withheld by us in our sole discretion after reviewing a variety of factors, including population density, the proximity of other Chicken Guy! Restaurants and other relevant demographic factors. If we approve a relocation of your Franchised Restaurant, we have the right to charge you for all reasonable expenses actually incurred in connection with consideration of the request, and we may condition our approval upon the payment of an agreed minimum royalty fee to Chicken Guy during the period in which the Franchised Restaurant is not in operation.

If you comply with the Franchise Agreement and any other agreements with us or our affiliates and are current on all obligations due us and our affiliates, during the term of the Franchise Agreement, we and our affiliates will not operate, or license others to operate, Chicken Guy! Restaurants in a geographic area surrounding the Franchised Location (“Protected Area”). This restriction applies only to Chicken Guy and does not apply to restaurants identified in whole or in part by the name and mark “Chicken Guy!” under construction or in operation in the Protected Area as of the date of the Franchise Agreement. The size of the Protected Area will vary depending on, among other things, the location in which you wish to operate the Franchised Restaurant. Typically, the Protected Area will be set as a radius around the Franchised Location. The perimeters of the Protected Area may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks, or other similar boundary descriptions. Factors that we will use in order to determine the Protected Area include demographics, population density and number of households in the area, the growth profile of the populations within the area, the competitive environment in that market, and other factors that we will take into account. If you develop Franchised Restaurants under a Development Agreement, we will determine the Protected Area for ~~the~~each Franchised Restaurants according to the policies that are then in place when you sign each Franchise Agreement.

We and our affiliates may, however: (1) operate, and license others to operate, restaurants identified in whole or in part by the name and mark “Chicken Guy!” and/or utilizing the System in the Protected Area at Nontraditional Locations; (2) award national or regional licenses to third parties to sell products under the name and mark “Chicken Guy!” in foodservice facilities primarily identified by the third party’s trademark; (3) develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “Chicken Guy!” and/or utilizing the System in the Protected Area; (4) merchandise and distribute products identified by some or all of the Proprietary Marks in the Protected Area through any other method or channel of distribution; and (5) sell and distribute products identified by some or all of the Proprietary Marks in the Protected Area to restaurants other than restaurants identified in whole or in part by the name and mark “Chicken Guy!,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

The Franchise Agreement does not prohibit us or our affiliates from: (1) operating, and licensing others to operate, during the term of the Franchise Agreement, restaurants identified in whole or in part by the name and mark “Chicken Guy!” at any location outside of the Protected Area; (2) operating, and licensing others to operate, after the Franchise Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “Chicken Guy!” at any location; and (3) operating, and licensing others to operate, at any location, during the term of the Franchise Agreement or after the Franchise Agreement expires or terminates, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “Chicken Guy!.” We are not required to compensate you for exercising any rights reserved to us in the Protected Area.

The Franchise Agreement does not authorize you to sell products through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing efforts. We may permit you to advertise the Franchised Restaurant through the Internet and other electronic means, but we have the right to approve and control any electronic, mobile or Internet presence that uses or displays any of the Proprietary Marks. You will not receive any exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

[You do not receive the right under the Franchise Agreement to develop or operate more than one Franchised Restaurant.](#)

Nontraditional Location Addendum

If you sign a Nontraditional Location Addendum to the Franchise Agreement, you will not receive any 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.

~~**You do not receive the right under the Franchise Agreement to develop or operate more than one Franchised Restaurant.**~~


* * *

Except as described above, we and our affiliates may establish other franchised or company-operated outlets under the Proprietary Marks and/or under other marks that may compete with your location. We and our affiliates may merchandise and distribute goods and services identified by the Proprietary Marks through methods or channels of distribution other than restaurants and catering services. We reserve all rights to use and license the System other than those we expressly grant you under the Development Agreement or Franchise Agreement. We have no obligation to pay any compensation to you if we exercise these rights.

ITEM 13 TRADEMARKS

We grant you the right to operate a restaurant under the name “Chicken Guy!” and to use our other current or future Proprietary Marks in the operation of your Franchised Restaurant. Under a May 17, 2019 License Agreement with our parent, Chicken Concept, LLC, we have the right to use and permit our franchisees and licensees to use the name and mark “Chicken Guy!” in addition to certain related trademarks, service marks and other commercial symbols. Chicken Concept, LLC has the right to terminate the License Agreement if we commit a breach of the License Agreement.

Chicken Concept, LLC has registered the following marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	Registration No.	Registration Date
	5705090	March 19, 2019
CHICKEN GUY!	5693176	March 5, 2019
SAUCE SQUAD	6701843	April 12, 2022

Chicken Concept, LLC intends to file all required affidavits and renewals for the Proprietary Marks listed above.

You must follow our rules when you use our Proprietary Marks. You may not use the Proprietary Marks on any vehicles without our prior written approval. You may not modify the Proprietary Marks in any manner in connection with your display of, or creation or duplication of materials bearing, the Proprietary Marks. You may not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by Chicken Guy or in any corporate, limited liability company or partnership name and may not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. You must use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks. You may not use the Proprietary Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

You may not use the Proprietary Marks on any Internet domain name, e-mail address or in the operation of any Internet website without our prior written consent. We may grant or withhold our consent in our sole discretion and may condition our consent on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: (1) any and all Internet domain names and home page addresses related to the Franchised Restaurant; (2) the proposed form and content (including any visible and non-visible content such as meta-tags) of any website related to the Franchised Restaurant; (3) your use of any hyperlinks or other links; (4) your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and (5) any proposed modification of your website. We may designate the form and content of your website and/or require that any such website be hosted by us or a third party designated by us, using one or more websites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing and approving your website and/or for hosting the website.

If the License Agreement is terminated or if we should elect to use a principal name other than “Chicken Guy!” to identify the System, the System and the Franchise Agreement will be deemed amended to substitute that name, and you will be required to incur the necessary costs to adopt the new name.

There are no presently effective rulings of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the principal Proprietary Marks that would materially affect your right to use the Proprietary Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Proprietary Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of the principal Proprietary Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Proprietary Marks in any state.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Proprietary Marks. The Franchise Agreement does require that you notify us immediately if you become aware of any infringement of the Proprietary Marks or if any litigation involving the Proprietary Marks is instituted or threatened against you. You may not make any demand, serve any notice, institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining our written approval. At our option, we may defend and control the defense of any proceeding arising from your use of the Proprietary Marks under the Franchise Agreement. You also must fully cooperate in defending or settling the litigation. You may not directly or indirectly contest the validity, or our ownership, of the Proprietary Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or patent applications that are material to your Franchised Restaurant or the System.

We claim copyright protection in the Manual and certain forms, architectural, engineering and construction plans, advertising materials, product recipes, formulas, specifications, ingredients, processes, techniques and methodologies, supplier information, customer lists, site information, equipment specifications, computer programs, newsletters, training materials, and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights.

The Manual and these other materials contain our detailed standards and specifications for developing and operating your Franchised Restaurant, including specifications and standards relating to the construction of Franchised Restaurants. The Manual and other proprietary information also may discuss the selection, purchase, storage, preparation, packaging, ingredients, recipes, cooking methods, service and sale of the products and beverages you will sell at your Franchised Restaurant. The Manual also contains information on operations training, marketing, advertising and sales promotions, signs, fixtures and furnishings, employee dress attire and appearance standards, menu concept, and other business procedures. We can modify the Manual and our copyrighted materials from time to time. You must promptly implement any changes or modifications at your own cost and expense. We will have no obligation or liability to you as a result of the changes or modification.

The Manual and all other materials and information provided or disclosed to you regarding the System are disclosed in confidence. You may not disclose any part of this information to anyone who is not your employee, and you will disclose to your employees only those parts of the System that an employee needs to know. You also must agree not to contest our interest in the trade secrets and confidential and proprietary information that comprises the System.

We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so as appropriate. There are no presently effective rulings of the USPTO, the US Copyright Office, or any court regarding any patents or copyrights that you are permitted to use under the Franchise Agreement.

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

You are not obligated to participate personally in the direct operation of the Franchised Restaurant; however, you must designate a qualified individual to serve as the “Operating Principal” of your Franchised Restaurant. If you sign a Development Agreement, you must designate a qualified individual to serve as your “Development Principal.” If qualified, you may fill either or both of these positions; however, we may require that these positions be held by different persons.

The Operating Principal must devote substantial time and adequate efforts to the supervision and conduct of your Franchised Restaurant and those other restaurants that are franchised by us or our affiliates that you operate in the same geographic area as the Franchised Restaurant. Unless waived in writing by us, the Operating Principal must: (1) own at least a 10% equity interest in you (unless you were a publicly-held entity or a wholly-owned subsidiary of a publicly-held entity as of the date of the first franchise-related agreement between you and us); (2) be a person acceptable to both you and us; (3) successfully complete the initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by ~~Chicken Guyus~~ in ~~its~~our sole discretion) and any additional training required by us; and (4) have at least five years’ of full profit and loss responsibility and accountability, with a history of operating at least as many restaurants as you have agreed to develop under a Development Agreement, if applicable, or at least one restaurant if you are only entering into one Franchise Agreement.

Unless waived in writing by us, the Development Principal must: (1) devote substantial and adequate time and reasonable efforts to supervising the development of the Franchised Restaurants to be developed under the Development Agreement; (2) be a person acceptable to both you and us; (3) successfully complete development training; and (4) have at least five years’ of full profit and loss responsibility and accountability, with a history of operating at least as many restaurants as you have agreed to develop under the Development Agreement.

The Franchised Restaurant must at all times be under the on-site supervision of the Operating Principal or a restaurant manager, each of whom must meet our applicable training qualifications for their designated position. If the Franchised Restaurant employs at any time fewer than two management personnel who have successfully completed the initial manager training program, you have 30 days to hire a new manager and enroll him or her in the initial manager training program. Your managers are not required to own an equity interest in you.

If you are any type of business entity other than a sole proprietorship, we and you will identify a “Continuity Group.” The members of the Continuity Group will be listed in an appendix to the Franchise Agreement, and you must notify us of any change in the Continuity Group. Your Operating Principal and Development Principal must be members of your Continuity Group. Each member of the Continuity Group and each person who holds a legal or beneficial interest in you of 10% or more is bound by the confidentiality and non-competition restrictions described in Item 17 and they and their spouses (if applicable) must sign a guarantee assuming and agreeing to discharge all of your obligations to us unless we waive or modify this requirement.

~~You~~Your owners do not have to participate personally in the direct operation of a Nontraditional Restaurant, although we do encourage ~~you~~their personal participation. A Nontraditional Restaurant must at all times be under the on-site supervision of a manager who is a full-time employee of yours, has successfully completed the initial manager training program and has been approved by us. Your managers are not required to own an equity interest in you.

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

You must use the Franchised Restaurant solely for the operation of a Chicken Guy! Restaurant. You must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for at least the minimum number of days and hours that we specify in the Manual or otherwise in writing.

You must meet and maintain the highest applicable health standard and rating. You must operate the Franchised Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing.

You must offer for sale and sell at the Franchised Restaurant all and only those products and services as are expressly authorized by us in the Manual or otherwise in writing. We may restrict sales of menu items to certain time periods during the day. We have the right to change the menu items, ingredients, products, materials, supplies and paper goods or the standards and specifications of each, and there are no limits on our ability to do so. Within 30 days after receipt of written notice from us, you must begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. We do not limit the customers to whom you may sell goods or services.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

DEVELOPMENT AGREEMENT

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the development term	Section 1.A.	The term is from the date of execution of the Development Agreement to the date that you sign a lease or purchase the site for the last Franchised Restaurant that you are required to develop under the Development Schedule.
b. Renewal or extension of the term	Not applicable	You have no right to renew the Development Agreement.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
c. Requirements for you to renew or extend	Not applicable	You have no right to renew the Development Agreement.
d. Termination by you	Not applicable	Subject to state law, you have no right to terminate the Development Agreement.
e. Termination by us without cause	Not applicable	We have no right to terminate the Development Agreement without cause.
f. Termination by us with cause	Section 13	We may terminate the Development Agreement upon default.
g. "Cause" defined-curable defaults	Section 13.A.(13)	You have ten days to cure monetary defaults. You have 30 days to cure defaults other than those discussed in h.
h. "Cause" defined – non-curable defaults	Sections 13.A.(1-13)	Non-curable defaults include: failure to obtain site approval on schedule; failure to open and operate scheduled number of Franchised Restaurants; commencement of construction before receipt of fully-executed Franchise Agreement for that location; insolvency; bankruptcy; execution levied against your business or property; material breach of covenants; transfer without approval; material misrepresentation; falsification of reports; felony conviction; material breach of any representation or warranty; and default after receipt of 2 <u>two</u> or more notices of default within 12 months and default beyond cure period under other agreements with us or our affiliates including any Franchise Agreement, any real estate, equipment lease or financing instrument relating to a Franchised Restaurant or with any vendor or supplier to a Franchised Restaurant. We may terminate the Development Agreement based on any of these non-curable defaults.
i. Your obligations on termination/non-renewal	Section 14	Obligations include: forfeiture of right to develop; termination of territorial rights in Development Territory; return of materials to us; continued observance of covenants; payment of amounts due to us; forfeiture of Development Fee; no operation of business under any name or in any manner that suggests connection to us and our affiliates; and cease use of our materials.
j. Assignment of contract by us	Section 9	There are no restrictions on our right to assign.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
k. "Transfer" by you-definitions	Section 10.A.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you or the Development Agreement, or any other assets pertaining to your operations under the Development Agreement.
l. Our approval of transfer by you	Sections 10.B. and 10.G.	We have the right to approve transfers. Certain transfers may be undertaken without our prior approval.
m. Conditions for our approval of transfer	Sections 10.B. and 10.C.	Conditions include: simultaneous transfer to the same transferee of all Franchised Restaurants operated by you within the Development Territory; qualified transferee; reasonable sales price; payment of amounts due; no default under any agreement with us or our affiliates; no default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurants or with any vendor or supplier to the Franchised Restaurants; signed release (a copy of the current form of General Release is attached as Exhibit L); completed development training programs; payment of transfer fee; agreements signed; and execution of guarantee under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.
n. Our right of first refusal to acquire your business	Section 10.J.	We can match any offer for your business.
o. Our option to purchase your business	Not applicable	
p. Your death or disability	Section 10.G.(1)(b)	Transfer to your spouse, adult children, parents, adult sibling or a member of your Continuity Group is permitted. Such Transfer must be completed within a reasonable time, not to exceed 6 <u>six</u> months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	Section 12.C.	No interest in any restaurant business that that features chicken as a primary menu item (i.e., sales of chicken menu items comprise at least 20% of sales) or whose method of operation or trade dress is similar to that used in the System (subject to state law).

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	Section 12.C.	No activity as described in q. above for one year within your Development Territory, within two miles of its border and within two miles of any then-existing Chicken Guy! Restaurant. If you violate the post-termination non-competition provisions, you must pay liquidated damages equal to our then-current Initial Fees (including any Application Fees and Initial Franchise Fees) and 8% of the Gross Sales of the competing business until the expiration of the non-competition period (subject to state law).
s. Modification of the agreement	Section 20	No modification generally without signed agreement, but we may modify the System.
t. Integration/merger clause	Section 20	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside this disclosure document and the Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 22.B.	Subject to state law, you can only file suit where our principal offices are then located (currently Orlando, Florida) and we may file suit in the jurisdiction where our principal offices are then located, where you reside or do business, where the Development Territory or any Franchised Restaurant is or was located or where the claim arose.
w. Choice of law	Section 22.A.	Subject to state law, Florida law applies.

FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2	Ten years from the date that the Franchised Restaurant opens.
b. Renewal or extension of the term	Section 2.B. and NT Location Addendum Section 3	You can renew for one renewal term of ten years. If you sign a Nontraditional Location Addendum to the Franchise Agreement, you can renew for two five-year renewal terms.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for you to renew or extend	Section 2.B.	In order to renew at the end of the Initial Term you must: give timely notice; sign general release (see Exhibit L); comply with training requirements; be in good standing; not be in default under any agreement with us or our affiliates; not be in default beyond the cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant or with any vendor or supplier to the Franchised Restaurant; have the right to remain in possession of the Franchised Location for the Renewal Term; remodel; sign a new Franchise Agreement with us which may contain terms and conditions materially different from your current Franchise Agreement, including higher royalty fees and advertising contributions; and pay a renewal fee.
d. Termination by you	Not applicable	Subject to state law, you have no right to terminate the Franchise Agreement.
e. Termination by us without cause	Not applicable	We have no right to terminate the Franchise Agreement without cause.
f. Termination by us with cause	Section 22	We may terminate upon default.
g. "Cause" defined-curable defaults	Section 22.B.	You have ten days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in h.
h. "Cause" defined – non-curable defaults	Sections 22.A., 22.B.(3) & 22.C.	Non-curable defaults include: failure to obtain site approval before the Site Approval Deadline (if applicable); failure to open the Franchised Restaurant for business on or before the Opening Deadline set forth in the Franchise Agreement; closure of Franchised Restaurant for more than five days; insolvency; bankruptcy; execution levied on your business or property; foreclosure; material breach of covenants; transfer without approval; material misrepresentation; falsification of reports; imminent danger to public health or safety; loss of possession of Franchised Location; felony conviction; breach of representation or warranty; default after receipt of two or more notices of default within previous 12 months; receipt of second consecutive failing score on an inspection; and default beyond cure period under other agreements with us or our affiliates including the Development Agreement. We may terminate the Franchise Agreement based on any of these non-curable defaults.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/nonrenewal	Section 23	Obligations include: payment of amounts due; return Manual; continued observance of covenants; discontinue use of Proprietary Marks and trade secrets; and complete de-identification of the Franchised Restaurant. In addition, your territorial rights in the Protected Area will terminate immediately.
j. Assignment of contract by us	Section 18	There are no restrictions on our right to assign.
k. "Transfer" by you-definitions	Section 19.A.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the Franchise Agreement, the Franchise, the Franchised Restaurant, the assets of the Franchised Restaurant, the Franchised Location or any other asset pertaining to your operations under the Franchise Agreement.
l. Our approval of transfer by you	Sections 19.B. & 19.G.	We have the right to approve transfers. Certain transfers may be undertaken without our prior approval.
m. Conditions for our approval of transfer	Sections 19.B.-C.	Conditions include: transferee qualified; reasonable sales price; payment of amounts due; no default on any agreement with us or our affiliates; no default beyond the applicable cure period on any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant or with any vendor or supplier to the Franchised Restaurant; signed release (a copy of the current form of General Release is attached as Exhibit L); transferee must complete training; transfer fee paid; agreements signed; and execution of guarantee under the terms of which you will remain liable for all obligations to us incurred before the transfer date and for one year following the transfer.
n. Our right of first refusal to acquire your business	Section 19.J.	We or our designee can match any offer for your business.
o. Our option to purchase your business	Section 24	We can purchase some or all of your assets upon expiration or earlier termination of the Franchise Agreement at a price agreed upon or set by appraisers.
p. Your death or disability	Section 19.G.(1)(b)	Transfer to your spouse, adult children, parent, adult sibling or member of the Continuity Group is permitted. Such Transfer shall be completed within a reasonable time, not to exceed 6 six months from the date of death or permanent disability.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 21.C.	No diversion of any business or customer to any competitor; no interest in any restaurant business that that features chicken as a primary menu item (i.e., sales of chicken menu items comprise at least 20% of sales) or whose method of operation or trade dress is similar to that used in the System (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 21.C.	No activity as described in q. above for one year within the Protected Area and within two miles of any then-existing Chicken Guy! Restaurant. If you violate the post-termination non-competition provisions, you must pay liquidated damages equal to our then-current Initial Fees (including any Application Fees and Initial Franchise Fees) and 8% of the Gross Sales of the competing business until the expiration of the non-competition period (subject to state law).
s. Modification of the agreement	Section 29	No modification generally without signed agreement, but we may modify the System and the Manual.
t. Integration/merger clause	Section 29	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 31.B.	Subject to state law, you can only file suit where our principal offices are then located (currently Orlando, Florida), and we may file suit in the jurisdiction where our principal offices are then located, where you reside or do business, where the Franchised Restaurant is or was located or where the claim arose.
w. Choice of law	Section 31.A.	Subject to state law, Florida law applies.

ITEM 18 PUBLIC FIGURES

As noted in Item 1, the Chicken Guy! Restaurant concept derives its name from chef and TV personality Guy Fieri. Mr. Fieri owns GRF Enterprises, LLC, which is a manager of and owns a 50% interest in our parent company, Chicken Concept, LLC. Mr. Fieri will receive a financial benefit from his indirect ownership interest in Chicken Concept, LLC. Mr. Fieri participates in developing and improving the System and promoting the System to the public and our prospective franchisees.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any ~~financial performance~~ 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 our General Counsel, Jeffrey C. Sirolly, at 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839, telephone (407) 903-5500, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1 – Systemwide Restaurant Summary
2020~~1~~ to 202~~2~~3**

Restaurant Type	Year	Restaurants at Start of Year	Restaurants at End of Year	Net Change
Franchised	2020 1	0	0 2	0 +2
	202 1 <u>2</u>	0 2	2 4	+2
	202 2 <u>3</u>	2 4	4 6	+2
Company Operated	2020 1	2	2 3	0 +1
	202 1 <u>2</u>	2 3	3 2	+ - 1
	202 2 <u>3</u>	3 2	2 3	- +1
Total Restaurants	2020 1	2	2 5	0 +3
	202 1 <u>2</u>	2 5	5 6	+ 3 1
	202 2 <u>3</u>	5 6	6 9	+ 1 3

**Table No. 2 – Transfers of Restaurants from Franchisees to New Owners
(Other than to Chicken Guy or Its Affiliates)
20201 to 20223**

State	Year	Number of Transfers ⁽²⁾
All States	2020 <u>1</u>	0
	2021 <u>2</u>	0
	2022 <u>3</u>	0
Totals	2020 <u>1</u>	0
	2021 <u>2</u>	0
	2022 <u>3</u>	0

States not listed had no activity to report.

**Table No. 3 -Status of Franchised Restaurants
20201 to 20223**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NJ CA	2020 <u>1</u>	0	0	0	0	0	0	0
	2021 <u>2</u>	0	0	0	0	0	0	0
	2022 <u>3</u>	0	1	0	0	0	0	1
PA <u>MI</u>	2020 <u>1</u>	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
NJ	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
TN	2020 <u>3</u>	0 1	0	0	0	0	0	0 1
NV	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
PA	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total	2020 <u>3</u>	0 2	0	0 1	0	0	0	0 1
Total	2021	0	2	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	3	1	0	0	0	6

States not listed had no activity to report.

**Table No. 4 - Status of Company-Operated Restaurants
20201 to 20223**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
FL	2020 <u>1</u>	2	<u>0</u> <u>1</u>	0	0	0	<u>2</u> <u>3</u>
	2021 <u>2</u>	<u>2</u> <u>3</u>	<u>1</u> <u>0</u>	0	<u>0</u> <u>1</u>	0	<u>3</u> <u>2</u>
	2022 <u>3</u>	<u>3</u> <u>2</u>	<u>0</u> <u>1</u>	0	<u>1</u> <u>0</u>	0	<u>2</u> <u>3</u>
Total	2020 <u>1</u>	2	<u>0</u> <u>1</u>	0	0	0	<u>2</u> <u>3</u>
	2021 <u>2</u>	<u>2</u> <u>3</u>	<u>1</u> <u>0</u>	0	<u>0</u> <u>1</u>	0	<u>3</u> <u>2</u>
	2022 <u>3</u>	<u>3</u> <u>2</u>	<u>0</u> <u>1</u>	0	<u>1</u> <u>0</u>	0	<u>2</u> <u>3</u>

States not listed had no activity to report.

**Table No. 5
Projected New Franchised Restaurants as of December ~~25, 2022~~31, 2023**

State	Franchise Agreements Signed But Restaurant Not Opened	Projected New Franchised Restaurants In Next Fiscal Year	Projected Company Operated Restaurants In Next Fiscal Year
California	2	<u>3</u> <u>2</u>	0
Florida	<u>0</u>	<u>0</u>	<u>1</u>
Michigan	<u>0</u>	<u>2</u>	<u>0</u>
Nevada	<u>1</u>	<u>1</u>	<u>0</u>
New York <u>Jersey</u>	0	<u>0</u> <u>1</u>	<u>1</u> <u>0</u>
North Carolina	1	0	0
Pennsylvania	<u>0</u> <u>1</u>	1	0
Tennessee <u>Texas</u>	<u>1</u> <u>0</u>	<u>0</u> <u>1</u>	0
TOTALS	<u>5</u> <u>4</u>	<u>7</u> <u>5</u>	<u>2</u> <u>0</u>

NOTES

1. If multiple events occurred affecting a restaurant, the table shows the event that occurred last in time.
2. Attached as Exhibit M is a list of the address and telephone number of each franchised location and the name of the applicable franchisee as of December ~~25, 2022~~31, 2023. Exhibit M also includes a list of our developers and any franchisees who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

~~3. We do not have any franchisees during the last three fiscal years who have signed confidentiality clauses.~~

3. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

4. There are no trademark-specific franchisee organization associated with the franchise system offered in this Franchise Disclosure Document and no independent franchisee organization has asked to be included in this Franchise Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit H is our audited financial statements as of December 31, 2023, December 25, 2022, ~~December 26, 2021,~~ and December ~~27, 2020~~26, 2021 and our unaudited financial statements for the period ending ~~July 30, 2023~~August 4, 2024.

ITEM 22 CONTRACTS

The following agreements related to a Franchised Restaurant are attached as exhibits to this disclosure document:

Exhibit B	Confidentiality Agreement
Exhibit C	Agreement Request Form
Exhibit D	Development Agreement
Exhibit E	Franchise Agreement
Exhibit F	Nontraditional Location Addendum
Exhibit I	Veterans Addendum to the Franchise Agreement
Exhibit K	State Specific Addenda to the Agreements
Exhibit L	General Release
Exhibit N	Franchisee Disclosure Questionnaire

We also require that you fill out our Franchisee Disclosure Questionnaire before signing the Development Agreement and/or the Franchise Agreement (Exhibit N).

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center, 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT B

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made as of _____ (“Effective Date”) by _____ (entity) and (individual) (jointly, “Potential Franchisee”) in favor of and for the benefit of Chicken Guy (Franchisor), LLC (“Chicken Guy”).

RECITALS

Potential Franchisee has expressed interest in purchasing a franchise from Chicken Guy to develop one or more Chicken Guy! Restaurant(s) (“Franchise”). In order to evaluate the possibility of purchasing a Franchise from Chicken Guy, Potential Franchisee desires to receive from Chicken Guy certain confidential business information. Potential Franchisee recognizes the importance of maintaining the confidentiality of this information.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Prospective Franchisee agrees as follows:

1. **Confidential Information**

A. Definition of Confidential Information. As used in this Agreement, the term “Confidential Information” means all information about Chicken Guy or its affairs that Chicken Guy or its representatives furnish to Potential Franchisee. Confidential Information includes, but is not limited to, Chicken Guy’s confidential and proprietary Operations Manual, or any portion of its contents, trade-secrets, know-how, methodologies, processes, formulas, specifications, Chicken Guy! restaurant system information, operating procedures and standards, technical information, statistics, software, hardware, materials, plans, designs, schematics, reports, studies, notes, analyses, summaries, business, market and development plans and programs, financial information and projections, information regarding the retail and commercial operations of Chicken Guy and its affiliates, and all information that: **(1)** derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; **(2)** is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; or **(3)** is designated by Chicken Guy as confidential or proprietary. Confidential Information may be in written form or obtained orally. As used in this Agreement, the term “representatives” of a party shall include the directors, officers, employees, shareholders or other securities holders, partners, members, trustees, agents, lenders, advisors, subsidiaries and other foreign and domestic affiliates and/or related entities of a party.

B. Treatment of Confidential Information. Potential Franchisee acknowledges, understands and agrees that the Confidential Information: **(1)** is the exclusive and confidential property of Chicken Guy or its affiliates and incorporates trade secrets and copyrights owned by them; **(2)** gives Chicken Guy and its affiliates some competitive business advantage or the opportunity of obtaining such an advantage, the disclosure of which could be detrimental to the interests of Chicken Guy and its affiliates; and **(3)** is not generally known by non-Chicken Guy personnel. Potential Franchisee shall at all times treat the Confidential Information in accordance with this Agreement.

C. No Warranty. Although Potential Franchisee understands that Chicken Guy has endeavored to include in the Confidential Information material known to it which it believes to be relevant for Potential Franchisee’s purposes, Potential Franchisee further understands that Chicken Guy does not make any representation or warranty as to the accuracy or completeness of the Confidential Information. Potential Franchisee further acknowledges that Chicken Guy has not and will not make representations or warranties as to the potential sales at a Chicken Guy! Restaurant, and no information supplied by Chicken Guy shall be construed as a prediction of future sales. Potential Franchisee agrees that neither Chicken Guy

nor its representatives shall have any liability to Potential Franchisee, Potential Franchisee's representatives or any other person resulting from the use of the Confidential Information.

D. No License. This Agreement entitles Potential Franchisee to use the Confidential Information solely in connection with Potential Franchisee's exploration of the opportunity to purchase a Franchise. No license, express or implied, in the Confidential Information is granted to Potential Franchisee other than to use the Confidential Information in the manner and to the extent authorized by this Agreement. Except for the obligations of Potential Franchisee set forth in this Agreement, neither Potential Franchisee nor Chicken Guy shall be under any obligation to enter into any additional agreements and/or contractual obligations with the other of any nature whatsoever as a result of this Agreement, including, without limitation, with respect to the possible sale of a Franchise.

2. Covenants of Potential Franchisee.

As a consequence of Potential Franchisee's acquisition or anticipated acquisition of Confidential Information, Potential Franchisee will occupy a position of trust and confidence with respect to Chicken Guy's affairs and business. In view of the foregoing, Potential Franchisee agrees that it is reasonable and necessary that Potential Franchisee agree, while this Agreement is in effect, to the following:

A. No Disclosure. Potential Franchisee shall use the Confidential Information solely for purposes of evaluating whether or not Potential Franchisee will purchase a Franchise. Potential Franchisee shall not disclose the Confidential Information to any person or entity other than Potential Franchisee's attorney, accountant or other representatives as necessary to evaluate the opportunity provided by Chicken Guy and agree to protect the Confidential Information against unauthorized disclosure using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential information. Potential Franchisee represents that it has its own procedures in place to assure that its representatives are aware of their obligations to retain in confidence any Confidential Information they receive. Without in any way limiting the generality of Potential Franchisee's obligations under this Agreement, Potential Franchisee acknowledges and agrees that in no event will Potential Franchisee disclose any of the Confidential Information to any of Chicken Guy's competitors.

B. No Use, Copying or Transfer. Potential Franchisee shall not use, copy or transfer Confidential Information in any way and shall protect the Confidential Information against unauthorized use, copying or transfer using the same degree of care, but no less than a reasonable degree of care, as Potential Franchisee uses to protect Potential Franchisee's confidential information. Potential Franchisee further agrees not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any Confidential Information.

C. Applicability. These covenants shall apply to all Confidential Information disclosed to Potential Franchisee by Chicken Guy prior to the date of this Agreement.

D. Return and/or Destruction of Confidential Information. If, at any time, Chicken Guy determines that it does not wish for Potential Franchisee to purchase a Franchise or Potential Franchisee determines that it does not wish to purchase a Franchise, or if Chicken Guy requests, at any time and for any reason, that Potential Franchisee do so, Potential Franchisee agrees to: **(1)** immediately cease to use the Confidential Information; **(2)** immediately return, or destroy the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and **(3)** at the request of Chicken Guy, certify in writing that Potential Franchisee and all others to whom Potential Franchisee has provided such Confidential Information, have complied with subsections (1) and (2) above.

E. Injunctive Relief. Potential Franchisee understands that any violation of this Agreement will cause Chicken Guy immediate and irreparable harm which money damages cannot adequately remedy. Therefore, upon any actual or impending violation of this Agreement, Potential Franchisee hereby consents to issuance by the federal or state court having jurisdiction where Chicken Guy's principal offices are located or, at Chicken Guy's election, any other court that may, assume jurisdiction, of any restraining order, preliminary and/or permanent injunction, without bond, restraining or enjoining such violation by Potential Franchisee or any entity or person acting in concert with Potential Franchisee. Potential Franchisee understands that such orders are additional to and do not limit the availability of any other remedy.

3. Waiver. Potential Franchisee acknowledges that no waiver by Chicken Guy of any breach by Potential Franchisee of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision of this Agreement. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

4. Miscellaneous.

A. Governing Law. This Agreement and any claim or controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles.

B. Severability. If a court of competent jurisdiction deems any provision of this Agreement invalid, unreasonable or unenforceable, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court.

C. Headings. Section headings in this Agreement are for reference only and shall not be construed as modifying any provisions of this Agreement.

D. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

IN WITNESS WHEREOF, the undersigned Potential Franchisee has signed and delivered this Agreement as of the day and year above written.

POTENTIAL FRANCHISEE:

By: _____
Print Name: _____
Date: _____

EXHIBIT C

AGREEMENT REQUEST FORM



**REQUEST FOR A CHICKEN GUY!
FRANCHISE AND/OR DEVELOPMENT AGREEMENT**

Prospective Developer or Franchisee (“**Prospect**”) desires to develop and operate one or more franchised Chicken Guy! restaurants (each, a “**Restaurant**”) from Chicken Guy (Franchisor), LLC (“**Chicken Guy**”) and hereby agrees and represents as follows:

1. Deposit: Concurrently with execution of this Request, Prospect shall pay Chicken Guy a Five Thousand Dollar (\$5,000) nonrefundable deposit (the “**Deposit**”) in consideration for Chicken Guy’s preparation of the requested Development and/or Franchise Agreement (individually or collectively, the “**Agreement**”). If the parties execute the Agreement within ten (10) business days of Prospect’s receipt of the Agreement, Chicken Guy shall apply the Deposit toward payment of the Development Fee required under the Development Agreement or the Application Fee required under the Franchise Agreement, as applicable.

2. Type of Agreement: _____

3. Interests in Other Restaurants: _____

4. Legal Name: _____ **State Entity Formed In:** _____

5. Member/Shareholder Information:

Name	Address	Percentage Interest or Number of Shares	Office Held

6. Contact Information:

Address: _____

Phone Number: _____

Email Address: _____

7. Continuity Group: _____

8. Development/Operating Principal: _____

9. Guarantor(s): _____

10. Franchise Fee: _____ Royalty Rate: _____

11. Brand Fund: _____ Regional Advertising Fund: _____
Local Advertising: _____

12. If Development Agreement:

a. Development Schedule:

Site Approval Date	Opening Date	Cumulative Number of Restaurants Open and Operating

b. Development Territory: _____

13. If Franchise Agreement:

a. Site Approval Date: _____

b. Opening Date: _____

c. If known, Restaurant address: _____

d. If known, Protected Area: _____

e. If not known, Site Selection Area: _____

IN WITNESS WHEREOF, Prospect has executed this Request as of the ____ day of _____, 20 __.

PROSPECT:

By: _____

Name: _____

Title: _____

EXHIBIT D

DEVELOPMENT AGREEMENT

CHICKEN GUY! RESTAURANT DEVELOPMENT AGREEMENT

DATA SHEET

This Data Sheet summarizes certain terms of the attached Development Agreement. The Data Sheet is an integral part of the attached Development Agreement and is hereby incorporated therein.

Effective Date:	
Franchisor:	Chicken Guy (Franchisor), LLC a Florida limited liability company Notice Address: 4700 Millenia Boulevard, Suite #400 Orlando, Florida 32839 (Attn: General Counsel)
Developer:	Name: Notice Address:
Development Principal:	
Development Territory:	Developer's rights in the Development Territory shall be subject to the limitations described in Section 2. Any political boundaries contained in the description of the Development Territory shall be considered fixed as of the Effective Date and shall not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries shall be deemed to include both sides of the street.
Development Fee:	
Development Fee Payable as Follows:	
Initial Fees <u>Franchise Fee</u> Due Under Franchise Agreements	<p>(1) An initial franchise fee in the amount of \$20,000 ("Initial Franchise Fee") to use the System and the Proprietary Marks; and</p> <p>(2) An application fee in the amount of \$30,000 ("Application Fee") for site development and training costs incurred by Chicken Guy.</p> <p><u>\$50,000</u></p> <p><i>[Reduce to \$15,000 / <u>\$25,400</u>,000 if this Agreement is for three or more restaurants.]</i></p>
Developer's Interests in Other Restaurants (Non-Compete Waiver):	
Guarantors:	

DEVELOPMENT SCHEDULE

Developer shall develop and continue to operate a minimum of _____ Franchised Restaurants in the Development Territory, in accordance with the following schedule:

Site Approval Date	Opening Date	Cumulative Number of Franchised Restaurants To Be Open And Operating On The Opening Date

If Developer can demonstrate to Chicken Guy that the Opening Date for a particular Franchised Restaurant, set forth in this Data Sheet, has been delayed due to the action, or lack of action, by a governmental agency, Chicken Guy shall proportionately extend the Opening Date solely for the affected Franchised Restaurant. The Opening Date(s) for other Franchised Restaurants required by this Agreement shall not be affected by the extension of time granted to another Franchised Restaurant.

OWNERSHIP INTERESTS

CORPORATE DEVELOPER

If Developer is a corporation, the number of authorized shares of Developer that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY DEVELOPER

If Developer is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

BUSINESS ENTITY DEVELOPER

If Developer is a business entity other than a corporation or a limited liability company, the name, address and percentage interest of each owner is as follows:

Name	Address	Percentage Interest

Developer's Continuity Group shall be comprised of the following persons: _____

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APPENDIX A: GUARANTEE AND ASSUMPTION OF DEVELOPER’S OBLIGATIONS

CHICKEN GUY! RESTAURANT DEVELOPMENT AGREEMENT

THIS AGREEMENT is made as of the effective date identified on the attached Data Sheet (the “Effective Date”) by and between Chicken Guy (Franchisor), LLC (“Chicken Guy”), a Florida limited liability company, and the person(s) or entity identified on the attached Data Sheet (“Developer”).

RECITALS:

As a result of the expenditure of time, skill, effort and money, Chicken Guy has developed and owns a unique and distinctive system (“System”) relating to the development, establishment and operation of fast casual restaurants (“Chicken Guy! Restaurants”).

The distinguishing characteristics of the System include, without limitation, uniform and distinctive exterior and interior design and layout, including specially designed décor and furnishings; special recipes and menu items; procedures and techniques for food and beverage preparation and service; automated management information and control systems for inventory controls, cash controls and sales analysis; technical assistance and training through course instruction and manuals; and advertising and promotional programs. The System and its components may be changed, improved and further developed by Chicken Guy from time to time.

Pursuant to a License Agreement with Chicken Concept, LLC (“Licensor”), Chicken Guy has the right to use, and permit its franchisees to use, the name and mark “Chicken Guy!” in addition to certain related trademarks, service marks and other commercial symbols.

Chicken Guy identifies the System by means of the “CHICKEN GUY!” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively “Proprietary Marks”), which Chicken Guy has designated or may in the future designate, for use with the System. The Proprietary Marks used to identify the System, including the principal Proprietary Marks, may be modified by Chicken Guy and/or its affiliates from time to time.

