

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 judicial district in which we have our principal place of business at the time the action is commenced, which is currently North Carolina. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to sue us in North Carolina than in your own state.

2. **Mandatory Minimum Payments.** You must make advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” pages for your state in Exhibit K.

<u>Provision</u>	<u>Section in Agreements</u>	<u>Summary</u>
k. "Transfer" by you - defined	§ 13 of Franchise Agreement. § 7 of Area Development Agreement. Not applicable to Coastal Agreement.	Covers transfer of interest in either Agreement, the Restaurant, the assets of your business, and others. Area developers may not make any partial assignments.
l. Our approval of transfer by you	§ 13 of Franchise Agreement. § 7 of Area Development Agreement. Not applicable to Coastal Agreement.	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 13 of Franchise Agreement. § 7 of Area Development Agreement. Not applicable to Coastal Agreement.	Conditions include: Payment of amounts due; non-default; general release; transferee qualifications; presence of approved Operations Principal, if required by us; continuing liability; others.
n. Our right of first refusal to acquire your business	§ 13 of Franchise Agreement. § 7 of Area Development Agreement. Not applicable to Coastal Agreement.	We can match any offer.
o. Our option to purchase your business	§ 15 of Franchise Agreement. Not applicable in Area Development Agreement. Not applicable to Coastal Agreement.	We may purchase the Restaurant upon expiration or termination of the franchise.
p. Your death or disability	§ 13 of Franchise Agreement. § 7 of Area Development Agreement. Not applicable to Coastal Agreement.	Agreement must be assigned to approved transferee within 6 months.
q. Non-competition covenants during the term of the franchise	§ 16 of Franchise Agreement. § 8 of Area Development Agreement. Not applicable to Coastal Agreement.	You are prohibited from owning, operating, or having any direct or indirect association with other restaurants without Golden Corral's consent (subject to applicable state law).

<u>Provision</u>	<u>Section in Agreements</u>	<u>Summary</u>
r. Non-competition covenants after the franchise is terminated or expires	§ 16 of Franchise Agreement. § 8 of Area Development Agreement. Not applicable to Coastal Agreement.	Includes a 2 year prohibition for restaurants whose food offerings are similar to those served by a Restaurant or which are cafeteria-style or buffet restaurants, and which are located at or within 10 miles of your former Restaurant or any other Golden Corral Restaurant located in the same Designated Market Area for which we have formed an advertising cooperative; and a 1 year prohibition for the above-described competing restaurants located within 10 miles of any other Golden Corral restaurant in the United States (subject to applicable state law) .
s. Modification of the agreement	§ 22 of Franchise Agreement § 12 of Area Development Agreement. § 10(f) of Coastal Agreement.	Must be in writing and signed by both parties.
t. Integration/merger clause	§ 22 of Franchise Agreement § 12 of Area Development Agreement. § 10(f) of Coastal Agreement.	Only the terms of the Franchise Agreement and Development Agreement are binding (subject to state law). Any other promises may not be enforceable. However, this clause will not be treated as a disclaimer of our representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable in any agreement.	Not applicable