



MCALISTER'S FRANCHISOR SPV LLC
A Delaware limited liability company
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FRANCHISE DISCLOSURE DOCUMENT

You will operate a McAlister's Deli® restaurant (a “**Restaurant**”). McAlister's Deli® Restaurants are fast casual restaurants offering counter service, on-premises dining and take-out services and featuring a line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products.

The total investment necessary to begin operation of a franchised McAlister's Deli Restaurant (“**Traditional Restaurant**”) ranges from \$875,900 to \$2,112,650. This includes \$35,500 to \$43,850 that must be paid to us or our affiliates. The total investment necessary to begin operation of a franchised McAlister's Express Restaurant (“**Express Restaurant**”) is \$393,500 to \$630,700. This includes \$15,500 to \$20,675 that must be paid to us or our affiliates.

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

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 sales department at 5620 Glenridge Drive NE, Atlanta, Georgia 30342 and 1-800-227-8353 or requests@mcalistersdeli.com.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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 (“**FTC**”). You can contact the FTC at 1-877-FTC-HELP or by writing to 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.

The issuance date of this Franchise Disclosure Document is March 25, 2021.

How to Use This Franchise Disclosure Document

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

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

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

Special Risks to Consider About *This* Franchise

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

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

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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of the rights and protection provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This 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 will include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 335-7567

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EXHIBITS:

EXHIBIT A FINANCIAL STATEMENTS

EXHIBIT B MCALISTER'S DELI FRANCHISE AGREEMENT AND RELATED AGREEMENTS:

- Schedule A - Franchise Specific Terms
- Schedule B - Personal Covenants
- Schedule C - Guaranty of Payment and Performance
- Schedule D - State Law Addendum (If Required)
- Schedule E - Multi-Unit Addendum

EXHIBIT C OTHER AGREEMENTS

- General Release
- McAlister's Franchisee Participation Agreement
- POS System Support Services Agreement

EXHIBIT D INFORMATION ON FRANCHISEES

EXHIBIT E INFORMATION ON FORMER FRANCHISEES

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EXHIBIT H STATE ADDENDA TO DISCLOSURE DOCUMENT

EXHIBIT I FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, , “we”, “us”, “our”, or “**McAlister’s**” means McAlister’s Franchisor SPV LLC, the franchisor. “**You**” or “**your**” means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability company, or any other type of entity (an “**Entity**”). The words “**includes**” and “**including**” mean “includes, but is not limited to” and “including, but not limited to,” and the terms following such words are intended to be examples and not an exhaustive list. If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an “**Owner**.”

Our Business

We are a Delaware limited liability company organized on February 2, 2017. We do business under the name “McAlister’s Franchisor SPV LLC,” “McAlister’s Deli,” “McAlister’s Select” and “McAlister’s Express.” Our principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Exhibit G to this Disclosure Document discloses our agents for service of process. Although we reserve the right to do so, we do not operate any other businesses and have not offered franchises in other lines of business.

We have offered McAlister’s® franchises since April 2017. As of December 31, 2020, there were approximately 448 franchised Restaurants in the United States and no franchised Restaurants operating outside of the United States. We do not own any Restaurants. As of December 31, 2020, our affiliate, McAlister’s LLC (“**ML**”), owned and operated 33 Restaurants.

Predecessors, Parents and Certain Affiliates

We are an indirect, wholly-owned subsidiary of Focus Brands LLC, a Delaware limited liability company (“**Focus Brands**”). Focus Brands was originally incorporated in Delaware as Focus Brands Inc. before it converted to a Delaware limited liability company on December 29, 2019. Focus Brands shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business. Focus Brands is the indirect parent company of six other franchise systems (see below).

We are a direct, wholly-owned subsidiary of Focus Brands Systems LLC (“**Focus Systems**”), a Delaware limited liability company. Focus Systems is a direct, wholly-owned subsidiary of Focus Brands Funding LLC (“**Focus Funding**”), a Delaware limited liability company. Focus Systems is an indirect, wholly-owned subsidiary of Focus Brands. Focus Systems and Focus Funding share our principal business address, have not conducted a business of the type that you will operate, and have not offered franchises in any line of business.

ML, a Delaware limited liability company that shares our principal business address, is an indirect subsidiary of Focus Brands. ML was originally incorporated on March 26, 1999 under the name Restaurant Acquisition Company as a Mississippi corporation, changed its name on April 2, 1999 to McAlister’s Corporation, and converted to a Delaware limited liability company, McAlister’s LLC, on December 29, 2019. ML is our predecessor and offered McAlister’s® franchises from January 1991 to April 2017. ML has not offered franchises in any other line of business. ML became

affiliated with Roark Capital Management, LLC in July 2005 and with Focus Brands in October 2013.

Affiliates That Provide Services to Franchisees

We have entered into a management agreement with Focus Brands for it to provide our franchisees with certain support and services that we are obligated to provide under their franchise agreements. Focus Brands also acts as our franchise sales agent. We have agreed to pay management fees to Focus Brands for these services. Focus Brands may delegate certain of these responsibilities to our other affiliates. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreements you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

FSC LLC (“**FSC**”), a Georgia limited liability company, is an indirect subsidiary of Focus Brands that manages the supply chain associated with us and the other franchise systems within the Focus Brands Portfolio (as defined below). In managing the supply chain, FSC handles the procurement, distribution, logistics and quality assurance aspects of the Focus Brands Portfolio supply chain and seeks to leverage the overall buying power of these franchise systems in order to provide value to each system. FSC shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Focus Brands Rewards, Inc. (“**FBRI**”), a Florida corporation, is an indirect subsidiary of Focus Brands that administers our gift card program. FBRI will receive an administration fee equal to 3% of the gross gift card sales made in affiliate-owned or franchised Restaurants each calendar year. After deduction of FBRI’s administrative fees, all breakage for unredeemed gift cards associated with gift card sales made in affiliate-owned or franchised Restaurants received by FBRI will be credited to the Ad Fund (as defined in Item 11). See Item 8 for more information on our gift card program. FBRI shares our principal business address, has not conducted a business of the type that you will operate, and has not offered franchises in any line of business.

Focus Systems guarantees our performance of obligations under our franchise agreements.

Focus Brands

Focus Brands is the indirect parent company to seven franchisors, including: us, Auntie Anne’s Franchisor SPV LLC (“**Auntie Anne’s**”), Carvel Franchisor SPV LLC (“**Carvel**”), Cinnabon Franchisor SPV LLC (“**Cinnabon**”), Jamba Juice Franchisor SPV LLC (“**Jamba**”), Moe’s Franchisor SPV LLC (“**Moe’s**”), and Schlotzsky’s Franchisor SPV LLC (“**Schlotzsky’s**”) (collectively, the “**Focus Brands Portfolio**”). Prior to April 2017, the franchisors of these franchise systems (other than Jamba, which was not affiliated with Focus Brands at the time) were ML, Auntie Anne’s LLC, Carvel Corporation (now known as Carvel LLC), Cinnabon LLC, Moe’s Franchisor LLC, and Schlotzsky’s Franchise LLC, (collectively, the “**Former Focus Franchisors**”). Prior to October 2018, the franchisor of the Jamba system was Jamba Juice Company (now known as Jamba Juice LLC) (“**JJ**”).

Auntie Anne’s franchises Auntie Anne’s® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne’s system became affiliated with Focus Brands through an acquisition. Auntie Anne’s principal place of business is 5620 Glenridge Drive NE, Atlanta, GA 30342. Auntie Anne’s has offered franchises since April 2017, and its predecessor offered franchises from January 1991 to April 2017. As of December 31,

2020, there were 1,140 franchised stores and 12 affiliate-owned stores in the United States and 726 franchised stores operating outside the United States. Auntie Anne's has not offered franchises in any other line of business.

Carvel franchises Carvel® ice cream shops and is a leading retailer of branded ice cream cakes and producer of premium soft-serve ice cream. The Carvel system became an affiliated program in October 2001. Carvel's principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Carvel has offered franchises since April 2017, and its predecessors offered franchises from 1947 to April 2017. As of December 31, 2020, there were 311 domestic retail shops (including one shoppe co-branded in a Schlotzsky's restaurant operated by our affiliate), 37 international retail shops, and five foodservice locations operated by independent third parties that offer Carvel® ice cream, and frozen desserts including cakes and ice cream novelties. Carvel has not offered franchises in any other line of business.

Cinnabon franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses third parties to operate Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries. In November 2004, the Cinnabon system became affiliated with Focus Brands through an acquisition. Cinnabon's principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Cinnabon has offered Cinnabon® franchises since April 2017, and its predecessor offered franchises from 1990 to April 2017. As of December 31, 2020, there were 940 franchised Cinnabon® bakeries in the United States, 706 franchised Cinnabon® bakeries outside the United States, two affiliate-owned Cinnabon® bakeries in the United States, and 174 franchised Seattle's Best Coffee® units outside the United States. Cinnabon has not offered franchises in any other line of business.

Jamba franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages, and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. In September 2018, Jamba's predecessor, JJ, became affiliated with Focus Brands through an acquisition. Jamba's principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Jamba has offered Jamba® franchises since October 2018, and its predecessor offered franchises from 1991 to October 2018. As of December 31, 2020, there were 762 franchised Jamba® stores in the United States, 67 franchised stores outside the United States, and five affiliate-owned stores in the United States. Jamba has not offered franchises in any other line of business.