Chicken Guy continues to develop, use and control the use of these Proprietary Marks in order to identify to the public the source of services and products marketed under the Proprietary Marks and the System and to represent the System’s high standards of quality, appearance and service.

Developer desires to be granted the opportunity, subject to the terms and conditions of this Agreement, to develop franchised Chicken Guy! Restaurants (collectively “Franchised Restaurant(s)”) within a certain geographic territory.

Developer understands and acknowledges the importance of Chicken Guy’s high and uniform standards of quality, operations and service and the necessity of developing Franchised Restaurants in strict conformity with this Agreement and the Chicken Guy! Operations Manual (“Manual”).

Chicken Guy is willing to grant Developer the opportunity to develop Franchised Restaurants in a certain geographic territory, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of Chicken Guy’s grant to Developer of the right to develop Franchised Restaurants in the Development Territory during the term of this Agreement (“Development Term”), as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

A. Grant; Territory. Chicken Guy hereby grants to Developer, subject to the terms, conditions, provisions and limitations of this Agreement, the right to develop Franchised Restaurants within the geographic area described in the attached Data Sheet (“Development Territory”) during the Development Term. The Development Term begins on the date this Agreement is signed by Chicken Guy and terminates on the date that the Developer signs the lease or purchases the site for the last Franchised Restaurant that Developer is required to develop pursuant to the Development Schedule in the attached Data Sheet. There is no renewal term for this Agreement. Each Franchised Restaurant shall be located in the Development Territory at a specific location approved by Chicken Guy.

B. Development Rights Only. This Agreement is not a license or a franchise agreement. It does not give Developer the right to operate Chicken Guy! Restaurants or use the System. In addition, this Agreement does not give Developer any right to license others to operate Chicken Guy! Restaurants or use the System. This Agreement only gives Developer the opportunity to enter into Franchise Agreements for the operation of Franchised Restaurants at locations in the Development Territory approved by Chicken Guy. Each Franchised Restaurant developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

C. Forms of Agreement. Developer acknowledges that Chicken Guy intends to enter into agreements with other developers and franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Chicken Guy and other developers and franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. LIMITED EXCLUSIVE RIGHTS

A. The System (including the products sold under the Proprietary Marks) has been developed, and is designed, to function effectively in a wide variety of retail environments, many of which are not practically available to Developer. Accordingly, Chicken Guy reserves to itself the rights to: **(1)** operate, and license others to operate, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” and/or utilizing the System in the Development Territory that are located in airports, train stations, bus stations, service plazas, stadiums, arenas, convention centers, military facilities, gas stations, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive market location not reasonably available to Developer; **(2)** award national or regional licenses to third parties to sell products under the name and mark “CHICKEN GUY!” in foodservice facilities primarily identified by the third party’s trademark; **(3)** develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” and/or utilizing the System in the Development Territory; **(4)** merchandise and distribute products identified by some or all of the Proprietary Marks in the Development Territory through any other method or channel of distribution; and **(5)** sell and distribute products identified by some or all of the Proprietary Marks in the Development Territory to restaurants other than restaurants identified in whole or in part by the name and mark “CHICKEN GUY!,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

B. Except as reserved in the preceding paragraph, Chicken Guy will not, during the Development Term, operate, or license others to operate, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” in the Development Territory, provided Developer is in compliance with the terms of this Agreement and any other agreements with Chicken Guy or its affiliates and is current on all obligations due Chicken Guy and its affiliates. This Section 2 does not prohibit Chicken Guy or its affiliates from: **(1)** operating, and licensing others to operate, during the Development Term, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” at any location outside of the

Development Territory; (2) operating, and licensing others to operate, after this Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” at any location; and (3) operating, and licensing others to operate, at any location, during or after the Development Term, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “CHICKEN GUY!”

C. The restrictions contained in this Section 2 apply only to Chicken Guy and do not apply to restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” under construction or in operation in the Development Territory as of the date of this Agreement.

3. DEVELOPMENT SCHEDULE

A. **Development Obligations.** During the Development Term, Developer shall develop, open and continuously operate in the Development Territory the number of Franchised Restaurants specified in the Development Schedule in the attached Data Sheet. For each Franchised Restaurant to be developed during the Development Term, Developer shall have obtained Chicken Guy’s written approval of the site by the site approval date listed in the Development Schedule in the attached Data Sheet. Strict compliance with the Development Schedule is essential to this Agreement. Any failure by Developer in fulfilling its obligations to develop and open any Franchised Restaurant when required by the Development Schedule or to obtain site approval by the date specified in the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting Chicken Guy immediately to terminate this Agreement by giving written notice of termination to Developer. **Time is of the essence.**

B. **Initial Fees Franchise Fee Due Under the Franchise Agreements.** Subject to the Development Fee credits set forth in Section 4 below, Developer shall pay to Chicken Guy the initial fees franchise fee set forth on the attached Data Sheet for each Franchised Restaurant to be developed under this Agreement (“Initial Fees Franchise Fee”) upon execution of the Franchise Agreement for each Franchised Restaurant.

C. **Effect of Sale of Franchised Restaurant on Developer’s Obligations.** If, during the Development Term, Developer sells a Franchised Restaurant that was developed pursuant to this Agreement, that Franchised Restaurant will continue to be counted as a Franchised Restaurant for the purpose of meeting Developer’s obligations under the Development Schedule, provided that the sale has been approved by Chicken Guy and only so long as that restaurant continues to be operated pursuant to a franchise agreement with Chicken Guy or its affiliates.

D. **Execution of Franchise Agreements by Affiliated Entities.** At Developer’s request, Chicken Guy will permit the Franchise Agreement for any Franchised Restaurant in the Development Territory to be executed by a corporation, a limited liability company or general or limited partnership formed by Developer to develop and operate the Franchised Restaurant (“Affiliated Entity”), provided all of the following conditions are met: (1) Developer, the Development Principal (defined in Section 8.G.) or Developer’s Continuity Group (defined in Section 8.E.) owns at least 51% of the voting securities of a corporate Affiliated Entity, at least 51% of the membership interests in a limited liability company Affiliated Entity or all of the general partnership interests of a partnership Affiliated Entity; (2) the Affiliated Entity conducts no business other than the operation of the Franchised Restaurant; (3) Developer, the Development Principal, the members of Developer’s Continuity Group and all holders of a legal or beneficial interest in Developer of 10% or more (“10% Owner(s)”) agree to assume full and unconditional liability for, and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; and (4) all owners of voting securities of a corporate Affiliated Entity, membership interests of a limited liability company Affiliated Entity or partnership interests of a partnership Affiliated Entity possess a good moral character, as determined by Chicken Guy in its sole discretion, and Developer provides Chicken Guy all reasonably requested information to permit Chicken Guy to make such a determination.

4. DEVELOPMENT FEE

Developer shall pay to Chicken Guy, at the time this Agreement is signed, a development fee equal to \$50,000 per Franchised Restaurant that Developer has agreed to develop in the Development Territory during the Development Term (“Development Fee”). If Developer agrees to develop three or more Franchised Restaurants, Developer shall pay to Chicken Guy a reduced Development Fee in the amount of \$40,000 per Franchised Restaurant that Developer has agreed to develop in the Development Territory. The total amount of the Development Fee paid by Developer is set forth in the attached Data Sheet. Developer acknowledges and agrees that the Development Fee is fully earned by Chicken Guy when paid, and it is not refundable. The Development Fee shall be credited against Developer’s Initial Franchise ~~Fee and Application Fee~~Fees, which are payable pursuant to each Franchise Agreement executed pursuant to the terms hereof, however, the aggregate amount of such credits shall not exceed the Development Fee.

5. DEVELOPMENT PROCEDURES

A. Developer’s Responsibility. Developer assumes all cost, liability and expense for locating, obtaining and developing sites for Franchised Restaurants and constructing and equipping Franchised Restaurants in accordance with Chicken Guy’s standards at approved sites. Developer shall not make any binding commitments to purchase or lease a site until Chicken Guy has approved the site in writing. Chicken Guy reserves the right to require Developer to engage the services of a real estate broker approved by Chicken Guy to assist Developer in identifying and securing sites for the Franchised Restaurants.

B. Site Selection Assistance. Chicken Guy will provide Developer with the following site selection assistance within the Development Territory: **(1)** Chicken Guy’s site selection guidelines and, as Developer may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as Chicken Guy may deem advisable as part of its evaluation of Developer’s request for site approval. Chicken Guy reserves the right to retain the services of third party real estate analysts to evaluate proposed sites for Chicken Guy! Restaurants. If Chicken Guy does so, Developer must reimburse Chicken Guy for the costs of the third party evaluation of Developer’s proposed sites.

C. Real Estate Site Application. Developer shall submit to Chicken Guy a Real Estate Site Application (containing that information as Chicken Guy may reasonably require) for each proposed site which Developer reasonably believes to conform to site selection criteria that Chicken Guy establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by Chicken Guy or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

D. Business Plan. Developer shall develop and submit to Chicken Guy, simultaneously with the submission of the Real Estate Site Application, a business plan (“Business Plan”) for the length of the Development Term. The Business Plan shall outline the actions that Developer will take to ensure Developer’s compliance with the Development Schedule and the development, operation and management of the Franchised Restaurants in accordance with Chicken Guy’s standards. During the Development Term, Developer agrees to revise the Business Plan as required by Chicken Guy and further agrees to implement that Business Plan as approved by Chicken Guy.

E. Site Approval.

(1) Within 15 days after Chicken Guy’s receipt of the Real Estate Site Application, the Business Plan and any additional information that Chicken Guy may reasonably require, Chicken Guy’s

Real Estate Review Committee shall review that information, evaluate the proposed site and advise Developer in writing whether it has approved a particular site. If Chicken Guy does not respond within that time period, Chicken Guy shall be deemed to have rejected the site. Chicken Guy's approval or rejection of a site may be subject to reasonable conditions as determined in its sole discretion. (A site which Chicken Guy has approved shall be referred to as an "Authorized Site.")

(2) Developer acknowledges that, in order to preserve and enhance the reputation and goodwill of all restaurants franchised by Chicken Guy and the goodwill of the Proprietary Marks, all Franchised Restaurants must be properly developed, operated and maintained. Accordingly, Developer agrees that Chicken Guy may refuse to approve a site for a proposed Franchised Restaurant unless Developer demonstrates sufficient financial capabilities, in Chicken Guy's sole judgment, applying standards consistent with criteria Chicken Guy uses to establish restaurants in other comparable market areas, to properly develop, operate and maintain the proposed Franchised Restaurant. To this end, Developer shall furnish Chicken Guy with such financial statements and other information regarding Developer (or its Affiliated Entity, as defined in Section 3.D.) and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant, as Chicken Guy reasonably may require.

(3) **Chicken Guy's approval of one or more sites is not a representation or a promise by Chicken Guy that a Chicken Guy! Restaurant at the Authorized Site will achieve a certain sales volume or a certain level of profitability. Similarly, Chicken Guy's approval of one or more sites and its rejection of other sites is not a representation or a promise that an Authorized Site will have a higher sales volume or be more profitable than a site which Chicken Guy did not approve. Chicken Guy assumes no liability or responsibility for: (a) evaluation of an Authorized Site's soil for hazardous substances; (b) inspection of any structure on the Authorized Site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("ADA"); or (d) compliance with any other applicable law. It is Developer's sole responsibility to obtain satisfactory evidence and/or assurances that the Authorized Site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.**

F. Execution of Agreements. Within 30 days after Chicken Guy approves the site, Chicken Guy will prepare and forward to Developer a Franchise Agreement for the Authorized Site. The form of Franchise Agreement for Developer's first Franchised Restaurant shall be the form included in the applicable Franchise Disclosure Document as of the date of this Agreement. The form of Franchise Agreement for the other Franchised Restaurants to be developed by Developer pursuant to this Agreement shall be the then-current standard form in general use at the time of Chicken Guy's notice to Developer. Within 90 days after Chicken Guy approves the site, Developer shall sign and return the Franchise Agreement (along with the Initial ~~Fees~~Franchise Fee) to Chicken Guy. Chicken Guy will then sign the Franchise Agreement and return a fully-executed original of the Franchise Agreement to Developer.

G. Lease Provisions. If Developer proposes to lease or sublease the Authorized Location, Developer shall provide Chicken Guy with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term of the Franchise Agreement) for the Authorized Location within 90 days after Chicken Guy approves the site for the Authorized Location. The lease or sublease shall not contain any covenants or other obligations that would prevent Developer from performing its obligations under the Franchise Agreement. Unless waived in writing by Chicken Guy, any lease, sublease, letter of intent or lease memorandum for the Authorized Location shall contain provisions that satisfy the following requirements during the entire term of the lease, including any renewal terms:

(1) The landlord consents to Developer's use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by Chicken Guy and, upon expiration or the earlier termination of the lease, consents to permit Developer, at Developer's expense, to

remove all such items and other trade fixtures, so long as Developer makes repairs to the building caused by such removal.

(2) The landlord agrees to provide Chicken Guy (at the same time sent to Developer) a copy of all amendments, assignments and notices of default pertaining to the lease and the leased premises.

(3) Chicken Guy shall have the right to enter the leased premises to make any modifications or alterations necessary to protect the System and the Proprietary Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort, and to charge Developer for these costs.

(4) The landlord agrees that Developer shall be solely responsible for all obligations, debts and payments under the lease.

(5) The landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Developer shall have the right to make those alterations and modifications to the premises as may be necessary to clearly distinguish to the public the premises from a Chicken Guy! Restaurant and also make those specific additional changes as Chicken Guy reasonably may request for that purpose. The landlord also agrees that, if Developer fails to promptly make these alterations and modifications, Chicken Guy shall have the right to do so without being guilty of trespass or other tort so long as Chicken Guy makes repairs to the building caused by such alterations and modifications.

(6) The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without Chicken Guy's prior written consent, which consent shall not be unreasonably withheld.

(7) Developer may assign the lease to Chicken Guy or its designee with landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(8) The landlord agrees to consent to Developer's collaterally assigning the lease to Chicken Guy or its designee, granting Chicken Guy the option, but not the obligation, to assume the lease from the date Chicken Guy takes possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

H. Development Training. Developer shall complete, to Chicken Guy's satisfaction, any development training required by Chicken Guy. Developer also may attend optional development training as offered by Chicken Guy from time to time, subject to payment of a tuition fee as established by Chicken Guy from time to time. Developer will be required to pay all travel, living, food and other incidental expenses incurred by Developer and its employees while attending development training and optional development training.

I. Delegation. Chicken Guy has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of Chicken Guy or independent contractors with which Chicken Guy has contracted to provide this service.

6. INSURANCE

A. Procurement of Insurance by Developer. Developer shall be responsible for all loss or damage arising from or related to Developer's development and operation of each Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation

of, each Franchised Restaurant. Developer shall maintain in full force and effect throughout the Development Term that insurance which Developer determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of each Franchised Restaurant, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 6.B. Chicken Guy, and any entity with an insurable interest designated by Chicken Guy, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to Chicken Guy, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Developer in writing. Chicken Guy may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Developer shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. These policies shall include, at a minimum, the following for each Franchised Restaurant:

(1) Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, completed operations on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(2) All Risks Property Insurance, for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of each Franchised Restaurant and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate Glass Insurance for replacement of glass from breakage.

(5) Employer's Liability Insurance in the amount of \$100,000 per person, \$500,000 in the aggregate and \$100,000 for occupational disease.

(6) Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000 per Franchised Restaurant operated by Developer, to the extent that Chicken Guy has approved the sale of alcoholic beverages at any Franchised Restaurant.

(7) Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which each Franchised Restaurant will be located. This coverage shall also be in effect for all of Developer's employees who participate in any Chicken Guy training programs.

(8) Builder's All Risk Insurance in connection with any new construction or substantial renovation, refurbishment or remodeling of a Franchised Restaurant. Developer shall also maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to Chicken Guy.

(9) Cyber Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability.

(10) Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in annual aggregate that includes the prior mentioned coverages as underlying

policies. Coverage shall follow form over general liability (including non-owned & hired liability), liquor liability, automobile liability and employer's liability.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Developer is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Chicken Guy. The workers compensation policy shall include a waiver of subrogation in favor of Chicken Guy. In the event payments are required to be made under Chicken Guy's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Developer are exhausted, Developer agrees to reimburse, hold harmless and indemnify Chicken Guy and its insurers for such payments. Developer shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 6.B. stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Chicken Guy. All insurance coverage obtained by Chicken Guy shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Developer in the event of a claim by Chicken Guy or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Developer to third parties and all other items for which Developer is required to indemnify Chicken Guy under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds \$5,000, unless otherwise approved in writing by Chicken Guy, and Developer's co-insurance under any insurance policy shall be 80% or greater.

D. Proof of Insurance. No later than 30 days after this Agreement is executed by Chicken Guy, and on each policy renewal date thereafter, Developer shall submit a certificate of insurance, or other evidence of satisfactory insurance as required by this Section 6.D. and proof of payment therefor to Chicken Guy. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 10 days' prior written notice to Chicken Guy. Upon request, Developer also shall provide to Chicken Guy copies of all or any policies and policy amendments and riders.

E. No Representations. Developer acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Chicken Guy that only such policies, in such amounts, are necessary or adequate to protect Developer from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Developer of its obligations

under this Section, shall not relieve Developer of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by Chicken Guy. Should Developer, for any reason, fail to procure or maintain at least the insurance required by this Section 6, as revised from time to time pursuant to the Manual or otherwise in writing, Chicken Guy shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Developer. Developer shall reimburse Chicken Guy for all out-of-pocket costs incurred by Chicken Guy in obtaining such insurance on behalf of Developer immediately upon Developer's receipt of an invoice therefor.

7. MANUAL

Chicken Guy will loan to Developer for the Development Term one copy of the Manual. The Manual contains the System standards, including mandatory specifications and standards relating to construction of Franchised Restaurants and information relating to Developer's other obligations under this Agreement. Developer agrees to comply fully with these obligations and mandatory specifications. Chicken Guy may modify the Manual and Developer shall comply with all modified System standards. Franchisee agrees at all times to develop the Franchised Restaurants in strict conformity with the Manual; to maintain the Manual at the Developer's offices; to not reproduce the Manual or any part of it; and to treat the Manual as confidential and proprietary, and; to disclose the contents of the Manual only to those employees of Developer who have a need to know. Developer shall keep its copy of the Manual current and up-to-date with all additions and deletions provided by Chicken Guy and shall purchase whatever equipment and related services (including, without limitation, computer system, Internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by Chicken Guy at its principal offices shall control.

8. ORGANIZATION OF DEVELOPER

A. Representations.

(1) If Developer is a corporation, a limited liability company or a partnership, Developer makes the following representations and warranties: **(a)** it is duly organized and validly existing under the laws of the state of its formation; **(b)** it is qualified to do business in the state or states in which the Development Territory is located; **(c)** execution of this Agreement and the development and operation of Franchised Restaurants is permitted by its governing documents; and **(d)** unless waived in writing by Chicken Guy, Developer's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Developer are limited exclusively to the development and operation of Chicken Guy! Restaurants and other restaurants operated by Developer that are franchised by Chicken Guy or its affiliates.

(2) If Developer is an individual, or a partnership comprised solely of individuals, Developer makes the following additional representations and warranties: **(a)** each individual has executed this Agreement; **(b)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(c)** notwithstanding any transfer for convenience of ownership pursuant to Section 10.D., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If Developer is a corporation, copies of Developer's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Chicken Guy. If Developer is a limited

liability company, copies of Developer's Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Chicken Guy. If Developer is a partnership, copies of Developer's written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Chicken Guy, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Developer's written partnership agreement. When any of these governing documents are modified or changed, Developer promptly shall provide copies to Chicken Guy.

C. Ownership Interests.

(1) If Developer is a corporation, a limited liability company or a partnership, all interests in Developer are owned as set forth in the attached Data Sheet. In addition, if Developer is a corporation, Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Developer is a limited liability company, Developer shall maintain a current list of all members (and the percentage membership interest of each member). If Developer is a partnership, Developer shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Developer shall comply with Section 10 prior to any change in ownership interests and shall execute addenda to the attached Data Sheet as changes occur in order to ensure the information contained in the attached Data Sheet is true, accurate and complete at all times.

(2) The requirements of this Section 8.C. shall apply only to Developer's Continuity Group (defined in Section 8.E.) if, as of the date of the first franchise-related agreement between Developer and Chicken Guy or one of its affiliates, Developer was a publicly-held entity (*i.e.*, an entity that has a class of securities traded on a recognized securities exchange or quoted on the inter-dealer quotation sheets known as the "pink sheets"). If Developer becomes a publicly-held entity after that date, it shall thereafter be required to execute addenda to the attached Data Sheet only with respect to changes in ownership interests of members of the Continuity Group.

D. Restrictive Legend. If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Chicken Guy! Restaurant Development Agreement and the Chicken Guy! Restaurant Franchise Agreement(s) to which the corporation is a party." If Developer is a publicly-held corporation these requirements shall apply only to the stock owned by Developer's Continuity Group. If Developer is a limited liability company, each membership or management certificate or other evidence of interest in Developer shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Chicken Guy! Restaurant Development Agreement and the Chicken Guy! Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Developer is a partnership, its 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 on assignment by this Agreement.

E. Continuity Group. If Developer is a corporation, a limited liability company or a partnership, the attached Data Sheet lists those persons whom Chicken Guy and Developer have designated as Developer's "Continuity Group." In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, Developer shall execute addenda to the attached Data Sheet to reflect the change. If Developer is a corporation, the Continuity Group shall at all times own at least 51% of the voting securities of Developer; if Developer is a limited liability company, the Continuity

Group shall at all times own at least 51% of the membership interests in Developer; and if Developer is a partnership, the Continuity Group shall at all times have at least a 51% interest in the operating profits and losses and at least a 51% ownership interest in Developer.

F. Guarantees.

(1) All members of the Continuity Group and each of their spouses, if applicable, shall jointly and severally guarantee Developer's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Developer's Obligations ("Guarantee"). Unless Developer is a publicly-held entity, all of Developer's officers, directors and all holders of a legal or beneficial interest in Developer of 10% or more ("10% Owners") and each of their spouses, if applicable, also shall jointly and severally guarantee Developer's payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, Chicken Guy reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee. Chicken Guy reserves the right to require any guarantor to provide personal financial statements to Chicken Guy from time to time.

(2) With respect to 10% Owners, Developer acknowledges that, unless otherwise agreed to in writing by Chicken Guy, it is Chicken Guy's intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any 10% Owner is not an individual, Chicken Guy shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Developer. (By way of example, if a 10% Owner of Developer is a corporation, Chicken Guy has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

(3) If Developer, any guarantor or any parent, subsidiary or affiliate of Developer holds any interest in other restaurants that are franchised by Chicken Guy or its affiliates, the party who owns that interest shall execute, concurrently with this Agreement, a form of cross-guarantee to Chicken Guy and its affiliates for the payment of all obligations for such restaurants, unless waived in writing by Chicken Guy in its sole discretion. For purposes of this Agreement, an affiliate of Developer is any company controlled, directly or indirectly, by Developer or Developer's parent or subsidiary.

G. Development Principal.

(1) If Developer is owned by more than one individual, Developer shall designate and retain an individual to serve as the Development Principal. The Development Principal as of the date of this Agreement is identified in the attached Data Sheet. Unless waived in writing by Chicken Guy, the Development Principal shall meet all of the following qualifications:

(a) The Development Principal, at all times, shall be a member of the Continuity Group and, at a minimum, have full control over the day-to-day development of Developer's Franchised Restaurants.

(b) The Development Principal shall devote substantial and adequate time and reasonable efforts to supervising the development of Developer's Franchised Restaurants and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(c) The Development Principal shall have at least five years' of full profit and loss responsibility and accountability, with a history of operating at least as many restaurants as Developer has agreed to develop under this Agreement.

(d) If requested by Chicken Guy, the Development Principal shall successfully complete Chicken Guy's development training. In addition, the Development Principal shall successfully complete Chicken Guy's initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by Chicken Guy in its sole discretion).

(e) Chicken Guy shall have approved the Development Principal and not have later withdrawn that approval.

(2) If the Development Principal no longer qualifies as such, Developer shall designate another qualified person to act as Development Principal within 30 days after the date the prior Development Principal ceases to be qualified. Developer's designee to become the Development Principal must successfully complete the initial manager training program. Following Chicken Guy's approval of a new Development Principal, that person shall execute the attached form of Guarantee unless waived by Chicken Guy in its sole discretion.

9. TRANSFERS BY CHICKEN GUY

Chicken Guy shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Developer.

10. TRANSFERS BY DEVELOPER

A. Chicken Guy's Prior Written Approval Required.

(1) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, that Chicken Guy has entered into this Agreement in reliance on Developer's business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations and that Chicken Guy has entered into this Agreement with the understanding that, except as otherwise reserved by Chicken Guy in Section 2, Developer and/or its Affiliated Entities will be the only franchisee of Chicken Guy in the Development Territory during the Development Term. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Developer, this Agreement or any other assets pertaining to Developer's operations under this Agreement (collectively "Transfer") without the prior written consent of Chicken Guy, which consent shall not be unreasonably withheld. Chicken Guy shall be free to withhold consent to any Transfer, without consideration of the factors listed in Section 10.B., if Developer does not propose to Transfer the same interest with respect to all agreements with Chicken Guy in the Development Territory.

(2) Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having the prior written consent of Chicken Guy shall be null and void and shall constitute a material breach of this Agreement, for which Chicken Guy may terminate this Agreement without providing Developer an opportunity to cure the breach.

B. Transfer Considerations. Developer shall advise Chicken Guy in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee and submit a copy of all contracts and all other agreements or proposals, and all other information requested by Chicken Guy, relating to the proposed Transfer. If Chicken Guy does not exercise its right of first refusal, the decision as to whether or not to approve a proposed Transfer shall be made by Chicken

Guy in its reasonable business discretion and shall include numerous factors deemed relevant by Chicken Guy. These factors may include, but will not be limited to, the following:

(1) The proposed transferee (and if the proposed transferee is other than an individual, such owners of an interest in the transferee as Chicken Guy may request) must demonstrate that it has extensive experience in high quality restaurant operations of a character and complexity similar to the restaurants franchised by Chicken Guy or its affiliates; meets the managerial, operational, experience, quality, character and business standards for a developer promulgated by Chicken Guy from time to time; possesses a good character, business reputation and credit rating; has an organization whose management culture is compatible with Chicken Guy's management culture; and has adequate financial resources and working capital to meet Developer's development obligations under this Agreement.

(2) The sales price shall not be so high, in Chicken Guy's reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Restaurants and meet financial obligations to Chicken Guy, third party suppliers and creditors. Chicken Guy's decision with respect to a proposed Transfer shall not create any liability on the part of Chicken Guy: (a) to the transferee, if Chicken Guy approves the Transfer and the transferee experiences financial difficulties; or (b) to Developer or the proposed transferee, if Chicken Guy disapproves the Transfer pursuant to this Section 10 or for other legitimate business purposes. Chicken Guy, without any liability to Developer or the proposed transferee, has the right, in its reasonable business discretion, to communicate and counsel with Developer and the proposed transferee regarding any aspect of the proposed Transfer.

(3) All of Developer's accrued monetary obligations to Chicken Guy and its affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurants (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in the reasonable judgment of Chicken Guy, adequately provided for. Chicken Guy reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied.

(4) Developer is not then in material default of any provision of this Agreement or any other agreement between Developer and Chicken Guy or its affiliates, is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to Developer's Franchised Restaurants and is not in default beyond the applicable cure period with any vendor or supplier to Developer's Franchised Restaurants.

(5) Developer, all individuals who executed this Agreement and all guarantors of Developer's obligations must execute a general release and a covenant not to sue, in a form satisfactory to Chicken Guy, of any and all claims against Chicken Guy and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement and any other agreements between Developer and Chicken Guy or its affiliates and all other restaurants operated by Developer that are franchised by Chicken Guy or its affiliates.

(6) Unless waived by Chicken Guy in its reasonable business discretion, the transferee and those employees of the transferee designated by Chicken Guy shall complete the development training programs provided in Section 5.H.

C. Conditions of Transfer. If Chicken Guy approves a proposed Transfer, prior to the Transfer becoming effective:

(1) The transferor shall pay to Chicken Guy a nonrefundable Transfer fee in an amount of \$10,000 in connection with Chicken Guy's review of the Transfer application.

(2) Developer and the proposed transferee shall execute, at Chicken Guy's election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by Chicken Guy to reflect the Transfer or Chicken Guy's then-current standard form of development agreement for a term ending on the expiration date of this Agreement. In either event, a guarantee of the type required by Section 8.F. shall be executed by those individuals identified in Section 8.F.

(3) Developer shall, at Chicken Guy's request, execute a written guarantee pursuant to which Developer shall remain liable for all obligations to Chicken Guy incurred before the date of the Transfer and for a period of 1 year following such Transfer.

D. Transfers for Convenience of Ownership. If Developer is an individual or a partnership and desires to Transfer this Agreement to a corporation (or limited liability company) formed for the convenience of ownership, the requirements of Section 10.B. shall apply to such a Transfer; however, Developer will not be required to pay a Transfer fee. Chicken Guy's approval also will be conditioned on the following: (1) the corporation (or limited liability company) must be newly organized; (2) prior to the Transfer, Chicken Guy must receive a copy of the documents specified in Section 8.B. and the transferee shall comply with the remaining provisions of Section 8; and (3) Developer must own all voting securities of the corporation (or membership interests of the limited liability company) or, if Developer is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

E. Issuance or Exercise of Stock Options. Notwithstanding the provisions of Section 10.B., the issuance of options or the exercise of options pursuant to a qualified stock option plan or a qualified employee stock ownership plan shall not be considered a Transfer and shall not require the prior written approval of Chicken Guy; provided no more than a total of 49% of Developer's outstanding voting securities are subject to the qualified stock option plan or qualified employee stock ownership plan.

F. Changes in Ownership of Developer's Voting Securities. If Developer was a publicly-held entity as of the date of the first franchise-related agreement between Developer and Chicken Guy or its affiliates, Section 10.B. shall be applicable to transfers of ownership interests in Developer only if the proposed Transfer would result in either: (1) 50% or more of Developer's voting securities being held by different shareholders than as of the date of the first franchise-related agreement between Developer and Chicken Guy or its affiliates; or (2) any change in ownership of Developer's voting securities whereby any existing shareholder of Developer acquires an additional 10% or more of Developer's voting securities; or (3) any change in the membership of the Continuity Group (unless such change is a permitted Transfer pursuant to Section 10.G.).

G. Transfers Permitted Without Chicken Guy's Prior Written Approval. Notwithstanding the provisions of Section 10.B., Chicken Guy agrees that certain Transfers shall be permitted without Chicken Guy's prior written approval, provided all of the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) A minority percentage of ownership interests in Developer and after the Transfer, the Continuity Group owns at least 51% of Developer's voting securities, if Developer is a corporation; the Continuity Group owns at least 51% of the membership interests in Developer, if Developer is a limited liability company; or the Continuity Group owns at least a 51% interest in the operating profits and losses of a partnership Developer as well as at least a 51% ownership interest in a partnership Developer.

(b) Ownership interests in Developer following the death or permanent disability of a person with an ownership interest in Developer, provided that the Transfer is to the parent,

adult sibling, spouse or adult children of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a “permanent disability” if his personal, active participation in the development and operation of the Franchised Restaurants is for any reason curtailed for a continuous period of 6 months.

(2) Developer provides Chicken Guy written notice of its intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section.

(3) At the time of Developer’s notice to Chicken Guy, Developer shall not be in default of this Agreement or any other agreements between Developer and Chicken Guy or its affiliates.

H. Grant of Security Interest. Developer shall not grant any security interest in its business or in any Franchised Restaurant or the assets used in the operation or development of any Franchised Restaurant without Chicken Guy’s prior written approval, which will not be unreasonably withheld. Chicken Guy’s approval may be conditioned, in its reasonable business discretion, on the written agreement by the secured party that, in the event of a default by Developer under any agreement related to the security interest, Chicken Guy shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

I. Offerings by Developer. Securities or partnership interests in Developer may be sold, by private or public offering, only with Chicken Guy’s prior written consent (whether or not Chicken Guy’s consent is required under any other provision of this Section), which consent shall not be unreasonably withheld. In addition to the requirements of Section 10.B., prior to the time that any public offering or private placement of securities or partnership interests in Developer is made available to potential investors, Developer, at its expense, shall deliver to Chicken Guy a copy of the offering documents. Developer, at its expense, also shall deliver to Chicken Guy an opinion of Developer’s legal counsel and an opinion of one other legal counsel selected by Chicken Guy (both of which shall be addressed to Chicken Guy and in a form acceptable to Chicken Guy) that the offering documents properly use the Proprietary Marks and accurately describe Developer’s relationship with Chicken Guy and/or its affiliates. The indemnification provisions of Section 16 shall also include any losses or expenses incurred by Chicken Guy and/or its affiliates in connection with any statements made by or on behalf of Developer in any public offering or private placement of Developer’s securities.

J. Chicken Guy’s Right of First Refusal.

(1) If any party holding any interest in Developer or in this Agreement receives a bona fide offer (as determined by Chicken Guy in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require Chicken Guy’s approval (other than a Transfer for convenience of ownership pursuant to Section 10.D. or a sale of ownership interests in Developer to a spouse, parent, adult child or adult sibling), it shall notify Chicken Guy in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as Chicken Guy may reasonably require. Chicken Guy or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 10.B., by sending written notice to the seller that Chicken Guy or its designee intends to purchase the seller’s interest on the same financial terms and conditions offered by the third party (except that Chicken Guy or its designee shall not be obligated to pay any finder’s or broker’s fees). In purchasing the interest, Chicken Guy or its designee shall be entitled to set off any monies owed to Chicken Guy and/or its affiliates by Developer and Chicken Guy or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: (a) ownership, condition and title; (b) liens and encumbrances; (c)

environmental and hazardous substances; and **(d)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

(2) If the offer to Developer involves assets in addition to this Agreement, Developer's Franchised Restaurants and other restaurants operated by Developer that are franchised by Chicken Guy or its affiliates, Developer's notice to Chicken Guy shall state the cash value of that portion of the offer received by Developer relating to this Agreement and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, Chicken Guy or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Developer, or the cash value of that portion of the offer received by Developer relating to this Agreement, Developer's Franchised Restaurants and those other restaurants, the amount shall be determined by two professionally certified appraisers, Developer selecting one and Chicken Guy or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and Chicken Guy or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) Chicken Guy's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 10 with respect to a proposed Transfer. If Chicken Guy does not exercise its right of first refusal, Developer may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to Chicken Guy. Chicken Guy shall again be given a right of first refusal if a transaction does not close within 6 months after Chicken Guy elected not to exercise its right of first refusal. In no event shall Developer offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of Chicken Guy to the auction or advertisement.

K. No Waiver. Chicken Guy's consent to any Transfer shall not constitute a waiver of any claims Chicken Guy may have against the transferring party, nor shall it be deemed a waiver of Chicken Guy's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of Chicken Guy's right to give or withhold approval to future Transfers.

11. GENERAL RELEASE

Developer (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities), all individuals who execute this Agreement and all guarantors of Developer's obligations under this Agreement (collectively "Releasors"), freely and without any influence, forever release and covenant not to sue Chicken Guy, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees (collectively "Releasees"), in their corporate and individual capacities, from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "claims"), that any Releasor now owns or holds, or may at any time have owned or held, up to and including the date of this Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of a franchise to any Releasor, the development of any Franchised Restaurant and the development and operation of all other restaurants operated by any Releasor that are franchised by any Releasee. Notwithstanding any provision to the contrary in this Section 11, this General Release does not release any claims arising from representations made in Chicken Guy's Franchise Disclosure Document or its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

12. COVENANTS

A. Best Efforts. During the Development Term, Developer and the Development Principal shall devote their best efforts to the development, management and operation of the Franchised Restaurants in the Development Territory.

B. Confidentiality.

(1) Developer acknowledges and agrees that: **(a)** Chicken Guy owns all right, title and interest in and to the System; **(b)** the System consists of trade secrets and confidential and proprietary information and know-how that gives Chicken Guy and its affiliates a competitive advantage; **(c)** Chicken Guy and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to Developer regarding the System is disclosed in confidence; **(e)** Developer has no right to disclose any part of the System to anyone who is not an employee of Developer; **(f)** Developer will disclose to its employees only those parts of the System that an employee needs to know; **(g)** Developer will have a system in place to ensure its employees keep confidential Chicken Guy's trade secrets and confidential and proprietary information, and, if requested by Chicken Guy, Developer shall obtain from those of its employees designated by Chicken Guy an executed Confidential Disclosure Agreement in the form prescribed by Chicken Guy; **(h)** Developer will not acquire any interest in the System; and **(i)** Developer's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Chicken Guy would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Developer shall not, during the Development Term or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that Chicken Guy or its affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

(3) If Developer develops any new concepts, processes or improvements relating to the System, Developer promptly shall notify Chicken Guy and provide Chicken Guy with all information regarding the new concept, process or improvement, all of which shall become the property of Chicken Guy and its affiliates and which may be incorporated into the System without any payment to Developer. Developer promptly shall take all actions deemed necessary and desirable by Chicken Guy to vest in Chicken Guy ownership of such concepts, processes or improvements.

C. Restrictions.

(1) Developer acknowledges and agrees that: **(a)** pursuant to this Agreement, Developer will have access to valuable trade secrets, specialized training and confidential information from Chicken Guy and its affiliates regarding the development, operation, purchasing, sales and marketing methods and techniques of Chicken Guy and its affiliates and the System; **(b)** the System and the opportunities, associations and experience established and acquired by Developer under this Agreement are of substantial and material value; **(c)** in developing the System, Chicken Guy and its affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** Chicken Guy would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Chicken Guy! Restaurants if franchisees or developers were permitted to hold interests in competitive businesses; and **(e)** restrictions on Developer's right to hold interests in, or perform services for, competitive businesses will not hinder its activities.

(2) Accordingly, Developer covenants and agrees that during the Development Term, and for a continuous period of 1 year following its expiration or earlier termination, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any restaurant franchised or operated by Chicken Guy or its affiliates to any competitor, by direct or indirect inducement or otherwise.

(b) Own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any restaurant business: (i) that features chicken as a primary menu item (i.e., sales of chicken menu items comprise at least 20% of sales); or (ii) whose method of operation or trade dress is similar to that employed in the System. During the Development Term, there is no geographical limitation on this restriction. Following the expiration or earlier termination of the Development Term, this restriction shall apply within the Development Territory, within 2 miles of the border of the Development Territory and within 2 miles of any then-existing Chicken Guy! Restaurant, except as otherwise approved in writing by Chicken Guy. This restriction shall not apply to Developer's existing restaurant or foodservice operations, if any, which are identified in the attached Data Sheet, nor shall it apply to other restaurants operated by Developer that are franchised by Chicken Guy or its affiliates.

(3) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 1-year period following expiration or earlier termination of this Agreement, Developer fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Developer's satisfaction of the 1-year obligation.

D. Additional Remedies for Breach. In addition to any other remedies or damages permitted under this Agreement, if Developer breaches Section 12.C.(2)(c) ("Covenants Against Competition") during the 1-year period following the expiration or earlier termination of this Agreement, for each restaurant business that violates those Sections, Developer shall pay to Chicken Guy: (1) a fee equal to Chicken Guy's then-current Initial Fees (~~including any Application Fees and Initial Franchise Fees~~) for franchised Chicken Guy! Restaurants; and (2) 8% of the gross sales of that restaurant business until the expiration of the 1-year period following the expiration or earlier termination of this Agreement. Developer acknowledges that a precise calculation of the full extent of Chicken Guy's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section 12.D. is reasonable. Developer's payment to Chicken Guy under this Section shall be in addition to any attorney's fees and other costs and expenses to which Chicken Guy is entitled pursuant to Section 22.E. Developer acknowledges that breach of the Covenants Against Competition by Developer shall cause irreparable harm to Chicken Guy in addition to monetary damages and nothing in this Section 12.D. shall preclude Chicken Guy from obtaining appropriate injunctive relief to enforce the Covenants Against Competition and specific performance to enforce this Section 12.D.

E. Modification. Chicken Guy shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 12 effective immediately upon Developer's receipt of written notice, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20.

F. Execution of Covenants by Third Parties. At Chicken Guy's request, Developer shall require and obtain the execution of covenants similar to those set forth in this Section 12 (including covenants applicable upon the termination of an individual's relationship with Developer) from all guarantors of Developer's obligations. Every covenant required by this Section 12.F. shall be in a form satisfactory to Chicken Guy, including, without limitation, specific identification of Chicken Guy as a third

party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 12.F. shall constitute a material breach of this Agreement.

G. Applicability. The restrictions contained in this Section 12 shall apply to Developer and all guarantors of Developer's obligations. With respect to guarantors, these restrictions shall apply for a 1 year period after any guarantor ceases to be the Development Principal or an officer, stockholder, director, member of the Continuity Group or a 10% Owner. The restrictions contained in this Section 12 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation by Developer or any guarantor of Developer's obligations. The existence of any claim Developer or any guarantor of Developer's obligations may have against Chicken Guy or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Chicken Guy of the covenants in this Section 12. The preceding sentence, however, does not constitute a waiver of any such claim.

13. TERMINATION

A. Grounds for Termination. In addition to the grounds for termination that may be stated elsewhere in this Agreement, Chicken Guy may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Developer without an opportunity to cure upon the occurrence of any of the following events:

(1) Developer fails to obtain Chicken Guy's written approval of a site by the applicable site approval date listed in the attached Data Sheet.

(2) At any time during the Development Term, Developer fails to have open and operating the number of Franchised Restaurants required by the Development Schedule.

(3) Developer begins construction of a Franchised Restaurant before Developer has received a fully-executed Franchise Agreement for that location.

(4) Developer is insolvent or is unable to pay its creditors (including Chicken Guy); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Developer a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Developer makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Developer and not dismissed within 60 days of the appointment.

(5) Execution is levied against Developer's business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and is not dismissed within 60 days; or the real or personal property of any Franchised Restaurant developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

(6) There is a material breach by Developer of any obligation under Section 12.

(7) Any Transfer that requires Chicken Guy's prior written approval occurs without Developer having obtained that prior written approval.

(8) Chicken Guy discovers that Developer made a material misrepresentation or omitted a material fact in the information that was furnished to Chicken Guy in connection with its decision to enter into this Agreement.

(9) Developer knowingly falsifies any report required to be furnished Chicken Guy or makes any material misrepresentation in its dealings with Chicken Guy or fails to disclose any material facts to Chicken Guy.

(10) Developer, the Development Principal, any stockholder, member, partner, director or officer of Developer, any member of the Continuity Group or any 10% Owner is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Chicken Guy, to adversely affect Chicken Guy, its affiliates or the System.

(11) Developer, the Development Principal, any member of the Continuity Group or any 10% Owner remains in default beyond the applicable cure period: (a) under any other agreement with Chicken Guy or its affiliates; (b) under any real estate lease, equipment lease, or financing instrument relating to a Franchised Restaurant; or (c) with any vendor or supplier to a Franchised Restaurant; provided that if the default is not by Developer, Developer is given written notice of the default and 30 days to cure said default.

(12) There is a material breach by Developer of any representation or warranty set forth in Section 24.G.-H.

(13) Developer fails or refuses to comply with any other provision of this Agreement or any requirement of the System and does not correct the failure or refusal within 30 days (10 days for monetary defaults) after receiving written notice of default. Except for monetary defaults, if the default cannot be corrected within 30 days, Developer shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Developer begins taking the actions necessary to correct the default during the 30-day cure period and diligently and in good faith pursues those actions to completion. Developer will be in default under this Section 13.A.(13) for any failure to materially comply with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith. If Developer has received 2 or more notices of default pursuant to this Section 13.A.(13) within the previous 12 months, Chicken Guy shall be entitled to send Developer a notice of termination upon Developer's next default under this Section 13.A.(13) in that 12-month period without providing Developer an opportunity to remedy that default.

B. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

14. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Developer's Obligations. Upon termination or expiration of this Agreement:

(1) Developer shall have no further right to develop or open Franchised Restaurants in the Development Territory, except that Developer shall be entitled to complete and open a Franchised Restaurant for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect Developer's right to continue to operate Franchised Restaurants that were open and operating as of the date this Agreement terminated or expired.

(2) The limited exclusive rights granted Developer in the Development Territory shall terminate, and Chicken Guy shall have the right to operate or license others to operate restaurants identified in whole or in part by the name and mark "CHICKEN GUY!" anywhere in the Development Territory.

(3) Developer promptly shall return to Chicken Guy the Manual, any copies of the Manual and all other materials and information furnished by Chicken Guy or its affiliates, except materials and information furnished with respect to a Franchised Restaurant which is open and operating pursuant to an effective franchise agreement.

(4) Developer and all persons and entities subject to the covenants contained in Section 12 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(5) Developer immediately shall pay Chicken Guy and its affiliates all sums due and owing Chicken Guy or its affiliates pursuant to this Agreement.

(6) Chicken Guy shall retain the Development Fee.

B. Evidence of Compliance. Developer shall furnish Chicken Guy, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Developer, if Developer is a corporation; by a manager of Developer, if Developer is a limited liability company; or by a general partner of Developer, if Developer is a partnership) satisfactory to Chicken Guy of Developer's compliance with Sections 14.A.(1) through 14.A.(6).

C. Developer Prohibited from Engaging in Certain Conduct. Developer shall not, except with respect to a restaurant franchised by Chicken Guy or its affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that might tend to give the public the impression that Developer is connected in any way with Chicken Guy or its affiliates or has any right to use the System or the Proprietary Marks; (2) make, use or avail itself of any of the materials or information furnished or disclosed by Chicken Guy or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (3) assist anyone not licensed by Chicken Guy or its affiliates to construct or equip a foodservice outlet substantially similar to a Chicken Guy! Restaurant.

15. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor Chicken Guy's course of conduct is intended, nor may anything in this Agreement (nor Chicken Guy's course of conduct) be construed to state or imply that Chicken Guy is the employer of Developer's employees and/or independent contractors, nor vice versa. Developer shall have no right or power to, and shall not, bind or obligate Chicken Guy or its affiliates in any way or manner, nor represent that Developer has any right to do so.

B. Developer is an independent contractor and is solely responsible for all aspects of the development and operation of the Franchised Restaurants, subject only to the conditions and covenants established by this Agreement and the Franchise Agreements. Without limiting the generality of the foregoing, Developer acknowledges that Chicken Guy has no responsibility to ensure that the Franchised Restaurants are developed in compliance with all applicable laws, ordinances and regulations and that Chicken Guy shall have no liability in the event the development or operation of the Franchised Restaurants violates any law ordinance or regulation.

C. The sole relationship between Developer and Chicken Guy is a commercial, arms' length business relationship and, except as provided in Section 16, there are no third party beneficiaries to this Agreement. Developer's business is, and shall be kept, totally separate and apart from any that may be

operated by Chicken Guy. In all public records, in relationships with other persons, and on letterheads and business forms, Developer shall indicate its independent ownership of the Franchised Restaurants and that Developer is solely a franchisee of Chicken Guy. Developer shall not issue any press releases without the prior written approval of Chicken Guy.

16. INDEMNIFICATION

A. Developer and all guarantors of Developer's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to Chicken Guy), and hold harmless (to the fullest extent permitted by law) Chicken Guy and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Developer's (or its employees') development of the Franchised Restaurants and Developer's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnitee. Developer promptly shall give Chicken Guy written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Developer and, upon request, shall furnish Chicken Guy with copies of any documents from such matters as Chicken Guy may request.

B. At Developer's expense and risk, Chicken Guy may elect to assume (but under no circumstances will Chicken Guy be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Developer's obligation to indemnify and hold harmless Chicken Guy and Indemnitees. Chicken Guy shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to Chicken Guy's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the 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.

17. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires the prior approval or consent of Chicken Guy, Developer shall make a timely written request to Chicken Guy therefor; and any approval or consent received, in order to be effective and binding upon Chicken Guy, must be obtained in writing and be signed by an authorized officer of Chicken Guy.

B. Chicken Guy makes no warranties or guarantees upon which Developer may rely by providing any waiver, approval, consent or suggestion to Developer in connection with this Agreement, and assumes no liability or obligation to Developer therefor, or by reason of any neglect, delay, or denial of any request therefor. Chicken Guy shall not, by virtue of any approvals, advice or services provided to Developer, assume responsibility or liability to Developer or to any third parties to which Chicken Guy would not otherwise be subject.

C. No failure of Chicken Guy to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Chicken

Guy's right to demand exact compliance with any of the terms of this Agreement. A waiver by Chicken Guy of any particular default by Developer shall not affect or impair Chicken Guy's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Chicken Guy to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair Chicken Guy's right to exercise the same, nor shall such constitute a waiver by Chicken Guy of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Development Term. Subsequent acceptance by Chicken Guy of any payments due to it hereunder shall not be deemed to be a waiver by Chicken Guy of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

18. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to each party at the notice address set forth in the attached Data Sheet. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first rejection) and may be: **(1)** delivered personally; **(2)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(3)** mailed via overnight courier.

19. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure, which cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised reasonable efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Developer's inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

20. ENTIRE AGREEMENT

Chicken Guy and Developer acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Developer's rights in the Development Territory and Chicken Guy's approval of sites for Franchised Restaurants, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in Chicken Guy's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations Chicken Guy made in Chicken Guy's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

21. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Chicken Guy is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 16, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and Chicken Guy and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Modification to Scope of Covenants by Law. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Chicken Guy is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

22. GOVERNING LAW, FORUM AND LIMITATIONS

A. Choice of Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

B. Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Developer shall file any suit against Chicken Guy only in the federal or state court having jurisdiction where Chicken Guy's principal offices are located at the time suit is filed. Chicken Guy may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Developer resides or does business or where the Development Territory or any Franchised Restaurant is or was located or where the claim arose. Developer consents to the personal jurisdiction of those courts over Developer and to venue in those courts.

C. Limitation of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. WAIVER OF CERTAIN DAMAGES AND RIGHTS. DEVELOPER AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND

AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT. DEVELOPER AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred during, prior to, in preparation for, or in contemplation of the filing of, the proceeding. If Chicken Guy utilizes legal counsel (including in-house counsel employed by Chicken Guy) in connection with any failure by Developer to comply with this Agreement, Developer shall reimburse Chicken Guy for any of the above-listed costs and expenses incurred by Chicken Guy. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to Chicken Guy or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 22 shall survive the expiration or earlier termination of this Agreement.

23. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Developer recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to Chicken Guy, its affiliates and the System. Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, Chicken Guy shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Chicken Guy shall be in addition to, and not in lieu of, all remedies and rights that Chicken Guy otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Variations. Chicken Guy has the right, in its sole discretion, to waive, defer, or permit variations from the standards of the System or any applicable agreement to any developer, franchisee, prospective developer, or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. Chicken Guy has the right, in its sole discretion, to deny any such request Chicken Guy believes would not be in the best interests of the System.

24. REPRESENTATIONS

Developer represents, acknowledges and warrants to Chicken Guy (and Developer agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Franchise Application. All information Developer provided to Chicken Guy in connection with Developer’s franchise application and Chicken Guy’s grant to Developer of the opportunity to develop Chicken Guy! Restaurants is truthful, complete and accurate.

B. Signatories to This Agreement. The persons signing this Agreement on behalf of Developer have full authority to enter into this Agreement and the other agreements contemplated by the parties, including the Franchise Agreement. Execution of this Agreement or such other agreements by Developer does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Developer or any person with an ownership interest in Developer is a party.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Agreement as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

APPENDIX A

GUARANTEE AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Chicken Guy! Restaurant Development Agreement dated as of _____ (the "Agreement") by Chicken Guy (Franchisor), LLC, a Florida limited liability company ("Chicken Guy"), entered into with _____ ("Developer"), the undersigned ("Guarantors"), each of whom is an officer, director, member of Developer's Continuity Group, a direct or indirect holder of a legal or beneficial interest in Developer of 10% or more ("10% Owner"), or a spouse of one of the foregoing individuals, hereby personally and unconditionally: **(1)** guarantee to Chicken Guy and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; **(2)** agree personally to be bound by the provisions of Sections 12 and 16 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 12 of the Agreement.

Each of the undersigned waives: **(a)** acceptance and notice of acceptance by Chicken Guy of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Developer or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; **(f)** any law or statute which requires that Chicken Guy make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: **(i)** his direct and immediate liability under this Guarantee shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Chicken Guy of any remedies against Developer or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Chicken Guy may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Developer to Chicken Guy or its affiliates under the Agreement; and **(v)** monies received from any source by Chicken Guy for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Chicken Guy.

If Chicken Guy brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Chicken Guy utilizes legal counsel (including in-house counsel employed by Chicken Guy or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Chicken Guy for any of the above-listed costs and expenses incurred by it.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Chicken Guy's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Chicken Guy. Any assignment shall not release the undersigned from this Guarantee.

Sections 22.A. through 22.E. of the Agreement are incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ (Seal)

Print Name: _____

Address: _____

Date: _____ (Seal)

Print Name: _____

Address: _____

EXHIBIT E

FRANCHISE AGREEMENT

CHICKEN GUY! RESTAURANT FRANCHISE AGREEMENT

DATA SHEET

This Data Sheet summarizes certain terms of the attached Franchise Agreement. The Data Sheet is an integral part of the attached Franchise Agreement and is hereby incorporated therein.

Effective Date:	
Franchisor:	Chicken Guy (Franchisor), LLC a Florida limited liability company Notice Address: 4700 Millenia Boulevard, Suite #400 Orlando, Florida 32839 (Attn: General Counsel)
Franchisee:	Name: Notice Address:
Restaurant Number If Multi-Unit Operator	___ of ___
Operating Principal:	
Initial Fees <u>Franchise Fee</u> :	\$30,000 Application Fee \$20 <u>50</u> ,000 Initial Franchise Fee <i>[Reduce to \$25<u>40</u>,000 -\$15,000for <u>Walmart NT locations</u> or if developed under a Development Agreement for three or more restaurants.]</i>
Site Approval Deadline:	
Site Selection Area:	
Franchised Location:	
Protected Area:	
Opening Deadline:	
Expiration Date of Initial Term:	Midnight on the day preceding the 10th anniversary of the date the Franchised Restaurant first opened for business
Renewal Term:	10 years Notice of Renewal required 8 – 12 months prior to expiration of Initial Term

Renewal Fee:	\$10,000
Royalty Fee:	6% of weekly Gross Sales
Grand Opening Advertising	Franchisee must, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing until 30 days after the Franchised Restaurant first opens for business, spend at least \$10,000 to conduct grand opening advertising.
Weekly Marketing Obligation	<p>Will not exceed 5% of Gross Sales. Consists of Franchisee's contribution to the Brand Fund, a Regional Advertising Fund or Regional Co-op and Local Store Marketing.</p> <p>The total WMO as of the Effective Date is 4% of Gross Sales, all of which is allocated to Local Store Marketing.</p> <p>When the Brand Fund is established, the WMO shall consist of:</p> <ol style="list-style-type: none"> 1. <u>Brand Fund Contribution</u>: 2% of Gross Sales (subject to maximum annual contribution of \$30,000) 2. <u>Local Store Marketing</u>: 2% of Gross Sales
Franchisee's Interests in Other Restaurants (Non-Compete Waiver):	
Guarantors:	

OWNERSHIP INTERESTS

CORPORATE FRANCHISEE

If Franchisee is a corporation, the number of authorized shares of Franchisee that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY FRANCHISEE

If Franchisee is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

BUSINESS ENTITY FRANCHISEE

If Franchisee is a business entity other than a corporation or a limited liability company, the name, address and percentage interest of each owner is as follows:

Name	Address	Percentage Interest

Franchisee’s Continuity Group shall be comprised of the following persons: _____

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EXHIBIT A GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS
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RIDER 1: FRANCHISE AGREEMENT EXPIRATION DATE

CHICKEN GUY! RESTAURANT FRANCHISE AGREEMENT

THIS AGREEMENT is made as of the Effective Date identified on the attached Data Sheet (the “Effective Date”) by and between Chicken Guy (Franchisor), LLC (“Chicken Guy”), a Florida limited liability company, and the person(s) or entity identified on the attached Data Sheet (“Franchisee”).

RECITALS:

As a result of the expenditure of time, skill, effort and money, Chicken Guy has developed and owns a unique and distinctive system (“System”) relating to the development, establishment and operation of fast casual restaurants (“Chicken Guy! Restaurants”).

The distinguishing characteristics of the System include, without limitation, uniform and distinctive exterior and interior design and layout, including specially designed décor and furnishings; special recipes and menu items; procedures and techniques for food and beverage preparation and service; automated management information and control systems for inventory controls, cash controls and sales analysis; technical assistance and training through course instruction and manuals; and advertising and promotional programs. The System and its components may be changed, improved and further developed by Chicken Guy from time to time.

Pursuant to a License Agreement with Chicken Concept, LLC (“Licensor”), Chicken Guy has the right to use, and permit its franchisees to use, the name and mark “Chicken Guy!” in addition to certain related trademarks, service marks and other commercial symbols.

Chicken Guy identifies the System by means of the “CHICKEN GUY!” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively “Proprietary Marks”), which Chicken Guy has designated, or may in the future designate, for use with the System. The Proprietary Marks used to identify the System, including the principal Proprietary Marks, may be modified by Chicken Guy and/or its affiliates from time to time.

Chicken Guy continues to develop, use and control the use of these Proprietary Marks in order to identify to the public the source of services and products marketed under the Proprietary Marks and the System and to represent the System’s high standards of quality, appearance and service.

Franchisee desires to obtain a license to use the System and to operate continuously one Chicken Guy! Restaurant (“Franchised Restaurant”) at the location specified in the attached Data Sheet or a location approved by Chicken Guy in accordance with this Agreement (“Franchised Location”), subject to the terms and conditions of this Agreement and in strict compliance with the standards and specifications established by Chicken Guy.

Franchisee understands and acknowledges the importance of Chicken Guy’s high and uniform standards of quality, operations and service and the necessity of developing and operating the Franchised Restaurant in strict conformity with this Agreement and the Chicken Guy! Operations Manual (“Manual”).

Chicken Guy is willing to grant Franchisee a license to operate the Franchised Restaurant at the Franchised Location, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of Chicken Guy’s grant to Franchisee of the right to operate a Franchised Restaurant at the Franchised Location during the term of this Agreement, as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

A. Grant.

(1) Subject to the provisions of this Agreement, Chicken Guy hereby grants to Franchisee the right (“Franchise”) to continuously operate the Franchised Restaurant at the Franchised Location and to use the Proprietary Marks in the operation of the Franchised Restaurant. If Chicken Guy has not approved the site for the Franchised Restaurant as of the date of this Agreement, the provisions of Section 3 will apply with regard to Franchisee’s selection of a site for the Franchised Restaurant.

(2) Franchisee may not operate the Franchised Restaurant at any site other than the Franchised Location and may not relocate the Franchised Restaurant without Chicken Guy’s prior written consent, which may be withheld by Chicken Guy in its sole discretion. If Chicken Guy approves a relocation of the Franchised Restaurant, it shall have the right to charge Franchisee for all reasonable expenses actually incurred in connection with consideration of the relocation request, and Chicken Guy may condition its approval upon the payment of an agreed minimum royalty to Chicken Guy during the period in which the Franchised Restaurant is not in operation.

(3) Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, that it will continuously exert reasonable efforts to promote and enhance the business of the Franchised Restaurant and that it will not engage in any other business or activity that may conflict with its obligations under this Agreement, except the operation of other Chicken Guy! Restaurants or other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates.

(4) Chicken Guy reserves the right, upon reasonable notice, to require that Franchisee participate in the Chicken Guy! Catering and/or Delivery Program to provide the catering and/or delivery services designated by Chicken Guy from the Franchised Restaurant to customers located within the Protected Area (as defined in Section 1.B.(1)). Franchisee must obtain all licenses and permits necessary for such participation and must comply with Chicken Guy’s procedures and menu requirements, purchase all supplies, products and ingredients through Chicken Guy’s approved and designated suppliers and otherwise follow the Manual with respect to the catering and/or delivery services.

B. Limited Exclusivity.

(1) Provided Franchisee is in compliance with this Agreement and any other agreements with Chicken Guy or its affiliates and is current on all obligations due Chicken Guy and its affiliates, during the term of this Agreement, Chicken Guy and its affiliates will not operate, or license others to operate, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” within the geographic area described on the attached Data Sheet (“Protected Area”). Notwithstanding the foregoing, Chicken Guy reserves to itself the rights to: (a) operate, and license others to operate, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” and/or utilizing the System in the Protected Area that are located in airports, train stations, bus stations, service plazas, stadiums, arenas, gas stations, convention centers, military facilities, convenience stores, schools, colleges, universities, hospitals, theme parks, office buildings, food courts, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, Indian reservations, casinos or any similar captive

market location not reasonably available to Franchisee; **(b)** award national or regional licenses to third parties to sell products under the name and mark “CHICKEN GUY!” in foodservice facilities primarily identified by the third party’s trademark; **(c)** develop and operate, and license others to develop and operate, restaurants other than restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” and/or utilizing the System in the Protected Area; **(d)** merchandise and distribute products identified by some or all of the Proprietary Marks in the Protected Area through any other method or channel of distribution; and **(e)** sell and distribute products identified by some or all of the Proprietary Marks in the Protected Area to restaurants other than restaurants identified in whole or in part by the name and mark “CHICKEN GUY!,” provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales.

(2) The restrictions contained in this Section 1.B. apply only to Chicken Guy and do not apply to restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” under construction or in operation in the Protected Area as of the date of this Agreement. Chicken Guy reserves to itself and its affiliates all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement.

(3) This Section 1.B. does not prohibit Chicken Guy or its affiliates from: **(a)** operating, and licensing others to operate, during the term of this Agreement, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” at any location outside of the Protected Area; **(b)** operating, and licensing others to operate, after this Agreement terminates or expires, restaurants identified in whole or in part by the name and mark “CHICKEN GUY!” at any location; and **(c)** operating, and licensing others to operate, at any location, during the term of this Agreement or after this Agreement terminates or expires, any type of restaurant other than a restaurant identified in whole or in part by the name and mark “CHICKEN GUY!”

C. Forms of Agreement. Franchisee acknowledges that Chicken Guy intends to enter into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Chicken Guy and other franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2. TERM

A. Initial Term.

(1) The initial term of this Agreement (“Initial Term”) and the Franchise granted by this Agreement shall begin on the date this Agreement is signed by Chicken Guy and expire at midnight on the day preceding the 10th anniversary of the date the Franchised Restaurant first opened for business, unless this Agreement is terminated at an earlier date pursuant to Section 22. (Chicken Guy shall complete and forward to Franchisee a notice, in a form substantially similar to attached Rider 1, to memorialize the date the Franchised Restaurant first opened for business.) Except as described in the next paragraph, Franchisee acknowledges that it does not have the unilateral right to cease operating the Franchised Restaurant prior to the expiration of the Initial Term.

(2) Notwithstanding the foregoing, if, during the term of this Agreement, Franchisee, through no act or failure to act on its part (except the failure to extend the lease for the Franchised Location through the Initial Term of this Agreement), loses the right to possession of the Franchised Location, the Initial Term shall expire as of the date of Franchisee’s loss of the right to possession. If the right to possession is lost through no act or failure to act on Franchisee’s part however, Franchisee may relocate the Franchised Restaurant (without paying any additional initial ~~fees~~[franchise fee](#) or transfer fee) at its expense,

and the Initial Term shall not expire if: **(a)** Chicken Guy approves the new location; **(b)** Franchisee constructs and equips a Franchised Restaurant at the new location in accordance with the then-current System standards and specifications; **(c)** a Franchised Restaurant at the new location is open to the public for business within 8 months after Franchisee's loss of possession of the Franchised Location; and **(d)** Franchisee reimburses Chicken Guy for all reasonable expenses actually incurred by Chicken Guy in connection with the approval of the new location.

B. Renewal Term.

(1) Upon the expiration of the Initial Term, Franchisee shall have an option to remain a franchisee at the Franchised Location for one renewal term of 10 years ("Renewal Term"). Franchisee shall give Chicken Guy written notice of whether or not it intends to exercise its renewal option not less than 8 months, nor more than 12 months, before the expiration of the Initial Term. Franchisee's failure to provide Chicken Guy the required notice in a timely manner constitutes a waiver by Franchisee of its option to remain a franchisee beyond the expiration of the Initial Term.

(2) If Franchisee desires to continue as a franchisee for the Renewal Term, Franchisee must comply with all of the following conditions prior to and at the end of the Initial Term:

(a) Franchisee and its affiliates shall not be in default under this Agreement or any other agreements between Franchisee and Chicken Guy or its affiliates; Franchisee shall not be in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant; Franchisee shall not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant; and, for the 12 months before the date of Franchisee's notice and the 12 months before the expiration of the Initial Term, Franchisee and its affiliates shall not have been in default beyond the applicable cure period under this Agreement or any other agreements between Franchisee and Chicken Guy or its affiliates.

(b) Franchisee shall make the capital expenditures required to renovate and modernize the Franchised Restaurant to conform to the interior and exterior designs, décor, color schemes, furnishings and equipment and presentation of the Proprietary Marks consistent with the image of the System for new Chicken Guy! Restaurants at the time Franchisee provides Chicken Guy the renewal notice, including such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so.

(c) Franchisee and its employees at the Franchised Restaurant shall be in compliance with Chicken Guy's then-current training requirements.

(d) Franchisee shall have the right to remain in possession of the Franchised Location, or other premises acceptable to Chicken Guy, for the Renewal Term and all monetary obligations owed to Franchisee's landlord, if any, must be current.

(e) Franchisee, all individuals who executed this Agreement and all guarantors of Franchisee's obligations shall have executed a general release and a covenant not to sue, in a form satisfactory to Chicken Guy, of any and all claims against Chicken Guy and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and Chicken Guy or its affiliates and Franchisee's operation of the Franchised Restaurant, other Chicken Guy! Restaurants operated by Franchisee and all other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates.

(f) As determined by Chicken Guy in its sole discretion, Franchisee has operated the Franchised Restaurant and all of its other franchised Chicken Guy! Restaurants in accordance with the applicable franchise agreements and with the System (as set forth in the Manual or otherwise and as revised from time to time by Chicken Guy) and has operated each of its other restaurants that are franchised by Chicken Guy or its affiliates in accordance with the applicable franchise agreement.

(3) Within 4 months after Chicken Guy's receipt of Franchisee's written notice of its desire to renew, Chicken Guy shall advise Franchisee whether or not Franchisee is entitled to remain a franchisee for the Renewal Term. If Chicken Guy intends to permit Franchisee to remain a franchisee for the Renewal Term, Chicken Guy's notice will contain preliminary information regarding actions Franchisee must take to satisfy Sections 2.B.(2)(b) and (c). If Chicken Guy does not intend to permit Franchisee to remain a franchisee for the Renewal Term, Chicken Guy's notice shall specify the reasons for non-renewal. If Chicken Guy chooses not to permit Franchisee to remain a franchisee for the Renewal Term, Chicken Guy shall have the right to unilaterally extend the Initial Term of this Agreement as necessary to comply with any applicable laws.

(4) If Franchisee will remain a franchisee for the Renewal Term, Chicken Guy shall forward to Franchisee a new franchise agreement for the Renewal Term for Franchisee's signature at least 1 month prior to the expiration of the Initial Term. The form of renewal franchise agreement shall be the form then in general use by Chicken Guy for Chicken Guy! Restaurants (or, if Chicken Guy is not then granting franchises for Chicken Guy! Restaurants, that form of agreement as specified by Chicken Guy) and likely will differ from this Agreement, including, but not limited to, provisions relating to the royalty fee and advertising obligations.

(5) Franchisee shall execute the renewal franchise agreement for the Renewal Term and return the signed agreement to Chicken Guy, along with a renewal fee in the amount set forth on the attached Data Sheet ("Renewal Fee"), prior to the expiration of the Initial Term. The Renewal Fee shall be in addition to any capital expenditures that Franchisee is required to make pursuant to Section 2.B.(2)(B). Failure by Franchisee to sign the renewal franchise agreement and return it to Chicken Guy (along with the Renewal Fee) within this time shall be deemed an election by Franchisee not to renew the Franchise and shall result in termination of this Agreement and the Franchise granted by this Agreement at the expiration of the Initial Term. Provided Franchisee has timely complied with all of the conditions set forth in this Section 2.B., Chicken Guy shall execute the renewal franchise agreement and promptly return a fully-executed copy to Franchisee.

3. DEVELOPMENT PROCEDURES

If Franchisee is developing the Franchised Restaurant pursuant to a Chicken Guy! Restaurant Development Agreement or Chicken Guy has approved the site for the Franchised Restaurant as of the date of this Agreement, the provisions of this Section 3 shall not apply.

A. Franchisee's Responsibility. Franchisee shall select the site from within, the geographic area identified in the attached Data Sheet ("Site Selection Area"). Prior to the site approval deadline set forth in in the attached Data Sheet ("Site Approval Deadline"), Franchisee shall obtain site approval from Chicken Guy for the Franchised Restaurant. If Chicken Guy has not approved a site within this time period, Chicken Guy, at its option, may terminate this Agreement pursuant to Section 22. Franchisee assumes all cost, liability and expense for locating, obtaining and developing a site for the Franchised Restaurant and constructing and equipping the Franchised Restaurant in accordance with Chicken Guy's standards at an approved site. Chicken Guy reserves the right to require Franchisee to engage the services of a real estate broker approved by Chicken Guy to assist Franchisee in identifying and securing a site for the Franchised

Restaurant. Franchisee shall not make any binding commitments to purchase or lease a site until Chicken Guy has approved the site in writing.

B. Site Selection Assistance. Chicken Guy will provide Franchisee with the following site selection assistance: **(1)** Chicken Guy's site selection guidelines and, as Franchisee may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as Chicken Guy may deem advisable as part of its evaluation of Franchisee's request for site approval. Chicken Guy reserves the right to retain the services of third party real estate analysts to evaluate proposed sites for Chicken Guy! Restaurants.

C. Real Estate Site Application. Franchisee shall submit to Chicken Guy a Real Estate Site Application (containing that information as Chicken Guy may reasonably require) for a proposed site which Franchisee reasonably believes to conform to site selection criteria that Chicken Guy establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including restaurants operated or franchised by Chicken Guy or its affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises.

D. Business Plan. Franchisee shall develop and submit to Chicken Guy, simultaneously with the submission of the Real Estate Site Application, a three-year business plan ("Business Plan") outlining the actions that Franchisee will take to ensure that Franchisee's operation and management of the Franchised Restaurant are in compliance with Chicken Guy's standards. During the term of this Agreement, Franchisee agrees to revise the Business Plan as required by Chicken Guy and further agrees to implement that Business Plan as approved by Chicken Guy.

E. Site Approval

(1) Within 15 days after Chicken Guy's receipt of the Real Estate Site Application, the Business Plan and any additional information that Chicken Guy may reasonably require, Chicken Guy's Real Estate Review Committee shall review that information, evaluate the proposed site and advise Franchisee in writing whether it has approved a particular site. If Chicken Guy does not respond within that time period, Chicken Guy shall be deemed to have rejected the site. Chicken Guy's approval or rejection of a site may be subject to reasonable conditions as determined in its sole discretion.

(2) Franchisee acknowledges that, in order to preserve and enhance the reputation and goodwill of all restaurants franchised by Chicken Guy and the goodwill of the Proprietary Marks, all Chicken Guy! Restaurants must be properly developed, operated and maintained. Accordingly, Franchisee agrees that Chicken Guy may refuse to approve a site for a proposed Franchised Restaurant unless Franchisee demonstrates sufficient financial capabilities, in Chicken Guy's sole judgment, applying standards consistent with criteria Chicken Guy uses to establish restaurants in other comparable market areas, to properly develop, operate and maintain the proposed Franchised Restaurant. To this end, Franchisee shall furnish Chicken Guy with such financial statements and other information regarding Franchisee and the development and operation of the proposed Franchised Restaurant, including, without limitation, investment and financing plans for the proposed Franchised Restaurant, as Chicken Guy reasonably may require.

(3) Chicken Guy's approval of one or more sites is not a representation or a promise by Chicken Guy that a Chicken Guy! Restaurant at the site will achieve a certain sales volume or a certain level of profitability. Similarly, Chicken Guy's approval of one or more sites and

its refusal to approve other sites is not a representation or a promise that the approved site will have a higher sales volume or be more profitable than a site which Chicken Guy did not approve. Chicken Guy assumes no liability or responsibility for: (a) evaluation of the Franchised Location's soil for hazardous substances; (b) inspection of any structure on the Franchised Location for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act ("ADA"); or (d) compliance with any other applicable law. It is Franchisee's sole responsibility to obtain satisfactory evidence and/or assurances that the Franchised Location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA.

4. LEASE PROVISIONS

If Franchisee proposes to lease or sublease the Franchised Location, Franchisee shall provide Chicken Guy with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term) for the Franchised Location within 90 days after Chicken Guy approves the site for the Franchised Location. The lease or sublease shall not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement. Unless waived in writing by Chicken Guy, any lease, sublease, letter of intent or lease memorandum for the Franchised Location shall contain provisions that satisfy the following requirements (as set forth in the Addendum to Lease Agreement attached to this Agreement as Exhibit B) during the entire term of the lease, including any renewal terms:

A. The landlord consents to Franchisee's use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by Chicken Guy, and upon expiration or the earlier termination of the lease, consents to permit Franchisee, at Franchisee's expense, to remove all such items and other trade fixtures, so long as Franchisee makes repairs to the building caused by such removal.

B. The landlord agrees to provide Chicken Guy (at the same time sent to Franchisee) a copy of all amendments, assignments and notices of default pertaining to the lease and the leased premises.

C. Chicken Guy shall have the right to enter the leased premises to make any modifications or alterations necessary to protect the System and the Proprietary Marks, to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort, and to charge Franchisee for these costs.

D. The landlord agrees that Franchisee shall be solely responsible for all obligations, debts and payments under the lease.

E. The landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Franchisee shall have the right to make those alterations and modifications to the premises as may be necessary to clearly distinguish to the public the premises from a Chicken Guy! Restaurant and also make those specific additional changes as Chicken Guy reasonably may request for that purpose. The landlord also agrees that, if Franchisee fails to promptly make these alterations and modifications, Chicken Guy shall have the right to do so without being guilty of trespass or other tort so long as Chicken Guy makes repairs to the building caused by such alterations and modifications.

F. The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without Chicken Guy's prior written consent, which consent shall not be unreasonably withheld.

G. Franchisee may assign the lease to Chicken Guy or its designee with landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

H. The landlord agrees to consent to Franchisee's collaterally assigning the lease to Chicken Guy or its designee, granting Chicken Guy the option, but not the obligation, to assume the lease from the date Chicken Guy takes possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

5. CONSTRUCTION OF THE FRANCHISED RESTAURANT

A. Development Training. Franchisee shall complete, to Chicken Guy's satisfaction, any development training required by Chicken Guy. Franchisee also may attend optional development training as offered by Chicken Guy from time to time, subject to payment of a tuition fee as established by Chicken Guy from time to time. Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and its employees while attending development training and optional development training.

B. Restaurant Development.

(1) Franchisee assumes all cost, liability and expense for developing, constructing and equipping the Franchised Restaurant. Chicken Guy will furnish to Franchisee prototypical plans and specifications for a Chicken Guy! Restaurant, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. Chicken Guy reserves the right to require Franchisee to engage the services of an architect that has been approved by Chicken Guy. It shall be Franchisee's responsibility to have the approved architect prepare all required construction plans and specifications to suit the shape and dimensions of the Franchised Location, and Franchisee must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. Franchisee shall use only registered architects, registered engineers, and professional and licensed contractors.

(2) Franchisee shall submit proposed construction plans, specifications and drawings for the Franchised Restaurant ("Plans") to Chicken Guy and shall, upon Chicken Guy's request, submit all revised or "as built" Plans during the course of such construction. Chicken Guy will approve or refuse to approve the Plans and notify Franchisee within 14 days after Chicken Guy receives the Plans. (Chicken Guy's approval shall not be unreasonably withheld.) Once Chicken Guy has approved the Plans, no substantial change shall be made to the Plans without the prior approval of Chicken Guy, which shall not be unreasonably withheld. If, in the course of construction, any such change in the Plans is contemplated, Chicken Guy's approval must first be obtained before proceeding. Chicken Guy shall approve or reject Plan changes within 10 business days after receipt. If Chicken Guy does not respond within that time period, Chicken Guy shall be deemed to have rejected approval of the Plans.

(3) Franchisee is prohibited from beginning site preparation or construction prior to receiving written notification from Chicken Guy that Chicken Guy has approved the Plans. All construction must be in accordance with Plans approved by Chicken Guy and must comply in all respects with applicable laws, ordinances and local rules and regulations. The Franchised Restaurant may not open if construction has not been performed in substantial compliance with Plans approved by Chicken Guy, and this Agreement may be terminated if such non-compliance is not cured within a commercially reasonable amount of time. Chicken Guy may, in its sole discretion, furnish guidance to Franchisee in developing the Franchised Restaurant and may periodically inspect the premises during its development.

C. Construction.

(1) Prior to the commencement of construction, Franchisee shall have provided Chicken Guy a copy of the fully-executed lease for the Franchised Location or, if Franchisee owns the Franchised Location, proof of Franchisee's ownership interest. Franchisee must obtain Chicken Guy's approval of and retain the services of a project manager as set forth in the Manual to manage the due diligence, design, bidding and construction processes for the Franchised Restaurant. Chicken Guy reserves the right to require Franchisee to use a general contractor approved by Chicken Guy as set forth in the Manual. As used in this Agreement, construction shall have commenced only after Franchisee has obtained all required permits and: **(a)** with respect to a free-standing Restaurant, Franchisee has begun the installation of building footings with the intent to maintain continuous construction thereafter; or **(b)** with respect to a non-free-standing Restaurant or a Restaurant being converted from a prior use, Franchisee has begun the installation of sub-floor plumbing with the intent to maintain continuous construction thereafter.