Moe's franchises Moe's Southwest Grill® fast casual restaurants that feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with Focus Brands through an acquisition. Moe's principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Moe's has offered franchises since April 2017, and its predecessors offered franchises from 2001 to April 2017. As of December 31, 2020, there were 679 franchised Moe's Southwest Grill® restaurants in the United States, one franchised restaurant outside the United States, and two affiliate-owned restaurants in the United States. Moe's has not offered franchises in any other line of business.

Schlotzsky's franchises Schlotzsky's® quick-casual restaurants that feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with Focus Brands through an acquisition. Schlotzsky's principal place of business is 5620 Glenridge Drive NE, Atlanta, Georgia 30342. Schlotzsky's has offered franchises since April 2017, and its predecessors offered franchises from 1976 to April 2017. As of December 31, 2020, there were 310 franchised Schlotzsky's® restaurants in the United States, one franchised restaurant outside the United States, and 23 affiliate-owned restaurants in the United States. Schlotzsky's has not offered franchises in any other line of business.

Other Affiliates with Franchise Programs

Through control with private equity funds managed by Roark Capital Management, LLC, an Atlanta-based private equity firm, we are affiliated with the following franchise programs ("Affiliated Programs"). None of these affiliates operate a McAlister's franchise.

Inspire Brands ("Inspire Brands") is a global multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to seven franchisors, including: Arby's Franchisor, LLC ("Arby's"), Baskin-Robbins Franchising LLC ("Baskin-Robbins"), Buffalo Wild Wings International, Inc. ("Buffalo Wild Wings"), Dunkin' Donuts Franchising LLC ("Dunkin'"), Jimmy John's Franchisor SPV, LLC ("Jimmy John's"), Rusty Taco, Inc. ("Rusty Taco"), and Sonic Franchising LLC ("Sonic"). Arby's, Buffalo Wild Wings, Jimmy John's, Rusty Taco, and Sonic have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328. Baskin-Robbins and Dunkin' have a principal place of business at 130 Royall Street, Canton, Massachusetts 02021. Other than as described below for Arby's, all seven franchisors have not offered franchises in any other line of business.

Arby's is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965 and, as of January 3, 2021, there were approximately 3,367 Arby's restaurants operating in the United States (2,175 franchised and 1,192 company-owned), and 154 franchised Arby's restaurants operating internationally. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts including T. J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed.

Buffalo Wild Wings is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under the Buffalo Wild Wings name ("Buffalo Wild Wings Sports Bars") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("BWW-GO Restaurants"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of January 3, 2021, there were 1,205 Buffalo Wild Wings Sports Bars operating in the United States (531 franchised and 674 company-owned) and 72 Buffalo Wild Wings or B-Dubs restaurants operating outside the United States (59 franchised and 13 company-owned). As of January 3, 2021, there was 1 BWW-GO Restaurant operating in the United States (0 franchised and 1 company-owned).

Rusty Taco is the franchisor of Rusty Taco® (formerly R Taco®) restaurants. Rusty Taco has offered franchises for Rusty Taco restaurants since May 2015, but its predecessors have been franchising Rusty Taco restaurants since 2010. As of January 3, 2021, there were 34 Rusty Taco restaurants (30 franchised and 4 company-owned) in operation.

Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic Drive-In restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks, since May 2011. As of January 3, 2021, there were 3,522 Sonic Drive-Ins (3,251 franchised and 271 company-owned) in operation.

Jimmy John's is a franchisor of restaurants operating under the JIMMY JOHN'S® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. Jimmy John's and its predecessor have been franchising since 1993 and, as of January 3, 2021, had 2,702 restaurants operating in the United States (2,651 franchised and 51 affiliate-owned).

Dunkin' is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises for Dunkin'® restaurants since March 2006 and, as of December 26, 2020, there were 9,083 franchised Dunkin' restaurants operating in the United States and an additional 3,536 operating in 39 countries.

Baskin-Robbins franchises Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises for Baskin-Robbins® restaurants since March 2006 and, as of December 26, 2020, there were 2,419 franchised Baskin-Robbins restaurants in the United States and an additional 5,322 operating internationally in 51 countries and Puerto Rico.

Primrose School Franchising SPE, LLC ("Primrose") is a franchisor that offers franchises for the establishment, development and operation of educational child care facilities serving families with children from 6 weeks to 12 years old operating under the Primrose® name. Primrose's principal place of business is 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339. Primrose became an Affiliated Program through an acquisition in June 2008. Primrose and its affiliates have been franchising since 1988 and as of December 31, 2020 had 445 franchised facilities. Primrose has not offered franchises in any other line of business.

Pet Valu Canada Inc. ("Pet Valu") is a franchisor that offers franchises for specialty retail stores operating under the trademark "Pet Valu" that sell food and supplies for dogs, cats, birds, fish, reptiles and small animals. Pet Valu's principal place of business is 130 Royal Crest Court, Markham, Ontario L3R 0A1. Pet Valu became an Affiliated Program through an acquisition in August 2009. Pet Valu has been franchising since 1987. As of January 2, 2021, the Pet Valu enterprise operated stores in Canada under 5 different banners: (i) 492 Pet Valu branded stores with 330 franchised stores and 162 company-owned stores; (ii) 16 Paulmac's Pet Foods-branded stores consisting of 12 franchised and 4 company-owned stores; (iii) 72 Bosley's Pet Food Plus-branded stores in British Columbia, Canada consisting of 31 franchised and 41 company-owned stores; (iv) 9 company-owned Tisol-branded stores; and (v) 16 Total Pet-branded stores. Pet Valu stores have not offered franchises in any other line of business and currently only offers franchises

for the operation of Pet Valu stores in Canada. Pet Supermarket, an affiliate of Pet Valu through common ownership and/or control, operated 222 Pet Supermarket company-owned stores at the end of fiscal year 2020.

ME SPE Franchising, LLC (“Massage Envy”) is a franchisor of businesses that offers professional therapeutic massage services, facial services and related goods and services under the name “Massage Envy®” since 2019. Massage Envy’s principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy’s predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2020, there were 1,127 franchised Massage Envy locations operating in the United States. Additionally, Massage Envy’s predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2020, there were 11 regional developers operating 12 regions in the United States. Massage Envy has not offered franchises in any other line of business.

CKE Inc. (“CKE”), through two indirect wholly-owned subsidiaries (Carl’s Jr. Restaurants LLC and Hardee’s Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl’s Jr.®, Hardee’s®, Green Burrito® and Red Burrito® trade names and business systems. Carl’s Jr. restaurants and Hardee’s restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. Green Burrito and Red Burrito each offer certain Mexican food products in a quick-serve format. Green Burrito franchises are only offered in conjunction with a Carl’s Jr. Dual Concept Restaurant that incorporates the Green Burrito Dual Concept System. Red Burrito franchises are only offered in conjunction with a Hardee’s Dual Concept Restaurant that incorporates the Red Burrito Dual Concept System. CKE Inc.’s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee’s restaurants have been franchised since 1961 and Red Burrito Dual Concept restaurants have been franchised since 2006. As of January 26, 2021, there were 203 company-operated Hardee’s restaurants, including 29 Red Burrito Dual Concept restaurants, and there were 1,565 domestic franchised Hardee’s restaurants, including 228 Red Burrito Dual Concept restaurants. Additionally, there were 415 franchised Hardee’s restaurants operating outside the United States. Carl’s Jr. restaurants have been franchised since 1984 and Green Burrito Dual Concept restaurants have been franchised since 1996. As of January 26, 2021, there were 48 company-operated Carl’s Jr. restaurants, including 5 Green Burrito Dual Concept restaurants, and there were 1,031 domestic franchised Carl’s Jr. restaurants, including 290 Green Burrito Dual Concept restaurants. In addition, there were 566 franchised Carl’s Jr. restaurants operating outside the United States, including 1 Green Burrito Dual Concept restaurant. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

Driven Holdings, LLC (“Driven Holdings”) is the indirect parent company to 10 franchisors, including Meineke Franchisor SPV LLC (“**Meineke**”), Maaco Franchisor SPV LLC (“**Maaco**”), Drive N Style Franchisor SPV LLC (“**DNS**”), Econo Lube Franchisor SPV LLC (“**Econo Lube**”), Merlin Franchisor SPV LLC (“**Merlin**”), CARSTAR Franchisor SPV LLC (“**CARSTAR**”), 1-800-Radiator Franchisor SPV LLC (“**1-800-Radiator**”), Take 5 Franchisor SPV LLC (“**Take 5**”), ABRA Franchisor SPV LLC (“**ABRA**”) and FUSA Franchisor SPV LLC (“**FUSA**”). In April 2015, Driven Holdings and its franchised brands at the time (Meineke, Maaco, DNS, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June

2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, DNS, Econo Lube, Merlin, CARSTAR, Take 5, ABRA and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800 Radiator's principal business address is 4401 Park Road, Benicia, California 94510. All 10 franchisors have not offered franchises in any other line of business.