(2) Once construction has commenced, it shall continue uninterrupted except for interruption by reason of events constituting Force Majeure until completed. Force Majeure means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. If events constituting Force Majeure cause a delay in the commencement of construction of the Franchised Restaurant, Chicken Guy shall proportionately extend the Opening Deadline (as defined below) for the Franchised Restaurant. Notwithstanding the occurrence of any events, except events constituting Force Majeure, construction shall be completed, and the Franchised Restaurant shall be furnished, equipped and shall otherwise be ready to open for business in accordance with this Agreement not later than the date specified in the attached Data Sheet ("Opening Deadline").

(3) Franchisee agrees, at its sole expense, to do, or cause to be done, the following, by the Opening Deadline:

(a) Obtain and maintain all required building, utility, sign, health, sanitation, business and other permits and licenses applicable to the Franchised Restaurant.

(b) Construct all required improvements to the Franchised Location and decorate the exterior and interior of the Franchised Restaurant in compliance with the Plans approved by Chicken Guy.

(c) Purchase or lease and install all specified and required fixtures, equipment, furnishings and interior and exterior signs required for the Franchised Restaurant.

(d) Purchase an opening inventory for the Franchised Restaurant of only authorized and approved products and other materials and supplies.

D. Acquisition of Necessary Furnishings, Fixtures and Equipment.

(1) Franchisee agrees to use in the development and operation of the Franchised Restaurant only the fixtures, furnishings, equipment and signs that Chicken Guy has approved for Chicken Guy! Restaurants as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the Franchised Restaurant (interior and exterior) only those signs, emblems, lettering, logos and display materials that Chicken Guy approves in writing from time to time.

(2) Franchisee shall purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers designated or approved by Chicken Guy, which may include Chicken Guy. If Franchisee proposes to purchase, lease or otherwise use any fixtures, furnishings, equipment or signs which have not been approved by Chicken Guy, Franchisee shall first notify Chicken Guy in writing and shall, at its sole expense, submit to Chicken Guy upon its request sufficient specifications, photographs, drawings and/or other information or samples for a determination as to whether those fixtures, furnishings, equipment and/or signs comply with Chicken Guy's specifications and standards. Chicken Guy will, in its sole discretion, approve or disapprove the items and notify Franchisee within 30 days after Chicken Guy receives the request.

(3) If Franchisee builds any portion of the Franchised Restaurant outside of Chicken Guy's specifications without receiving Chicken Guy's prior written consent, Chicken Guy shall have the right to delay the opening of the Franchised Restaurant until Franchisee, at its sole expense, brings the Franchised Restaurant's development within full compliance of Chicken Guy's specifications.

E. Inspection, Cooperation. During the course of construction and/or renovation, Franchisee shall (and shall cause Franchisee's architect, project manager, engineer, general contractor and subcontractors to) cooperate fully with Chicken Guy and its designees for the purpose of permitting Chicken Guy and its designees to inspect the Franchised Location and the course of construction of the Franchised Restaurant in order to determine whether construction is proceeding according to the Plans. Without limiting the generality of the foregoing, Franchisee and Franchisee's architect, project manager, engineer, general contractor and subcontractors shall: (1) supply Chicken Guy or its designees with samples of construction materials, test borings, corings, due diligence environmental studies, supplies, equipment and other material and reports, if any such tests, studies or reports indicate there may be material problems or as Chicken Guy or its designees may request; and (2) afford Chicken Guy's representatives and its designees access to the Franchised Location and to the construction work in order to permit Chicken Guy and its designees to carry out their inspections.

F. Reports. If requested by Chicken Guy, Franchisee shall submit to Chicken Guy, on or before the first day of each month (or more frequently if Chicken Guy requests), a report with photographs showing progress made in connection with the construction and equipping of the Franchised Restaurant.

G. Limitation of Chicken Guy's Liability. Notwithstanding the right of Chicken Guy to recommend and approve the Plans, architects, project managers and general contractors and to inspect the construction work at the Franchised Restaurant, Chicken Guy and its designees shall have no liability or obligation with respect to the Franchised Location, the design or construction of the Franchised Restaurant or the furnishings, fixtures and equipment to be acquired; Chicken Guy's rights being exercised solely for the purpose of ensuring compliance with the terms and conditions of this Agreement.

H. Final Inspection and Opening. Franchisee shall notify Chicken Guy in writing at least 30 days prior to the date Franchisee expects construction and/or renovation to be completed and a certificate of occupancy to be issued. If requested by Chicken Guy, Franchisee shall submit a copy of the certificate of occupancy to Chicken Guy. Chicken Guy reserves the right, after receiving Franchisee's notice, to conduct a final inspection of the Franchised Restaurant and its premises to determine if Franchisee has complied with this Agreement. Chicken Guy shall not be liable for delays or loss occasioned by its inability to complete its investigation and to make a determination within this period. Franchisee shall not open the Franchised Restaurant for business without Chicken Guy's express written authorization, which will not be granted unless Franchisee has satisfied the conditions contained in Section 6.

6. OPENING OF THE FRANCHISED RESTAURANT

A. Right to Open the Franchised Restaurant. Except for a conditional opening pursuant to Section 6.B., Chicken Guy will not authorize the opening of the Franchised Restaurant unless all the following conditions have been met:

(1) Franchisee is not in material default under this Agreement or any other agreements with Chicken Guy; Franchisee is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant; Franchisee is not in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant; and for the previous 6 months, Franchisee has not been in default beyond the applicable cure period under any agreement with Chicken Guy.

(2) Franchisee is current on all obligations due Chicken Guy and Franchisee has signed all documents required by Chicken Guy to participate in Chicken Guy's electronic funds transfer program.

(3) Chicken Guy is satisfied that the Franchised Restaurant was constructed and/or renovated substantially in accordance with the Plans approved by Chicken Guy and state and local codes.

(4) If the Franchised Location is leased, Chicken Guy has received a copy of the fully-executed lease.

(5) Franchisee, to the extent approval for the sale of alcoholic beverages has been obtained from Chicken Guy, has obtained a liquor license authorizing the sale of alcoholic beverages at the Franchised Restaurant.

(6) Franchisee has obtained a certificate of occupancy and any other required health, safety or fire department certificates.

(7) Franchisee has certified to Chicken Guy in writing that the installation of all items of furnishings, fixtures, equipment, signs, computer terminals and related equipment, supplies and other items has been accomplished.

(8) An adequate number of Franchisee's managers as determined by Chicken Guy in its sole discretion have attended, successfully completed and become "certified" in the initial manager training program, and an adequate number of Franchisee's employees as determined by Chicken Guy in its sole discretion have attended and successfully completed Team Member Training (as defined in Section 12).

(9) Chicken Guy has determined that the Franchised Restaurant has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement and that Franchisee has hired and trained a staff in accordance with the requirements of this Agreement.

(10) Chicken Guy has been furnished with copies of all insurance policies required by Section 16 or such other evidence of insurance coverage and payment of premiums as Chicken Guy reasonably may request.

B. Conditional Opening. Chicken Guy may conditionally authorize Franchisee to open and operate the Franchised Location as a Franchised Restaurant, even though Franchisee has not fully complied with the terms of this Agreement, if Franchisee agrees to fulfill all remaining terms of this Agreement on

or before the Opening Deadline. Chicken Guy's determination as to whether to authorize a conditional opening shall be final and binding and shall be made in its sole discretion based upon those factors that Chicken Guy deems relevant, including its determination that a conditional opening will not be injurious to the reputation of the System. If Franchisee fails to fulfill all remaining terms of this Agreement on or before the Opening Deadline (or such extension thereof as may be granted by Chicken Guy in its sole discretion), this Agreement shall terminate without further action by Chicken Guy, and Franchisee shall take such steps as are required by Section 23.

7. FEES

A. Initial Fees. ~~Franchise Fee.~~ Simultaneously with the execution of this Agreement, Franchisee shall pay ~~the following initial fees to Chicken Guy ("Initial Fees"):~~

~~(1) — An application fee in the amount set forth on the attached Data Sheet ("Application Fee") for Chicken Guy's upfront costs associated with site selection, development and training; and~~

~~(2) — an initial franchise fee to Chicken Guy in the amount set forth on the attached Data Sheet ("Initial Franchise Fee") to use the System and the Proprietary Marks during the term of this Agreement.~~

~~(3) —~~ Franchisee acknowledges and agrees that the Initial Franchise Fee ~~and the Application Fee are~~ fully earned by Chicken Guy when paid and ~~are~~ not refundable. Any Development Fees previously paid by Franchisee to Chicken Guy with respect to the Franchised Restaurant shall be credited against the Initial Franchise Fee ~~and the Application Fee.~~

B. Royalty Fee. In addition to all other amounts to be paid by Franchisee to Chicken Guy, Franchisee shall pay Chicken Guy a nonrefundable and continuing royalty fee in ~~an~~ the amount ~~equal to 6% of the~~ specified in the attached Data Sheet, which shall be a percentage of Gross Sales (as defined below) of the Franchised Restaurant, for the right to use the System and the Proprietary Marks at the Franchised Location. If, due to federal, state or local laws, Chicken Guy is prohibited from receiving a percentage royalty based on alcoholic beverage revenues, Franchisee shall pay Chicken Guy a royalty fee on all Gross Sales except alcoholic beverage revenues in the same dollar amount as would have been paid if Franchisee paid the specified royalty fee percentage on all Gross Sales. If any taxes, fees or assessments are imposed on Chicken Guy by reason of its acting as franchisor or licensing the Proprietary Marks under this Agreement, Franchisee shall reimburse Chicken Guy for the amount of those taxes, fees or assessments within 30 days after receipt of an invoice from Chicken Guy.

C. Advertising Fees. Franchisee also shall spend and/or contribute for advertising. The exact amount of the advertising fees to be spent and/or contributed by Franchisee, and the allocation of the advertising fees, as of the date of this Agreement, is set forth in Section 9 and the attached Data Sheet.

D. Gross Sales. Gross Sales shall include all revenue from the sale of all food products, beverages and all other income of every kind and nature related to the Franchised Restaurant (including the redemption value of stored value gift cards and gift certificates when purchases are made) whether for cash or credit and regardless of collection in the case of credit, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Restaurant, including, but not limited to, such off-premises services as catering and delivery. Gross Sales do not include sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority, promotional discounts and coupons, the value of any employee discounts provided to Franchisee's bona fide employees during the fiscal week in which the discounts are provided, all proceeds from the sale of gift certificates or stored value cards, customer

refunds made in good faith to customers, or the sale of equipment used in the operation of the Franchised Restaurant.

E. Remittance Reports. Within 3 business days after the end of each fiscal week (as defined by Chicken Guy from time to time), Franchisee shall submit to Chicken Guy in writing by electronic mail, polling by computer or such other form or method as Chicken Guy may designate the amount of Gross Sales from the Franchised Restaurant during the preceding fiscal week and such other data or information as Chicken Guy may require.

F. Payment of Fees.

(1) Franchisee must participate in Chicken Guy's then-current electronic funds transfer program authorizing Chicken Guy to utilize a pre-authorized bank draft system. All royalty fees applicable to the Gross Sales and other amounts owed under this Agreement, including advertising fees and interest charges must be received by Chicken Guy or credited to Chicken Guy's account by pre-authorized bank debit before 5:00 p.m. on the 5th day after the end of each fiscal week, or at a later point specified by Chicken Guy from time to time ("Due Date"). On each Due Date, Chicken Guy will transfer from the Franchised Restaurant's commercial bank operating account ("Account") the amount reported to Chicken Guy in Franchisee's remittance report or determined by Chicken Guy based on the records contained in the cash registers/computer terminals of the Franchised Restaurant. If Franchisee has not reported Gross Sales to Chicken Guy for any fiscal period, Chicken Guy will transfer from the Account an amount calculated in accordance with its estimate of the Gross Sales during the fiscal period. If, at any time, Chicken Guy determines that Franchisee has underreported the Gross Sales of the Franchised Restaurant, or underpaid the royalty fee or other amounts due to Chicken Guy under this Agreement or any other agreement, Chicken Guy shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Chicken Guy and Franchisee determine that such credit is due.

(2) In connection with payment of the royalty fee by electronic funds transfer, Franchisee shall no later than 30 days prior to opening the Franchised Restaurant: **(a)** comply with procedures specified by Chicken Guy in the Manual or otherwise in writing; **(b)** perform those acts and sign and deliver those documents (including the ACH Authorization form attached as Exhibit C) as may be necessary to accomplish payment by electronic funds transfer as described in this Section 7.F.; **(c)** designate an account at a commercial bank and furnish to Chicken Guy an authorization in the form designated by Chicken Guy to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any interest charges; and **(d)** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

(3) Notwithstanding the provisions of this Section 7.F., Chicken Guy reserves the right to modify, at its option, the method by which Franchisee pays the royalty fee and other amounts owed under this Agreement, including advertising fees and interest charges, upon receipt of written notice from Chicken Guy.

(4) Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Section 22.B.(2). Franchisee shall not be entitled to set off, deduct or otherwise withhold any royalty fees, advertising contributions, interest charges or any other monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by Chicken Guy of any of its obligations or for any other reason.

G. Interest. If any payments by Franchisee due to Chicken Guy are not received by Chicken Guy by the Due Date, Franchisee, in addition to paying the amount owed, shall pay Chicken Guy interest on the amount owed from the date due until paid at the maximum rate permitted for indebtedness of this nature in the state in which the Franchised Restaurant is located, not to exceed 1.5% per month or a portion of a month. Payment of interest by Franchisee on past due obligations is in addition to all other remedies and rights available to Chicken Guy pursuant to this Agreement or under applicable law.

H. Partial Payments. No payment by Franchisee or acceptance by Chicken Guy of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Franchisee's payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and Chicken Guy may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Acceptance of payments by Chicken Guy other than as set forth in this Agreement shall not constitute a waiver of Chicken Guy's right to demand payment in accordance with the requirements of this Agreement or a waiver by Chicken Guy of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any designation by Franchisee, Chicken Guy shall have sole discretion to apply any payments by Franchisee to any of its past due indebtedness for royalty fees, advertising contributions, purchases from Chicken Guy or its affiliates, interest or any other indebtedness. Chicken Guy has the right to accept payment from any other entity as payment by Franchisee. Acceptance of that payment by Chicken Guy will not result in that other entity being substituted for Franchisee.

I. Collection Costs and Expenses. Franchisee agrees to pay to Chicken Guy on demand any and all costs and expenses incurred by Chicken Guy in enforcing the terms of this Agreement, including, without limitation, collecting any monies owed by Franchisee to Chicken Guy. These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees (including attorneys' fees for in-house counsel employed by Chicken Guy or its affiliates and any attorneys' fees incurred by Chicken Guy in bankruptcy proceedings), costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Restaurant, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

8. RECORDKEEPING AND REPORTS

A. Recordkeeping. Franchisee agrees to use computerized cash and data capture and retrieval systems that meet Chicken Guy's specifications and to record sales of the Franchised Restaurant electronically or on tape for all sales at or from the Franchised Location. Franchisee shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Restaurant sufficient to fully report to Chicken Guy. Franchisee's books and records shall be kept and maintained using generally accepted accounting principles ("GAAP") if Franchisee uses GAAP in any of its other operations, otherwise Franchisee shall use other recognized accounting principles applied on a consistent basis which accurately and completely reflect the financial condition of Franchisee. Franchisee shall preserve all of its books, records and state and federal tax returns for at least 5 years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Chicken Guy within 5 days after Chicken Guy's written request.

B. Quarterly Reports. Franchisee shall, at Franchisee's expense, submit to Chicken Guy, in the form prescribed by Chicken Guy, a quarterly profit and loss statement and balance sheet (both of which may be unaudited) within 30 days after the end of each fiscal quarter (as defined by Chicken Guy from time to time) during each fiscal year (as defined by Chicken Guy from time to time). Chicken Guy shall have the right, to be exercised in its sole discretion, to require that Franchisee provide Chicken Guy profit and

loss statements and balance sheets at other times requested by Chicken Guy. Each statement and balance sheet shall be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that it is true, correct and complete and uses accounting principles applied on a consistent basis which accurately and completely reflect Franchisee's financial condition.

C. Annual Reports. Franchisee shall, at its expense, provide to Chicken Guy either a reviewed or audited profit and loss statement and balance sheet for the Franchised Restaurant within 60 days after the end of each fiscal year to be signed by Franchisee or by Franchisee's treasurer or chief financial officer attesting that the financial statements present fairly the financial position of Franchisee and the results of operations of the Franchised Restaurant during the period covered. Chicken Guy shall have the right, in its reasonable discretion, to require that Franchisee, at Franchisee's expense, submit audited financial statements prepared by a certified public accounting firm acceptable to Chicken Guy for any fiscal year or any period or periods of a fiscal year.

D. Other Reports. Franchisee shall submit to Chicken Guy, for review or auditing, such other forms, reports, records, information and data as Chicken Guy may reasonably designate, in the form and at the times and places reasonably required by Chicken Guy, upon request and as specified from time to time in the Manual or otherwise in writing.

E. Public Filings. If Franchisee is or becomes a publicly-held entity in accordance with other provisions of this Agreement, Franchisee shall send to Chicken Guy copies of all reports (including responses to comment letters) or schedules that Franchisee may file with the U.S. Securities and Exchange Commission (certified by Franchisee's chief executive officer to be true, correct, complete and accurate) and copies of any press releases it may issue, within 3 days of the filing of those reports or schedules or the issuance of those releases.

F. Audit Rights.

(1) Chicken Guy or its designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit Franchisee's books, records, and federal, state and local tax returns, and such other forms, reports, information and data as Chicken Guy reasonably may designate, applicable to the operation of the Franchised Restaurant. If an inspection or audit discloses an understatement of Gross Sales, Franchisee shall pay Chicken Guy, within 10 days after receipt of the inspection or audit report, the deficiency in the royalty fees and advertising contributions plus interest (at the rate and on the terms provided in Section 7.G.) from the date originally due until the date of payment. If an inspection or audit is made necessary by Franchisee's failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined by any audit or inspection to be greater than 2%, Franchisee also shall reimburse Chicken Guy for the reasonable cost of the audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room, board and compensation of Chicken Guy's employees or designees involved in the audit or inspection. The foregoing remedies shall be in addition to all other remedies and rights available to Chicken Guy under this Agreement or applicable law.

(2) If Franchisee fails to provide Chicken Guy on a timely basis with the records, reports and other information required by this Agreement or, upon request of Chicken Guy, with copies of the same, Chicken Guy or its designee shall have access at all reasonable times (and as often as necessary) to Franchisee's books and records for the purpose, among other things, of preparing the required records, reports and other information. Franchisee promptly shall reimburse Chicken Guy or its designee for all costs and expenses associated with Chicken Guy's obtaining such records, reports or other information.

9. ADVERTISING

A. Grand Opening Required Spending. At least 30 days prior to the opening of the Franchised Restaurant, Franchisee must submit a Grand Opening Required Spending Plan (“Grand Opening Plan”) to Chicken Guy outlining Franchisee’s proposal for grand opening advertising of the Franchised Restaurant. Franchisee shall not implement the Grand Opening Plan unless and until Chicken Guy has consented to the Grand Opening Plan in writing. Franchisee agrees to modify the Grand Opening Plan as requested by Chicken Guy and, thereafter, no substantial changes shall be made to the Grand Opening Plan without the advance written consent of Chicken Guy. In addition to the requirements of Section 9.F., Franchisee shall, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing for 60 days after the Franchised Restaurant first opens for business (“Grand Opening Period”), spend at least \$10,000 to conduct grand opening advertising in authorized advertising media and for authorized expenditures (as defined in Section 9.F.). Within 10 days after the end of the Grand Opening Period, Franchisee shall submit proof of such grand opening advertising expenditures to Chicken Guy.

B. Contributions/Expenditures by Franchisee. During the term of this Agreement, Franchisee shall have a weekly marketing obligation (“WMO”) in an amount up to 5% of the Gross Sales of the Franchised Restaurant as set forth in this Section 9 and in the attached Data Sheet. As of the Effective Date, Franchisee’s WMO is 4% of the Gross Sales of the Franchised Restaurant; all of which must be spent on local store marketing in accordance with Section 9.F. Following written notice to Franchisee, Chicken Guy may increase and reallocate the WMO among the Brand Fund in accordance with Section 9.C., a Regional Advertising Fund (or a Regional Co-op) in accordance with Sections 9.D. and 9.E., and/or local store marketing.

C. Brand Fund.

(1) Chicken Guy plans to establish the Chicken Guy! marketing and brand fund for the enhancement and protection of the System and the Proprietary Marks, and for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that Chicken Guy, in its sole discretion deems appropriate (“Brand Fund”). When established, Franchisee shall contribute the amount set forth in the attached Data Sheet to the Brand Fund (up to a maximum annual contribution of \$30,000 during each of Chicken Guy’s fiscal years), which amount may be modified by Chicken Guy in accordance with Section 9.B. Chicken Guy will have sole discretion to use the Brand Fund, and the monies in the Brand Fund, for any purpose that Chicken Guy deems will enhance and protect the System and Proprietary Marks and will improve and increase public recognition and perception of the System and Proprietary Marks. Chicken Guy! Restaurants operated by Chicken Guy and its affiliates shall contribute to the Brand Fund on the same basis as comparable franchisees.

(2) Chicken Guy (or its designee) shall direct all programs that the Brand Fund finances, with sole control over the creative concepts, materials, and endorsements used in those programs and their geographic, market, and media placement and allocation. Franchisee must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Fund. Franchisee agrees that Chicken Guy may utilize the Brand Fund for programs, concepts, and expenditures including, but not limited to: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, and other advertising and marketing materials; (2) creative development, preparation, production and placement of video, audio, and written materials and electronic media; (3) media placement and buying, including all associated expenses and fees; (4) administering regional and multi-regional marketing and advertising programs; (5) market research and customer satisfaction surveys, including the use of secret shoppers; (6) the creative development of, and actual production associated with, premium items, giveaways, promotions, contests, public relation events,

and charitable or nonprofit events; (7) creative development of signage, posters, and individual restaurant décor items including wall graphics and signage; (8) development and management of a kiosk or truck program; (9) website, extranet and/or intranet development and maintenance; (10) development, implementation, and maintenance of an electronic commerce website and/or related strategies; (11) development and implementation of search engine optimization strategies; (12) development and administration of consumer surveys, interviews and other customer satisfaction and retention policies; (13) retention and payment of advertising and marketing agencies and other outside advisors including retainer and management fees; (14) public relations and community involvement activities and programs; and (15) real estate analytics and modeling. From time to time, Chicken Guy or its designee may furnish Franchisee with marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges. Franchisee shall not modify any of these materials without Chicken Guy's prior written consent.

D. Regional Advertising Funds.

(1) Chicken Guy shall have the right, in its sole discretion, to establish one or more regional advertising funds for Chicken Guy! Restaurants ("Regional Advertising Funds). If a Regional Advertising Fund is established for a geographical area that includes the Franchised Location, Franchisee shall contribute to that Regional Advertising Fund in the amount set forth in the attached Data Sheet, as subsequently modified by Chicken Guy. Chicken Guy! Restaurants operated by Chicken Guy and its affiliates in an area covered by a Regional Advertising Fund shall contribute to the Regional Advertising Fund on the same basis as comparable franchisees.

(2) Chicken Guy or its designee shall direct all advertising, marketing, and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. Franchisee agrees that the Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as Chicken Guy or its designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Regional Advertising Fund.

E. Regional Co-op.

(1) In lieu of a Regional Advertising Fund for the area that includes the Franchised Location, Chicken Guy, in its sole discretion, may establish a Regional Co-op. Franchisee shall contribute to the Regional Co-op in the amount set forth in the attached Data Sheet, as subsequently modified by Chicken Guy. Chicken Guy, if it so elects, may prepare bylaws to be used by the Regional Co-op and may require the Regional Co-op to incorporate.

(2) Monies in the Regional Co-op may be spent for the purposes determined by majority vote of the Regional Co-op on the basis of one vote for each Chicken Guy! Restaurant in the Regional Co-op. Unless otherwise consented to in writing by Chicken Guy, the Regional Co-op shall only conduct advertising that conforms with those advertising and sales promotions specified by Chicken Guy from time to time (including the media in which conducted). All advertising shall be submitted to Chicken Guy prior to first use as provided in Section 9.F., and all advertising shall adhere to the standards set forth in Section 9.F. Each franchisee who is a member of the Regional Co-op shall be entitled to vote on Regional

Co-op matters; however, a franchisee shall not be entitled to vote if it is in default under its franchise agreement or any other agreement with Chicken Guy or its affiliates. Chicken Guy always shall be a member of the Regional Co-op and be entitled to attend and fully participate in Regional Co-op meetings, but Chicken Guy shall not have a vote unless it or its affiliates operates Chicken Guy! Restaurants in the area covered by the Regional Co-op. Chicken Guy shall be given at least 3 days' prior written notice of Regional Co-op meetings. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op monies should be spent, Chicken Guy may assume this decision making authority following 10 days' advance written notice to the members of the Regional Co-op.

(3) Chicken Guy or its designee shall have the right to terminate (and subsequently restart) the Regional Co-op or convert the Regional Co-op to a Regional Advertising Fund. Upon termination, all monies in the Regional Co-op shall be spent for advertising and/or promotional purposes.

(4) Chicken Guy or its designee may grant to any franchisee an exemption for any length of time from the requirement of membership in the Regional Co-op, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. Chicken Guy shall have the sole right to enforce the obligations of franchisees who are members of the Regional Co-op to contribute to the Regional Co-op, and neither Franchisee nor any other franchisees who contribute to the Regional Co-op shall be deemed a third party beneficiary with respect to the Regional Co-op obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Regional Co-op.

F. Local Store Marketing.

(1) Franchisee shall spend, at a minimum, that portion of its WMO not otherwise spent or contributed pursuant to this Section 9 for local store marketing ("LSM") in authorized advertising media and for authorized advertising expenditures. As of the Effective Date, Franchisee shall spend at least 4% of the Gross Sales of the Franchised Restaurant for LSM as set forth in the attached Data Sheet, which amount may be modified by Chicken Guy in accordance with Section 9.B. Chicken Guy or its designee periodically shall advise Franchisee of the advertising and sales promotions approved by Chicken Guy, however, Chicken Guy will not design or place any local advertising materials in Franchisee's market.

(2) Franchisee may purchase local advertising and promotion materials from any Chicken Guy-approved source. If purchased from a source other than Chicken Guy or its affiliates, these materials shall comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by Chicken Guy or its designee and shall be submitted to Chicken Guy or its designee at least 30 days prior to first use for its approval, which Chicken Guy may grant or withhold in its sole discretion. All local advertising and promotion materials shall bear the Proprietary Marks in the form, color, location and manner prescribed by Chicken Guy. In no event shall Franchisee's advertising contain any statement or material which, in the sole discretion of Chicken Guy, may be considered: **(a)** in bad taste or offensive to the public or to any group of persons; **(b)** defamatory of any person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or **(d)** inconsistent with the public image of Chicken Guy or the System.

G. Treatment of Payments to Chicken Guy.

(1) Chicken Guy shall separately account for the Brand Fund and Regional Advertising Funds, but Chicken Guy shall not be required to segregate any of the funds from Chicken Guy's other monies. None of the funds shall be used to defray any of Chicken Guy's general operating expenses. Each fund may hire employees, either full-time or part-time, for its administration. Chicken Guy and its

affiliates may be reimbursed by each fund for expenses directly related to the fund's marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each fund. Chicken Guy may spend in any fiscal year an amount greater or less than the aggregate contribution of all Chicken Guy! Restaurants to each fund during that year or cause each fund to invest any surplus for future use by the fund. A statement of monies collected and costs incurred by each fund shall be prepared annually and shall be furnished to Franchisee within a reasonable period of time following a written request. Chicken Guy or its designee will have the right to cause each fund to be incorporated or operated through an entity separate from Chicken Guy at such time as Chicken Guy or its designee deems appropriate, and such successor entity shall have all rights and duties of Chicken Guy pursuant to this Section 9.

(2) Franchisee understands and acknowledges that each fund is intended to enhance recognition of the Proprietary Marks and patronage of Chicken Guy! Restaurants. Chicken Guy will endeavor to utilize each fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System and all Chicken Guy! Restaurants contributing to the fund. Franchisee agrees, however, that Chicken Guy is not liable to Franchisee, and Franchisee forever covenants not to sue and holds Chicken Guy harmless of any liability or obligation to ensure that expenditures by each fund in or affecting any geographic area (including the Franchised Location) are proportionate or equivalent to the contributions to the fund by Chicken Guy! Restaurants operating in that geographic area, or that any Chicken Guy! Restaurant will benefit directly or in proportion to its contribution to each fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section 9, neither Chicken Guy nor its designee assumes any direct or indirect liability to Franchisee with respect to the maintenance, direction or administration of each fund.

(3) Chicken Guy reserves the right, in its sole discretion, to: (a) suspend contributions to and operations of each fund for one or more periods that it determines to be appropriate; (b) terminate any fund upon 30 days' written notice to Franchisee and establish, if Chicken Guy so elects, one or more new advertising funds; and (c) defer or waive, in whole or in part, upon the written request of any franchised or company restaurants, any advertising fees required by this Section if, in Chicken Guy's sole judgment, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral. On termination of a fund, all monies in the fund shall be spent for advertising and/or promotional purposes. Chicken Guy has the right to reinstate any fund upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to Franchisee. Chicken Guy, in its sole discretion as it deems appropriate in order to maximize media effectiveness, may transfer monies from the Brand Fund to any Regional Advertising Fund or from all Regional Advertising Funds to the Brand Fund.

10. MANUAL

Franchisee acknowledges receipt on loan of Chicken Guy's confidential and proprietary Manual, which contains the System standards, which include detailed standards, specifications, instructions, requirements, methods and procedures for the operation of the Franchised Restaurant. The Manual also may relate to the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at the Franchised Restaurant; operations training; marketing, advertising and sales promotions; maintenance and repair of the Franchised Restaurant building, grounds, equipment, graphics, signs, interior and exterior décor items, fixtures and furnishings; employee dress attire and appearance standards; menu concept and graphics; and other business procedures. Chicken Guy may modify the Manual and Franchisee shall comply with all modified System standards. Franchisee agrees at all times to operate the Franchised Restaurant in strict conformity with the Manual; to maintain the Manual at the Franchised Restaurant; to not reproduce the Manual or any part of it; and to treat the Manual as confidential and proprietary, and; to disclose the contents of the Manual only to those employees of

Franchisee who have a need to know. Franchisee shall keep its copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of Chicken Guy and shall purchase whatever equipment and related services (including, without limitation, computer system, Internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by Chicken Guy at its principal offices shall control.

11. MODIFICATIONS OF THE SYSTEM

A. System Modifications. Chicken Guy, in its sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Restaurant (including the trade dress, décor and color schemes), the presentation of the Proprietary Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to Chicken Guy (including electronic means of reporting and payment) and the adoption and use of new or modified Proprietary Marks or copyrighted materials. Franchisee shall accept and use or display in the Franchised Restaurant any such changes or modifications to the System as if they were a part of the System at the time this Agreement was executed, and Franchisee will make such expenditures as the changes or modifications in the System may reasonably require.

B. Authorized Menu Items. Within 30 days after receipt of written notice from Chicken Guy, Franchisee shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. All food, beverage and merchandise items authorized for sale at the Franchised Restaurant shall be offered for sale under the specific name designated by Chicken Guy. Chicken Guy, in its sole discretion, may restrict sales of menu items to certain time periods during the day. If Franchisee has a suggestion for a new menu item or for a change to an authorized menu item or Franchisee desires to participate in a test market program, Franchisee shall provide Chicken Guy written notice prior to implementation. Franchisee shall not add or modify any menu item or participate in a test market program without first having obtained Chicken Guy's prior written approval. Franchisee shall purchase any additional equipment and smallwares as Chicken Guy deems reasonably necessary in connection with new menu items. If Chicken Guy requires Franchisee to begin offering a new menu item which requires the purchase of additional equipment, a reasonable period of time, as determined in the sole discretion of Chicken Guy, shall be provided for the financing, purchase and installation of any such equipment before such new menu items must be offered for sale at the Franchised Restaurant.

C. Renovation of Franchised Restaurant. Extensive structural changes, major remodeling and renovations, and substantial modifications to existing equipment and improvements to modernize and conform the Franchised Restaurant to the image of the System for new franchised and company restaurants shall be required at Chicken Guy's request (but not more often than every 5 years). Capital expenses necessary for the repair and maintenance of the Franchised Location are not subject to the time limitations described in the preceding sentence. Within 60 days after receipt of Chicken Guy's written notice regarding the required modernization, Franchisee shall prepare and complete drawings and plans for the required modernization. These drawings and plans must be submitted to, and their use approved by, Chicken Guy prior to the commencement of work. Franchisee shall complete the required modernization within the time reasonably specified by Chicken Guy in its written notice.

D. Variations from System Standards. Chicken Guy has the right, in its sole discretion, to waive, defer or permit variations from the standards of the System or the applicable agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other

condition or circumstance. Chicken Guy shall have the right, in its sole discretion, to deny any such request Chicken Guy believes would not be in the best interests of the System.

E. Franchisee's Development of System Improvements. If Franchisee develops any new concepts, processes or improvements relating to the System, whether or not pursuant to a Chicken Guy authorized test, Franchisee promptly shall notify Chicken Guy and provide Chicken Guy with all information regarding the new concept, process or improvement, all of which shall become the property of Chicken Guy and its affiliates and which may be incorporated into the System without any payment to Franchisee. Franchisee, at its expense, promptly shall take all actions deemed necessary or desirable by Chicken Guy to vest in Chicken Guy ownership of such concepts, processes or improvements.

12. TRAINING

A. Initial Manager Training Program.

(1) At least 45 days prior to the opening of the Franchised Restaurant, Franchisee (or, if Franchisee is owned by more than one individual, Franchisee's Operating Principal, as defined in Section 17.G.) and up to 2 restaurant managers that Franchisee designates shall attend, and become certified in, an initial manager training program in the operation of a Chicken Guy! Restaurant offered by Chicken Guy. The initial manager training program will include classroom instruction and on-the-job training at Chicken Guy's designated training facilities or a certified training restaurant ("CTR"). Upon completion of the initial manager training program, Franchisee (or, if applicable, Franchisee's Operating Principal) and Franchisee's designated employees who attend the initial manager training program shall take an exam, upon successful completion of which a "Certificate of Completion" will be awarded to each applicable individual, and Franchisee will "certified" to operate the Franchised Restaurant. Chicken Guy will not authorize the Franchised Restaurant to open until an adequate number of Franchisee's employees, as determined by Chicken Guy in its sole discretion, have attended, successfully completed and been "certified" in the initial manager training program.

(2) Subsequent to the opening of the Franchised Restaurant, any employee of Franchisee who assumes any management position must, within 30 days after assuming such position, attend the initial manager training program and become certified for that position after completing such training. The initial manager training program will be provided by Chicken Guy, unless a restaurant operated by Franchisee has been certified as a CTR in accordance with Section 12.C.

(3) Chicken Guy shall bear all expenses for the initial manager training program, provided that Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and Franchisee's employees while attending the training. Chicken Guy reserves the right to dismiss from the training program any person whom Chicken Guy does not believe will perform acceptably in the position for which he has been hired by Franchisee, and Franchisee shall provide a suitable replacement within one month of such dismissal.

B. Additional Training. Chicken Guy shall have the right (which may be exercised at any time and in Chicken Guy's sole discretion) to require that Franchisee, the Operating Principal, Franchisee's restaurant manager and any other employees designated by Chicken Guy take and successfully complete other training courses in addition to the initial manager training program. Chicken Guy reserves the right to require Franchisee to pay a tuition fee as established by Chicken Guy from time to time for these additional training programs within 30 days of receipt of an invoice from Chicken Guy. Franchisee will be required to pay all travel, living, food and other incidental expenses incurred by Franchisee and Franchisee's employees while attending the training. Franchisee will also be required to pay Chicken Guy's costs and expenses incurred for developing, compiling and distributing any additional training materials, if requested

by Franchisee. Such costs and expenses, at Chicken Guy's option, may be a fixed fee based on Chicken Guy's reasonable estimate in consultation with Franchisee based on Chicken Guy's average costs and expenses incurred in creating such additional training materials.

C. Team Member Training.

(1) Prior to opening the Franchised Restaurant, Franchisee or Franchisee's "certified" restaurant manager shall train each newly hired team member in the operation of the Franchised Restaurant. Chicken Guy will not authorize the Franchised Restaurant to open until an adequate number of Franchisee's employees, as determined by Chicken Guy in its sole discretion, have attended and successfully completed such training. Franchisee also shall conduct any additional initial and continuing training programs for its employees as Chicken Guy may require from time to time.

(2) If the Franchised Restaurant is the first Chicken Guy! Restaurant developed by Franchisee or its affiliates, Chicken Guy will conduct the team member training on-site at the Franchised Restaurant for non-management staff for 7 days prior to and 7 days after the opening of the Franchised Restaurant. Franchisee must reimburse Chicken Guy for the reasonable travel and lodging accommodation expenses incurred by Chicken Guy's training personnel in conducting the on-site training.

(3) Franchisee shall provide Chicken Guy written notice 30 days in advance of the scheduled opening date for the Franchised Restaurant, and Chicken Guy shall have the right to rely on that date to schedule and coordinate its personnel who will assist in the team member training. Franchisee must have a certificate of occupancy, or a conditional certificate of occupancy, at least 2 days before the scheduled arrival of Chicken Guy's employees. Chicken Guy may delay the scheduled arrival of its employees if Chicken Guy determines, in its sole discretion, that the Franchised Restaurant building is not safe or not ready to begin training. If the team member training date or the opening date is postponed or delayed for failure to obtain a certificate of occupancy or for any other reason and, as a direct result thereof, Chicken Guy incur any additional costs and expenses, Franchisee shall promptly reimburse Chicken Guy for those costs and expenses, including the salaries and wages for Chicken Guy's trainers during the period of such delay.

(4) If the Franchised Restaurant is not the first Chicken Guy! Restaurant developed by Franchisee or its affiliates and if Franchisee requests that Chicken Guy conduct the team member training for non-management staff, and if Chicken Guy agrees in its sole discretion, Franchisee must pay all reasonable expenses incurred by Chicken Guy in connection with such on-site training, including without limitation, travel expenses, lodging accommodations, salaries and wages of Chicken Guy training personnel, and other reasonable expenses of all such persons sent to the Franchised Restaurant in connection with the on-site training of the Franchised Restaurant employees.

(5) If Franchisee operates 2 or more franchised Chicken Guy! Restaurants, within 90 days after Franchisee opens its third franchised Chicken Guy! Restaurant, Franchisee may request permission from Chicken Guy to establish one of Franchisee's Chicken Guy! Restaurants as a CTR at which Franchisee's employees will offer the initial manager training program to Franchisee's employees. Chicken Guy must certify the Franchised Restaurant as a CTR before Franchisee may begin training there. Chicken Guy may periodically visit the CTR to ensure that it continues to meet Chicken Guy's standards.

13. ADDITIONAL SERVICES BY CHICKEN GUY

A. Pre-Opening Assistance. Chicken Guy may provide consultation and advice to Franchisee, as Chicken Guy deems appropriate, with regard to the development and operation of the Franchised Restaurant, building layout, furnishings, fixtures and equipment plans and specifications,

employee training, purchasing and inventory control, and such other matters as Chicken Guy deems appropriate.

B. Post-Opening Assistance. Chicken Guy periodically, as it deems appropriate, shall advise and consult with Franchisee in connection with the operation of the Franchised Restaurant. Chicken Guy, as it deems appropriate, shall provide to Franchisee its knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design, management, food and beverage preparation, sales promotion, service concepts and other areas. Chicken Guy may provide these services through visits by Chicken Guy's representatives to the Franchised Restaurant or Franchisee's offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications.

C. Periodic Inspections. Chicken Guy shall inspect the Franchised Restaurant and its operations to assist Franchisee's operations and ensure compliance with the System.

D. Delegation. Chicken Guy has the right, from time to time, to delegate the performance of any portion or all of its obligations and duties under this Agreement to designees, whether affiliates or agents of Chicken Guy or independent contractors with which Chicken Guy has contracted to provide this service.

14. PERFORMANCE STANDARDS AND UNIFORMITY OF OPERATION

Products sold and services performed under the Proprietary Marks have a reputation for quality. This reputation has been developed and maintained by Chicken Guy, and it is of the utmost importance to Chicken Guy, Franchisee and all other franchisees of Chicken Guy that this reputation be maintained. In recognition of the mutual benefits that come from maintaining the reputation for quality enjoyed by the System, Franchisee covenants and agrees, with respect to the operation of the Franchised Restaurant, that Franchisee and its employees shall comply with all of the requirements of the System as set forth in the Manual or otherwise, and Franchisee additionally shall comply with the following:

A. Standards, Specifications and Procedures. Franchisee acknowledges that each and every detail of the appearance, layout, décor, services and operation of the Franchised Restaurant is important to Chicken Guy and other Chicken Guy! Restaurants. Franchisee agrees to cooperate with Chicken Guy by maintaining these high standards in the operation of the Franchised Restaurant. Franchisee further agrees to comply with all System specifications, recipes, standards and operating procedures (whether contained in the Manual or any other written communication to Franchisee) relating to the appearance, function, cleanliness and operation of a Chicken Guy! Restaurant, including, but not limited to: **(1)** type, quality, taste, weight, dimensions, ingredients, uniformity, manner of preparation, and sale of all food products and beverages sold at the Franchised Restaurant and all other products used in the packaging and sale of those products and beverages; **(2)** sales and marketing procedures and customer service; **(3)** advertising and promotional programs; **(4)** layout, décor and color scheme of the Franchised Restaurant; **(5)** appearance and dress of employees; **(6)** safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation of the Franchised Restaurant; **(7)** submission of requests for approval of brands of products, supplies and suppliers; **(8)** use and illumination of signs, posters, displays, standard formats and similar items; **(9)** identification of Franchisee as the owner of the Franchised Restaurant; **(10)** types of fixtures, furnishings, equipment, smallwares and packaging; and **(11)** the make, type, location and decibel level of any game, entertainment or vending machine and the music programming service that is played at the Franchised Restaurant. Mandatory specifications, standards and operating procedures, including upgraded or additional equipment and software, that Chicken Guy prescribes from time to time in the Manual or otherwise communicates to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth in this Agreement.

B. Approved Products, Distributors and Suppliers.

(1) Franchisee acknowledges that the reputation and goodwill of Chicken Guy! Restaurants are based upon, and can only be maintained by, the sale of distinctive, high quality food products and beverages, and the presentation, packaging and service of such products and beverages in an efficient and appealing manner. Chicken Guy may develop certain proprietary food products that will be prepared by or for Chicken Guy according to Chicken Guy's proprietary special recipes and formulas (collectively "proprietary products"). Chicken Guy also has developed standards and specifications for other food products, ingredients, seasonings, mixes, beverages, materials and supplies incorporated or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at Chicken Guy! Restaurants. Franchisee agrees that it will: **(a)** purchase those proprietary products only from Chicken Guy or a third party designated and licensed by Chicken Guy to prepare and sell such products (collectively "designated suppliers"); **(b)** use the proprietary products only in accordance with the Manual and for items sold at the Franchised Restaurant; and **(c)** purchase from manufacturers, distributors, vendors and suppliers approved by Chicken Guy (collectively "approved suppliers") all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products (collectively "goods"), as well as advertising materials furniture, fixtures, equipment, smallwares, menus, menu boards, forms, paper and plastic products, packaging or other materials (collectively "materials") that meet the standards and specifications promulgated by Chicken Guy from time to time. Chicken Guy has the right to require that Franchisee use only certain brands and to prohibit Franchisee from using other brands. Chicken Guy may from time to time modify the list of approved brands (including certain brands of soft drinks and bottled beverages), and Franchisee shall not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Chicken Guy may from time to time modify the list of designated suppliers and/or approved suppliers, and Franchisee shall not, after receipt of such modification in writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier.

(2) Chicken Guy may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. Chicken Guy may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Chicken Guy! Restaurants or any other group of restaurants franchised or operated by Chicken Guy or its affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be rescinded or provided on a temporary basis pending a further evaluation of such supplier by Chicken Guy. Chicken Guy may establish commissaries and distribution facilities owned and operated by Chicken Guy or an affiliate that Chicken Guy shall designate as an approved supplier.

(3) If Franchisee proposes to purchase any goods or materials (that Franchisee is not required to purchase from Chicken Guy, an affiliate of Chicken Guy or a designated supplier) from a supplier that Chicken Guy has not previously approved, Franchisee shall submit to Chicken Guy a written request for such approval, or shall request the supplier to do so itself. Chicken Guy has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as Chicken Guy reasonably designates be delivered to Chicken Guy and/or to an independent, certified laboratory designated by Chicken Guy for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee. Chicken Guy will notify Franchisee within 60 days of Franchisee's request as to whether Franchisee is authorized to purchase such products from that supplier. Chicken Guy reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the suppliers' failure to continue to meet any of the foregoing criteria.

(4) Franchisee shall at all times maintain an inventory of approved goods and materials sufficient in quality and variety to realize the full potential of the Franchised Restaurant. Chicken Guy may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee agrees to cooperate in these efforts by participating in Chicken Guy's customer surveys and market research programs if requested by Chicken Guy. All customer surveys and market research programs will be at Chicken Guy's sole cost and expense, unless such survey or program has been approved by Franchisee and Franchisee has approved its proportionate cost. Franchisee shall not be allowed to test anything without first being requested to by Chicken Guy and signing a test letter agreement in a form satisfactory to Chicken Guy.

(5) **Chicken Guy and its affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. Franchisee acknowledges that Chicken Guy and its affiliates may, under appropriate circumstances, receive fees, commissions, royalties, or other consideration from approved suppliers based on sales to franchisees, and that Chicken Guy may charge non-approved suppliers reasonable testing or inspection fees.**

C. Menu Boards and Formats. Chicken Guy shall have the right to prescribe, and subsequently vary, one or more menu boards and formats to be utilized in the Franchised Restaurant. The menu boards and formats may include requirements concerning organization, graphics, product descriptions, illustrations and other matters (except prices) related to the menu. Prescribed menu boards and formats may vary depending on region, market size or other factors deemed relevant by Chicken Guy. If any menu board and format utilized by Franchisee ceases to be an authorized menu board and format, Franchisee shall have a reasonable period of time (not to exceed 6 months) to discontinue use of the old menu board and format and begin using an authorized menu board and format.

D. Menu Pricing. Franchisee shall be solely responsible for determining the prices of products offered at the Franchised Restaurant; provided, however, Chicken Guy reserves the right to require Franchisee to comply with any maximum or minimum resale pricing restrictions implemented by Chicken Guy. Any such pricing adjustments shall be made in Chicken Guy's reasonable business judgment as market conditions dictate in order to enhance sales and maximize profitability of all Chicken Guy! Restaurants, and only to the extent that such pricing does not violate applicable law. Franchisee acknowledges that: (1) any such pricing restrictions at Chicken Guy! Restaurants are essential to maintaining and furthering the goodwill and appeal that has come to be associated with Chicken Guy! Restaurants and the System; and (2) Chicken Guy's required pricing policies are not anti-competitive and benefit Franchisee because it ensures uniform prices to consumers and avoids any unfair competitive advantage in favor of any Chicken Guy! Restaurant.

E. Technology.

(1) Franchisee agrees to procure and install, at its expense, a technology system including such data processing equipment, computer hardware, software, point of sale system, required dedicated data, telephone lines, broadband and wireless Internet connections, modems, printers and other computer-related accessories or peripheral equipment as Chicken Guy specifies in the Manual or otherwise. All of the foregoing must be able to provide Chicken Guy that information, in that format/medium, as Chicken Guy reasonably may specify from time to time. Franchisee shall provide all assistance required by Chicken Guy to bring Franchisee's technology system on-line with the technology system designated by Chicken Guy and maintained by Chicken Guy or its affiliates at the earliest possible time. All of the hardware and software specified to be installed or purchased, or activities Franchisee is to accomplish, including, but not limited to, the delivery and installation or set-up cost of all hardware and software, and

any and all ongoing software licensing fees shall be at Franchisee's expense. Chicken Guy reserves the right to require Franchisee to engage Chicken Guy or a hardware maintenance and/or help desk support provider approved by Chicken Guy to maintain Franchisee's technology system.

(2) As part of its technology system, Franchisee must record all sales at the Franchised Restaurant on a point of sale system that is fully compatible with Chicken Guy's technology system and that includes an information interface capability to communicate electronically with Chicken Guy's technology system to provide Chicken Guy with continuous transaction level point of sale data. Franchisee agrees that Chicken Guy shall have the free and unfettered right to retrieve any data and information from Franchisee's point of sale system as Chicken Guy, in its sole discretion, deems appropriate, including electronically polling the daily sales, menu mix and other data of the Franchised Restaurant. All data pertaining to, derived from, or displayed at the Franchised Restaurant (including without limitation data pertaining to or otherwise about Franchised Restaurant customers) is and shall be Chicken Guy's exclusive property, and Chicken Guy hereby grants Franchisee a royalty-free non-exclusive license to use that data during the Initial Term of this Agreement.

(3) Franchisee shall: **(a)** use any proprietary software programs, system documentation manuals and other proprietary materials provided to Franchisee by Chicken Guy in connection with the operation of the Franchised Restaurant; **(b)** input and maintain in Franchisee's technology system such data and information as Chicken Guy prescribes in the Manual, software programs, documentation or otherwise; and **(c)** purchase new or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (including ongoing software licensing fees) within 90 days after receipt of notice from Chicken Guy that Chicken Guy has adopted such new or upgraded programs, manuals and materials system-wide.

(4) Franchisee shall participate in Chicken Guy's online ordering system, if established, on such terms and conditions that Chicken Guy may specify in the Manual, and to pay the fees for such online ordering system that Chicken Guy and/or its vendor reasonably specify.

(5) Franchisee acknowledges that technology systems are designed to accommodate a finite amount of data and terminals, and that, as these limits are reached, or as technology or software is developed in the future, Chicken Guy may, in its sole discretion, mandate that Franchisee: **(a)** add memory, ports and other accessories or peripheral equipment or additional, new or substitute software to the original technology system purchased by Franchisee; and **(b)** replace or upgrade the entire technology system with a larger system capable of assuming and discharging the technology-related tasks and functions specified by Chicken Guy. Franchisee acknowledges that technology system designs and functions change periodically and that Chicken Guy may desire to make substantial modifications to its technology systems specifications or to require installation of entirely different systems during the term of this Agreement or upon renewal of this Agreement.

(6) To ensure full operational efficiency and communication capability between Chicken Guy's computers and those of all Chicken Guy! Restaurants, Franchisee agrees, at its expense, to keep its technology system in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to its hardware, software, telephone and data lines and other technology-related facilities as directed by Chicken Guy, and on the dates and within the times specified by Chicken Guy in its sole discretion. Upon termination or expiration of this Agreement, all software, disks, tapes, data storage devices, and other magnetic storage media shall be returned to Chicken Guy in good operating condition, excepting normal wear and tear.

F. Non-Cash Payment Systems and PCI Compliance.

(1) Within a reasonable period of time following Chicken Guy's request, Franchisee shall accept debit cards, credit cards, stored value gift cards or other non-cash payment systems, including participation in loyalty programs, specified by Chicken Guy to enable customers to purchase authorized products and shall obtain all necessary hardware and/or software used in connection with these non-cash systems. Franchisee shall comply with all policies and procedures set forth by Chicken Guy in the Manual with respect to these non-cash payment systems.

(2) Franchisee shall maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that Chicken Guy may periodically designate as mandatory. Franchisee shall not to use any Credit Card Vendor for which Chicken Guy has not given its prior written approval or as to which Chicken Guy has revoked its earlier approval. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (e.g., "Apple Pay" and "Google Wallet"). Chicken Guy has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider. Franchisee shall comply with Chicken Guy's policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (Chicken Guy may set these requirements in the Manual).

(3) Franchisee shall comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that Chicken Guy may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

G. Chicken Guy Inspections.

(1) To determine whether Franchisee and the Franchised Restaurant are in compliance with this Agreement and with all specifications, quality standards and operating procedures prescribed by Chicken Guy for the operation of Chicken Guy! Restaurants, Chicken Guy or its designees shall have the right at any reasonable time and without prior notice to Franchisee to: (a) inspect the Franchised Location; (b) observe, photograph and videotape the operations of the Franchised Restaurant for such consecutive or intermittent periods as Chicken Guy deems necessary; (c) remove samples of any food and beverage product, material or other products for testing and analysis (without paying for the samples); (d) interview personnel of the Franchised Restaurant; (e) interview customers of the Franchised Restaurant; and (f) inspect and copy any books, records and documents relating to the operation of the Franchised Restaurant or, upon the request of Chicken Guy or its designee, require Franchisee to send copies thereof to Chicken Guy or its designee. Franchisee shall present to its customers those evaluation forms as are periodically prescribed by Chicken Guy and shall participate and/or request its customers to participate in any surveys performed by or on behalf of Chicken Guy as Chicken Guy may direct.

(2) Franchisee agrees to cooperate fully with Chicken Guy or its designee in connection with any such inspections, observations, videotaping, product removal and interviews. Following each inspection, Chicken Guy will provide Franchisee an inspection report listing Franchisee's score on the inspection and those conditions at the Franchised Restaurant that must be rectified. Franchisee shall take all necessary steps to immediately correct any deficiencies detected during these inspections (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 Chicken Guy from time to time.

(3) If Franchisee fails to achieve a passing score on an inspection, Chicken Guy may, in its sole discretion, require that Franchisee's to Operating Principal and/or one or more managerial employees of the Franchised Restaurant attend and successfully complete an additional management training program (the length of which will not exceed 10 consecutive days) to be held at a location designated by Chicken Guy. Franchisee shall pay a tuition charge as established by Chicken Guy 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.

(4) If Franchisee fails to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If Franchisee fails to achieve a passing score on the next inspection (which shall be conducted at least 30 days after Franchisee's receipt of the inspection report for the prior inspection), Chicken Guy may terminate this Agreement, without opportunity to cure, by providing Franchisee written notice of termination along with the inspection report.

H. Upkeep of the Franchised Restaurant.

(1) Franchisee shall constantly maintain and continuously operate the Franchised Restaurant and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In addition, Franchisee shall promptly and diligently perform all necessary maintenance, repairs and replacements to the Franchised Restaurant as Chicken Guy may prescribe from time to time, including periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and decor.

(2) Franchisee shall not make any material alterations to the Franchised Restaurant that affect operations or the image of the System without Chicken Guy's prior written approval. Franchisee acknowledges and agrees that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Chicken Guy! Restaurants, to assist the Franchised Restaurant to compete effectively in the marketplace and to avoid deterioration or obsolescence of the operation of the Franchised Restaurant.

I. Maximum Operation of the Franchised Restaurant.

(1) During the term of this Agreement, Franchisee shall use the Franchised Location solely for the operation of the Franchised Restaurant and shall maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Restaurant at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as Chicken Guy otherwise prescribes in writing (subject to the requirements of local laws and licensing requirements).

(2) Franchisee shall immediately resolve any customer complaints regarding the quality of food or beverages, service and/or cleanliness of the Franchised Restaurant or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use reasonable efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If Chicken Guy, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Chicken

Guy, in its sole discretion, believes that Franchisee has failed adequately to address or resolve any customer complaints, Chicken Guy may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Chicken Guy's reasonable costs and expenses in resolving the customer complaints, which amount Franchisee shall pay Chicken Guy immediately on demand.

J. Franchised Restaurant Management and Personnel.

(1) The Franchised Restaurant shall at all times be under the on-site supervision of the Operating Principal or a restaurant manager who must meet, to the satisfaction of Chicken Guy, Chicken Guy's applicable training qualifications for their designated position. Franchisee must, at all times, employ at least 2 management personnel for the Franchised Restaurant who have successfully completed the initial manager training program. If, at any time, Franchisee ceases to employ 2 management personnel as described above, Franchisee has 30 days (from the date on which Franchisee has less than 2 specified management personnel) to hire and enroll replacement personnel in the initial manager training program. At Franchisee's option, one person may hold more than one of the above positions.

(2) Franchisee (or, if Franchisee is owned by more than one individual, the Operating Principal) shall remain active in overseeing the operations of the Franchised Restaurant, including, without limitation, regular, periodic visits to the Franchised Restaurant and sufficient communications with Chicken Guy to ensure that the Franchised Restaurant's operations comply with the operating standards as promulgated by Chicken Guy from time to time in the Manual or otherwise in written or oral communications.

(3) Franchisee shall hire all employees of the Franchised Restaurant and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of the Franchised Restaurant, in human resources and customer relations. Franchisee shall establish at the Franchised Restaurant a training program for all employees that meets the standards prescribed by Chicken Guy.

(4) Franchisee shall employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Chicken Guy and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual. Franchisee shall use reasonable efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to all customers and fellow employees of the Franchised Restaurant.

K. Signs and Logos. Subject to local ordinances, Franchisee shall prominently display in and upon the land and buildings of the Franchised Restaurant interior and exterior signs and logos using the name "CHICKEN GUY!," without any prefix or suffix, and those other names, marks, advertising signs and logos, of such nature, form, color, number, location and size, and containing that material as Chicken Guy may from time to time direct. Franchisee shall not display in or upon the Franchised Location any sign, logo or advertising media of any kind to which Chicken Guy objects.

L. Entertainment Equipment. Franchisee shall not permit at the Franchised Restaurant any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film or video device not authorized by Chicken Guy.

M. Compliance with Laws and Good Business Practices.

(1) Franchisee shall secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Franchised Restaurant. Franchisee shall operate the

Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations including, without limitation, all laws or regulations governing or relating to the handling of food products, immigration and discrimination, occupational hazards and health insurance, employment laws, including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales taxes. [Franchisee must provide Chicken Guy with a copy of any health inspection report upon request.](#) All advertising and promotion by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall, in all dealings with Franchisee's customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the goodwill associated with the Proprietary Marks or the business of Chicken Guy or its affiliates, the System or other restaurants operated or franchised by Chicken Guy or its affiliates.

(2) Franchisee agrees to abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). Franchisee agrees to comply with Chicken Guy's standards and policies pertaining to Privacy Laws. If there is a conflict between Chicken Guy's standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Chicken Guy written notice of said conflict; and (c) promptly and fully cooperate with Chicken Guy and its counsel in determining the most effective way, if any, to meet Chicken Guy's standards and policies pertaining to Privacy Laws within the bounds of applicable law. Franchisee agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Chicken Guy's prior written consent.

(3) Franchisee shall notify Chicken Guy in writing within 5 days after the commencement of: (a) any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Franchised Restaurant; or (b) of any notice of violation of any law, ordinance or regulation relating to health or sanitation at the Franchised Restaurant.

N. Customer Service Satisfaction and Secret Shopper Programs. In order to (among other things) maintain and enhance the goodwill associated with the Proprietary Marks, the System and each Chicken Guy! Restaurant, Franchisee agrees to participate in programs initiated to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) customer service satisfaction program, secret shoppers or other programs as Chicken Guy may require. Chicken Guy will share the results of these programs, as they pertain to the Franchised Restaurant, with Franchisee. Franchisee will reimburse Chicken Guy for all costs related to the Franchised Restaurant associated with any and all of these programs.

15. PROPRIETARY MARKS

A. Scope. The term "Proprietary Marks" as used in this Agreement refers to all words, symbols, insignia, devices, designs, trade names, service marks or combinations thereof designated by Chicken Guy as identifying the System and the products sold and services provided in connection with the System. Chicken Guy shall, from time to time, advise Franchisee as to any additions or deletions to the Proprietary Marks, and Franchisee's right to use the Proprietary Marks shall be deemed modified by those additions or deletions.

B. Limited Right To Use Proprietary Marks. Franchisee's right to use the Proprietary Marks is limited to its use of the Proprietary Marks in the operation of the Franchised Restaurant at the Franchised Location and as expressly provided in this Agreement and the Manual. Franchisee shall not use the Proprietary Marks on any vehicles without Chicken Guy's prior written approval. Franchisee shall not

modify the Proprietary Marks in any manner in connection with Franchisee's display of, or creation or duplication of materials bearing, the Proprietary Marks. Franchisee shall not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by Chicken Guy or in any corporate, limited liability company or partnership name and shall not use any other trade names, service marks or trademarks in conjunction with the Franchised Restaurant. If local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Proprietary Marks are being used as a fictitious or assumed name, Franchisee shall include in such filing or application an indication that the filing is made "as a franchisee of Chicken Guy (Franchisor), LLC." Franchisee shall use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks.

C. Use of Proprietary Marks on Internet.

(1) Franchisee shall not use the Proprietary Marks or any variations of the Proprietary Marks or marks or names confusingly similar to the Proprietary Marks in any manner not authorized by Chicken Guy in writing as part of any URL, domain name, Website, meta-tag, download, application, posting, social networking profile, directory listing, screen name, anonymous name, blog, vlog, e-mail account, instant messaging account, texting identity, user generated content, or any other identification of Franchisee or the Franchised Restaurant in any electronic medium (collectively, and individually, "Electronic Identifiers"). As used in this Agreement, the term "Website" means one or more related documents, designs, or other communications that can be accessed through electronic means (including, but not limited to, the Internet, the World Wide Web, and social networking sites like Facebook, Twitter, LinkedIn, Pinterest, blogs, vlogs, and other applications, etc.).

(2) Chicken Guy may grant or withhold its consent in its sole discretion and may condition its consent on such requirements as Chicken Guy deems appropriate, including, among other things, that Franchisee obtain Chicken Guy's prior written approval of: (a) any and all Electronic Identifiers related to the Franchised Restaurant; (b) the proposed form and content (including any visible and non-visible content such as meta-tags) of any Website related to the Franchised Restaurant; (c) Franchisee's use of any hyperlinks or other links; (d) Franchisee's use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and (e) any proposed modification of Franchisee's Website. Chicken Guy may designate the form and content of Franchisee's Website and/or require that any such Website be hosted by Chicken Guy or a third party designated by Chicken Guy, using one or more Websites that Chicken Guy owns and/or controls. In addition, Chicken Guy may require Franchisee to establish hyperlinks to Chicken Guy's Website or another Website designated by Chicken Guy. Chicken Guy may charge Franchisee a fee for developing, reviewing and approving Franchisee's Website and/or for hosting the Website.

(3) Unless otherwise approved by Chicken Guy, Franchisee must use, and only use, the e-mail address and other Electronic Identifiers that Chicken Guy designates in connection with the business of the Franchised Restaurant. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Chicken Guy's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. Franchisee acknowledges and agrees that any consent provided by Chicken Guy pursuant to this Section 15 shall be solely for the purpose of assuring compliance with Chicken Guy's standards and shall not be construed as any express or implied representation or warranty that the Electronic Identifier or its proposed content complies with any applicable laws, codes or regulations. In addition to any other provision of this Agreement, Franchisee will be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

(4) Notwithstanding this Section 15.C., Chicken Guy in its sole discretion and upon notice to Franchisee, may elect to register and own any domain name(s) or other Electronic Identifiers intended to be used by Franchisee in connection with its Franchised Restaurant. In such case, Chicken Guy will provide Franchisee all administrative access to the Electronic Identifier(s) and Franchisee shall be solely responsible for content development and creation, and maintenance thereof, in accordance with this Section 15. Franchisee shall reimburse Chicken Guy for all out-of-pocket costs and expenses incurred by Chicken Guy in connection with the registration or renewal of any Electronic Identifier immediately upon Franchisee's receipt of an invoice therefor.

D. Modifications to Proprietary Marks. If Chicken Guy should elect to use a principal name other than "CHICKEN GUY!" to identify the System, Chicken Guy may select another name and notify Franchisee to change all or some items bearing the Proprietary Marks to the new name within a reasonable period of time as determined by Chicken Guy without any liability to Franchisee, and Franchisee promptly shall adopt that name. Franchisee agrees that nothing in this Agreement gives it any right, title or interest in the Proprietary Marks (except the right to use the Proprietary Marks in accordance with the terms of this Agreement), that the Proprietary Marks are the sole property of Licensor, Chicken Guy and their affiliates, that Franchisee shall not directly or indirectly contest the validity or ownership of the Proprietary Marks or Chicken Guy's right to license the Proprietary Marks, and that any and all uses by Franchisee of the Proprietary Marks and the goodwill arising therefrom shall inure exclusively to the benefit of Licensor, Chicken Guy and their affiliates. Franchisee will not seek to register, reregister, assert claim to ownership of, license or allow others to use, or otherwise appropriate to itself, any of the Proprietary Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing except to the extent this action inures to the benefit of, and has the prior written approval of, Chicken Guy. Any unauthorized use of the Proprietary Marks by Franchisee or attempt by Franchisee, directly or indirectly, to register the Proprietary Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of Chicken Guy's rights in and to the Proprietary Marks.

E. Notice of Infringement. Franchisee promptly shall inform Chicken Guy in writing as to any infringement of the Proprietary Marks of which it has knowledge. Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement without first obtaining Chicken Guy's written approval. Chicken Guy shall have the right, but not the obligation, to bring such action or take such steps as it may deem advisable to prevent any such infringement and to join Franchisee as a party to any action in which Chicken Guy is or may be a party and as to which Franchisee is or would be a necessary or proper party. Franchisee also shall promptly notify Chicken Guy of any litigation (including administrative or arbitration proceedings) of which Franchisee is aware instituted against Chicken Guy, its affiliates or Franchisee relating to the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such other assistance and do any acts and things as may, in the opinion of Chicken Guy's counsel, be necessary or advisable to protect and maintain Chicken Guy's interests in the Proprietary Marks, including, without limitation, Chicken Guy's interests in litigation or proceedings before the U.S. Patent and Trademark Office or other tribunal relating to the Proprietary Marks.

16. INSURANCE

A. Procurement of Insurance by Franchisee. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Restaurant, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Restaurant. Franchisee shall maintain in full force and effect throughout the term of this Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Restaurant which shall

include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 16.B. Chicken Guy, and any entity with an insurable interest designated by Chicken Guy, shall be an additional insured in all liability policies (except workers compensation) to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to Chicken Guy, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to Franchisee in writing. Chicken Guy may reasonably increase the minimum required coverage and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee shall receive written notice of such modifications and shall take prompt action to secure the additional coverage or higher policy limits. These policies shall include, at a minimum, the following:

(1) Comprehensive or Commercial General Liability Insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, and completed operations on an occurrence basis with policy limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(2) All Risks Property Insurance for fire and related peril (including floods and earthquakes where applicable) with limits of insurance of not less than the full replacement value of the Franchised Restaurant, and its furniture, fixtures, equipment, inventory and other tangible property.

(3) Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss.

(4) Plate Glass Insurance for replacement of glass from breakage.

(5) Employer's Liability Insurance in the amount of \$500,000 per person, \$500,000 in the aggregate and \$500,000 for occupational disease.

(6) Liquor Liability Insurance for bodily injury and property damage on an occurrence basis with policy limits of not less than \$1,000,000, to the extent that Chicken Guy has approved the sale of alcoholic beverages at the Franchised Restaurant.

(7) Workers' Compensation and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Restaurant is located. This coverage shall also be in effect for all of Franchisee's employees who participate in any of the training programs described in Section 12.

(8) Builder's All Risk Insurance in connection with any new construction or substantial renovation, refurbishment or remodeling of the Franchised Restaurant. Franchisee shall also maintain performance and completion bonds in forms and amounts, and written by carrier(s), reasonably satisfactory to Chicken Guy.

(9) Automobile Liability if Franchisee is engaged in any delivery operations. Coverage shall be on a Symbol 1 (any auto) basis and in the amount of \$1,000,000 per occurrence on any auto.

(10) Cyber Liability Insurance with a minimum limit of \$1,000,000 to include coverage for business interruption loss, cyber extortion, data recovery costs and data and network liability.

(11) Umbrella or Excess Liability Insurance in the amount of \$3,000,000 per occurrence and \$3,000,000 in annual aggregate that includes the prior mentioned coverages as underlying policies. Coverage shall follow form over general liability (including non-owned & hired liability), liquor liability, automobile liability and employer's liability.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that Franchisee is required to maintain under this Agreement:

(1) Each insurance policy shall be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Chicken Guy. The workers compensation policy shall include a waiver of subrogation in favor of Chicken Guy. In the event payments are required to be made under Chicken Guy's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, Franchisee agrees to reimburse, hold harmless and indemnify Chicken Guy and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use reasonable efforts to obtain an endorsement on each policy it obtains pursuant to Section 16.B. stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Chicken Guy. All insurance coverage obtained by Chicken Guy shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) No insurance policy shall contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by Chicken Guy or its affiliates.

(3) Each insurance policy shall extend to, and provide indemnity for, all obligations and liabilities of Franchisee to third parties and all other items for which Franchisee is required to indemnify Chicken Guy under this Agreement.

(4) Each insurance policy shall be written by an insurance company that has received and maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service.

(5) No insurance policy shall provide for a deductible amount that exceeds \$5,000, unless otherwise approved in writing by Chicken Guy, and Franchisee's co-insurance under any insurance policy shall be 80% or greater.

D. Proof of Insurance. No later than 30 days after this Agreement is executed by Chicken Guy, and on each policy renewal date thereafter, Franchisee shall submit a certificate of insurance, or other evidence of satisfactory insurance as required by this Section 16.D. and proof of payment therefor to Chicken Guy. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 10 days' prior written notice to Chicken Guy. Upon request, Franchisee also shall provide to Chicken Guy copies of all or any policies, and policy amendments and riders.

E. No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Chicken Guy that only such policies, in such amounts, are necessary or adequate to protect Franchisee from losses in connection with its business under this Agreement. Maintenance of this insurance, and the performance by Franchisee of its obligations under this Section, shall not relieve Franchisee of liability under the indemnification provisions of this Agreement.

F. Procurement of Insurance by Chicken Guy. Should Franchisee, for any reason, fail to procure or maintain at least the insurance required by this Section 16, as revised from time to time pursuant to the Manual or otherwise in writing, Chicken Guy shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to Franchisee. Franchisee shall reimburse Chicken Guy for all out-of-pocket costs incurred by Chicken Guy in obtaining such insurance on behalf of Franchisee immediately upon Franchisee's receipt of an invoice therefor.

17. ORGANIZATION OF FRANCHISEE

A. Representations.

(1) If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: **(a)** it is duly organized and validly existing under the laws of the state of its formation; **(b)** it is qualified to do business in the state or states in which the Franchised Restaurant is located; **(c)** execution of this Agreement and the development and operation of the Franchised Restaurant is permitted by its governing documents; and **(d)** unless waived in writing by Chicken Guy, Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of Chicken Guy! Restaurants and other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates.

(2) If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: **(a)** each individual has executed this Agreement; **(b)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(c)** notwithstanding any transfer for convenience of ownership, pursuant to Section 19.D., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If Franchisee is a corporation, copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Chicken Guy. If Franchisee is a limited liability company, copies of Franchisee's Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Chicken Guy. If Franchisee is a partnership, copies of Franchisee's written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Chicken Guy, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee promptly shall provide copies to Chicken Guy.

C. Ownership Interests.

(1) If Franchisee is a corporation, a limited liability company or a partnership, all interests in Franchisee are owned as set forth in the attached Data Sheet. In addition, if Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Franchisee is a limited liability company, Franchisee shall maintain a current list of all members (and the percentage membership interest of each member). If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner). Franchisee shall comply with Section 19 prior to any change in ownership interests and shall execute addenda to the attached Data Sheet as changes occur in order to ensure the information contained in the attached Data Sheet is true, accurate and complete at all times.

(2) The requirements of this Section 17.C. shall apply only to Franchisee's Continuity Group (defined in Section 17.E.) if, as of the date of the first franchise-related agreement between Franchisee and Chicken Guy or one of its affiliates, Franchisee was a publicly-held entity (*i.e.*, an entity that has a class of securities traded on a recognized securities exchange or quoted on the inter-dealer quotation sheets known as the "pink sheets"). If Franchisee becomes a publicly-held entity after that date, it shall thereafter be required to execute addenda to the attached Data Sheet only with respect to changes in ownership interests of members of the Continuity Group.

D. Restrictive Legend. If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Chicken Guy! Restaurant Franchise Agreement(s) to which the corporation is a party." If Franchisee is a publicly-held corporation these requirements shall apply only to the stock owned by Franchisee's Continuity Group. If Franchisee is a limited liability company, each membership or management certificate or other evidence of interest in Franchisee shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Chicken Guy! Restaurant Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is a partnership, its 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 on assignment by this Agreement.

E. Continuity Group. If Franchisee is a corporation, a limited liability company or a partnership, the attached Data Sheet lists those persons whom Chicken Guy and Franchisee have designated as Franchisee's "Continuity Group." In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, Franchisee shall execute addenda to the attached Data Sheet to reflect the change. If Franchisee is a corporation, the Continuity Group shall at all times own at least 51% of the voting securities of Franchisee; if Franchisee is a limited liability company, the Continuity Group shall at all times own at least 51% of the membership interests in Franchisee; and if Franchisee is a partnership, the Continuity Group shall at all times have at least a 51% interest in the operating profits and losses and at least a 51% ownership interest in Franchisee.

F. Guarantees.

(1) All members of the Continuity Group and each of their spouses, if applicable, shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee and Assumption of Franchisee's Obligations ("Guarantee"). Unless Franchisee is a publicly-held entity, all of Franchisee's

officers, directors and all holders of a legal or beneficial interest in Franchisee of 10% or more (“10% Owners”) and each of their spouses, if applicable, also shall jointly and severally guarantee Franchisee’s payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, Chicken Guy reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute the attached Guarantee. Chicken Guy reserves the right to require any guarantor to provide personal financial statements to Chicken Guy from time to time.

(2) With respect to 10% Owners, Franchisee acknowledges that, unless otherwise agreed to in writing by Chicken Guy, it is Chicken Guy’s intent to have individuals (and not corporations, limited liability companies or other entities) execute the Guarantee. Accordingly, if any 10% Owner is not an individual, Chicken Guy shall have the right to have the Guarantee executed by individuals who have only an indirect ownership interest in Franchisee. (By way of example, if a 10% Owner of Franchisee is a corporation, Chicken Guy has the right to require that the Guarantee be executed by individuals who have an ownership interest in that corporation.)

(3) If Franchisee, any guarantor or any parent, subsidiary or affiliate of Franchisee holds any interest in other restaurants that are franchised by Chicken Guy or its affiliates, the party who owns that interest shall execute, concurrently with this Agreement, a form of cross-guarantee to Chicken Guy and its affiliates for the payment of all obligations for such restaurants, unless waived in writing by Chicken Guy in its sole discretion. For purposes of this Agreement, an affiliate of Franchisee is any company controlled, directly or indirectly, by Franchisee or Franchisee’s parent or subsidiary.

G. Operating Principal.

(1) If Franchisee is owned by more than one individual, Franchisee shall designate and retain an individual to serve as the Operating Principal. The Operating Principal as of the date of this Agreement is identified in the attached Data Sheet. Unless waived in writing by Chicken Guy, the Operating Principal shall meet all of the following qualifications:

(a) The Operating Principal, at all times, shall have at least a 10% equity ownership interest in Franchisee. This Section 17.G.(1)(a) shall not apply if Franchisee was a publicly-held entity or a wholly-owned subsidiary of a publicly-held entity as of the date of the first franchise-related agreement between Franchisee and Chicken Guy.

(b) The Operating Principal, at all times, shall be a member of the Continuity Group and, at a minimum, have full control over the day-to-day activities, including operations, of the Franchised Restaurant and those other restaurants (that are franchised by Chicken Guy or its affiliates) operated by Franchisee in the same geographic area as the Franchised Restaurant, including control over the standards of operation and financial performance.

(c) The Operating Principal shall devote substantial time and adequate efforts to supervising the operation of the Franchised Restaurant and those other restaurants (that are franchised by Chicken Guy or its affiliates) operated by Franchisee in the same geographic area as the Franchised Restaurant and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(d) The Operating Principal shall successfully complete the initial manager training program (either the full initial manager training program or a modified version of the initial manager training program to meet the specific needs of the candidate, as deemed appropriate by Chicken Guy in its sole discretion) and any additional training required by Chicken Guy.

(e) The Operating Principal shall have at least five years' of full profit and loss responsibility and accountability, with a history of operating at least as many restaurants as Franchisee has agreed to develop under a Chicken Guy! Restaurant Development Agreement, if applicable, or at least one restaurant if Franchisee is only entering into this Agreement.

(f) Chicken Guy shall have approved the Operating Principal, and not have later withdrawn that approval.

(2) If the Operating Principal no longer qualifies as such, Franchisee shall designate another qualified person to act as Operating Principal within 30 days after the date the prior Operating Principal ceases to be qualified. Franchisee's designee to become the Operating Principal must successfully complete the initial manager training program. Following Chicken Guy's approval of a new Operating Principal, that person shall execute the attached form of Guarantee unless waived by Chicken Guy in its sole discretion.

18. TRANSFERS BY CHICKEN GUY

Chicken Guy shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of its rights and obligations under this Agreement to any person or legal entity without the consent of Franchisee.

19. TRANSFERS BY FRANCHISEE

A. Chicken Guy's Prior Written Approval Required.

(1) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Chicken Guy has entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls Franchisee shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Franchisee, this Agreement, the Franchise, the Franchised Restaurant, the assets of the Franchised Restaurant, the Franchised Location or any other assets pertaining to Franchisee's operations under this Agreement (collectively "Transfer") without the prior written consent of Chicken Guy, which consent shall not be unreasonably withheld.

(2) Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having the prior written consent of Chicken Guy shall be null and void and shall constitute a material breach of this Agreement, for which Chicken Guy may terminate this Agreement without providing Franchisee an opportunity to cure the breach.