Meineke franchises automotive centers which offer to the general public automotive repair and maintenance services that it authorizes from time to time. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 26, 2020, there were 696 Meineke centers, 25 Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

Maaco and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 26, 2020, there were 424 franchised Maaco centers and no company-owned Maaco centers in the United States.

DNS is the franchisor of 3 franchise systems: Drive N Style® franchises, AutoQual® franchises and Aero Colours® franchises. DNS and its predecessors have offered Drive N Style franchises since October 2006. A Drive N Style business offers both interior and exterior reconditioning and maintenance services, exterior paint repair and refinishing services and interior and exterior protection services for consumer vehicles. As of December 26, 2020, there were 39 Drive N Style franchises and no company-owned Drive N Style businesses in the United States. DNS and its predecessors have offered AutoQual franchises since February 2008. AutoQual businesses offer various services relating to the interior of automotive vehicles, including, among other things, cleaning, deodorizing, dyeing, and masking of carpets, seats, and trim. As of December 26, 2020, there were 14 AutoQual franchises and no company-owned AutoQual businesses in the United States. DNS and its predecessors have offered Aero Colours franchises since 1998. Aero Colours businesses offer various services related to the exterior of automotive vehicles, including paint touch-up, repair and refinishing that is performed primarily on cars at automobile dealerships or at the customer's home or place of business. As of December 26, 2020, there were 6 Aero Colours franchises and no company-owned Aero Colours businesses in the United States.

Merlin franchises Merlin 200,000 Miles Shops® which provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin 200,000 Mile Shops" since February 2006. As of December 26, 2020, there were 27 Merlin franchises and no company-owned Merlin shops located in the United States.

Econo Lube offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began

offering franchises in 1980 under the name “Muffler Crafters” and began offering franchises under the name “Econo Lube N’ Tune” in 1985. As of December 26, 2020, there were 14 Econo Lube N’ Tune franchises and 18 Econo Lube N’ Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N’ Tune locations in the United States.

1-800-Radiator franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 26, 2020, there were 192 1-800-Radiator franchises in operation in the United States. 1-800-Radiator’s affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 26, 2020, owned and operated 1 1-800-Radiator warehouse in the United States. 1-800-Radiator has not offered franchises in any other line of business.

CARSTAR offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR’s business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 26, 2020, there were 395 franchised CARSTAR facilities and no company-owned facilities operating in the United States. CARSTAR has not offered franchises in any other line of business.

Take 5 franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 26, 2020, there were 64 franchised Take 5 outlets operating in the United States. An affiliate of Take 5 currently operates approximately 483 Take 5 outlets and outlets that operate under other brands, including Havoline Xpress and Fast Track, many of which may be converted to the Take 5 brand and operating platform in the future.

ABRA franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. ABRA and its predecessor have offered ABRA franchises since 1987. As of December 26, 2020, there were 57 franchised ABRA repair centers and no company-owned repair centers operating in the United States.

FUSA franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 26, 2020, there were 171 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA’s affiliate pursuant to a franchise agreement with FUSA.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) **Meineke Canada SPV LP** and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) **Maaco Canada SPV LP** and its predecessors have offered Maaco center franchises in Canada since 1983; (3) **1-800-**

Radiator Canada, Co. has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) **Carstar Canada SPV LP** and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) **Take 5 Canada SPV LP** and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) **Driven Brands Canada Funding Corporation** and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) **Go Glass Franchisor SPV LP** and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) **Star Auto Glass Franchisor SPV LP** and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012. These franchisors have not offered franchises in any other line of business.

As of December 26, 2020, there were: (i) 27 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 18 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 6 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 324 franchised CARSTAR facilities and 2 company-owned CARSTAR facilities in Canada; (v) 32 franchised Take 5 outlets and 8 company-owned Take 5 outlets in Canada; (vi) 12 franchised UniglassPlus businesses, 18 franchised UniglassPlus/Ziebart businesses, and 3 franchised Uniglass Express businesses in Canada, and 4 company-owned UniglassPlus/Ziebart businesses in Canada; (vii) 15 franchised VitroPlus businesses, 57 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 2 company-owned VitroPlus businesses and 1 company-owned VitroPlus/Ziebart business in Canada; (viii) 48 franchised Docteur du Pare Brise businesses and 2 company-owned Docteur du Pare Brise businesses in Canada; (ix) 11 franchised Go! Glass & Accessories businesses and no franchised Go! Glass businesses in Canada, and no company-owned Go! Glass & Accessories businesses or Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

ServiceMaster Systems LLC is the direct parent company to four franchisors operating in the United States: AmeriSpec SPE LLC (“**AmeriSpec**”), Furniture Medic SPE LLC (“**Furniture Medic**”), Merry Maids SPE LLC (“**Merry Maids**”), and ServiceMaster Clean/Restore SPE LLC (“**ServiceMaster**”). In December 2020, the four franchisors became Affiliated Programs through an acquisition. The four franchisors have a principal place of business at 150 Peabody Place, Memphis, Tennessee 38103-3720 and have never offered franchises in any other line of business.

AmeriSpec, a Delaware limited liability company, franchises home and commercial inspection businesses under the AmeriSpec® mark. AmeriSpec’s predecessor began offering franchises in 1988. As of December 31, 2020, AmeriSpec had 192 franchises in the United States.

Furniture Medic, a Delaware limited liability company, franchises furniture restoration, repair, and refinishing businesses under the Furniture Medic® mark. Furniture Medic’s predecessor began offering franchises in August 1992. As of December 31, 2020, Furniture Medic had 237 franchises in the United States.

Merry Maids, a Delaware limited liability company, franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids’ predecessor began business and

started offering franchises in 1980. As of December 31, 2020, Merry Maids had 997 franchises and one company-owned location operating three businesses in the United States.

ServiceMaster, a Delaware limited liability company, franchises (i) heavy duty and disaster cleaning for homes and businesses under the ServiceMaster Restore® mark, (ii) commercial and residential cleaning businesses under the ServiceMaster Clean® mark, and (iii) recovery management and disaster restoration businesses under the ServiceMaster Recovery Management® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2020, ServiceMaster had 3,181 franchises and nine company-owned locations operating in the United States.

Affiliates of ServiceMaster Systems also offer franchises for operation outside the United States. Specifically, **ServiceMaster of Canada Limited** offers franchises in Canada and **ServiceMaster Limited** offers franchises in Great Britain.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

Franchise Offering and Agreements

The franchise offered is a McAlister's Deli® Restaurant. McAlister's Deli® Restaurants are fast casual restaurants providing counter service with carry-out and on-premises dining and featuring a line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products, which may include alcoholic beverages, all prepared in accordance with specified recipes and procedures. We offer to qualified individuals or business entities a franchise arrangement for a Restaurant. As our franchisee, you will conduct business under the service marks "McAlister's," "McAlister's Deli," and/or "McAlister's Express" and any other identifying marks, trade names, logos and symbols that we use now, or that we later develop (the "**Proprietary Marks**" or "**Marks**"), and use our unique system for the establishment, development and operation of a Restaurant (the "**System**").

As stated above, there are two types of Restaurants. A Traditional Restaurant is a full size restaurant that offers a full line of menu items. An Express Restaurant is designed for a nontraditional location and may offer a limited number of menu items and operates under the "McAlister's Express" Mark. Unless otherwise noted, the information in this Disclosure Document applies to both Traditional Restaurants and Express Restaurants.

The System includes our distinctive exterior and interior layouts, designs, and color schemes; our distinctive signage, decorations, furnishings and materials; our software and computer programs; our selection of approved products that you may offer and sell (the "**Approved Products**"); our proprietary recipes and formulae ("**Recipes**") used to create our proprietary flavorings or ingredients ("**Proprietary Ingredients**") and/or our proprietary Approved Products (the "**Proprietary Products**"); our distinctive techniques for packaging, displaying, and merchandising products; our advertising and marketing programs and materials; our relationships with our vendors; our methods of operating a food-related business; our operations and administrative systems; our training programs; our methods and techniques for inventory and cost controls, recordkeeping, and reporting; our customer service standards; and any

guidelines, standards, specifications, rules, procedures, policies, methods, requirements, and directives we establish, including without limitation, our standards and specifications as to Recipes, ingredients, food and beverage preparation, food storage, interior and exterior design and décor, sanitation, maintenance, and equipment (the “**Standards**”) set out in our confidential operations manuals (the “**Manuals**”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

The form of Franchise Agreement we currently offer is the Franchise Agreement attached as Exhibit B to this Disclosure Document (the “**Franchise Agreement**”). The various forms of agreement we or our predecessors have used in the past may have terms different from the current form. We reserve the right to change the form and terms of the Franchise Agreement in the future.

You must identify an individual, who is reasonably acceptable to us, to serve as your “**Primary Contact**.” The Primary Contact will: (i) directly supervise the operations of the Restaurant and any other Restaurants operated by you; (ii) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity; and (iii) be accepted by us. We reserve the right, in our sole discretion, to accept a Primary Contact proposed by you who does not satisfy (ii) in the previous sentence if such proposed Primary Contact (a) holds some direct or indirect, legal or beneficial interest in your Entity, and (b) you have a written agreement that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity to satisfy the requirements in (ii) in the previous sentence. In addition, you must appoint four full-time managers of your Traditional Restaurant (or two full-time managers of your Express Restaurant), one of whom may also serve as the Primary Contact (each a “**Manager**”).

We may, in our sole discretion, offer you the opportunity to enter into multiple franchise agreements at the same time, which will be accompanied by a Multi-Unit Addendum to the Franchise Agreement (the “**Multi-Unit Addendum**”) (the current form of which is attached as Schedule E to the Franchise Agreement that is attached as Exhibit B to this Disclosure Document). If you do not sign a Multi-Unit Addendum, you will have no rights to develop or operate more than one Restaurant, unless you sign additional Franchise Agreements. We typically do not offer the opportunity to develop multiple Express Restaurants at the same time, although we may do so in limited circumstances.

As part of our application process, you must complete an application and successfully pass a financial credit check. You may also be asked to successfully complete a test of basic competency in the English language, an operations interview, and a criminal background check.

Franchisee/Industry Contact Lead Referral Program

We may pay a referral fee of \$5,000 to the first of our franchisees or real estate brokers that introduces a new prospective franchisee to us, if we approve the new prospect and we and the prospect sign a Franchise Agreement within six months after the referral is made and the prospective franchisee pays us the full Initial Franchise Fee (as defined in Item 5). If we pay the referral fee, we will do so after the referred prospective franchisee’s Franchise Agreement is fully signed and the full Initial Franchise Fee is paid. A prospective franchisee will not be considered new if the prospective franchisee (including any of the individual owners if the prospective franchisee is an entity) has signed a franchise agreement with any other brands in the Focus Brands Portfolio, and the \$5,000 referral fee will only be paid once in connection with the first franchise agreement signed with a brand in the Focus Brands Portfolio. You must be in full

compliance with all Franchise Agreements between you and us in order to receive a referral fee. We reserve the right to terminate, cancel, or modify such referral program at any time.

Competition and the Market

McAlister's Restaurants are marketed and operated to appeal to all age groups. The market for restaurant services is extremely well-established. You will be in competition with a variety of fast food and quick service restaurants, casual full-service restaurants, and other food service businesses (including both local businesses and local, regional, and national chains, some of which may have more locations or longer operating histories than our Restaurants) offering deli foods, sandwiches, soups, salads, desserts and other food and beverage products for on-premises consumption, delivery, and carry-out. The market for deli foods and the other food and beverage products offered at Restaurants is well-developed and very competitive.

Moreover, the restaurant business is highly competitive with respect to concept, price, location, food quality, and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, population changes, the cost and availability of products and qualified labor, and traffic patterns. There also is significant competition for suitable commercial real estate sites and personnel, including management personnel.

You may also compete with the distribution and sale of McAlister's® branded products through other outlets and sales channels. We may sell, or license affiliates or third parties to sell, McAlister's® branded products (including products that you are likely to sell in your Restaurant) (i) at wholesale to restaurants and retail stores (including grocery stores, convenience stores, club stores, and other outlets) that may be located anywhere, (ii) through non-traditional outlets, (iii) through mail order and Internet sales, (iv) through Delivery Kitchens (as defined in Item 12), or (v) through other company-owned or franchised Restaurants. You will not be entitled to additional rights or compensation in any of these cases. See Item 12 for details regarding our reserved rights.

Government Regulation and Certain Factors Affecting the Restaurant Industry

You must comply with all federal, state, and local laws and regulations applicable to businesses generally, including, without limitation, laws and regulations related to workers' compensation, occupational health and safety, minimum wage, overtime, working conditions, discrimination, sexual harassment, tax, environmental protection, citizenship and/or immigration status (including laws requiring verification of status through the Department of Homeland Security's E-Verify program), and reasonable accommodations for employees and customers with disabilities (including the Americans with Disabilities Act).

You must ensure that your computerized point-of-sale system (the "**POS System**") or your credit card processing terminals (whichever are responsible for processing credit card transactions) are in compliance with the most current Payment Card Industry Data Security Standards ("**PCI-DSS**"). You also must comply with all applicable federal and state laws and regulations relating to the collection, use, and security of personal information and comply with any privacy policies or data protection and breach response policies we periodically may establish.

Various federal agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health and sanitation agencies have regulations for the preparation of food and the condition of restaurants and food service facilities. You must comply with all federal, state, and local laws and regulations applicable to restaurants and food

service facilities, including, without limitation, licensing, health, sanitation, menu labeling, food preparation and packaging, smoking, safety, fire, and other matters. Some jurisdictions may require franchisees to obtain restaurant, business, occupational, food products, health, and miscellaneous licenses. Some jurisdictions during a pandemic or public health crisis may require restaurants or venues in which Restaurants are located to materially modify, limit, or cease operations for an indeterminate period.

The Clean Air Act and state implementing laws also may require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about federal, state, and local laws and regulations that may affect your Restaurant. Compliance with these laws and regulations, as they may be amended from time to time, can increase your operational costs and affect your bottom line.

ITEM 2

BUSINESS EXPERIENCE

James (Jim) E. Holthouser: Chief Executive Officer

Jim has been our Chief Executive Officer since February 2020. Since February 2020, Jim has also served as (i) President of Focus Systems, (ii) Chief Executive Officer of Focus Brands, JJ, each of the Former Focus Franchisors, and each of the other Focus Brands Portfolio companies, and (iii) a member of the Board of Managers for Focus Brands, JJ, and each of the Former Focus Franchisors. From February 2018 to January 2020, Jim was the owner of Madison County Multiplex, LLC in Stanford, Kentucky. From June 2012 to January 2018, Jim was the Executive Vice President, Global Brands, Marketing and Loyalty at Hilton Corporation in McLean, Virginia. Jim serves in his present capacities in Atlanta, Georgia.

Michael (Mike) J. Dixon: Chief Financial Officer, Treasurer and Assistant Secretary

Mike has been our Chief Financial Officer, Treasurer and Assistant Secretary since March 2017. Mike has been Chief Financial Officer, Treasurer and Assistant Secretary for (i) ML, Focus Brands, and each of the other Former Focus Franchisors since March 2016, (ii) Focus Systems and the other Focus Brands Portfolio companies (except Jamba) since March 2017, and (iii) Jamba and JJ since September 2018. Mike has also served as a member of the Board of Managers or Board of Directors for Focus Brands and each of the other Former Focus Franchisors since March 2017 and for JJ since September 2018. From May 2015 to February 2016, Mike was an independent consultant in Thousand Oaks, California. Mike serves in his present capacities in Atlanta, Georgia.

Brian Krause: Chief Development Officer

Brian has been our Chief Development Officer since July 2020. Brian has also served in the same role for Focus Brands and ML since July 2020. From June 2019 to June 2020, Brian was the Chief Development Officer for Jimmy John's Franchise, LLC in Champaign, Illinois. From

November 2016 to May 2019, Brian was the Senior Vice President, Franchise Development for Wyndham Hotel Group in Parsippany, New Jersey and from May 2015 to October 2016, he was the Vice President, Brand Leader Wingate by Wyndham for Wyndham Hotel Group in Parsippany, New Jersey. Brian serves in his present capacities in Atlanta, Georgia.

Tim Muir: Chief Sales Officer

Tim has been our Chief Sales Officer since July 2020. Tim has also served in the same role for Focus Brands and ML since July 2020. From March 2017 to June 2020, Tim was our Chief Development Officer and also served in the same role for Focus Brands and ML from February 2017 to June 2020. From May 2014 to January 2017, Tim was the Vice President, Franchise Development for Choice Hotels International in Rockville, Maryland. Tim serves in his present capacities in Atlanta, Georgia.

Joseph (Joe) T. Guith: President

Joe has served as our President since April 2018. Joe has also served as ML's President since April 2018. From January 2015 to March 2018, Joe was the President of Cinnabon and Cinnabon LLC in Atlanta, Georgia. Joe serves in his present capacities in Atlanta, Georgia.

Sarah E. Powell: Executive Vice President, General Counsel and Secretary

Sarah has been our Executive Vice President, General Counsel and Secretary since March 2017. Sarah has also served in the same roles for (i) ML, Focus Brands, and each of the Former Focus Franchisors since January 2015, (ii) Focus Systems and the other Focus Brands Portfolio companies (except Jamba) since March 2017, and (iii) Jamba and JJ since September 2018. Sarah has also served as a member of the Board of Managers or Board of Directors for Focus Brands and each of the other Former Focus Franchisors since March 2017 and for JJ since September 2018. Sarah serves in her present capacities in Atlanta, Georgia.

Erik Hess: Senior Vice President of McAlister's and President, Restaurant Brands for Focus Brands

Erik has served as our Senior Vice President since September 2020. Erik has also served as (i) President, Restaurant Brands for Focus Brands since September 2020 and (ii) Senior Vice President for ML, Moe's, Moe's Franchisor LLC, Schlotzsky's, and Schlotzsky's Franchise LLC since September 2020. From September 2019 to August 2020, he was President for Moe's in Atlanta, Georgia. From February 2017 to August 2019, Erik served as the Principal of Hess Consulting Group LLC in Chicago, Illinois. From June 2015 to January 2017, Erik served as Senior Vice President, U.S. Customer Experience for McDonald's Corporation in Oak Brook, Illinois. Erik serves in his present capacities in Atlanta, Georgia.