B. Transfer Considerations. Franchisee shall advise Chicken Guy in writing of any proposed Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, and submit a copy of all contracts and all other agreements or proposals, and all other information requested by Chicken Guy, relating to the proposed Transfer. If Chicken Guy does not exercise its right of first refusal, the decision as to whether or not to approve a proposed Transfer shall be made by Chicken Guy in its reasonable business discretion and shall include numerous factors deemed relevant by Chicken Guy. These factors may include, but will not be limited to, the following:

(1) The proposed transferee (and if the proposed transferee is other than an individual, such owners of an interest in the transferee as Chicken Guy may request) must demonstrate that it has extensive experience in high quality restaurant operations of a character and complexity similar to the restaurants franchised by Chicken Guy or its affiliates; meets the managerial, operational, experience, quality, character and business standards for a franchisee promulgated by Chicken Guy from time to time; possesses a good character, business reputation and credit rating; has an organization whose management culture is compatible with Chicken Guy's management culture; and has adequate financial resources and working capital to meet Franchisee's obligations under this Agreement.

(2) The sales price shall not be so high, in Chicken Guy's reasonable judgment, as to jeopardize the ability of the transferee to develop, maintain, operate and promote the Franchised Restaurant and meet financial obligations to Chicken Guy, third party suppliers and creditors. Chicken Guy's decision with respect to a proposed Transfer shall not create any liability on the part of Chicken Guy: (a) to the transferee, if Chicken Guy approves the Transfer and the transferee experiences financial difficulties; or (b) to Franchisee or the proposed transferee, if Chicken Guy disapproves the Transfer pursuant to this Section 19 or for other legitimate business purposes. Chicken Guy, without any liability to Franchisee or the proposed transferee, has the right, in its reasonable business discretion, to communicate and counsel with Franchisee and the proposed transferee regarding any aspect of the proposed Transfer.

(3) All of Franchisee's accrued monetary obligations to Chicken Guy and its affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Restaurant (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in the reasonable judgment of Chicken Guy, adequately provided for. Chicken Guy reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied.

(4) Franchisee is not then in material default of any provision of this Agreement or any other agreement between Franchisee and Chicken Guy or its affiliates, is not in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to the Franchised Restaurant and is not in default beyond the applicable cure period with any vendor or supplier to the Franchised Restaurant.

(5) Franchisee, all individuals who executed this Agreement and all guarantors of Franchisee's obligations must execute a general release and a covenant not to sue, in a form satisfactory to Chicken Guy, of any and all claims against Chicken Guy and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Franchisee and Chicken Guy or its affiliates and Franchisee's operation of the Franchised Restaurant and all other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates.

(6) Unless waived by Chicken Guy in its reasonable business discretion, the transferee and those employees of the transferee designated by Chicken Guy shall complete the training provided in Sections 12.A.-B.

C. Conditions of Transfer. If Chicken Guy approves a proposed Transfer, prior to the Transfer becoming effective:

(1) The transferor shall pay Chicken Guy a nonrefundable Transfer fee in the amount of \$10,000 in connection with Chicken Guy's review of the Transfer application.

(2) Franchisee and the proposed transferee shall execute, at Chicken Guy's election, either an assignment agreement and any amendments to this Agreement deemed necessary or desirable by Chicken Guy to reflect the Transfer or Chicken Guy's then-current standard form of franchise agreement for an initial term ending on the expiration date of the Initial Term of this Agreement. In either event, a guarantee of the type required by Section 17.F. shall be executed by those individuals identified in Section 17.F.

(3) Franchisee shall, at Chicken Guy's request, execute a written guarantee pursuant to which Franchisee shall remain liable for all obligations to Chicken Guy incurred before the date of the Transfer and for a period of 1 year following such Transfer.

D. Transfers for Convenience of Ownership. If Franchisee is an individual or a partnership and desires to Transfer this Agreement to a corporation (or limited liability company) formed for the convenience of ownership, the requirements of Section 19.B. shall apply to such a Transfer; however, Franchisee will not be required to pay a Transfer fee. Chicken Guy's approval also will be conditioned on the following: (1) the corporation (or limited liability company) must be newly organized; (2) prior to the Transfer, Chicken Guy must receive a copy of the documents specified in Section 17.B. and the transferee shall comply with the remaining provisions of Section 17; and (3) Franchisee must own all voting securities of the corporation (or membership interests of the limited liability company) or, if Franchisee is owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the Transfer.

E. Issuance or Exercise of Stock Options. Notwithstanding the provisions of Section 19.B., the issuance of options or the exercise of options pursuant to a qualified stock option plan or a qualified employee stock ownership plan shall not be considered a Transfer and shall not require the prior written approval of Chicken Guy; provided no more than a total of 49% of Franchisee's outstanding voting securities are subject to the qualified stock option plan or qualified employee stock ownership plan.

F. Changes in Ownership of Voting Securities. If Franchisee was a publicly-held entity as of the date of the first franchise-related agreement between Franchisee and Chicken Guy or its affiliates, Section 19.B. shall be applicable to transfers of ownership interests in Franchisee only if the proposed Transfer would result in either: (1) 50% or more of Franchisee's voting securities being held by different shareholders than as of the date of the first franchise-related agreement between Franchisee and Chicken Guy or its affiliates; or (2) any change in ownership of Franchisee's voting securities whereby any existing shareholder of Franchisee acquires an additional 10% or more of Franchisee's voting securities; or (3) any change in the membership of the Continuity Group (unless such change is a permitted Transfer pursuant to Section 19.G.).

G. Transfers Permitted Without Chicken Guy's Prior Written Approval. Notwithstanding the provisions of Section 19.B., Chicken Guy agrees that certain Transfers shall be permitted without Chicken Guy's prior written approval, provided all of the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) A minority percentage of ownership interests in Franchisee and after the Transfer, the Continuity Group owns at least 51% of Franchisee's voting securities, if Franchisee is a corporation; the Continuity Group owns at least 51% of the membership interests in Franchisee, if Franchisee is a limited liability company; or the Continuity Group owns at least a 51% interest in the operating profits and losses of a partnership Franchisee as well as at least a 51% ownership interest in a partnership Franchisee.

(b) Ownership interests in Franchisee following the death or permanent disability of a person with an ownership interest in Franchisee, provided that the Transfer is to the parent, adult sibling, spouse or adult children of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a “permanent disability” if his personal, active participation in the development and operation of the Franchised Restaurant is for any reason curtailed for a continuous period of 6 months.

(2) Franchisee provides Chicken Guy written notice of its intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section.

(3) At the time of Franchisee’s notice to Chicken Guy, Franchisee shall not be in default of this Agreement or any other agreements between Franchisee and Chicken Guy or its affiliates.

H. Grant of Security Interest. Franchisee shall not grant any security interest in its business, the Franchised Restaurant, the Franchised Location or the assets used in the operation or development of the Franchised Restaurant without Chicken Guy’s prior written approval, which will not be unreasonably withheld. Chicken Guy’s approval may be conditioned, on the written agreement by the secured party that, in the event of a default by Franchisee under any agreement related to the security interest, Chicken Guy shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

I. Offerings by Franchisee. Securities or partnership interests in Franchisee may be sold, by private or public offering, only with Chicken Guy’s prior written consent (whether or not Chicken Guy’s consent is required under any other provision of this Section), which consent shall not be unreasonably withheld. In addition to the requirements of Section 19.B., prior to the time that any public offering or private placement of securities or partnership interests in Franchisee is made available to potential investors, Franchisee, at its expense, shall deliver to Chicken Guy a copy of the offering documents. Franchisee, at its expense, also shall deliver to Chicken Guy an opinion of Franchisee’s legal counsel and an opinion of one other legal counsel selected by Chicken Guy (both of which shall be addressed to Chicken Guy and in a form acceptable to Chicken Guy) that the offering documents properly use the Proprietary Marks and accurately describe Franchisee’s relationship with Chicken Guy and/or its affiliates. The indemnification provisions of Section 26 shall also include any losses or expenses incurred by Chicken Guy and/or its affiliates in connection with any statements made by or on behalf of Franchisee in any public offering or private placement of Franchisee’s securities.

J. Chicken Guy’s Right of First Refusal.

(1) If any party holding any interest in Franchisee or in this Agreement receives a bona fide offer (as determined by Chicken Guy in its reasonable discretion) from a third party or otherwise desires to undertake any Transfer that would require Chicken Guy’s approval (other than a Transfer for convenience of ownership pursuant to Section 19.D. or a sale of ownership interests in Franchisee to a spouse, parent, adult child or adult sibling), it shall notify Chicken Guy in writing of the terms of the proposed Transfer, and shall provide such information and documentation relating to the proposed Transfer as Chicken Guy may reasonably require. Chicken Guy or its designee may elect to purchase the interest that the seller proposes to Transfer any time within 30 days after receipt of written notification, and all documents and other information required by Section 19.B., by sending written notice to the seller that Chicken Guy or its designee intends to purchase the seller’s interest on the same financial terms and conditions offered by the third party (except that Chicken Guy or its designee shall not be obligated to pay

any finder's or broker's fees). In purchasing the interest, Chicken Guy or its designee shall be entitled to set off any monies owed to Chicken Guy or its affiliates by Franchisee and Chicken Guy or its designee shall be entitled to all customary representations and warranties that the assets are free and clear (or, if not, accurate and complete disclosure) as to: **(a)** ownership, condition and title; **(b)** liens and encumbrances; **(c)** environmental and hazardous substances; and **(d)** validity of contracts inuring to the purchaser or affecting the assets, whether contingent or otherwise.

(2) If the offer to Franchisee involves assets in addition to this Agreement, the Franchised Location, the Franchised Restaurant and other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates, Franchisee's notice to Chicken Guy shall state the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Franchised Location, the Franchised Restaurant and those other restaurants. If the proposed Transfer provides for payment of consideration other than cash or it involves intangible benefits, Chicken Guy or its designee may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties are unable to agree within 30 days on the reasonable equivalent in cash of the non-cash part of the offer received by Franchisee or the cash value of that portion of the offer received by Franchisee relating to this Agreement, the Franchised Location, the Franchised Restaurant and those other restaurants, the amount shall be determined by two professionally certified appraisers, Franchisee selecting one and Chicken Guy or its designee selecting one. If the amounts set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall determine the amount. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and Chicken Guy or its designee may exercise its right of first refusal within 30 days after being advised in writing of the decision of the appraisers. The cost of the appraisers shall be shared equally by the parties.

(3) Chicken Guy's failure to exercise its right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 19 with respect to a proposed Transfer. If Chicken Guy does not exercise its right of first refusal, Franchisee may not thereafter Transfer the interest at a lower price or on more favorable terms than those that have been offered to Chicken Guy. Chicken Guy shall again be given a right of first refusal if a transaction does not close within 6 months after Chicken Guy elected not to exercise its right of first refusal. In no event shall Franchisee offer the interest for sale or transfer at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign, through any advertisement, either in the newspapers or otherwise, without first having obtained the written approval of Chicken Guy to the auction or advertisement.

K. No Waiver. Chicken Guy's consent to any Transfer shall not constitute a waiver of any claims Chicken Guy may have against the transferring party, nor shall it be deemed a waiver of Chicken Guy's right to demand exact compliance with any of the terms of this Agreement by the transferee, nor will it be deemed a waiver of Chicken Guy's right to give or withhold approval to future Transfers.

20. GENERAL RELEASE

Franchisee (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities), all individuals who execute this Agreement and all guarantors of Franchisee's obligations under this Agreement (collectively "Releasers"), freely and without any influence, forever release and covenant not to sue Chicken Guy, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "Releasees"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "claims"), that any Releaser now owns or holds, or may at any time have owned or held, up to and including the date of this Agreement, including, without limitation, claims arising under federal,

state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of a franchise to any Releasor, the development and operation of the Franchised Restaurant and the development and operation of all other restaurants operated by any Releasor that are franchised by any Releasee. Notwithstanding any provision to the contrary in this Section 20, this General Release does not release any claims arising from representations made in Chicken Guy's Franchise Disclosure Document or its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

21. COVENANTS

A. Best Efforts. During the term of this Agreement, Franchisee and the Operating Principal shall devote their best efforts to the development, management and operation of the Franchised Restaurant.

B. Confidentiality

(1) Franchisee acknowledges and agrees that: (a) Chicken Guy owns all right, title and interest in and to the System; (b) the System consists of trade secrets and confidential and proprietary information and know-how that gives Chicken Guy and its affiliates a competitive advantage; (c) Chicken Guy and its affiliates have taken all measures necessary to protect the trade secrets and the confidentiality of the proprietary information and know-how comprising the System; (d) all material or other information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; (e) Franchisee has no right to disclose any part of the System to anyone who is not an employee of Franchisee; (f) Franchisee will disclose to its employees only those parts of the System that an employee needs to know; (g) Franchisee will have a system in place to ensure its employees keep confidential Chicken Guy's trade secrets and confidential and proprietary information, and, if requested by Chicken Guy, Franchisee shall obtain from those of its employees designated by Chicken Guy an executed Confidential Disclosure Agreement in the form prescribed by Chicken Guy; (h) Franchisee will not acquire any interest in the System; and (i) Franchisee's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Chicken Guy would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Proprietary Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that Chicken Guy or its affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

C. Restrictions

(1) Franchisee acknowledges and agrees that: (a) pursuant to this Agreement, Franchisee will have access to valuable trade secrets, specialized training and confidential information from Chicken Guy and its affiliates regarding the development, operation, purchasing, sales and marketing methods and techniques of Chicken Guy and its affiliates and the System; (b) the System and the opportunities, associations and experience established and acquired by Franchisee under this Agreement are of substantial and material value; (c) in developing the System, Chicken Guy and its affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) Chicken Guy would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately

encourage a free exchange of ideas and information among Chicken Guy! Restaurants if franchisees or developers were permitted to hold interests in competitive businesses; and (e) restrictions on Franchisee's right to hold interests in, or perform services for, competitive businesses will not hinder its activities.

(2) Accordingly, Franchisee covenants and agrees that during the term of this Agreement, and for a continuous period of 1 year following its expiration or earlier termination, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation, or other entity:

(a) Divert or attempt to divert any business or customer, or potential business or customer, of any restaurant franchised or operated by Chicken Guy or its affiliates to any competitor, by direct or indirect inducement or otherwise.

(b) Own, maintain, operate, engage in, advise, help, make loans to, or have any interest in, either directly or indirectly, any restaurant business: (i) that features chicken as a primary menu item (i.e., sales of chicken menu items comprise at least 20% of sales); or (ii) whose method of operation or trade dress is similar to that employed in the System.

(3) During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration or earlier termination of the term of this Agreement, this restriction shall apply within the Protected Area and within 2 miles of any then-existing Chicken Guy! Restaurant, except as otherwise approved in writing by Chicken Guy. This restriction shall not apply to Franchisee's existing restaurant or foodservice operations, if any, which are identified in the attached Data Sheet, nor shall it apply to other restaurants operated by Franchisee that are franchised by Chicken Guy or its affiliates.

(4) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the 1-year period following expiration or earlier termination of this Agreement, Franchisee fails to comply with its obligations under this Section, that period of noncompliance will not be credited toward Franchisee's satisfaction of the 1-year obligation.

(5) Franchisee further covenants and agrees that, for a period of 1 year following the expiration or earlier termination of this Agreement, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Franchised Location to any person, firm, partnership, corporation, or other entity which Franchisee knows, or has reason to know, intends to operate a restaurant business at the Franchised Location that would violate Sections 21.C.(2)(c) or 21.C.(3). Franchisee, by the terms of any conveyance selling, assigning, leasing or transferring its interest in the Franchised Location, shall include these restrictive covenants as are necessary to ensure that a restaurant business that would violate Sections 21.C.(2)(c) or 21.C.(3) is not operated at the Franchised Location for this 1 year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

D. Additional Remedies for Breach. In addition to any other remedies or damages permitted under this Agreement, if Franchisee breaches Sections 21.C.(2)(c), 21.C.(3) or 21.C.(5) ("Covenants Against Competition") during the 1-year period following the expiration or earlier termination of this Agreement, for each restaurant business that violates those Sections, Franchisee shall pay to Chicken Guy: (1) a fee equal to Chicken Guy's then-current Initial ~~Fees (including any Application Fees and Initial Franchise Fees)~~ for franchised Chicken Guy! Restaurants; and (2) 8% of the gross sales of that restaurant business until the expiration of the 1-year period following the expiration or earlier termination of this

Agreement. Franchisee acknowledges that a precise calculation of the full extent of Chicken Guy's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section 21.D. is reasonable. Franchisee's payment to Chicken Guy under this Section shall be in addition to any attorney's fees and other costs and expenses to which Chicken Guy is entitled pursuant to Sections 7.I. or 31.E. Franchisee acknowledges that breach of the Covenants Against Competition by Franchisee shall cause irreparable harm to Chicken Guy in addition to monetary damages and nothing in this Section 21.D. shall preclude Chicken Guy from obtaining appropriate injunctive relief to enforce the Covenants Against Competition and specific performance to enforce this Section 21.D.

E. Modification. Chicken Guy shall have the right, in its sole discretion, to reduce the scope of any covenant in this Section 21 effective immediately upon Franchisee's receipt of written notice, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 29.

F. Execution of Covenants by Third Parties. At Chicken Guy's request, Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section 21 (including covenants applicable upon the termination of an individual's relationship with Franchisee) from all guarantors of Franchisee's obligations. Every covenant required by this Section 21.F. shall be in a form satisfactory to Chicken Guy, including, without limitation, specific identification of Chicken Guy as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of a covenant required by this Section 21.F. shall constitute a material breach of this Agreement.

G. Applicability. The restrictions contained in this Section 21 shall apply to Franchisee and all guarantors of Franchisee's obligations. With respect to guarantors, these restrictions shall apply for a 1 year period after any guarantor ceases to be the Operating Principal or an officer, stockholder, director, member of the Continuity Group or a 10% Owner. The restrictions contained in this Section 21 shall not apply to ownership of less than a 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation by Franchisee or any guarantor of Franchisee's obligations. The existence of any claim Franchisee or any guarantor of Franchisee's obligations may have against Chicken Guy or its affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Chicken Guy of the covenants in this Section 21. The preceding sentence, however, does not constitute a waiver of any such claim.

22. TERMINATION

A. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, Chicken Guy may terminate this Agreement, and the rights granted by this Agreement, upon written notice to Franchisee without an opportunity to cure upon the occurrence of any of the following events:

- (1) Franchisee fails to obtain site approval before the Site Approval Deadline.
- (2) Franchisee fails to begin construction or renovation of the Franchised Restaurant on or before the Construction Commencement Deadline.
- (3) Franchisee fails to open the Franchised Restaurant for business on or before the Opening Deadline. Chicken Guy may, in its sole discretion, extend this period to address unforeseen construction delays that are not within Franchisee's control.

(4) Franchisee ceases to continuously operate the Franchised Restaurant for a period in excess of 5 consecutive days, unless the closing is due to an act of God, fire or other natural disaster or is approved in writing in advance by Chicken Guy.

(5) Franchisee is insolvent or is unable to pay its creditors (including Chicken Guy); files a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against Franchisee a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within 60 days of the filing; Franchisee makes an assignment for the benefit of creditors; or a receiver or trustee is appointed for Franchisee and not dismissed within 60 days of the appointment.

(6) Execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Restaurant is instituted against Franchisee and is not dismissed within 60 days; or the real or personal property of the Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

(7) There is a material breach by Franchisee of any obligation under Section 21.

(8) Any Transfer that requires Chicken Guy's prior written approval occurs without Franchisee having obtained that prior written approval.

(9) Chicken Guy discovers that Franchisee made a material misrepresentation or omitted a material fact in the information that was furnished to Chicken Guy in connection with its decision to enter into this Agreement.

(10) Franchisee knowingly falsifies any report required to be furnished Chicken Guy or makes any material misrepresentation in its dealings with Chicken Guy or fails to disclose any material facts to Chicken Guy.

(11) Chicken Guy makes a reasonable determination that continued operation of the Franchised Restaurant by Franchisee will result in an imminent danger to public health or safety.

(12) Franchisee loses possession of the Franchised Location through its own fault or its failure to extend the lease for the Franchised Location through the Initial Term of this Agreement.

(13) Franchisee, the Operating Principal, any stockholder, member, partner, director or officer of Franchisee, any member of the Continuity Group or any 10% Owner is convicted of, or pleads no contest to, a felony charge, a crime involving moral turpitude or any other crime or offense that is reasonably likely, in the sole opinion of Chicken Guy, to adversely affect Chicken Guy, its affiliates or the System.

(14) There is a material breach by Franchisee of any representation or warranty set forth in Section 33.J.-K.

(15) Franchisee fails or refuses to have its employees attend the training programs described in Section 12.

(16) Franchisee fails to achieve a passing score on a second inspection as described in Section 14.G.(4).

(17) Franchisee, the Operating Principal, any member of the Continuity Group or any 10% Owner: (a) remains in default beyond the applicable cure period under any other agreement with Chicken Guy or its affiliates (provided that, if the default is not by Franchisee, Chicken Guy shall provide to Franchisee written notice of the default and a 30-day period to cure the default); (b) remains in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Restaurant; (c) remains in default beyond the applicable cure period under any contract with any vendor or supplier to the Franchised Restaurant; or (d) fails to pay when due any taxes or assessments relating to the Franchised Restaurant or its employees, unless Franchisee is actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

B. Termination Following Expiration of Cure Period.

(1) Except for those items listed in preceding Section 22.A., Franchisee shall have 30 days after written notice of default from Chicken Guy within which to remedy the default and provide evidence of that remedy to Chicken Guy. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Chicken Guy notifies Franchisee otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within 30 days, Franchisee shall have such additional time to correct the default as reasonably required (not to exceed 90 days) provided that Franchisee begins taking the actions necessary to correct the default during the 30 day cure period and diligently and in good faith pursues those actions to completion. Franchisee will be in default under this Section 22.B.(1) for any failure to materially comply with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 22.B.(1), if Franchisee defaults in the payment of any monies owed to Chicken Guy when such monies become due and payable and Franchisee fails to pay such monies within 10 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless Chicken Guy notifies Franchisee otherwise in writing.

(3) If Franchisee has received 2 or more notices of default within the previous 12 months, Chicken Guy shall be entitled to send Franchisee a notice of termination upon Franchisee's next default within that 12 month period under this Section 22.B. without providing Franchisee an opportunity to remedy the default.

(4) In addition to the other provisions of this Section 22.B, if Chicken Guy reasonably determines that Franchisee becomes or will become unable to meet its obligations to Chicken Guy or its affiliates under this Agreement, Chicken Guy may provide Franchisee written notice to that effect and demand that Franchisee provide those assurances reasonably designated by Chicken Guy, which may include security or letters of credit for the payment of Franchisee's obligations to Chicken Guy and its affiliates. If Franchisee fails to provide the assurances demanded by Chicken Guy within 30 days after its receipt of written notice from Chicken Guy, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Chicken Guy notifies Franchisee otherwise in writing.

C. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

23. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Franchisee's Obligations. Upon termination or expiration of this Agreement:

(1) The limited exclusive rights granted to Franchisee in the Protected Area immediately shall terminate, and Chicken Guy shall have the right to operate, or license others to operate, Chicken Guy! Restaurants anywhere in the Protected Area.

(2) Franchisee immediately shall pay Chicken Guy and its affiliates all sums due and owing Chicken Guy or its affiliates pursuant to this Agreement.

(3) Franchisee promptly shall return to Chicken Guy the Manual, any copies of the Manual and all other materials and information furnished by Chicken Guy, and Franchisee promptly shall return to Chicken Guy, in good condition and repair excepting normal wear and tear, all computer software, disks, tapes and other magnetic storage media.

(4) Franchisee and all persons and entities subject to the covenants contained in Section 21 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(5) Franchisee immediately shall discontinue all use of the Proprietary Marks and Chicken Guy's trade secrets in connection with the Franchised Restaurant and of any and all items bearing the Proprietary Marks; remove the Proprietary Marks from the Franchised Restaurant and from clothing, signs, materials, motor vehicles and other items owned or used by Franchisee in the operation of the Franchised Restaurant; cease to use, in any manner whatsoever, any Websites or other Electronic Identifiers associated with the Proprietary Marks or the System; cancel all advertising for the Franchised Restaurant that contains the Proprietary Marks (including telephone directory listings); and take such action as may be necessary to cancel any filings or registrations for the Franchised Restaurant that contain any Proprietary Marks.

(6) Franchisee promptly shall make such alterations and modifications to the Franchised Location as may be necessary to clearly distinguish to the public the Franchised Location from its former appearance and also make those specific additional changes as Chicken Guy may request for that purpose. If Franchisee fails to promptly make these alterations and modifications, Chicken Guy shall have the right (at Franchisee's expense, to be paid upon Franchisee's receipt of an invoice from Chicken Guy) to do so without being guilty of trespass or other tort.

(7) If Franchisee has used the Proprietary Marks, in whole or in part, in connection with the Internet, any Website or any Electronic Identifier, whether or not authorized by Chicken Guy, then Franchisee shall, at Chicken Guy's option, cancel or assign to Chicken Guy, or Chicken Guy's designee, all of Franchisee's rights, title and interest in any Websites, Electronic Identifiers or registrations that contain or previously contained the Proprietary Marks, or any of them, in whole or in part, and Franchisee shall notify Verisign (Network Solutions), register.com, or other applicable domain name registrar and all listing agencies, upon the termination or expiration of this Agreement, of the termination of Franchisee's right to use any Electronic Identifier associated with the System, the Proprietary Marks or the Franchised Restaurant, and authorize and instruct their cancellation or transfer to Chicken Guy, as directed by Chicken Guy. Franchisee is not entitled to any compensation from Chicken Guy if Chicken Guy exercises these rights or options. For the avoidance of doubt, nothing in this Section 23.A.(7) shall be deemed to permit Franchisee to use the Proprietary Marks, or any of them in whole or in part, in connection with the Internet or any Electronic Identifier, except with Chicken Guy's prior written consent as provided in this Agreement.

B. Evidence of Compliance. Franchisee shall furnish Chicken Guy, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Franchisee, if Franchisee is a corporation; by a manager of Franchisee, if Franchisee is a limited liability company; or by a general partner of Franchisee, if Franchisee is a partnership) satisfactory to Chicken Guy of Franchisee's compliance with Sections 23.A. through 23.F.

C. Franchisee Prohibited from Engaging in Certain Conduct. Franchisee shall not, except with respect to a restaurant franchised by Chicken Guy or its affiliates which is then open and operating pursuant to an effective franchise agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Franchisee is connected in any way with Chicken Guy or its affiliates or has any right to use the System or the Proprietary Marks; **(2)** make, use or avail itself of any of the materials or information furnished or disclosed by Chicken Guy or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by Chicken Guy or its affiliates to construct or equip a foodservice outlet substantially similar to a Chicken Guy! Restaurant.

D. Early Termination Damages. If Franchisee default on its obligations and Franchisor terminates this Agreement prior to the expiration of the Initial Term of this Agreement, it is hereby agreed by the parties that the amount of damages which Franchisor would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within 30 days following such termination, Franchisee and its owners shall pay to Franchisor an amount equal to the average weekly Royalty Fees that Franchisee owed during the one year period prior to termination (or, if the Franchised Restaurant was open for less than one year, the average Royalty Fees owed by Franchisee for the number of weeks that the Franchised Restaurant was in operation) multiplied by the lesser of 104 weeks or the number of weeks (including any partial week) remaining in the Initial Term of this Agreement. These early termination damages shall constitute liquidated damages, are not to be construed as a penalty, and shall be the joint and several liability of Franchisee and its owners. The parties acknowledge and agree that: **(1)** the early termination damages are a reasonable estimation of the damages that would be incurred by Franchisor resulting from or arising out of the premature termination of this Agreement; and **(2)** Franchisee's payment of such early termination damages is intended to fully compensate Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's claim for other damages and/or equitable relief arising out of Franchisee's breach of this Agreement.

24. OPTION TO PURCHASE

A. Scope. Upon the expiration or termination of this Agreement for any reason, Chicken Guy shall give written notice to Franchisee, within 30 days after the effective date of termination or expiration, if Chicken Guy intends to exercise its option to purchase from Franchisee some or all of the assets used in the Franchised Restaurant ("Assets"). As used in this Section 24, "Assets" shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Restaurant, the real estate fee simple or the lease or sublease for the Franchised Location, and any liquor licenses and any other licenses necessary to operate the Franchised Restaurant. Chicken Guy shall have the unrestricted right to assign this option to purchase the Assets. Chicken Guy or its assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: **(1)** ownership, condition and title; **(2)** liens and encumbrances; **(3)** environmental and hazardous substances; and **(4)** validity of contracts and liabilities inuring to Chicken Guy or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets (“Purchase Price”) shall be their fair market value, (or, for leased assets, the fair market value of Franchisee’s lease) determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets; provided, however, that the Purchase Price shall take into account the termination of this Agreement. Further, the Purchase Price for the Assets shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Restaurant nor any goodwill or “going concern” value for the Franchised Restaurant. Chicken Guy may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting then-current standards for a Chicken Guy! Restaurant or for which Franchisee cannot deliver a Bill of Sale in a form satisfactory to Chicken Guy.

C. Certified Appraisers. If Chicken Guy and Franchisee are unable to agree on the fair market value of the Assets within 30 days after Franchisee’s receipt of Chicken Guy’s notice of its intent to exercise its option to purchase the Assets, the fair market value shall be determined by two professionally certified appraisers, Franchisee selecting one and Chicken Guy selecting one. If the valuations set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and shall be the Purchase Price.

D. Access to Franchised Restaurant. The appraisers shall be given full access to the Franchised Restaurant, the Franchised Location and Franchisee’s books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 24. The appraisers’ fees and costs shall be borne equally by Chicken Guy and Franchisee.

E. Exercise of Option. Within 10 days after the Purchase Price has been determined, Chicken Guy may exercise its option to purchase the Assets by so notifying Franchisee in writing (“Chicken Guy’s Purchase Notice”). The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which shall take place no later than 60 days after the date of Chicken Guy’s Purchase Notice. From the date of Chicken Guy’s Purchase Notice until Closing:

(1) Franchisee shall operate the Franchised Restaurant and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement; and

(2) Chicken Guy shall have the right to appoint a manager, at Chicken Guy’s expense, to control the day-to-day operations of the Franchised Restaurant, and Franchisee shall cooperate, and instruct its employees to cooperate, with the manager appointed by Chicken Guy. Alternatively, Chicken Guy may require Franchisee to close the Franchised Restaurant during such time period without removing any Assets from the Franchised Restaurant.

F. Due Diligence Period. For a period of 30 days after the date of Chicken Guy’s Purchase Notice (“Due Diligence Period”), Chicken Guy shall have the right to conduct such investigations as it deems necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Franchised Location; and (4) the validity of contracts and liabilities inuring to Chicken Guy or affecting the Assets, whether contingent or otherwise. Franchisee will afford Chicken Guy and its representatives access to the Franchised Restaurant and the Franchised Location at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with Franchisee’s operations of the Franchised Restaurant.

G. Chicken Guy's Rights During Due Diligence Period. During the Due Diligence Period, at its sole option and expense, Chicken Guy may (1) cause the title to the Assets that consist of real estate interests ("Real Estate Assets") to be examined by a nationally recognized title company and conduct lien searches as to the other Assets; (2) procure "AS BUILT" surveys of the Real Estate Assets; (3) procure environmental assessments and testing with respect to the Real Estate Assets; and/or (4) inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory ("Fixed Assets") to determine if the Fixed Assets are in satisfactory working condition. Prior to the end of the Due Diligence Period, Chicken Guy shall notify Franchisee in writing of any objections that Chicken Guy has to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If Franchisee cannot or elects not to correct any such title defect, environmental objection or defect in the working condition of the Fixed Assets, Chicken Guy will have the option to either accept the condition of the Assets as they exist or rescind its option to purchase on or before the Closing.

H. Compliance with Law. Prior to the Closing, Franchisee and Chicken Guy shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Franchised Restaurant is located and the bulk sales provisions of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchised Restaurant prior to Closing. Chicken Guy shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to Chicken Guy, and the amount of any encumbrances or liens against the Assets or any obligations assumed by Chicken Guy.

I. Franchised Location Leased. If the Franchised Location is leased, Chicken Guy agrees to use reasonable efforts to effect a termination of the existing lease for the Franchised Location. If the lease for the Franchised Location is assigned to Chicken Guy or Chicken Guy subleases the Franchised Location from Franchisee, Chicken Guy will indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date Chicken Guy assumes possession of the Franchised Location, and Franchisee will indemnify and hold Chicken Guy harmless from any liability under the lease prior to and including that date.

J. Franchised Location Owned by Franchisee. If Franchisee owns the Franchised Location, Chicken Guy, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least 10 years with 2 options to renew of 5 years each, and the rent shall be the fair market rental value of the Franchised Location. If Franchisee and Chicken Guy cannot agree on the fair market rental value of the Franchised Location, then appraisers (selected in the manner described in Section 24.C.) shall determine the rental value.

K. Franchisee's Obligations at Closing. At the Closing, Franchisee shall deliver instruments transferring to Chicken Guy or its assignee: (1) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Chicken Guy or its assignee), with all sales and other transfer taxes paid by Franchisee; (2) all liquor licenses and licenses and permits for the Franchised Restaurant that may be assigned or transferred, with appropriate consents, if required; and (3) the lease or sublease for the Franchised Location, with appropriate consents, if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow.

25. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and each party is not and shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, joint employer, or employee of the other for any purpose whatsoever. Neither this Agreement nor Chicken Guy's course of conduct is intended, nor may anything in this Agreement (nor Chicken Guy's course of conduct) be construed to state or imply that Chicken Guy is the employer of Franchisee's employees and/or independent contractors, nor vice versa. Franchisee shall have no right or power to, and shall not, bind or obligate Chicken Guy or its affiliates in any way or manner, nor represent that Franchisee has any right to do so.

B. Franchisee is an independent contractor and is solely responsible for all aspects of the development and operation of the Franchised Restaurant, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, Franchisee acknowledges that Chicken Guy has no responsibility to ensure that the Franchised Restaurant is developed and operated in compliance with all applicable laws, ordinances and regulations and that Chicken Guy shall have no liability in the event the development or operation of the Franchised Restaurant violates any law, ordinance or regulation.

C. The sole relationship between Franchisee and Chicken Guy is a commercial, arms' length business relationship, and, except as provided in Section 26, there are no third party beneficiaries to this Agreement. Franchisee's business is, and shall be kept, totally separate and apart from any that may be operated by Chicken Guy. In all public records, in relationships with other persons, and on letterheads and business forms, Franchisee shall indicate its independent ownership of the Franchised Restaurant and that Franchisee is solely a franchisee of Chicken Guy. Franchisee shall post a sign in a conspicuous location in the Franchised Restaurant which will contain Franchisee's name and state that the Franchised Restaurant is independently owned and operated by Franchisee under a franchise agreement with Chicken Guy. Franchisee shall not issue any press releases without the prior written approval of Chicken Guy.

26. INDEMNIFICATION

A. Franchisee and all guarantors of Franchisee's obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to Chicken Guy), and hold harmless (to the fullest extent permitted by law) Chicken Guy and its affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with Franchisee's (or its employees') operation of the Franchised Restaurant and Franchisee's (or its employees') activities under this Agreement, excluding the gross negligence or willful misconduct of any Indemnitee. Franchisee promptly shall give Chicken Guy written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish Chicken Guy with copies of any documents from such matters as Chicken Guy may request.

B. At Franchisee's expense and risk, Chicken Guy may elect to assume (but under no circumstances will Chicken Guy be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this indemnification. Such an undertaking shall, in no manner or form, diminish Franchisee's obligation to

indemnify and hold harmless Chicken Guy and Indemnitees. Chicken Guy shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section, the phrase “losses and expenses” shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys’ fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to Chicken Guy’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the 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.

27. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires the prior approval or consent of Chicken Guy, Franchisee shall make a timely written request to Chicken Guy therefor, and any approval or consent received, in order to be effective and binding upon Chicken Guy, must be obtained in writing and be signed by an authorized officer of Chicken Guy.

B. Chicken Guy makes no warranties or guarantees upon which Franchisee may rely by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, and assumes no liability or obligation to Franchisee therefor, or by reason of any neglect, delay, or denial of any request therefor. Chicken Guy shall not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third parties to which Chicken Guy would not otherwise be subject.

C. No failure of Chicken Guy to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Chicken Guy’s right to demand exact compliance with any of the terms of this Agreement. A waiver by Chicken Guy of any particular default by Franchisee shall not affect or impair Chicken Guy’s rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Chicken Guy to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants of this Agreement affect or impair Chicken Guy’s right to exercise the same, nor shall such constitute a waiver by Chicken Guy of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Chicken Guy of any payments due to it hereunder shall not be deemed to be a waiver by Chicken Guy of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

28. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed to each party at the notice address set forth in the attached Data Sheet. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first rejection) and may be: **(1)** delivered personally; **(2)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(3)** mailed via overnight courier. The Manual, any changes that Chicken Guy makes to the Manual, and/or any other written instructions that Chicken Guy provides relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 28.

29. ENTIRE AGREEMENT

Chicken Guy and Franchisee acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to herein, and the attachments hereto, constitute the entire, full and complete agreement between the parties concerning Franchisee's rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, in the attachments to this Agreement and in Chicken Guy's Franchise Disclosure Document. Nothing in this Agreement or any related agreement is intended to disclaim the representations Chicken Guy made in Chicken Guy's Franchise Disclosure Document. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

30. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which Chicken Guy is a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 26, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee and Chicken Guy and its affiliates and such of their heirs, successors and assigns, any rights or remedies under or by reason of this Agreement.

C. Modification to Scope of Covenants by Law. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Chicken Guy is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

31. GOVERNING LAW, FORUM AND LIMITATIONS

A. Choice of Law. This Agreement and any claim or controversy arising out of, or relating to, rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

B. Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, Franchisee shall file any suit against Chicken Guy only in the federal or state court having jurisdiction where Chicken Guy's principal offices are located at the time suit is filed. Chicken Guy may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Franchisee resides or does business or where the Franchised Restaurant is or was located or where the claim arose. Franchisee consents to the personal jurisdiction of those courts over Franchisee and to venue in those courts.

C. Limitation of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

D. WAIVER OF CERTAIN DAMAGES AND RIGHTS. FRANCHISEE AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST EACH OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT. FRANCHISEE AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS AND THE RIGHT TO TRIAL BY JURY.

E. Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred during, prior to, in preparation for, or in contemplation of the filing of, the proceeding. If Chicken Guy utilizes legal counsel (including in-house counsel employed by Chicken Guy) in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse Chicken Guy for any of the above-listed costs and expenses incurred by Chicken Guy. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

F. Rights and Remedies Cumulative. No right or remedy conferred upon or reserved to Chicken Guy or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. The provisions of this Section 31 shall survive the expiration or earlier termination of this Agreement.

32. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and

the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Agreement.

D. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

E. Injunctive Relief. Franchisee recognizes that its failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to Chicken Guy, its affiliates and the System. Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Chicken Guy shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by Chicken Guy shall be in addition to, and not in lieu of, all remedies and rights that Chicken Guy otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

F. Control During Crisis Situation.

(1) If an event occurs at the Franchised Restaurant that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Proprietary Marks, the System or the reputation of Chicken Guy (collectively “Crisis Situation”), Franchisee shall: (a) immediately contact appropriate emergency care providers to assist it in curing the harm or injury; and (b) immediately inform Chicken Guy by telephone of the Crisis Situation. Franchisee shall refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by Chicken Guy or public health officials).