Tim Goodman: Senior Vice President, Franchise Administration

Tim has been our Senior Vice President, Franchise Administration since February 2019. He has also served in the same role for JJ, the Former Focus Franchisors, and the Focus Brands Portfolio companies since February 2019. He served as the Vice President, Franchise Administration for (i) us and the Focus Brands Portfolio companies (except Jamba) from March 2017 to January 2019, (ii) the Former Focus Franchisors from February 2005 to January 2019, and (iii) JJ and

Jamba from September 2018 to January 2019. Tim serves in his present capacities in Atlanta, Georgia.

Michael Freeman: Vice President, Operations

Mike has been our Vice President, Operations since September 2020. He has also been ML's Vice President, Operations since September 2020. From May 2019 to September 2020, Mike was our and ML's Vice President, Company Operations. From June 2017 to April 2019, he was our and ML's Senior Director, Operations. From September 2013 to May 2017, Mike was our Senior Director, Training. Mike serves in his present capacity in Atlanta, Georgia.

Danielle Parra: Vice President, Marketing

Danielle has been our Vice President, Marketing since December 2020. From August 2020 to November 2020, Danielle volunteered at the Resource Development & Marketing Board Committee for the Boys and Girls Club of Metro Atlanta in Atlanta, Georgia. From July 2019 to July 2020, she was the Chief Commercial Officer for KEH Camera in Atlanta, Georgia. From October 2016 to June 2019, Danielle served as Chief Marketing Officer for Icahn Automotive LLC in Kennesaw, Georgia. From March 2015 to September 2016, she was the Chief Marketing & Digital Officer for Ferguson Enterprises in Chico, California. Danielle serves in her present capacities in Atlanta, Georgia.

Taylor Bennett: Vice President, Franchise Sales – West

Taylor has been our Vice President, Franchise Sales - West since March 2018. Taylor has also served in the same role for Moe's and Schlotzsky's since March 2018 and for Jamba since September 2018. Taylor was Vice President, Franchise Sales - West for Carvel from March 2018 to December 2018. Taylor was Vice President, Franchise Sales – North for us, Carvel, Moe's, and Schlotzsky's from April 2017 to February 2018 and for McAlister's Corporation, Carvel Corporation, Moe's Franchisor LLC and Schlotzsky's Franchise LLC from March 2017 to April 2017. From November 2013 to February 2017, Taylor was the Principal of Taylor Bennett Law Group in Atlanta, Georgia. Taylor serves in his present capacities in Atlanta, Georgia.

Christopher (Chris) Burdette: Vice President, Franchise Sales – East

Chris has been our Vice President, Franchise Sales - East since March 2018. Chris has also served in the same role for Moe's and Schlotzsky's since March 2018. From June 2017 to February 2018, Chris was the Director of Franchise Sales for Schlotzsky's in Atlanta, Georgia. From April 2014 to May 2017, Chris was the Managing Director – East for Best Western Hotels & Resorts in Atlanta, Georgia. Chris serves in his present capacities in Atlanta, Georgia.

Beto Guajardo: President, International for Focus Brands

Beto has been the President, International for Focus Brands since April 2020. From September 2019 to March 2020, Beto was the President of Schlotzsky's and Schlotzsky's Franchise LLC. From January 2014 to August 2019, Beto served as the Senior Vice President, Global Strategy for Starbucks Corporation in Seattle, Washington. Beto serves in his present capacities in Atlanta, Georgia.

Shelley Harris: Senior Vice President, Category Operations and Training, Restaurant Brands for Focus Brands

Shelley has been Senior Vice President, Category Operations and Training, Restaurant Brands for Focus Brands since September 2020. Shelley was Vice President of Operations for us from April 2017 to September 2020 and for ML from March 2017 to September 2020. From June 2016 to February 2017, she was the Vice President of Operations for Cinnabon LLC. Shelley serves in her present capacities in Atlanta, Georgia.

Marcel Nahm: Senior Vice President, Category Marketing, Restaurant Brands for Focus Brands

Marcel has been Senior Vice President, Category Marketing, Restaurant Brands for Focus Brands since September 2020. From May 2018 to September 2020, Marcel was the Chief Marketing Officer for Auntie Anne's. From July 2005 to April 2018, he was the Vice President and General Manager for The Hershey Company in Hershey, Pennsylvania. Marcel serves in his present capacities in Atlanta, Georgia.

Steve Parker: Senior Vice President, Group Development for Focus Brands

Steve has been Senior Vice President of Group Development for Focus Brands since January 2015. Steve serves in his present capacities in Atlanta, Georgia.

Michael Clem: Senior Vice President, Real Estate for Focus Brands

Michael has been the Senior Vice President, Real Estate for Focus Brands since January 2021. From June 2017 to December 2020, he was the Vice President, Real Estate for Focus Brands. From September 2014 to May 2017, Michael was the Vice President of Real Estate for Kirklands, Inc. in Nashville, Tennessee. Michael serves in his present capacities in Atlanta, Georgia.

Jessicah Pounds: Vice President, Training, Restaurant Brands for Focus Brands

Jessicah has been Vice President, Training, Restaurant Brands for Focus Brands since September 2020. From April 2017 to September 2020, Jessica was the Senior Director, Training and Ops Services for Moe's. From March 2013 to September 2020, Jessica was the Senior Director, Training and Ops Services for Moe's Franchisor LLC. Jessicah serves in her present capacities in Atlanta, Georgia.

Thomas (Tom) R. Richards: Vice President, Non-Traditional Franchise Sales for Focus Brands

Tom has been the Vice President, Non-Traditional Franchise Sales for Focus Brands since July 2017. From April 2016 to June 2017, Tom was the Executive Director, Non-Traditional Development for DineEquity Inc. in Plano, Texas. From November 2011 to March 2016, Tom

was the National Director, Channel Development for Yum! Brands, Inc. in Plano, Texas. Tom serves in his present capacities in Plano, Texas.

ITEM 3

LITIGATION

Disclosures Regarding Affiliated Programs

The following affiliates who offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees. None of these actions have any impact on us or our brand nor allege any unlawful conduct by us.

The People of the State of California v. Arby's Restaurant Group, Inc. (California Superior Court, Los Angeles County, Case No. 19STCV09397, filed March 19, 2019). On March 11, 2019, our affiliate, Arby's Restaurant Group, Inc. ("ARG"), entered into a settlement agreement with the states of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon and Pennsylvania. The Attorneys General in these states sought information from ARG on its use of franchise agreement provisions prohibiting the franchisor and franchisees from soliciting or employing each other's employees. The states alleged that the use of these provisions violated the states' antitrust, unfair competition, unfair or deceptive acts or practices, consumer protection and other state laws. ARG expressly denies these conclusions but decided to enter into the settlement agreement to avoid litigation with the states. Under the settlement agreement ARG paid no money but agreed (a) to remove the disputed provision from its franchise agreements (which it had already done); (b) not to enforce the disputed provision in existing agreements or to intervene in any action by the Attorneys General if a franchisee seeks to enforce the provision; (c) to seek amendments of the existing franchise agreements in the applicable states to remove the disputed provision from the agreements; and (d) to post a notice and ask franchisees to post a notice to employees about the disputed provision. The applicable states instituted actions in their courts to enforce the settlement agreement through Final Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance, and similar methods.

The People of the State of California v. Dunkin' Brands, Inc., (California Superior Court, Los Angeles County, Case No. E25636618, filed on March 19, 2019.) On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("DBI"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin's franchisees in enforcing that provision. In addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law and, furthermore, that the settlement agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney

General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General ("NYAG") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and the NYAG entered into a consent agreement to resolve the State's complaint. Under consent order, DBI agreed to pay \$650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee. You must pay us an initial franchise fee (the "**Initial Franchise Fee**") of \$15,500 for an Express Restaurant and \$35,500 for a Traditional Restaurant when you sign your Franchise Agreement. We will not refund any part of the Initial Franchise Fee paid under the Franchise Agreement.

We reserve the right to offer to reduce the Initial Franchise Fee under certain circumstances. In addition, we may allow a new franchisee to apply part of their Initial Franchise Fee to the cost of needed improvements or equipment. We may also reduce the Initial Franchise Fee as an economic incentive for a franchisee to open a certain location, with the determination made on a case-by-case review of all the relevant economic factors.

We also may offer to reduce the Initial Franchise Fee for other reasons, including: (i) as an inducement for existing operators to open additional Restaurants, (ii) as an inducement for someone to reopen a closed Restaurant; (iii) as an inducement for someone to take over an operating franchised Restaurant; (iv) as an inducement for a professional multi-unit operator to open several Restaurants; or (v) to allow a franchisee to have additional money to spend on Restaurant improvements and marketing during the first 12 months of operation. The amount of any waiver or reduction will be made on an individual basis and may depend on the condition of the premises, the need for upgrades and remodeling, any special circumstances that we may consider appropriate, and/or other considerations.

We participate in the International Franchise Association's VetFran program. For qualifying veterans or members of the Armed Forces, the Initial Franchise Fee is \$20,000.

If you sign multiple Franchise Agreements at the same time with a Multi-Unit Addendum to develop a set number of Restaurants, we may, in our sole discretion, offer a reduced Initial Franchise Fee for each Restaurant that you develop. You must pay us all of the Initial Franchise Fees for all of the Restaurants that you commit to develop at the time you sign the Franchise Agreements with a Multi-Unit Addendum. If you fail to develop any of the Restaurants by the deadlines set forth therein or any Franchise Agreement(s) subject to the Multi-Unit Addendum are terminated, you will not receive a refund of any Initial Franchise Fees that you have prepaid.

For calendar year 2020, the Initial Franchise Fee ranged from \$10,000 to \$35,000.

In certain rare circumstances, we may permit installment payments of the Initial Franchise Fee on terms negotiated with the franchisee.

Training Fees. For your first two Restaurants (including Restaurants owned by your affiliates) (the “**Initial Restaurants**”), the Initial Franchise Fee includes the cost of our initial management training program (the “**Management Training Program**”). For your third or subsequent Restaurants (including Restaurants owned by your affiliates) (the “**Subsequent Restaurants**”), if we require, or you elect, to receive the Management Training Program from us or our designee, you must pay us our then-current Management Training Fee, which is currently \$6,350 for all of your Required Trainees (as defined in Item 11) to attend the same session for a Traditional Restaurant and \$3,175 for an Express Restaurant. We reserve the right to charge you a reasonable training fee (currently, between \$450 and \$2,725 per trainee, depending on the number of available openings at each training location) if we permit you to bring additional trainees, other than the Required Trainees, to the Management Training Program, or if your Required Trainees are trained in separate sessions.

For your first three Restaurants (including Restaurants owned by your affiliates), the Initial Franchise Fee includes the cost of us providing one or more representatives to provide on-site opening training and assistance at your Restaurant. For your fourth or subsequent Restaurants, if we require, or you elect, to receive on-site training and assistance, you must pay us our then-current On-Site Training and Assistance Fee (currently, \$2,000 per week per trainer, plus their direct airfare expenses) for such on-site training and assistance.

All Initial Fees. Except as noted above, you do not pay us or our affiliates any other fees or payments for services or goods before your Restaurant opens. The initial fees are not refundable.

ITEM 6

OTHER FEES

Type of Fee ¹	Amount	Date Due	Remarks
Royalty Fee	5% of Net Sales	Payable on or before Tuesday of each week on the Net Sales for the	See Note 2 for the definition of “ Net Sales .” We may change the payment due date in the Manuals or in a written notice to you.

Type of Fee ¹	Amount	Date Due	Remarks
		previous week	
Advertising Contribution	<p><i>For new or renewing Restaurants:</i> currently, 2% of Net Sales</p> <p><i>For Restaurants that are transferred:</i> the percentage of Net Sales paid by the transferor at the time of the transfer (currently, either 1.5% or 2% of Net Sales)</p> <p><i>For all Restaurants:</i> the fee may be increased to up to 3% of Net Sales</p>	Same as Royalty Fee	You must contribute the Advertising Contribution to the Ad Fund (as defined in Item 11). We may increase the Advertising Contribution by notice to franchisees at any time.
Advertising Cooperative Contribution	An amount set by your Advertising Cooperative	Same as Royalty Fee	All members of an Advertising Cooperative (as defined in Item 11), whether a franchisee-owned, company-owned or affiliate-owned Restaurant, have voting rights on matters brought before the Advertising Cooperative for a vote, including matters relating to the amount of the required Advertising Cooperative contribution.
Local Marketing Obligation	Currently, each calendar quarter, you must spend not less than 1% of Net Sales on local market advertising	Each calendar quarter	We may specify a minimum amount that you must spend on local market advertising (the “ Local Marketing Obligation ”), which we may change upon 60 days’ written notice. See Item 11 for what will count towards meeting your obligation. If you fail to make the minimum advertising expenditures, we may do so on your behalf and you must reimburse us for our expenses. We may also elect to collect all or a portion of the Local Marketing Obligation from you and (i) contribute it to the Ad Fund, (ii) conduct national, regional, or local advertising, (iii) spend it on local advertising, or (iv) contribute it to your Advertising Cooperative.

Type of Fee ¹	Amount	Date Due	Remarks
Promotions	Costs to purchase, lease and install all materials necessary for promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items and gift cards. We may charge you our costs plus a reasonable administrative fee	As incurred	You will participate at your own cost in promotional programs that we establish, and the promotional programs will be applicable to the System as a whole or to specific advertising market areas. You also will participate in promotional programs your Advertising Cooperative establishes.
Insufficient Funds Fee	Our out-of-pocket costs and an administrative fee	On invoice	If we draft money from your account under our electronic funds transfer ("EFT") or draft system, and there are insufficient funds to cover the draft, we will charge you the return costs charged by our bank and an administrative fee to cover our costs of addressing the nonpayment. This fee is in addition to interest on the amount due.
Interest	The lesser of 1.5% per month or the maximum legal interest rate	On invoice	You must pay us or our affiliates interest on any amounts past due to us or our affiliates.
Late Reporting Fee	Our then-current fee. Currently, \$50 per day.	On invoice	You must pay this late fee if you fail to submit timely, complete and accurate reports, financial statements, tax returns, and statements of initial investment costs when due.

Type of Fee ¹	Amount	Date Due	Remarks
Taxes and Other Payments	Our cost	Within 10 days after demand	You must pay us or our affiliates (i) all sales taxes, corporate taxes, and any similar taxes paid by us on your behalf, imposed on us, or required to be collected by us on account of products or services we furnish to you (through sale, lease, or otherwise) or on account of our collection of any fee related to the Franchise Agreement; (ii) all franchise or similar taxes, whether based on gross receipts, gross revenues, Royalty Fees, Advertising Contributions, or otherwise, imposed on, required to be collected by, or paid by us; (iii) all marketplace facilitator or similar taxes imposed on, required to be collected by, or paid by us in connection with your use of our website, internet sites, applications, or online ordering platforms; (iv) all other amounts we pay or must pay for you for any reason; and (v) any other fees or expenses that we are entitled to collect from you.
Subsequent Trainee Management Training Fee	Currently, between \$450 and \$2,725 per trainee, depending on the number of available openings at each training location	Before attending training	You pay this fee for the Management Training Program for (i) any new Managers that you appoint or hire after your Restaurant opens or (ii) any other persons we designate to attend the Management Training Program after your Restaurant opens, as provided in Item 11.
On-Site Training and Assistance Fee	A reasonable fee, currently, \$2,000 per week per trainer, plus their direct airfare expenses	On invoice	At any time, you can request, or we may require, additional on-site training and assistance beyond that which we must provide. We have no obligation to provide on-site training or assistance. We will prorate this fee based on the number of days of training you receive.
Additional Support/ Consulting Fee	A reasonable fee, currently, \$500 per day, plus travel and living expenses	On invoice	We may offer you consultation services beyond the support services under the Franchise Agreement, and if you accept them, we can charge you a consulting fee.
Conference/ Program Fee	A reasonable fee, which will vary by program.	As incurred	We may charge you a reasonable fee for any conferences, conventions, programs, or training sessions that we conduct. We expect these fees to range from \$0 to \$2,500.

Type of Fee ¹	Amount	Date Due	Remarks
Training Cancellation Fee	Our out-of-pocket costs	On invoice	If you fail to cancel scheduled training at least 14 days prior to such training or if you are not prepared to successfully complete training, we may charge you the cost of conducting the originally scheduled training (including any travel and living expenses incurred by our representatives) and may require you to pay an additional fee for rescheduled training
Learning Management System License Fee	Our then-current fee. Currently, we do not collect this fee.	As incurred	We require you to license an electronic learning management system (the " Learning Management System ") to participate in certain required training programs and access the Manuals. Currently, you must pay \$185 per year directly to our Approved Supplier, but we may require you to pay this fee to us, an affiliate, or another third-party vendor in the future.
Plan Review Fee	\$1,000 per set of drawings	On invoice	After our initial review of your Restaurant plans at no cost and a review of a revision incorporating our comments at no cost, we may charge a fee of \$1,000 for each additional set of drawings we review that include any modifications from the plans that we have previously accepted.
Lease Renewal/ Extension Review Fee	Our then-current fee. Currently, \$2,000.	As incurred	If you renew a lease or a lease is extended by the landlord for a period of 12 months or more, you must obtain our approval of the lease and, in our sole discretion, pay this fee, which we may change from time to time. Our review of the lease will be limited to determining whether it complies with the Franchise Agreement.
Lease Documentation Late Fee	\$500 per month (or partial month) until delivered	As incurred	We may charge you this fee if you fail to provide us with a signed copy of any lease or a modification, amendment, or renewal of a lease within 15 days after we request it. The fee is payable for each month or partial month after the deadline, until you provide the documentation.