(2) To the extent Chicken Guy deems appropriate, in its sole and absolute discretion, Chicken Guy or its designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the Franchised Restaurant. The parties acknowledge that, in directing the management of any Crisis Situation, Chicken Guy or its designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as it deems appropriate. Franchisee and its employees shall cooperate fully with Chicken Guy or its designee in its efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by Chicken Guy from time to time hereafter. The indemnification under Section 26 shall include all losses and expenses that may result from the exercise by Chicken Guy or its designee of the management rights granted in this Section 32.F.

33. REPRESENTATIONS

Franchisee represents, acknowledges and warrants to Chicken Guy (and Franchisee agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Franchise Application. All information Franchisee provided to Chicken Guy in connection with Franchisee’s franchise application and Chicken Guy’s grant of this Franchise is truthful, complete and accurate.

B. Signatories to This Agreement. The persons signing this Agreement on behalf of Franchisee have full authority to enter into this Agreement and the other agreements contemplated by the parties. Execution of this Agreement or such other agreements by Franchisee does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which Franchisee or any person with an ownership interest in Franchisee is a party.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Agreement as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC,
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

EXHIBIT A

GUARANTEE AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Chicken Guy! Restaurant Franchise Agreement dated as of _____ (the "Agreement") by Chicken Guy (Franchisor), LLC, a Florida limited liability company ("Chicken Guy"), entered into with _____ ("Franchisee"), the undersigned ("Guarantors"), each of whom is an officer, director, member of Franchisee's Continuity Group, a direct or indirect holder of a legal or beneficial interest in Franchisee of 10% or more ("10% Owner"), or a spouse of one of the foregoing individuals, hereby personally and unconditionally: **(1)** guarantee to Chicken Guy and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; **(2)** agree personally to be bound by the provisions of Sections 21 and 26 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 21 of the Agreement.

Each of the undersigned waives: **(a)** acceptance and notice of acceptance by Chicken Guy of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guarantee by the undersigned; **(f)** any law or statute which requires that Chicken Guy make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: **(i)** his direct and immediate liability under this Guarantee shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Chicken Guy of any remedies against Franchisee or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Chicken Guy may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement and for so long thereafter as there are monies or obligations owing from Franchisee to Chicken Guy or its affiliates under the Agreement; and **(v)** monies received from any source by Chicken Guy for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Chicken Guy.

If Chicken Guy brings an action to enforce this Guarantee, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Chicken Guy utilizes legal counsel (including in-house counsel employed by Chicken Guy or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Chicken Guy for any of the above-listed costs and expenses incurred by it.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Chicken Guy's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Chicken Guy. Any assignment shall not release the undersigned from this Guarantee.

Sections 31.A. through 31.E. of the Agreement are incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ (Seal)

Print Name: _____

Address: _____

Date: _____ (Seal)

Print Name: _____

Address: _____

EXHIBIT B

ADDENDUM TO LEASE AGREEMENT

This Addendum to the Lease Agreement (“Addendum”) between _____ (“Landlord”) and _____, a _____ company (“Tenant” or “Franchisee”) is entered into simultaneously with the execution of the Lease Agreement between Landlord and Franchisee (the “Lease”) on this _____ day of _____, 202__.

RECITALS

WHEREAS, Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term upon the provisions set forth in the Lease.

Pursuant to that certain Franchise Agreement, to be entered into between Chicken Guy (Franchisor), LLC (“Franchisor” or “Chicken Guy”) and Franchisee (the “Franchise Agreement”), Franchisor shall grant Franchisee the right to operate a franchised Chicken Guy! Restaurant (“Franchised Restaurant”) at the Leased Premises.

Pursuant to Section 4 of the Franchise Agreement, Franchisee is required to request that Landlord include certain provisions in the Lease.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord and Franchisee, accordingly, are entering into this Addendum.

1. **Permitted Use:** Franchisee shall be permitted to use the Premises for an eat-in/take-out/delivery fast casual restaurant selling chicken tenders, chicken sandwiches, salads, sides, dessert items, beverages and other products sold in restaurants operating under the “CHICKEN GUY!” trade name, including without limitation retail branded merchandise sales, and other ancillary purposes associated therewith, and for no other purpose (“Permitted Use”) without Landlord’s prior written consent. Provided Franchisee has obtained all necessary licenses and insurance, Tenant shall be allowed to sell beer and wine as part of its Permitted Use.
2. **Exclusive Use:** Landlord agrees that Tenant shall have the exclusive right throughout the Term of the Lease to engage in the sale of counter service chicken menu items in the Leased Premises. Tenant agrees that other tenants in the Leased Premises may have chicken on their menus so long as chicken is *incidental* part of any such other tenant’s food sales (less than 20% of gross sales). Landlord agrees that it shall advise other tenants, and any future landlord, of Tenant’s exclusivity rights as set forth herein and shall not allow any other party to violate the terms of this exclusivity provision. If a violation occurs, Tenant, in addition to any other rights it may have in law or equity shall have the right to terminate this Lease upon thirty (30) days prior written notice.
3. **Marks:** Proprietary Marks means the “CHICKEN GUY!” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs, which Franchisor has designated, or may in the future designate for use with the Chicken Guy! franchise system. Landlord consents to Franchisee’s use of the proprietary signs, distinctive exterior and interior designs and layouts and the Proprietary Marks prescribed by Franchisor. Upon expiration or the earlier termination of the Lease, Landlord consents to permit Franchisee, at Franchisee’s expense, to remove all such items and other trade fixtures, so long as Franchisee makes any necessary repairs to the building caused by such removal.

4. **Signage Criteria:** Landlord agrees that Tenant may install signage in conformance with Chicken Guy sign criteria attached hereto as Exhibit A, which is incorporated herein by this reference. Tenant must ensure drawings, plans and specifications for installation of signage (the “Plans”) comply with applicable ordinances, building codes and zoning and permit requirements. Installation and construction of signage and costs incurred shall be the responsibility of Tenant. If, in the course of construction, any such change in the Plans is contemplated, Tenant shall be required to obtain Landlord and Franchisor’s written approval prior to proceeding.
5. **Right to Enter:** Franchisor shall have the right to enter the Leased Premises to make any modifications or alterations necessary to protect the “Chicken Guy! System” and the proprietary marks and to cure, within the time periods provided by the Lease, any default under the Lease, all without being guilty of trespass or other tort, and to charge Franchisee for these costs.
 - a. Landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Franchisee shall have the right to make those alterations and modifications to the Leased Premises as may be necessary to clearly distinguish to the public the Leased Premises from a Chicken Guy! Restaurant and also make those specific additional changes as Franchisor reasonably may request for that purpose.
 - b. Landlord also agrees that, if Franchisee fails to promptly make such alterations and modifications, Franchisor shall have the right to do so without being guilty of trespass or other tort so long as Franchisor makes any necessary repairs to the building caused by such removal.
6. **Assignment:** Franchisee may assign the Lease to Franchisor, or its designee, with Landlord’s consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to Landlord. Landlord agrees to consent to Franchisee’s collaterally assigning the Lease to Franchisor and granting Franchisor the option, but not the obligation, to assume the Lease from the date Franchisor takes possession of the Leased Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.
7. **Franchisee’s Obligations:** Landlord acknowledges and agrees that Franchisee shall be solely responsible for all obligations, debts and payments under the Lease.
8. **Default Under Franchise Agreement:** Any default under the Lease which is not cured by Franchisee within the applicable cure period shall also constitute grounds for termination of the Franchise Agreement.
9. **Notice:** Landlord agrees to provide Franchisor (at the same time sent to Franchisee) a copy of all amendments, assignments and notices of default pertaining to the Lease and the Leased Premises at the following address, or to such other address as Franchisor may provide to Landlord from time to time:

Chicken Guy (Franchisor), LLC
ATTN: General Counsel
4700 Millenia Boulevard, Suite #400
Orlando, FL 32839
10. **Amendment of Lease:** Landlord agrees not to amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without Franchisor’s prior written consent, which consent shall not be unreasonably withheld.

11. **Incorporation**. This Addendum and the Lease shall be read as one document. If there is any conflict between the provisions of this Addendum and the provisions of the Lease, the terms of this Addendum shall govern and control. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Lease.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

LANDLORD:

By: _____

Print Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A TO ADDENDUM OF LEASE AGREEMENT

CHICKEN GUY! SIGN CRITERIA

The purpose of this document is to outline the criteria which have been established governing the design, fabrication, and installation of signage for franchised restaurant locations. Sign construction and installation shall be completed in compliance with the instructions for sign criteria set forth below in this Exhibit A, or as further directed by Chicken Guy.

The required sign criteria is as follows:

1. Tenant shall submit drawings, plans and specifications for all proposed signage work for its franchised restaurant to Chicken Guy for written approval prior to fabrication of any signage. Such drawings, plans and specifications shall clearly show location of sign on designated sign area, including graphics, color, construction, and attachment details. Chicken Guy will either mark the drawings as “Approved,” “Approved Based on Chicken Guy Modifications,” or “Disapproved.” Signage that has been “Approved Based on Chicken Guy Modifications” or “Disapproved” must be redesigned and resubmitted for Chicken Guy approval within ten (10) days of receipt by Chicken Guy. Any sign erected without being approved and not meeting Chicken Guy’s sign criteria may be removed by Landlord or by Chicken Guy at Tenant’s sole expense.
2. Franchisee shall not place anything on the canopies, awnings and/or umbrellas other than the approved signage.
3. All permits, as required by ordinances, building codes, sign codes and zoning laws shall be obtained by Tenant or Sign Contractor prior to installation.
4. All graphics for use on exterior signage will be approved on a site by site basis, at the sole discretion of Chicken Guy and Landlord.
5. All signage shall be installed, constructed in a workmanlike manner and shall comply with all applicable laws, ordinances and regulations, including the requirements of local and state regulatory authorities.

EXHIBIT C

ACH AUTHORIZATION FORM

CHICKEN GUY! RESTAURANT ADDRESS: _____

DEPOSITOR (NAME OR LEGAL ENTITY): _____

The undersigned depositor (“Depositor”) hereby authorizes Chicken Guy (Franchisor), LLC (“Chicken Guy”) to initiate debit entries and credit correction entries to Depositor’s checking or savings account indicated below and Depositor hereby authorizes the depository designated below (“Bank”) to debit or credit such account pursuant to Chicken Guy’s instructions. This authorization is to remain in full force and effect until 60 days after Chicken Guy has received written notification from Depositor of its termination.

DEPOSITOR INFORMATION

Depositor Name:
Mailing Address:
City/ State/ Zip Code:
Telephone:
Email:

DEBITING BANK ACCOUNT INFORMATION

Bank Name:
City / State / Zip Code:
Branch:
Account Number to Debit:
Routing Number (9 digit #):
Account Name:

The undersigned representative of Depositor represents and warrants to Chicken Guy and the Bank that the person executing this ACH Authorization Form is an authorized signatory on the account referenced above and all information regarding the account is true and accurate.

Depositor By: _____

Print Name: _____

Title: _____

Date: _____

RIDER 1

FRANCHISE AGREEMENT EXPIRATION DATE

TO: _____

The Franchised Restaurant located at _____
first opened for business on _____. The initial term of the Franchise Agreement for the
Franchised Restaurant expires on _____. If Franchisee desires to renew the Franchise
Agreement, Franchisee must give Chicken Guy (Franchisor), LLC notice no earlier than _____
(12 months before the expiration date of the Franchise Agreement) and no later than _____ (8
months before the expiration date).

CHICKEN GUY (FRANCHISOR), LLC
a Florida limited liability company

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT F

NONTRADITIONAL LOCATION ADDENDUM

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT FRANCHISE AGREEMENT
FOR A NONTRADITIONAL LOCATION**

THIS ADDENDUM to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) by and between Chicken Guy (Franchisor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

RECITALS

Pursuant to the Franchise Agreement, Chicken Guy granted Franchisee the right to operate the Franchised Restaurant at the Franchised Location.

Since the Restaurant will be operated at a “Nontraditional Location” or “Captive Market Location,” certain provisions of the Franchise Agreement will not be applicable to Franchisee’s operation of the Franchised Restaurant and certain other provisions need to be added to the Franchise Agreement to govern Franchisee’s operation of the Franchised Restaurant.

The parties have agreed to modify the Franchise Agreement to reflect the necessary changes.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties hereby agree as follows:

1. Grant of Franchise. Section 1.A. is deleted and replaced with the following:

Subject to the provisions of this Agreement, Chicken Guy hereby grants to Franchisee the right (“Franchise”) to continuously operate the Franchised Restaurant at the Franchised Location (as defined below) and to use the Proprietary Marks in the operation of the Franchised Restaurant. The Franchised Restaurant is located within a larger building at the street address specified in Exhibit A (“Facility”), and it occupies the physical area of the Facility (comprising the Franchised Restaurant, whether a food-court, in-line application, stand-alone restaurant or other location, and any dedicated back of the house area), as indicated on the floor plan attached to Exhibit A (“Franchised Location”). If the Franchised Restaurant serves a limited Chicken Guy! menu (as indicated in attached Exhibit A and as determined by Chicken Guy in its discretion), Franchisee may offer for sale and sell at the Franchised Location only those System menu items specified in Exhibit A. In addition to the Franchised Restaurant, Franchisee or its affiliates operate those other businesses at the Facility identified in attached Exhibit A.

2. No Exclusivity. Section 1.B. is deleted and replaced with the following:

B. No Exclusivity. Franchisee has no exclusive territory or Protected Area and any reference made thereto in this Agreement shall be deemed deleted and inapplicable. Chicken Guy reserves to itself all rights to use and license the System and the Proprietary Marks other than those expressly granted under this Agreement, including the right to operate, and license others to operate, Chicken Guy! Restaurants at locations that directly or indirectly compete with the Franchised Restaurant.

3. Term. Section 2.A.(2) is deleted and replaced with the following:

(2) Notwithstanding the foregoing, this Agreement shall automatically terminate if Franchisee's contract to provide foodservice at the Facility terminates or expires without renewal. In addition, Franchisee may terminate this Agreement following 60 days' written notice to Chicken Guy if Franchisee's client at the Facility instructs Franchisee in writing to cease operating the Franchised Restaurant (provided Franchisee has exercised reasonable efforts to arrange a meeting between Franchisee's client and Chicken Guy, if Chicken Guy so elects, to discuss the continued operation of the Franchised Restaurant). If Franchisee's contract to provide foodservice at the Facility permits Franchisee's client to take this action on shorter notice, the notice period provided in that contract shall govern, provided Franchisee has provided Chicken Guy a copy of the relevant contract provision.

A. Renewal Term

(1) At the expiration of the Initial Term, Franchisee shall have an option to remain a franchisee at the Franchised Location for two additional consecutive Renewal Terms of 5 years each. The conditions for renewal at the expiration of the Initial Term are set forth in this Section 2.B. The conditions for renewal at the expiration of the first Renewal Term shall be set forth in the franchise agreement in effect at that time. Franchisee must give Chicken Guy written notice of whether or not it intends to exercise its option for the first Renewal Term not less than 9 months, nor more than 12 months, before the expiration of the Initial Term. Failure to timely provide Chicken Guy the required notice constitutes a waiver by Franchisee of its option to remain a franchisee beyond the expiration of the Initial Term.

(2) If Franchisee desires to continue as a franchisee for the first Renewal Term, Franchisee must comply with all of the following conditions prior to and at the end of the Initial Term:

(a) Franchisee shall not be in default under this Agreement or any other agreements between Franchisee and Chicken Guy or its affiliates.

(b) Franchisee shall renovate and modernize the Franchised Restaurant so that it conforms with the image of the System for new Chicken Guy! Restaurants for similar nontraditional locations at the time Franchisee provides Chicken Guy the renewal notice.

(c) Franchisee shall have the right to remain in possession of the Franchised Location for the first Renewal Term.

(d) Franchisee shall execute a general release and a covenant not to sue, in a form satisfactory to Chicken Guy, of any and all claims against Chicken Guy and its affiliates and their past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities.

(e) Franchisee shall pay a renewal fee in the amount of 50% of Chicken Guy's then-current Initial Fees (including any Application Fees and Initial Franchise Fees) for a Nontraditional Location and execute a new franchise agreement for the first Renewal Term in the form then in general use by Chicken Guy (or, if Chicken Guy is not then granting franchises for Chicken Guy! Restaurants in Nontraditional Locations, that form of

agreement as reasonably specified by Chicken Guy). The renewal fee shall be in addition to any capital expenditures that Franchisee is required to make pursuant to Section 2.B.(2)(B).

4. **Lease.** The first sentence of Section 4 is deleted and replaced with the following:

If Franchisee proposes to lease or sublease the Franchised Location, Franchisee shall provide Chicken Guy with a copy of the fully-executed lease or sublease (for a term, including renewal terms, for at least the Initial Term) for the Franchised Location within 30 days after Chicken Guy approves the site for the Franchised Location.

5. **Royalty Fee.** The following sentence is added to the end of Section 7.B.

Notwithstanding the foregoing, if: **(a)** beverages cannot be ordered at the Franchised Restaurant; or **(b)** Franchisee's point of sale system cannot allocate to Gross Sales beverages ordered at the Franchised Restaurant, Franchisee shall pay a royalty fee in the amount of 8% of the Gross Sales of the Franchised Restaurant.

6. **Gross Sales.** The following sentence is added to the end of Section 7.D.:

Gross Sales shall not include revenues from any other businesses that Franchisee operates at the Facility other than the Franchised Restaurant.

7. **Grand Opening Spending.** The fourth sentence of Section 9.A. is deleted and replaced with the following:

In addition to the requirements of Section 9.G., Franchisee shall, during the period beginning 30 days before the scheduled opening of the Franchised Restaurant and continuing for 60 days after the Franchised Restaurant first opens for business ("Grand Opening Period"), spend at least \$5,000 to conduct grand opening advertising in authorized advertising media and for authorized expenditures (as defined in Section 9.G.)

8. **Maintenance.** The following subsection is added at the end of Section 14.H.:

(3) Franchisee and its affiliates shall maintain in first class condition and repair any other businesses operated at the Facility, all areas adjacent to the Franchised Restaurant and any common area of the Facility that is utilized by the customers of the Franchised Restaurant and that may be associated with the Franchised Restaurant.

9. **Maximum Operation of the Franchised Restaurant.** The following sentence is added at the end of Section 14.I.(1):

Notwithstanding the foregoing, Franchisee is not required to keep the Franchised Restaurant open and operating during any periods of the day when the adjacent businesses at the Facility are not open and operating.

10. **Signage.** The following sentence is added to the end of Section 14.K.:

Chicken Guy has the right to approve, in its sole discretion, all Chicken Guy! signage to be displayed in, at or near the Facility. All Chicken Guy! signage shall be of a size at least equal to the signage for any other businesses that Franchisee operates at the Facility. If

Chicken Guy objects to any sign, logo or advertising media of any kind, Franchisee shall not display that sign, logo or advertising.

11. Indemnification. The following sentence is added to Section 26:

Franchisee’s indemnification obligations under this Section 26 shall include any claim arising out of, resulting from or connected with Franchisee’s operation of any of the other businesses at the Facility.

12. Miscellaneous. The captions in this Addendum are for convenience only. Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement. In the event of any conflict between the provisions of this Addendum and the provisions of the Franchise Agreement, the terms of this Addendum shall govern and control. Except as expressly provided in this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original. Any signature by facsimile or scanned PDF shall be deemed an original signature.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the date of the Franchise Agreement.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EXHIBIT A

1. Address of the Facility: _____

2. Full Menu or Limited Menu: _____

3. Menu Items, if Limited Menu Chicken Guy! Restaurant: _____

4. Other Businesses Operated by Franchisee at the Facility: _____

5. Attach Floor Plan of the Facility.

FLOOR PLAN

EXHIBIT G

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FINANCIAL STATEMENTS

2023

Chicken Guy (Franchisor), LLC

Financial Statements and
Independent Auditor's Report

For the Years Ended

December 31, 2023, December 25, 2022,
and December 26, 2021

CHICKEN GUY (FRANCHISOR), LLC

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2023, DECEMBER 25, 2022,
AND DECEMBER 26, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Member
Chicken Guy (Franchisor), LLC
Orlando, Florida

Opinion

We have audited the accompanying financial statements of Chicken Guy (Franchisor), LLC (the Company) which comprise the balance sheet as of December 31, 2023, and the related statements of income and member's equity and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Other Matter - Prior Period Financial Statements

The financial statements of the Company as of December 25, 2022 and December 26, 2021, were audited by other auditors whose report dated June 16, 2023, expressed an unmodified opinion on those statements.

Emphasis of Matter - Prior Period Adjustment

As discussed in Note 2 to the financial statements, the Company has recorded a prior period adjustment as of December 25, 2022, for the correction of an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

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Members of American and Florida Institutes of Certified Public Accountants

To the Member
Chicken Guy (Franchisor), LLC
Orlando, Florida

INDEPENDENT AUDITOR'S REPORT

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



July 12, 2024
Winter Park, Florida

CHICKEN GUY (FRANCHISOR), LLC
BALANCE SHEETS
DECEMBER 31, 2023, DECEMBER 25, 2022, AND DECEMBER 26, 2021

ASSETS

	2023	2022 (As Restated)	2021
Current Assets			
Cash	\$ 1,405	\$ 18,762	\$ 13,004
Royalty Receivables	237,320	42,689	30,335
Due from Related Party	1,895,776	1,577,037	299,350
Total Current Assets	2,134,501	1,638,488	342,689
Restricted Cash	37,500	37,500	-
Other Assets	-	-	3,125
Contract Assets, Long-Term Portion	127,500	127,500	127,500
Total Assets	\$ 2,299,501	\$ 1,803,488	\$ 473,314

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities			
Accrued Expenses	\$ -	\$ -	\$ 8,500
Customer Deposits	95,000	100,000	-
Contract Liabilities, Current Portion	41,500	16,000	8,000
Total Current Liabilities	136,500	116,000	16,500
Contract Liabilities, Long-Term Portion	1,570,333	1,562,500	389,000
Total Liabilities	1,706,833	1,678,500	405,500
Member's Equity	592,668	124,988	67,814
Total Liabilities and Member's Equity	\$ 2,299,501	\$ 1,803,488	\$ 473,314

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

CHICKEN GUY (FRANCHISOR), LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
YEARS ENDED DECEMBER 31, 2023, DECEMBER 25, 2022, AND DECEMBER 26, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues			
Franchise Fees	\$ 46,667	\$ 8,500	\$ 3,000
Royalties	490,037	257,456	66,631
Total Revenues	<u>536,704</u>	<u>265,956</u>	<u>69,631</u>
Expenses			
General and Administrative Expenses	<u>69,024</u>	<u>208,782</u>	<u>53,844</u>
Net Income	467,680	57,174	15,787
Member's Equity, Beginning of Year	<u>124,988</u>	<u>67,814</u>	<u>52,027</u>
Member's Equity, End of Year	<u>\$ 592,668</u>	<u>\$ 124,988</u>	<u>\$ 67,814</u>

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

CHICKEN GUY (FRANCHISOR), LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, DECEMBER 25, 2022, AND DECEMBER 26, 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities			
Net Income	\$ 467,680	\$ 57,174	\$ 15,787
Adjustments to Reconcile Net Income to Net Cash			
Provided by (Used for) Operating Activities:			
Change in Cash Resulting from Changes in:			
Royalty Receivables	(194,631)	(12,354)	(30,335)
Due from Related Party	(318,739)	(1,277,687)	(13,997)
Prepaid Expenses	-	-	625
Other Assets	-	3,125	(3,125)
Contract Assets	-	-	(127,500)
Accrued Expenses	-	(8,500)	2,000
Customer Deposits	(5,000)	100,000	-
Contract Liabilities	33,333	1,181,500	167,000
Net Cash Provided by (Used for) Operating Activities	<u>(17,357)</u>	<u>43,258</u>	<u>10,455</u>
Net Change in Cash and Restricted Cash	(17,357)	43,258	10,455
Cash and Restricted Cash, Beginning of Year	<u>56,262</u>	<u>13,004</u>	<u>2,549</u>
Cash and Restricted Cash, End of Year	<u>\$ 38,905</u>	<u>\$ 56,262</u>	<u>\$ 13,004</u>

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

CHICKEN GUY (FRANCHISOR), LLC
NOTES TO FINANCIAL STATEMENTS

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

Nature of Operations

Chicken Guy (Franchisor), LLC (the Company) was organized in Florida on May 16, 2019. The Company was established to develop and franchise Chicken Guy! Restaurants (the Restaurants) throughout the United States. The Restaurants offer a fast casual menu centered on chicken tenders.

During the year ended December 31, 2023, the Company had three new franchise locations open, and one franchise location closed. During the years ended December 25, 2022 and December 26, 2021, the Company had two and one new franchise locations open, respectively. There were a total of six, four, and two franchises operating as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively. Operating locations are located in California, Michigan, New Jersey, Nevada, Pennsylvania, and Tennessee. The Company also has two sites operating under concession agreements.

Fiscal Year

The Company's fiscal year is the 52-53 week period ending on the Sunday closest to December 31. There were 53, 52, and 52 weeks in the years ended December 31, 2023, December 25, 2022, and December 26, 2021, respectively.

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

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

Reclassifications

Certain reclassifications were made to the accompanying 2022 and 2021 financial statements to conform to the 2023 presentation.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid debt investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. At December 31, 2023, December 25, 2022, and December 26, 2021, the Company did not have any cash equivalents.

Funds collateralizing certain surety bonds maintained by the Company are included in restricted cash on the accompanying balance sheets.

The following table provides a reconciliation of cash and restricted cash reported within the accompanying balance sheets with the total of these amounts shown in the accompanying statements of cash flows.

CHICKEN GUY (FRANCHISOR), LLC
NOTES TO FINANCIAL STATEMENTS

	<u>December 31, 2023</u>	<u>December 25, 2022</u>	<u>December 26, 2021</u>
Cash	\$ 1,405	\$ 18,762	\$ 13,004
Restricted Cash	37,500	37,500	-
	<u>\$ 38,905</u>	<u>\$ 56,262</u>	<u>\$ 13,004</u>

Concentrations of Credit Risk

Cash is maintained at various financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution and, at times, may exceed the federally insured limit. The Company places its funds with high quality financial institutions and does not believe it is exposed to any significant credit risk on cash.

At December 31, 2023, the Company had two franchisees comprising 67% and 21%, respectively, of the total outstanding royalty receivables. At December 25, 2022, the Company had four franchisees comprising 36%, 20%, 19%, and 10%, respectively, of the total outstanding royalty receivables. At December 26, 2021, the Company had three franchisees comprising 33%, 17%, and 12%, respectively, of the total outstanding royalty receivables.

Due from Related Party

Periodically the Company advances funds to a related party under common control. These receivables are reduced by expenses paid by the related party on behalf of the Company. The advances bear no interest and are due on demand.

Royalty Receivables and Allowance for Credit Losses

Royalty receivables represent amounts due from franchisees for sales-based royalties due under normal trade terms. An allowance for credit losses is established to provide for expected credit losses by evaluating factors such as customer creditworthiness, historical payment and loss experiences, current and forecasted economic conditions, and the age and status of outstanding receivables. Royalty receivables are charged off against the allowance for credit losses account when they become uncollectible and collection efforts have ceased. Historically, the Company has not had credit losses. The Company believes that the composition of royalty receivables is consistent with historical conditions as credit terms and practices have not changed significantly. As a result, the Company has not recorded an allowance for expected credit losses at December 31, 2023, December 25, 2022, and December 26, 2021.

Revenue Recognition

The Company recognizes revenue from development and franchise fees as well as franchise royalties. In accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), revenues are recognized when control of promised goods or services (performance obligations) are transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

The Company's development and franchise agreements typically require an upfront non-refundable fee to be paid upon execution of the agreement. The Company's standard initial development and franchise fee is \$50,000 per restaurant for any franchise agreement entered into by a new franchisee. This fee may be reduced to \$40,000 per restaurant if the franchisee commits to opening multiple restaurants. The services provided by the Company under its development and franchise agreements are highly interrelated with the franchise right and are not considered distinct. As a result, initial development and franchise fees are recognized over the term of the development and franchise agreements, which is generally ten years.

CHICKEN GUY (FRANCHISOR), LLC
NOTES TO FINANCIAL STATEMENTS

Franchise royalties, which are generally 5% - 6% of the net sales of the franchisee, are recognized as revenue in the period in which the franchisee sales are reported to have occurred. Franchise royalties are generally due to the Company weekly.

Contract Assets

The Company may incur certain incremental contract costs, such as sales commissions, in order to obtain its development and franchise agreements. These costs are capitalized and amortized over the expected period of benefit of the related franchise agreement, which is generally ten years. Total contract assets at each of December 31, 2023, December 25, 2022, and December 26, 2021, were \$127,500. There were no contract assets as of the beginning of the year ended December 26, 2021. During the years ended December 31, 2023, December 25, 2022, and December 26, 2021, no commission expense was recognized because no units have been opened under the related development and franchise agreements.

Contract Liabilities

Contract liabilities consist of deferred development and franchise fees. The Company recognizes revenue from franchisees as the related performance obligations are satisfied. A contract liability is recorded when the Company receives a payment in advance of the satisfaction of its performance obligations. Contract liabilities that are expected to be recognized as revenues during the succeeding twelve-month period are presented as contract liabilities, current portion, and the remaining portion is presented as contract liabilities, long-term portion on the accompanying balance sheets. Total contract liabilities at each of December 31, 2023, December 25, 2022, and December 26, 2021, were \$1,611,833, \$1,578,500, and \$397,000, respectively. Total contract liabilities as of the beginning of the year ended December 26, 2021, were \$230,000.

Customer Deposits

Customer deposits represent payments received in advance from potential future franchisees that are subject to cancellation and refund provisions.

Income Taxes

The Company was formed as a limited liability company and is treated as a pass-through entity for federal income tax purposes. The Company's member includes the Company's income or loss in its individual income tax return. Accordingly, no provisions or liabilities for federal and state income taxes have been included in the accompanying financial statements.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheets. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's open tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Fair Value of Financial Instruments

The Company follows the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosure*, which clarifies the definition of fair value, establishes a framework for measuring fair value, and expands required disclosure about fair

CHICKEN GUY (FRANCHISOR), LLC
NOTES TO FINANCIAL STATEMENTS

value measurements of assets and liabilities. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Valuation based on quoted market prices in active markets that the Company has the ability to access for identical assets or liabilities.

Level 2—Valuation based on quoted market prices for similar assets and liabilities in active markets.

Level 3—Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

The Company does not have any Level 1, 2, or 3 financial instruments.

The respective carrying values of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments which consist primarily of cash, restricted cash, due from related party, and royalty receivables.

Recently Adopted Accounting Standard

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326). Topic 326 introduces a new forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The estimate of expected credit losses requires entities to incorporate considerations of historical information, current information, and reasonable and supportable forecasts, and will generally result in earlier recognition of allowances for losses. The Company adopted the new standard effective December 26, 2022. The adoption of Topic 326 did not have a material impact on the Company's financial statements.

Subsequent Events

The Company has evaluated events and transactions occurring subsequent to December 31, 2023, as of July 12, 2024, which is the date the financial statements were available to be issued. No material events have occurred since December 31, 2023, that require recognition or disclosure in the financial statements, except as follows:

Subsequent to December 31, 2024, the Company terminated the development and franchise agreements for three of its franchisees.

Note 2 - Prior Period Adjustment

During the year ended December 31, 2023, the Company identified a misstatement relating to funds received in connection with a transaction between a franchisee and an entity related by common control during 2022. As a result, \$175,000 was reclassified from contract liabilities to due from related party at December 25, 2022. There was no effect on net income for the year ended December 25, 2022.

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UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

CHICKEN GUY (FRANCHISOR), LLC

Balance Sheet

As of August 4th, 2024

ASSETS

Current Assets:

Cash	\$5,979
Due from related party	\$2,512,634
Royalty receivable	\$172,839
Prepaid Fees	\$0
Total Current Assets	<u>\$2,691,452</u>

Restricted cash	\$37,500
Contract assets, long-term portion	<u>\$127,500</u>
Total Assets	<u>\$2,856,452</u>

LIABILITIES AND MEMBER'S EQUITY

Accrued expenses	\$3,000
Contract Liabilities, current portion	<u>\$10,000</u>
Total Current Liabilities	\$13,000

Contract liabilities, current portion	<u>\$1,818,500</u>
Total Liabilities	\$1,831,500

Member's Equity	<u>\$1,024,952</u>
Total Liabilities and Member's Equity	<u><u>\$2,856,452</u></u>

CHICKEN GUY (FRANCHISOR), LLC
STATEMENT OF OPERATION & MEMBER'S EQUITY
As of August 4th, 2024

Revenues:

Franchise fees	\$15,000
Royalties	<u>\$454,277</u>
Total Revenues	<u>\$469,277</u>

Expenses:

General & administrative expenses	<u>\$36,993</u>
-----------------------------------	-----------------

Net Income	\$432,284
Member's equity, beginning of year	<u>\$592,668</u>
Member's equity, end of YTD (July)	<u><u>\$1,024,952</u></u>

CHICKEN GUY (FRANCHISOR), LLC

STATEMENT OF CASH FLOWS

As of August 4th, 2024

Cash flows from operating activities:

Net Income (Loss)	\$432,284
Adjustments to reconcile net income (loss) to net cash flows from operating activities:	
Change in cash resulting from changes in:	
Related party receivables	(\$605,191)
Accrued expenses	\$3,000
Royalty receivable	\$64,481
Contract assets	
Contract liabilities	<u>\$110,000</u>
Net cash flows from operating activities	<u>\$4,574</u>
Net change in cash and restricted cash	\$4,574
Cash and restricted cash, beginning of year	<u>\$38,905</u>
Cash and restricted cash, end of year	<u><u>\$43,479</u></u>

EXHIBIT I

VETERANS ADDENDUM TO THE FRANCHISE AGREEMENT

**VETERANS PROGRAM ADDENDUM
TO THE CHICKEN GUY! RESTAURANT FRANCHISE AGREEMENT**

This Veterans Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisor), LLC (“Chicken Guy”), a Florida limited liability company, and _____ (“Franchisee”), a _____, is entered into as of the __ day of _____, 20__.

RECITALS

In order to recognize the contribution of United States military personnel, attract new franchisees and encourage the development of franchised Chicken Guy restaurants (“Chicken Guy! Restaurants”), Chicken Guy has implemented a veterans incentive program (“Veterans Program”) for qualified veteran franchisees that develop and open new Chicken Guy Restaurants.

Franchisee (or if Franchisee is an entity, a holder of at least a 51% ownership in Franchisee) is a veteran and has provided Chicken Guy with a DD Form 214 or other adequate documentation, as determined by Chicken Guy, demonstrating honorable discharge from the United States military.

Franchisee does not currently operate any Chicken Guy! Restaurants.

Since Franchisee’s development of the Chicken Guy! Restaurant to be located at _____ (“Restaurant”) meets the criteria for the Veterans Program, Chicken Guy and Franchisee are entering into this Addendum to provide the Veterans Program benefits to Franchisee and to modify certain provisions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Application Initial Franchise Fee Reduction. Notwithstanding the provisions of the Data Sheet and Section 7.A.(2) of the Franchise Agreement, Franchisee shall receive a \$5,000 discount and pay a reduced Application Initial Franchise Fee to Chicken Guy in the amount of \$~~545~~,000.
2. Repayment of Reduced Application Initial Franchise Fee on Transfer or Termination. If, prior to the first anniversary of the opening date of the Restaurant, (a) Franchisee transfers the Restaurant; or (b) Chicken Guy terminates the Franchise Agreement, then Franchisee must pay to Chicken Guy the portion of the Application Initial Franchise Fee that was waived by Chicken Guy in the amount of \$5,000.
3. Capitalized Terms. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
4. Limited Modification. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EXHIBIT J

STATE SPECIFIC ADDENDA TO THE FDD

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

THE CALIFORNIA FRANCHISE INVESTMENT LAW (CORPORATIONS CODE SECTIONS 31512 AND 31512.1) STATES THAT ANY PROVISION OF A FRANCHISE AGREEMENT OR RELATED DOCUMENT REQUIRING THE FRANCHISEE TO WAIVE SPECIFIC PROVISIONS OF THE LAW IS CONTRARY TO PUBLIC POLICY AND IS VOID AND UNENFORCEABLE. THE LAW ALSO PROHIBITS A FRANCHISOR FROM DISCLAIMING OR DENYING (I) REPRESENTATIONS IT, ITS EMPLOYEES, OR ITS AGENTS MAKE TO YOU, (II) YOUR ABILITY TO RELY ON ANY REPRESENTATIONS IT MAKES TO YOU, OR (III) ANY VIOLATIONS OF THE LAW.

CHICKEN GUY'S URL ADDRESS IS WWW.CHICKENGUY.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither Chicken Guy nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. **Item 5, Additional Disclosure.** The following statement is added to Item 5.

The Department of Financial Protection and Innovation requires Chicken Guy to provide a financial assurance for California franchisees, pursuant to which Chicken Guy has posted a surety bond in the amount of \$50,000. The bond is on file with the Department of Financial Protection and Innovation.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning transfer, termination or non-renewal of the franchise and development agreements. If the agreements contain a provision that is inconsistent with the law, the law will control.

The franchise and development agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The franchise and development agreements provide for application of the laws of Florida. This provision may not be enforceable under California law.

The franchise and development agreements contain a choice of forum provision. Subject to state law, you can only file suit where our principal offices are located, and we may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Development Territory or any Franchised Restaurant is or was located or where the claim arose. This provision may not be enforceable under California law.

The franchise and development agreements contain a covenant not to compete that extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The franchise and development agreements contain liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must sign a general release upon execution of the franchise and development agreements, if you transfer the rights granted under those agreements and if you renew your franchise under the franchise agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

To obtain a liquor license in California, you must apply in-person with the State of California Department of Alcoholic Beverage Control, at your district office (“Department”). The Department will conduct an investigation, and you are responsible for posting a public notice and furnishing any additional notices or information requested by the Department. An application for a liquor license in California can take from 55 to 175 days *or more* to be approved, depending on the circumstances. For more information, please visit <https://www.abc.ca.gov/> or call the Department at 916.419.2500.

5. Item 22, Additional Disclosure. The following statements are added to Item 22:

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

**ADDITIONAL DISCLOSURES
REQUIRED BY THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF ~~COMMERCE AND CONSUMER AFFAIRS~~REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF ~~COMMERCE AND CONSUMER AFFAIRS~~REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE ~~DISCLOSURE DOCUMENT~~OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ~~DISCLOSURE DOCUMENT~~OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS**

1. **Risk Factors, State Cover Page.** The following statement is added at the end of the first risk factor on the State Cover Page:

SECTION 4 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT PROVIDES THAT ANY PROVISION IN A FRANCHISE AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE IN A FORUM OUTSIDE OF ILLINOIS IS VOID WITH RESPECT TO ANY CAUSE OF ACTION WHICH OTHERWISE IS ENFORCEABLE IN ILLINOIS.

The following statement is added at the end of the second risk factor on the State Cover Page:

NOTWITHSTANDING THE FOREGOING, ILLINOIS LAW SHALL GOVERN THE FRANCHISE AGREEMENTS.