Type of Fee ¹	Amount	Date Due	Remarks
Relocation Fee	10% of the then-current Initial Franchise Fee	Before your relocation	Payable to us if you relocate to a new site that we have accepted.
Relocation Extension Fee	\$1,500 per year that the term is extended	Before we sign relocation Franchise Agreement	If you relocate to a new site and we agree to amend your Franchise Agreement (or enter into a new Franchise Agreement) to match the term of your new lease, you must pay the Relocation Extension Fee in addition to the Relocation Fee.
Refresh/Remodel Site Survey and Design Fee	Our then-current fee. Currently, such fee is approximately \$1,200 to \$6,000 depending on the scope of the required changes.	As incurred	You must refresh your Restaurant every five years and must remodel your Restaurant every ten years to meet our then-current Standards. We may require you to pay us, our affiliates, or our designee this fee to inspect your Restaurant and produce a site survey and/or design plan that will comply with these obligations.
Transfer Fee	50% of the then-current Initial Franchise Fee if it is a Control Transfer; if it is a transfer to a related party or that is not a Control Transfer, 10% of the then-current Initial Franchise Fee	At transfer closing	Payable to us if you transfer any interest in your Franchise Agreement or Restaurant. A "Control Transfer" occurs if there is a transfer of (i) any interest in the Franchise Agreement, (ii) the Restaurant or substantially all of its assets, (iii) more than 20% of the ownership interests in you, or (iv) any interests that result in a change in control of your entity. See Item 17.k for the definition of "transfer."
Renewal Fee	20% of the then-current Initial Franchise Fee	Before we sign renewal Franchise Agreement	Payable to us if you enter into a renewal term.
Computer Systems Fee	A reasonable fee, which will vary based on the services provided.	As needed	Paid to contractors, or us or our affiliates, as applicable. We may charge a reasonable systems fee for modifications and enhancements and other maintenance and support services related to the Computer System (as defined in Item 11). The amount for upgrades and maintenance varies based on the extent of the upgrade or services provided.

Type of Fee ¹	Amount	Date Due	Remarks
POS System Support Fee	Currently, estimated to be between \$100 and \$250 per month	As Incurred	You must remit this fee to us or our affiliate (or a third-party vendor approved by us) for software and hardware support for your POS System. The support service includes helpdesk support, trouble shooting, menu management, third-party integrations, and collection of sales data from your POS System overnight. This fee is subject to change.
Back Office and Polling Software Fee	Currently, estimated to be between \$100 and \$200 per month	As incurred	Currently we require you to remit this fee to a third-party vendor that provides the back office and polling software for your Computer System. We reserve the right to require you to remit this fee to us, our affiliate, or a different third-party vendor at any time.
Credit Card Fees	Transaction fees estimated to be from 2.5% to 5% of transaction amounts. Other fees may apply depending on the vendor used for credit card processing.	As incurred	We may require that you use a specific credit card processing company and/or gateway. Currently, we do not collect any fees for credit card processing, but we may charge for our administrative cost for this activity.
Information Security and Compliance Fees	Amount of fees; estimated to be between \$75 and \$150 per month	As incurred	You must remit this fee to us, our affiliate, or a third-party vendor. This fee is subject to change. We may require that you use one or more Approved Suppliers to provide credit card data and security services that are consistent with PCI-DSS requirements, including a managed firewall, quarterly network scan, anti-virus/anti-malware software, and managed Wi-Fi. We may also require you to obtain data breach protection insurance provided by such Approved Supplier. We require that you submit annually proof of your PCI-DSS compliance status. We may also charge an administrative fee to review your systems and verify your compliance with these requirements.
Gift Card and Loyalty Program Fees	Amount of administrative fees	As incurred	You must participate in the gift card, loyalty, and other electronic incentive programs (the " Gift Card and Loyalty Programs ") that we establish, using vendors that we designate, which may

Type of Fee ¹	Amount	Date Due	Remarks
			include us or our affiliates. We or our affiliates may charge, or collect on behalf of our vendors, an administrative cost for participating in these programs. Currently, our gift card distributor retains 7.75% or 12% of the value of a gift card purchased from a retailer other than a Restaurant (with the percentage varying by retailer). If a gift card is redeemed in your Restaurant, we will reimburse the redeemed amount minus the 7.75% or 12% administrative fee retained by the vendor.
Loyalty App Fee	Currently, \$55 per month	As incurred	You are required to participate in our loyalty program. This fee is payable to us or a vendor that we designate for use of our designated loyalty app.
Online Ordering Fee	Currently, \$69 per month	As incurred	You must participate in our online ordering program. This fee is payable to us or a vendor that we designate. We may change the fee from time to time and may charge additional fees.
Ordering Support Fee	A reasonable fee, which will vary based on the services provided. Currently, \$0.35 to \$0.50 per transaction processed through our online ordering system.	As incurred	We require you to pay to us, our affiliates, and/or one or more third parties that we designate, an ordering support fee, in an amount and at the times that we specify, for various ordering support services that we will provide or arrange for our affiliates or third parties to provide, such as services related to online and catering ordering platforms, call center(s), ordering and delivery management services, and catering rewards program(s). We may include in the fee our and our affiliates' costs and administrative expenses related to procuring, providing, and/or developing the services, including without limitation the costs of integrating such services with the Computer System. We may modify this fee and the included products and services from time to time.

Type of Fee ¹	Amount	Date Due	Remarks
Purchasing Program Fee	Reasonable membership fees assessed by the Purchasing Program	As incurred	If we designate or establish any purchasing and/or distribution cooperatives/associations/programs (“ Purchasing Programs ”), you must become a member and pay any membership fees assessed. We currently do not have any Purchasing Programs which require membership fees.
Supply Chain Fee	Currently, \$0.25 to \$0.35 per case purchased through certain Appointed Distributors (as defined in Item 8)	As incurred	FSC collects this fee from certain Appointed Distributors from whom you may purchase products and services, to offset expenses that FSC incurs managing the supply chain.
Master Insurance Policy Fee	Currently not charged; we do not have an estimate at this time.	As incurred	We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.
Insurance	Amount of unpaid premiums and our costs	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. See Item 8.
Guest Relations Fee	Currently, \$20 to \$40 for each guest complaint or other contact request that you do not timely respond to or for each excessive guest complaint	On invoice	Payable, in addition to any other remedies that we are entitled to pursue (including reimbursement of any costs or expenses we may incur related to responding to or resolving such complaint on your behalf), if you fail to respond in accordance with our Standards within 72 hours to a guest contact request that we send to you or a guest complaint. We may also impose this fee for the fourth and each subsequent guest complaint received in a given month related to your Restaurant. We may change the fee, time period for responding to complaints, and number of complaints deemed to be excessive from time to time.
Non-compliance Fee	Currently, \$25 to \$500 for a single default, but may vary based on the severity of defaults and repetition of defaults.	On invoice	Payable if you fail to comply with any of the Standards, in addition to any other remedies that we are entitled to pursue.

Type of Fee ¹	Amount	Date Due	Remarks
Failure to Comply with Standards or Law Fee	Up to a \$5,000 fee plus our reasonable expenses connected with any inspection, examination, or analysis of products	On invoice	Payable if our inspection of products shows the products have been adulterated in any way or that your Restaurant does not comply with applicable laws. If (i) we inspect your Restaurant and find a violation and we find the same violation at another inspection within one year, (ii) you fail to comply with any remedial measures we require, (iii) you fail to cooperate in any inspection, or (iv) there have been repeated violations, then you must pay up to a \$5,000 fee for the inspection, in addition to the travel expenses of our inspectors or representatives and any other expenses we incur, including attorneys' fees. These remedies are not exclusive.
Development Deadline Extension Fee	\$2,500 per missed deadline	On invoice	Payable if you fail to meet the Site Approval Deadline, Construction Start Deadline, or Opening Deadline (each as defined in Item 11) or if we grant you an extension to any of these deadlines. We may terminate the Franchise Agreement if you fail to open by the Opening Deadline or if you fail to cure a default of the Site Approval or Construction Start Deadlines.
Repeated Inspection Fee	Cost of inspection	On invoice	If we or our representative inspect you as a result of your repeated or continuing failure to comply with any provision of the Franchise Agreement, you must pay us the cost of the inspection, including the travel and living expenses of our representatives.
Reimbursement of Services After Default	All costs and expenses that we reasonably incur	On invoice	Payable if you default under the Franchise Agreement and we, in our sole discretion, undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under the Franchise Agreement.
Audit	Cost of audit	On invoice	If we audit you and find that you understated Net Sales by 2% or more, you must reimburse us all reasonable expenses connected to the audit, review or examination (including any reasonable accounting and attorneys' fees). We estimate that the typical audit costs would be approximately \$1,000 to \$4,000.

Type of Fee ¹	Amount	Date Due	Remarks
Liquidated Damages	The average monthly amount of Royalty that you owed us during the past 36 months times the lesser of remainder of term of Franchise Agreement or 36 months.	Within 30 days of termination of your Franchise Agreement	You must pay this fee only if the termination occurs after the opening date of your Restaurant and you are not insolvent at the time of termination. If less than 36 months have passed since opening and termination, the amount will be the average monthly Royalty during the time between opening and termination, times the lesser of remainder of the term of the Franchise Agreement or 36 months.
Appraiser's Fee	50% of appraiser's fee	On invoice	You must pay this fee only if we elect to purchase your assets on termination or expiration of the Franchise Agreement and we cannot agree with you on the purchase price.
Indemnification of us	Our cost	On invoice	You indemnify us from certain losses and expenses under the Franchise Agreement.
Attorneys' Fees	Our cost	On invoice	You must pay us any attorneys' fees we incur related to you, your Owners, or your Restaurant (other than those we incur in response to your efforts to enforce the Franchise Agreement or in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings). If we become a party to a proceeding on an agreement between us and you, and we win, or if we become a party to litigation or insolvency proceedings for your franchise, then you must pay our reasonable attorneys' fees and court costs. If we terminate the Franchise Agreement for your default, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees.
Reinstatement Fee	10% of the amount of the then-current Initial Franchise Fee, plus Royalty Fees that would have been payable in period between termination and reinstatement	Before reinstated	If we terminate your Franchise Agreement due to a health and safety default, you cure the default and want to be reinstated, and we agree to reinstate your Franchise Agreement, you must pay us a reinstatement fee.