2. **Item 5: Initial Fees.** The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the Illinois Office of the Attorney General, we have posted a surety bond in the amount of \$50,000. The Illinois Office of the Attorney General imposed this bond requirement due to our financial condition. The bond is on file with the Illinois Office of the Attorney General. A copy of the bond is also attached as an exhibit to these Additional Disclosures.

3. **Item 17, Additional Disclosures.** The following statement is added to Item 17:

Any provision in the Development Agreement or the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action that is otherwise enforceable in Illinois. In addition, Illinois law will govern the Development Agreement and the Franchise Agreement.

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

4. **Item 22, Additional Disclosures.** The following statements are added to Item 22:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois/>

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.

**EXHIBIT TO ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS**

SURETY BOND

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

1. **Item 5: Initial Fees.** The following is added at the end of Item 5 of the Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments owed by developers shall be deferred until the first Chicken Guy! Restaurant under the Development Agreement opens.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against Chicken Guy, including upon execution of the franchise agreements, renewal or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Item 22, Additional Disclosures.** The following statements are added to Item 22:

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

**EXHIBIT TO ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

SURETY BOND

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY 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.

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

- (a) A prohibition of 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 franchisee 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 franchisee 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 THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Corporate Oversight Division, Franchise Section, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA**

1. **Trademarks.** The following statement is added to Item 13:

Notwithstanding the foregoing, Chicken Guy will indemnify you against liability to a third party resulting from claims that your use of a Proprietary Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Proprietary Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

2. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, Chicken Guy will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreements.

3. **Choice of Forum.** The following statement is added to the State Cover Page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. **No Waiver.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

5. **Contracts.** The following statements are added to Item 22:

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.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK**

1. **State Cover Page.** The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. **Item 3, Additional Disclosure.** The following is added to the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. **Item 4, Additional Disclosure.** The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as 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 that officer or general partner of the franchisor held this position in the company or partnership.

4. **Item 5: Initial Fees.** The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. **Item 7: Renewal, Termination, Transfer and Dispute Resolution**

A. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

B. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

C. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

D. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF NORTH DAKOTA**

Item 5: Initial Fees. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the North Dakota Securities Department, we have posted a surety bond in the amount of \$50,000.

Item 17, Additional Disclosures. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. **Restrictive Covenants:** Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. **Restriction on Forum:** Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- C. **Liquidated Damages and Termination Penalties:** Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. **Applicable Laws:** Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- E. **Waiver of Trial by Jury:** Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- F. **Waiver of Exemplary and Punitive Damages:** Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- G. **General Release:** Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- H. **Limitation of Claims:** Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- I. **Enforcement of Agreement:** Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Each provision of the Additional Disclosures shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF RHODE ISLAND**

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

The provisions of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Additional Disclosure.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF SOUTH DAKOTA**

Item 5: Initial Fees. The following is added at the end of Item 5 of the Disclosure Document:

Pursuant to an order by the South Dakota Securities Regulation Office, we have posted a surety bond in the amount of \$50,000.

The provisions of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota franchise law are met independently without reference to this Additional Disclosure.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

1. State Cover Page: Virginia requires that the following risk be highlighted:

The franchisee will be required to make an estimated initial investment ranging from \$875,000 to \$2,690,000. This amount exceeds the franchisor's member equity as of December 25, 2022, which is \$124,988.

2. Termination, Item 17. The following is added to Item 17.h:

Pursuant to 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. Contracts, Item 22.

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.

These Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURE
REQUIRED BY THE STATE OF WASHINGTON**

Item 5: Initial Fees. The following is added at the end of Item 5 of the Disclosure Document:

We have obtained a surety bond in the amount of \$100,000. The Washington Securities Division has made the issuance of our franchise registration permit contingent upon our maintenance of surety bond coverage acceptable to the state administrator until (a) all Washington franchisees have (1) received all initial training that they are entitled to under the Franchise Agreement or disclosure document, and (2) are open for business; or (b) the state administrator issues written authorization to the contrary.

Item 17, Additional Disclosures. The following statements are added to Item 17:

1. You have the right to terminate the Franchise Agreement and Development Agreement upon any grounds permitted by law.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 may supersede the Franchise Agreement and Development Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Development Agreement in your relationship with us including the areas of termination and renewal of your franchise.
4. 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 or Development Agreement, you 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.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. 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.

8. 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.

Item 22, Additional Disclosure. The following statements are added to Item 22:

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.

The provisions of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to these Additional Disclosures.

EXHIBIT K

STATE SPECIFIC ADDENDA TO THE AGREEMENTS

California

Illinois

Maryland

Minnesota

New York

North Dakota

Rhode Island

South Dakota

Washington

ADDENDA REQUIRED BY

THE STATE OF CALIFORNIA

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated
(“Franchise Agreement”) between Chicken Guy (Franchisor), LLC
(“Chicken Guy”) and _____ (“Franchisee”) is entered
into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: (A) the offer or sale of a franchise to Franchisee was made in the State of California; (B) Franchisee is a resident of the State of California; and/or (C) the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of California.
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.
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY

THE STATE OF ILLINOIS

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Illinois; **(B)** Developer is a resident of the State of Illinois; and/or **(C)** part or all of the Development Territory is located in the State of Illinois.

2. Development Fee. The following language is added to the end of Section 4 of the Development Agreement:

Based upon Chicken Guy’s financial condition, the Office of the Illinois Attorney General has required a financial assurance. Therefore, Chicken Guy has posted a surety bond in the amount of \$50,000 from Atlantic Specialty Insurance Company. The bond is on file with the Illinois Office of the Attorney General. A copy of the bond is attached in Exhibit J to Chicken Guy’s franchise disclosure document.

3. Choice of Law. The following sentence is added at the end of Section 22.A.:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

4. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

5. Statute of Limitations. The following sentence is added at the end of Section 22.C.:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

6. Representations. The following sentence is added to the end of Section 24:

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

~~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.

- 8. Miscellaneous.** Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISINGOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of the franchise to Franchisee was made in the State of Illinois; **(B)** Franchisee is a resident of the State of Illinois; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Illinois.

2. Fees. The following language is added to the end of Section 7. A. of the Franchise Agreement:

Based upon Chicken Guy’s financial condition, the Office of the Illinois Attorney General has required a financial assurance. Therefore, Chicken Guy has posted a surety bond in the amount of \$50,000 from Atlantic Specialty Insurance Company. The bond is on file with the Illinois Office of the Attorney General. A copy of the bond also is attached in Exhibit J to Chicken Guy’s franchise disclosure document.

3. Choice of Law. The following sentence is added at the end of Section 31.A.:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

4. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

5. Statute of Limitations. The following sentence is added at the end of Section 31.C.:

Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances or 90 days after delivery to the franchisee of a written notice disclosing the violation.

6. Representations. The following sentence is added to the end of Section 33:

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

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.

- 8. Miscellaneous.** Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**EXHIBIT TO ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS**

SURETY BOND

SURETY BOND

#800027242

We, Chicken Guy (Franchisor), LLC, a limited liability company with principal offices at 4700 Millenia Boulevard, Suite #400, Orlando, Florida 32839, as Principal, and Atlantic Specialty Insurance Company, a surety company with principal offices located at One State Street Plaza, 31st Floor, New York, NY 10004 incorporated under the laws of the State of New York and authorized to conduct business in the State of Illinois, as Surety, are indebted to the Administrator, Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706, as Obligee, in the sum of Fifty Thousand Dollars (\$50,000) to be paid to the Obligee or its legal representatives, successors, or assigns, for which payment we bind ourselves and our legal representatives and successors, jointly and severally.

WHEREAS, the above-named Principal has made application to the Administrator for registration of the offer of its franchises under the Illinois Franchise Disclosure Act and is required pursuant to said law to provide the Administrator with a Surety Bond.

WHEREAS, the Principal proposes to offer in Illinois Chicken Guy! restaurant franchise(s) within one year from the effective date of the proposed registration under the Illinois Franchise Disclosure Act; and

WHEREAS, the Obligee intends to assign this bond to the respective purchaser(s) of the aforementioned franchise(s) upon sale of the aforementioned franchise(s) to said purchaser(s).

The conditions of this bond are that if the Principal, its agent or employees shall:

1. Comply with the Illinois Franchise Disclosure Act and all rules and orders promulgated thereunder; and
2. Pay all damages suffered by any person by reason of the violation of the Illinois Franchise Disclosure Act or any rules or orders promulgated thereunder or any acts, rules or orders amendatory thereof and/or supplementary thereto, or hereafter enacted, or by reason of any misrepresentation, deceit, fraud or omission to state a material fact necessary in order to make any statement made in the light of the circumstances under which such statement was made, not misleading, including, but not limited to, the failure to disclose, as required by Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the true financial condition of franchisor; and
3. Fully complete its obligations under the Franchise Agreement and all related Agreements to provide real estate, improvements, equipment, inventory, training and other items included in the franchise offering, then this obligation shall be void; otherwise this obligation will remain in full force and effect.


This bond and obligation hereunder shall be deemed to run continuously and shall remain in full force and effect for four full years after the date of execution of this document.

In the event that any action or proceeding is initiated with respect to this bond, the parties agree that the venue thereof shall be the state or province in which the offer or sale of the franchise occurred.

[Signatures on next page]


IN WITNESS WHEREOF, Principal and Surety have executed this instrument at
Commack, New York on this 29th day of October, 2021.

Principal:
Chicken Guy (Franchisor), LLC



By: _____
Name: Jeffrey Siroly
Its: Secretary

Surety:
Atlantic Specialty Insurance Company



By: _____
Name: Spencer H. Zettler
Its: Attorney-in-Fact





Power of Attorney

Bond # 800027242

KNOW ALL MEN BY THESE PRESENTS, that ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation with its principal office in Plymouth, Minnesota, does hereby constitute and appoint: Spencer H. Zettler, Maria A. Cosentino, each individually if there be more than one named, its true and lawful Attorney-in-Fact, to make, execute, seal and deliver, for and on its behalf as surety, any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof; provided that no bond or undertaking executed under this authority shall exceed in amount the sum of: unlimited and the execution of such bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof in pursuance of these presents, shall be as binding upon said Company as if they had been fully signed by an authorized officer of the Company and sealed with the Company seal. This Power of Attorney is made and executed by authority of the following resolutions adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the President, any Senior Vice President or Vice-President (each an "Authorized Officer") may execute for and in behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and affix the seal of the Company thereto; and that the Authorized Officer may appoint and authorize an Attorney-in-Fact to execute on behalf of the Company any and all such instruments and to affix the Company seal thereto; and that the Authorized Officer may at any time remove any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That the Attorney-in-Fact may be given full power and authority to execute for and in the name and on behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed and sealed by an Authorized Officer and, further, the Attorney-in-Fact is hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the signature of an Authorized Officer, the signature of the Secretary or the Assistant Secretary, and the Company seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing an Attorney-in-Fact for purposes only of executing and sealing any bond, undertaking, recognizance or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

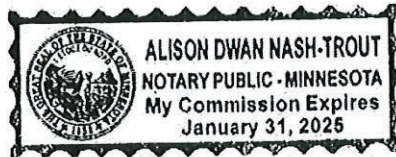
IN WITNESS WHEREOF, ATLANTIC SPECIALTY INSURANCE COMPANY has caused these presents to be signed by an Authorized Officer and the seal of the Company to be affixed this twenty-seventh day of April, 2020.



By Paul J. Brehm
Paul J. Brehm, Senior Vice President

STATE OF MINNESOTA
HENNEPIN COUNTY

On this twenty-seventh day of April, 2020, before me personally came Paul J. Brehm, Senior Vice President of ATLANTIC SPECIALTY INSURANCE COMPANY, to me personally known to be the individual and officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, that he is the said officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the seal of said Company and that the said seal and the signature as such officer was duly affixed and subscribed to the said instrument by the authority and at the direction of the Company.



Alison Nash-Trout
Notary Public

I, the undersigned, Secretary of ATLANTIC SPECIALTY INSURANCE COMPANY, a New York Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked, and the resolutions set forth above are now in force.

Signed and sealed. Dated 29th day of October, 2021.



Kara Barrow
Kara Barrow, Secretary

This Power of Attorney expires
January 31, 2025

ACKNOWLEDGMENT OF PRINCIPAL (Individual)

STATE OF _____
COUNTY OF _____

On this _____ day of _____, in the year _____, before me personally come(s) _____ to me know and know to me to be the person(s) who (is) (are) described in and who executed the foregoing instrument and acknowledges to me that he executed the same.

NOTARY PUBLIC

ACKNOWLEDGMENT OF PRINCIPAL (Partnership)

STATE OF _____
COUNTY OF _____

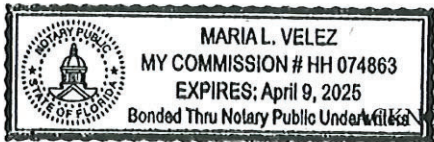
On this _____ day of _____, in the year _____, before me personally come(s) _____ a member of the co-partnership of _____, to me know and know to me to be the person who is described in and who executed the foregoing instrument, and acknowledges to me that he executed the same as and for the act and deed of the said co-partnership.

NOTARY PUBLIC

ACKNOWLEDGMENT OF PRINCIPAL (Corporation)

STATE OF FLORIDA
COUNTY OF ORANGE

On this 3rd day of November, in the year 2021, before me personally come(s) Jeffrey Sirally, to me known, who being by me duly sworn deposes and says that he resides in the City of Orlando that he is the Secretary of the Chicken Guy (Franchisor), LLC the corporation described in and which executed this foregoing instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by the order of the Board of Directors of said corporation, and that he signed his name thereto by like order.



Maria L. Velez
NOTARY PUBLIC

ACKNOWLEDGMENT OF SURETY

STATE OF New York
COUNTY OF Suffolk

On this 29th day of October in the year 2021, before me personally come(s) Spencer H. Zettler, Attorney(s)-in-Fact of Atlantic Specialty Insurance Company with whom I am personally acquainted, and who, being by me duly sworn, says that he reside(s) in Commack, NY that he is the Attorney(s)-in-Fact of Atlantic Specialty Insurance Company, the company described in and which executed the within instrument; that he knows(s) the corporate seal of such Company; and that the seal affixed to the within instrument is such corporate seal and that it was affixed by order of the Board of Directors of the said Company, and that he signed said instrument as Attorney(s)-in-Fact of said Company by like order.

Maria A Cosentino
NOTARY PUBLIC

Maria A Cosentino
Notary Public, State of New York
No. 01CO6110333
Qualified in Suffolk County
Commission Expires May 24, 2024




Atlantic Specialty Insurance Company
Period Ended 12/31/2020

Dollars displayed in thousands

Admitted Assets		Liabilities and Surplus	
Investments:		Liabilities	
Bonds	\$ 1,500,023	Loss Reserves	\$ 878,884
Preferred Stocks	-	Loss Adjustment Expense Reserves	272,666
Common Stocks	775,825	Total Loss & LAE Reserves	1,151,550
Mortgage Loans	-	Unearned Premium Reserve	593,461
Real Estate	-	Total Reinsurance Liabilities	13,171
Contract Loans	-	Commissions, Other Expenses, and Taxes due	54,583
Derivatives	-	Derivatives	-
Cash, Cash Equivalents & Short Term Investments	147,406	Payable to Parent, Subs or Affiliates	-
Other Investments	23,375	All Other Liabilities	237,942
Total Cash & Investments	2,446,629	Total Liabilities	2,060,707
Premiums and Considerations Due	276,120	Capital and Surplus	
Reinsurance Recoverable	59,375	Common Capital Stock	8,001
Receivable from Parent, Subsidiary or Affiliates	29,538	Preferred Capital Stock	-
All Other Admitted Assets	62,330	Surplus Notes	-
Total Admitted Assets	2,873,892	Unassigned Surplus	91,944
		Other Including Gross Contributed	722,341
		Capital & Surplus	823,286
		Total Liabilities and C&S	2,873,992


State of Minnesota
County of Hennepin

I, Kara Barrow, Secretary of Atlantic Specialty Insurance Company do hereby certify that the foregoing statement is a correct exhibit of the assets and liabilities of the said Company, on the 31st day of December, 2020, according to the best of my information, knowledge and belief.



 Secretary

Subscribed and sworn to, before me, a Notary Public of the State of Minnesota on this 2nd day of March, 2021.



 Notary Public



**ADDENDA REQUIRED BY
THE STATE OF MARYLAND**

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Maryland; **(B)** Developer is a resident of the State of Maryland; and/or **(C)** part or all of the Development Territory is located in the State of Maryland.

2. Development Fee. The following language is added to the end of Section 4 of the Development Agreement:

Based upon Chicken Guy’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments owed by Developer shall be deferred until the first Franchised Restaurant under this Agreement opens.

3. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Choice of Law. The following sentence is added to the end of Section 22.A.:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

5. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Notwithstanding the foregoing, Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Statute of Limitations. The following sentence is added to the end of Section 22.C.:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Representations. The following sentence is added to the end of Section 24:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Maryland.

2. Fees. The following language is added to the end of Section 7. A. of the Franchise Agreement:

Based upon Chicken Guy’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Chicken Guy completes its pre-opening obligations under this Agreement.

3. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Choice of Law. The following sentence is added to the end of Section 31.A:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

5. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Statute of Limitations. The following sentence is added to the end of Section 31.C.:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Representations. The following sentence is added to the end of Section 33:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDA REQUIRED BY
THE STATE OF MINNESOTA**

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR MINNESOTA DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Minnesota; **(B)** Developer is a resident of the State of Minnesota; and/or **(C)** part or all of the Development Territory is located in the State of Minnesota.
2. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

Notwithstanding the foregoing, Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. Injunctive Relief. Section 12.B.(1)(i) is deleted and replaced with the following statement:

Developer’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Chicken Guy would be entitled to all legal and equitable remedies, including the right to seek injunctive relief.
4. Termination. The following sentence is added to the end of Section 13.A.:

With respect to franchises governed by Minnesota law, Chicken Guy will comply with Minnesota Statute § 80C.14, Subdivisions 3, 4, and 5 which require, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreements.
5. Choice of Venue. The following sentences are added to the end of Sections 22.A-B.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Chicken Guy from requiring litigation to be conducted outside Minnesota. In addition, nothing in our disclosure document or agreements can abrogate or reduce any of Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. Waiver of Jury Trial. The second sentence of Section 22.D. is deleted and replaced with the following sentence:

DEVELOPER AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

7. Injunctive Relief. The second sentence of Section 23.E. is deleted and replaced with the following sentence:

Therefore, Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Developer, Chicken Guy shall be entitled to seek injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance. A court will determine if a bond or security must be posted.

88. 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.

9. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Minnesota; **(B)** Franchisee is a resident of the State of Minnesota; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Minnesota.
2. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.
3. Non-Renewal. The following sentence is added to the end of Section 2.B.:

With respect to franchises governed by Minnesota law, Chicken Guy will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.
4. Indemnification. The following sentence is added at the end of Section 15:

Notwithstanding the foregoing, Chicken Guy will indemnify Franchisee against liability to a third party resulting from claims that Franchisee’s use of a Proprietary Mark infringes trademark rights of a third party; provided, that Chicken Guy will not indemnify against the consequences of Franchisee’s use of the Proprietary Marks unless the use is in accordance with the requirements of this Agreement and the System.
5. Injunctive Relief. Section 21.B.(1)(i) is deleted and replaced with the following statement:

Franchisee’s use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Chicken Guy would be entitled to all legal and equitable remedies, including the right to seek injunctive relief.
6. Termination. The following sentence is added to the end of Section 22:

With respect to franchises governed by Minnesota law, Chicken Guy will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of franchise agreements.

7. Choice of Venue. The following sentences are added to the end of Sections 31.A.-B.:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Chicken Guy from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

8. Waiver of Jury Trial. The second sentence of Section 31.D. is deleted and replaced with the following sentence:

FRANCHISEE AND CHICKEN GUY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

9. Injunctive Relief. The second sentence of Section 32.E. is deleted and replaced with the following sentence:

Therefore, Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Chicken Guy shall be entitled to seek injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance. A court will determine if a bond or security must be posted.

- ~~10.~~10. [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.](#)

11. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDA REQUIRED BY
THE STATE OF NEW YORK**

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of New York; **(B)** Developer is a resident of the State of New York; and/or **(C)** part or all of the Development Territory is located in the State of New York.

2. Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.

3. The following sentence is added to Section 9:

Chicken Guy will not assign its rights under this Agreement, except to an assignee who in Chicken Guy’s good faith and judgment is willing and able to assume Chicken Guy’s obligations under this Agreement.

4. The following sentence is added to the end of Sections 10.B.(5) and 11:

Any provision in this Agreement requiring Developer to sign a general release of claims against Chicken Guy does not release any claim Developer may have under New York General Business Law, Article 33, Sections 680-695.

5. The following sentence is added to the end of Sections 12.B.(1) and 23.E.:

Chicken Guy’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. The following sentence is added to the end of Section 22.A.:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

7. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~ING~~OR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of New York; **(B)** Franchisee is a resident of the State of New York; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable.
3. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Any provision in this Agreement requiring Franchisee to sign a general release of claims against Chicken Guy does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added to Section 18:

Chicken Guy will not assign its rights under this Agreement, except to an assignee who in Chicken Guy’s good faith and judgment is willing and able to assume Chicken Guy’s obligations under this Agreement.
5. The following sentence is added to the end of Sections 21.B.(1) and 32.E.:

Chicken Guy’s right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.
6. The following sentence is added to the end of Section 31.A.:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
7. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDA REQUIRED BY
THE STATE OF NORTH DAKOTA**

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR NORTH DAKOTA DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of North Dakota; **(B)** Developer is a resident of the State of North Dakota; and/or **(C)** part or all of the Development Territory is located in the State of North Dakota.
2. Development Fee. The following language is added to the end of Section 4 of the Development Agreement:

Pursuant to an order by the North Dakota Securities Department, Chicken Guy has posted a surety bond in the amount of \$50,000.
3. Releases. The following sentence is added to the end of Sections 10.B.(5) and 11:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.
4. Liquidated Damages. To the extent required by the North Dakota Franchise Investment Law, Section 12.D. of the Agreement is deleted.
5. Covenants Not To Compete. The following sentence is added to the end of Section 12.C.:

Covenants not to compete are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.
6. Choice of Law. The following sentence is added to the end of Section 22.A:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to claims arising under the North Dakota Franchise Investment Law.
7. Choice of Venue. The following sentence is added to the end of Section 22.B.:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. Statute of Limitations. The following sentence is added to the end of Section 22.C:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

9. Waiver of Certain Damages and Rights. To the extent required by the North Dakota Franchise Investment Law, Section 22.D. of the Agreement is deleted.

10. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR NORTH DAKOTA FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of North Dakota; **(B)** Franchisee is a resident of the State of North Dakota; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of North Dakota.
2. Releases. The following sentence is added to the end of Sections 2.B.(2)(e), 19.B.(5) and 20:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.
3. Fees. The following language is added to the end of Section 7. A. of the Franchise Agreement:

Pursuant to an order by the North Dakota Securities Department, Chicken Guy has posted a surety bond in the amount of \$50,000.
4. Additional Remedies for Breach. To the extent required by the North Dakota Franchise Investment Law, Section 21.D. of the Agreement is deleted.
5. Covenants Not To Compete. The following sentence is added to the end of Section 21.C.:

Covenants not to compete are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.
6. Early Termination Damages. To the extent required by the North Dakota Franchise Investment Law, Section 23.D. of the Agreement is deleted.
7. Choice of Law. The following sentence is added to the end of Section 31.A:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to claims arising under the North Dakota Franchise Investment Law.
8. Choice of Venue. The following sentence is added to the end of Section 31.B.:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

9. Statute of Limitations. The following sentence is added to the end of Section 31.C:

Notwithstanding the foregoing, the statute of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

10. Waiver of Certain Damages and Rights. To the extent required by the North Dakota Franchise Investment Law, Section 31.D. of the Agreement is deleted.

11. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISINGOR), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY
THE STATE OF RHODE ISLAND

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Rhode Island; **(B)** Developer is a resident of the State of Rhode Island; and/or **(C)** part or all of the Development Territory is located in the State of Rhode Island.

2. The following language is added to Section 22.A and 22.B:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING ~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Rhode Island; **(B)** Franchisee is a resident of the State of Rhode Island; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Rhode Island.

2. The following language is added to Section 31.A and 31.B:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING ~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDA REQUIRED BY
THE STATE OF SOUTH DAKOTA**

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT
REQUIRED FOR SOUTH DAKOTA DEVELOPERS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchising~~ing~~or), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of South Dakota; **(B)** Developer is a resident of the State of South Dakota; and/or **(C)** part or all of the Development Territory is located in the State of South Dakota.

2. The following language is added to the end of Section 4 of the Development Agreement:

Pursuant to an order by the South Dakota Securities Regulation Office, Chicken Guy has posted a surety bond in the amount of \$50,000.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER: _____

By: _____

Print Name: _____

Title: _____

Date: _____

**ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT
REQUIRED FOR SOUTH DAKOTA FRANCHISEES**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of South Dakota; **(B)** Franchisee is a resident of the State of South Dakota; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of South Dakota.
2. The following language is added to the end of Section 7. A. of the Franchise Agreement:

Pursuant to an order by the South Dakota Securities Regulation Office, Chicken Guy has posted a surety bond in the amount of \$50,000.
3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

ADDENDA REQUIRED BY THE STATE OF WASHINGTON

**WASHINGTON ADDENDUM TO THE CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT, DISCLOSURE QUESTIONNAIRE,
AND ANY RELATED AGREEMENTS**

This Addendum to the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Chicken Guy (Franchising ~~or~~), LLC (“Chicken Guy”) and _____ (“Developer”) is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Washington; **(B)** Developer is a resident of the State of Washington; and/or **(C)** part or all of the Development Territory is located in the State of Washington.
2. The following language is added to the end of Section 4 of the Development Agreement:

A surety bond in the amount of \$100,000 has been obtained by Chicken Guy. The Washington Securities Division has made the issuance of Chicken Guy's permit contingent upon Chicken Guy maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the Franchise Agreement or Chicken Guy’s franchise disclosure document, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.
3. The following sentence is added to the end of Section 11 of the Development Agreement:

Any general release shall not apply to any claims or liability arising under the Washington Franchise Investment Protection Act.
4. The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede this Agreement in your relationship with Chicken Guy, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with Chicken Guy, including in the areas of termination and renewal of your franchise.
5. In the event of a conflict of laws, the provisions of the Act shall prevail.
6. 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 Development Agreement, Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
7. A release or waiver of rights executed by Developer may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

8. Transfer fees are collectable to the extent that they reflect Chicken Guy's reasonable estimated or actual costs in effecting a transfer.
9. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Developer, 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 Developer 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 Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
10. RCW 49.62.060 prohibits Chicken Guy from restricting, restraining, or prohibiting Developer from (i) soliciting or hiring any employee of a franchisee of Chicken Guy or (ii) soliciting or hiring any employee of Chicken Guy. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.
- ~~11.~~ 11. 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.
12. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING ~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

Date: _____

**WASHINGTON ADDENDUM TO THE CHICKEN GUY! RESTAURANT
FRANCHISE AGREEMENT, DISCLOSURE QUESTIONNAIRE,
AND ANY RELATED AGREEMENTS**

This Addendum to the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Chicken Guy (Franchisingor), LLC (“Chicken Guy”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Washington; **(B)** Franchisee is a resident of the State of Washington; and/or **(C)** the Franchised Restaurant will be located and/or operated, and/or all or part of the Protected Area will be located, in the State of Washington.
2. The following language is added to the end of Section 7. A. of the Franchise Agreement:

A surety bond in the amount of \$100,000 has been obtained by Chicken Guy. The Washington Securities Division has made the issuance of Chicken Guy's permit contingent upon Chicken Guy maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the Franchise Agreement or Chicken Guy's franchise disclosure document, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.
3. The following sentence is added to the end of Section 20 of the Franchise Agreement:

Any general release shall not apply to any claims or liability arising under the Washington Franchise Investment Protection Act.
4. The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede this Agreement in your relationship with Chicken Guy, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with Chicken Guy, including in the areas of termination and renewal of your franchise.
5. In the event of a conflict of laws, the provisions of the Act shall prevail.
6. 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, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
7. A release or waiver of rights executed by Franchisee may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

8. Transfer fees are collectable to the extent that they reflect Chicken Guy's reasonable estimated or actual costs in effecting a transfer.
9. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of 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 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.
10. RCW 49.62.060 prohibits Chicken Guy from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of a franchisee of Chicken Guy or (ii) soliciting or hiring any employee of Chicken Guy. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
- ~~11.~~ 11. 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.
12. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Addendum by facsimile and any other electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Addendum.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum as of the day and year first above written.

CHICKEN GUY (FRANCHISING~~OR~~), LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT L

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____ by _____ (“Franchisee”) and _____ (“Guarantors”) as a condition of (1) transfer of the Chicken Guy! Restaurant Development Agreement dated _____ (“Development Agreement”) between Franchisee and Chicken Guy (Franchisor), LLC (“CGF”); or (2) transfer or renewal of the Chicken Guy! Restaurant Franchise Agreement dated _____ (“Franchise Agreement”) between Franchisee and CGF.

1. Release by Franchisee and Guarantors. Franchisee (on behalf of itself and its subsidiaries and affiliates) and Guarantors (on behalf of themselves and their heirs, representatives, successors and assigns) (collectively “Releasers”) freely and without any influence forever release and covenant not to sue CGF, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively “Claims”), that Releasers ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the [Development/Franchise] Agreement and all other agreements between Franchisee and/or any Guarantor and CGF or its parent, subsidiaries or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Releasers are the sole owners of all Claims and rights released hereunder and that Releasers have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not To Sue. Franchisee and Guarantors (on behalf of Releasers) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. Complete Defense. Franchisee and Guarantors: **(i)** acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and **(ii)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of CGF and each Releaser.

7. **[For Washington franchisees add this paragraph:]** This Release does not apply to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

7. **[For Maryland franchisees add this paragraph:]** This Release does not apply to claims arising under the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201 – 14-233, or the rules adopted thereunder in accordance with Md. Code Ann., Bus. Reg. §14-206, Code of Maryland Regulations, Title 02.02.08.01 – 02.02.08.17.

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

Print Name: _____

Title _____

Date: _____

GUARANTOR:

Date: _____

GUARANTOR:

Date: _____

EXHIBIT M

LIST OF FRANCHISEES

LIST OF FRANCHISEES

LIST OF FRANCHISED RESTAURANTS AS OF DECEMBER ~~25, 2022~~ 31, 2023

Franchisee	Outlet Address	City	State	Zip	Phone Number	Contact Person
Harrah's Atlantic City Operating Company, LLC	777 Harrah's Blvd.	Atlantic City	NJ	08401	(609) 441-5287	Lou Dimino
Magic Eats, LLC*	4 PPG Place	Pittsburgh	PA	15222	(814) 244-1407	John Burley
Tomey Chicken 1, LLC	30130 Plymouth Road, Space A	Livonia	MI	48152	(248) 516-5573	Michael Tomey
CG Holdings TNCG Gatlinburg, LLC*	727 Parkway	Gatlinburg	TN	37738	(423) 477-4619 900-8730	Mark Larkey Bucky Mabe
CG Holdings Desert Palace, LLC* d/b/a Caesars Palace	139 2nd Avenue North 3570 South Las Vegas Boulevard	Nashville Las Vegas	TN NV	37201 89109	(423) 477-4619 (702) 407-6000	Mark Larkey Sean McBurney
JDDA Concession Management, Inc.	Tom Bradley International Terminal West Gates, Los Angeles International Airport, 1 World Way	Los Angeles	CA	90045	(281) 679-5332	Jason Yoo

*Area developer

LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT THE FRANCHISED RESTAURANT IS NOT YET OPEN AS OF DECEMBER ~~25, 2022~~ 31, 2023

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
JDDA Concession Management, Inc.	1 World Way, Tom Bradley International Terminal, West Gates, Space #M52	Los Angeles	CA	90045	(281) 679-5332	Jason Yoo
Gonzalez Restaurant Ventures, Inc.*	TBD	TBD	CA	TBD	(805) 928-3733	Filiberto Gonzalez
GP2, LP*	TBD	TBD	CA	TBD	(949) 521-1970	Imad Boukai
JMDA, LLC*	TBD	TBD	NC	TBD	(828) 577-0200	Jason Marshall

Franchisee	Restaurant Address	City	State	Zip	Phone	Contact
Desert Palace Kimble Cooper Enterprises, LLC	3570 S. Las Vegas Boulevard Room F005 at King of Prussia Mall, 160 N Gulph Road	Las Vegas King of Prussia	NV PA	89109 19406	(702) 407-6000 (215) 692-9635	Sean McBurney Kevin Cooper
CG Holdings, LLC	TBD	TBD	TN	TBD	(423) 477-4619	Mark Larkey

*Area developer

LIST OF AREA DEVELOPERS THAT HAVE NOT SIGNED A FRANCHISE AGREEMENT AS OF DECEMBER ~~25, 2022~~ [31, 2023](#)

Developer	Phone Number	Contact Person
Big Chicken New England, LLC	(617) 338-4343	Edward Kane
Chandi New Restaurant Concepts, LLC	(925) 890-7977	Bhupinder Singh (Sonu Chandi) Pardeep Singh Gurcharan Singh Jatinder Singh (Joti)
Gonzalez Restaurant Ventures, Inc. GP2, LP, A CA limited partnership	(248) 214-8482	Filiberto Gonzalez
Malek Enterprise, Inc.	(949) 521-1970	Imad Boukai
MLKR Enterprises, LLC	(734) 218-4422	Robert Malek, Jr.
Ocean Investors Group, LLC	(214) 704-7574	Ram Daswani and Kris Daswani
Tomey Chicken, LLC	(813) 622-6362	Suhail Al-Rifaie
	(248) 516-5573	Michael Tomey

LIST OF FRANCHISEES THAT TRANSFERRED A FRANCHISE OR HAD A FRANCHISE AGREEMENT TERMINATED OR NOT RENEWED AS OF DECEMBER ~~25, 2022~~ [31, 2023](#)

~~None.~~

Franchisee	Outlet Address	City	State	Zip	Phone Number	Contact Person
TNCG Nashville, LLC	139 2nd Avenue North	Nashville	TN	37201	(423) 900-8730	Bucky Mabe

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

EXHIBIT N

FRANCHISEE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS STATEMENT IF YOU ARE
A RESIDENT OF OR INTEND TO OPERATE
THE FRANCHISED RESTAURANT IN
CALIFORNIA ~~OR~~ MARYLAND OR
WASHINGTON.

**FRANCHISEE DISCLOSURE QUESTIONNAIRE
TO BE COMPLETED BEFORE SIGNING A CHICKEN GUY! RESTAURANT
DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT**

You are preparing to enter into a Chicken Guy! Restaurant Development Agreement or Franchise Agreement (“Agreement”) with Chicken Guy (Franchisor), LLC (“we” “our” or “us”). Please review each of the following questions carefully and provide complete responses to each.

Franchise Applicant _____

1. Have we provided you with a Franchise Disclosure Document at least 14 calendar days (or the earlier of the first personal meeting or 10 business days if you are a prospect based in or will operate in New York; the earlier of the first personal meeting or 14 days if you are a prospect based in or will operate in Iowa; or 10 business days if you are a prospect based in or will operate in Michigan) before you signed any agreements or paid any money or other consideration to us or our affiliates?

Yes ___ No ___

2. Did you sign a Receipt indicating the date on which you received the Franchise Disclosure Document?

Yes ___ No ___

3. Please list any questions you have regarding the franchise opportunity that you would like to discuss prior to signing the Agreement. (Attach additional pages, if necessary.)

4. Please list any information provided to you by any employee or other person speaking on our behalf concerning the sales, revenue, profits, or operating costs of one or more Chicken Guy! Restaurant operated by us, our affiliates, or our franchisees or that you may earn or experience that is in addition to the information contained in the Franchise Disclosure Document:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under ~~the Washington Franchise Investment Protection Act or any other~~ any state franchise registration and disclosure law.

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 in connection with the franchise.

FRANCHISE APPLICANT

[Insert name of Franchise Applicant]

By: _____
[Name of Person signing on behalf of Franchise Applicant]

Its: _____
[Title of Person signing on behalf of Franchise Applicant]

EXHIBIT O

STATE EFFECTIVE DATES

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:

STATES	EFFECTIVE DATE
CALIFORNIA	November 16, 2023 PENDING
HAWAII	September 15, 2023 PENDING
INDIANA	September 7, 2023 PENDING
ILLINOIS	September 22, 2023 PENDING
MARYLAND	October 31, 2023 PENDING
MICHIGAN	August 29, 2023 PENDING
MINNESOTA	September 19, 2023 PENDING
NEW YORK	October 2, 2023 PENDING
NORTH DAKOTA	October 9, 2023 PENDING
RHODE ISLAND	September 7, 2023 PENDING
SOUTH DAKOTA	September 7, 2023 PENDING
VIRGINIA	September 12, 2023 PENDING
WASHINGTON	December 18, 2023 PENDING
WISCONSIN	September 7, 2023 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.

EXHIBIT P

RECEIPTS

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 Chicken Guy (Franchisor), LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, Chicken Guy (Franchisor), LLC or its affiliate in connection with the proposed sale or sooner if required by applicable state law. New York requires that Chicken Guy (Franchisor), LLC give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that Chicken Guy (Franchisor), LLC give you this disclosure document at the earliest of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that Chicken Guy (Franchisor), LLC give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Chicken Guy (Franchisor), LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The franchisor is Chicken Guy (Franchisor), LLC, located at 4700 Millenia Boulevard, Suite #400, Orlando, FL 32839. Its telephone number is 877.426.3275.

Issuance date: ~~August 29, 2023~~ September 20, 2024

Our franchise sellers include the following employees of Chicken Guy (Franchisor), LLC, 4700 Millenia Boulevard, Suite #400, Orlando, FL 32839, 877.426.3275:

- Robert Earl – Founder and Chairman
- John Thall – ~~President and~~ Vice President of Development
- Thomas Avallone – ~~Vice Chairman~~ Manager
- ~~Christopher Kennedy~~ – Jason Taliaferro – Senior Vice President, ~~Non-traditional Business of Operations~~
- Jeffrey C. Sirolly – General Counsel and Secretary
- Valentina Ellison – ~~Senior Vice President,~~ Chief Development Officer of Non-Traditional Concepts

And

I have received a disclosure document dated ~~August 29, 2023~~ September 20, 2024 that included the following exhibits:

- A. List of State Administrators and Agents for Service of Process
- H. Financial Statements
- B. Confidentiality Agreement
- I. Veterans Addendum to the Franchise Agreement
- C. Agreement Request Form
- J. State Specific Addenda to the FDD
- D. Development Agreement
- K. State Specific Addenda to the Agreements
- E. Franchise Agreement
- L. General Release
- F. Nontraditional Location Addendum
- M. List of Franchisees
- G. Manual Table of Contents
- N. Franchisee Disclosure Questionnaire
- O. State Effective Dates
- P. Receipts

Date of Receipt: _____

Signature

Print Name

Company Name

Street Address

Telephone Number

City, State Zip Code