Type of Fee ¹	Amount	Date Due	Remarks
De-identification Fee	Our actual costs, plus interest and an administrative fee equal to 15% of our actual costs	On invoice	Payable if we terminate the Franchise Agreement, you fail to de-identify the Restaurant, and we make the required changes on your behalf.

Notes

1. Unless otherwise stated, we directly impose all the fees in this table, you pay them to us, and we do not refund them. We endeavor to impose these fees uniformly, but reserve the right to make variances in special circumstances. We reserve the right to collect all fees due to us under the Franchise Agreement through EFT.
2. **"Net Sales"** means all revenues generated by your Restaurant or conducted from or with respect to the Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes monies, gift card redemptions, or credit generated by or received from (i) the sale of Approved Products or tangible property of every kind and nature, promotional or otherwise, anywhere and (ii) services performed from, at, or in connection with the Restaurant, including (x) off-premises services (such as catering and delivery), (y) on-premises services such as games (e.g., slot machines) or third-party advertising (e.g., on menus), or (z) any other services or activities that use either the System, the Proprietary Marks, or products that are the same as or similar to the Approved Products. The foregoing list is not intended to provide approval for such activities, which may be conducted only if approved. Unless we specify otherwise in writing, Net Sales shall include all ancillary charges or fees, including delivery fees and other service charges, that are paid to you by a customer or by a third-party delivery or catering service (e.g., Uber Eats, Postmates, Grubhub, ezCater, or DoorDash) (a "**TPS**") in connection with delivery or catering services related to your Restaurant (recognizing that though the TPS may pay you an amount equal to the purchase price less a commission, other fees, and any discounts, credits, or coupons applied to that order, such commission, fees, discounts, credits, and coupons will not be deducted from your Net sales). Net Sales will not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Restaurant, or (g) tips.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

**TRADITIONAL RESTAURANT
 AT AN END-CAP OR INLINE SHOPPING CENTER LOCATION
 WITHOUT A PICKUP WINDOW**

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Initial Franchise Fee ¹	\$35,500	\$35,500	Lump sum	At signing of Franchise Agreement	Us
Construction and Build Out Costs ²	\$400,000	\$460,000	As incurred	As arranged	Contractors
Permitting ³	\$800	\$4,800	As incurred	Before opening	Government agencies
Equipment Package ⁴	\$160,000	\$174,000	Lump sum	Before opening	Vendors
Millwork ⁵	\$43,800	\$73,000	As incurred	Before opening	Vendors
Furniture ⁶	\$14,200	\$27,000	As incurred	Before opening	Vendors
Menu Board, Graphics and Interior Signage ⁷	\$25,500	\$27,100	As incurred	Before opening	Vendors
Exterior Signage ⁸	\$40,000	\$87,500	Lump sum	Before opening	Vendors
Computer System ⁹	\$32,000	\$66,500	As incurred	Before opening	Vendors
Smallwares ¹⁰	\$12,500	\$18,300	As incurred	Before opening	Vendors
TV/Music ¹¹	\$400	\$4,300	As incurred	Before opening	Vendors
Architect/Engineer ¹²	\$15,000	\$33,000	As incurred	Before opening	Architect
Rent ¹³	\$6,200	\$12,000	Monthly	As arranged	Lessors
Grand Opening Marketing ¹⁴	\$25,000	\$27,000	As incurred	Before opening	Vendors
Legal and Accounting Fees ¹⁵	\$3,000	\$10,000	As incurred	Before opening	Lawyers and accountants
Insurance ¹⁶	\$2,500	\$15,000	As incurred	Before opening	Insurance companies
Misc. Opening Costs/Security Deposits ¹⁷	\$7,500	\$15,000	As incurred	As incurred	Utility companies; lessors
Training Fees ¹⁸	\$0	\$8,850	As incurred	Before opening	Us
Travel and Living Expenses during Training ¹⁹	\$15,000	\$30,000	As incurred	Before opening	Airlines, hotels and restaurants
Opening Inventory ²⁰	\$12,000	\$18,000	As incurred	Before opening	Vendors

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Additional Funds - 3 Months ²¹	\$25,000	\$50,000	As incurred	As incurred	Us, employees, vendors, etc.
Total Initial Investment ²²	\$875,900	\$1,196,850			

YOUR ESTIMATED INITIAL INVESTMENT

**TRADITIONAL RESTAURANT
AT A NEWLY-CONSTRUCTED FREESTANDING LOCATION
WITHOUT A PICKUP WINDOW**

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Initial Franchise Fee ¹	\$35,500	\$35,500	Lump sum	At signing of Franchise Agreement	Us
Construction and Build Out Costs ²	\$1,000,000	\$1,355,000	As incurred	Before opening	Contractors
Permitting ³	\$6,000	\$8,100	As incurred	Before opening	Government agencies
Equipment Package ⁴	\$165,000	\$178,300	Lump sum	Before opening	Vendors
Millwork ⁵	\$45,000	\$49,700	As incurred	Before opening	Vendors
Furniture ⁶	\$14,000	\$26,500	As incurred	Before opening	Vendors
Menu Board, Graphics and Interior Signage ⁷	\$25,000	\$27,100	As incurred	Before opening	Vendors
Exterior Signage ⁸	\$65,000	\$126,000	Lump sum	Before opening	Vendors
Computer System ⁹	\$32,000	\$66,500	As incurred	Before opening	Vendors
Smallwares ¹⁰	\$11,000	\$13,000	As incurred	Before opening	Vendors
TV/Music ¹¹	\$400	\$5,600	As incurred	Before opening	Vendors
Architect/Engineer ¹²	\$20,000	\$37,000	As incurred	Before opening	Architect
Rent ¹³	\$6,200	\$15,000	Monthly	As arranged	Lessors
Grand Opening Marketing ¹⁴	\$25,000	\$27,000	As incurred	Before opening	Vendors
Legal and Accounting Fees ¹⁵	\$3,000	\$10,000	As incurred	Before opening	Lawyers and accountants

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Insurance ¹⁶	\$2,500	\$15,000	As incurred	Before opening	Insurance companies
Misc. Opening Costs/ Security Deposits ¹⁷	\$5,000	\$10,500	As incurred	As incurred	Utility companies; lessors
Training Fees ¹⁸	\$0	\$8,850	As incurred	Before opening	Us
Travel and Living Expenses during Training ¹⁹	\$15,000	\$30,000	As incurred	Before opening	Airlines, hotels and restaurants
Opening Inventory ²⁰	\$12,000	\$18,000	As incurred	Before opening	Vendors
Additional Funds - 3 Months ²¹	\$25,000	\$50,000	As incurred	As incurred	Us, employees, vendors, etc.
Total Initial Investment ²²	\$1,512,600	\$2,112,650			

YOUR ESTIMATED INITIAL INVESTMENT

EXPRESS RESTAURANT

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
Initial Franchise Fee ¹	\$15,500	\$15,500	Lump sum	At signing of Franchise Agreement	Us
Construction and Build Out Costs ²	\$175,000	\$255,000	As incurred	Before opening	Contractors
Permitting ³	\$1,050	\$1,500	As incurred	Before opening	Government agencies
Equipment Package ⁴	\$67,450	\$106,500	Lump sum	Before opening	Vendors
Millwork ⁵	\$17,100	\$27,000	As incurred	Before opening	Vendors
Furniture ⁶	\$10,450	\$16,500	As incurred	Before opening	Vendors
Menu Board, Graphics and Interior Signage ⁷	\$15,000	\$20,000	As incurred	Before opening	Vendors
Exterior Signage ⁸	\$15,000	\$25,000	Lump sum	Before opening	Vendors
Computer System ⁹	\$21,000	\$56,500	As incurred	Before opening	Vendors
Smallwares ¹⁰	\$10,250	\$13,250	As incurred	Before opening	Vendors

Type of Expenditure	Amount of Expenditure		Method of Payment	When Payments Are Due	To Whom Payment Will Be Made
	Low	High			
TV/Music ¹¹	\$500	\$600	As incurred	Before opening	Vendors
Architect/Engineer ¹²	\$10,000	\$15,000	As incurred	Before opening	Architect
Rent ¹³	\$1,200	\$5,000	Monthly	As arranged	Lessors
Grand Opening Marketing ¹⁴	\$5,000	\$5,000	As incurred	Before opening	Vendors
Legal and Accounting Fees ¹⁵	\$3,000	\$10,000	As incurred	Before opening	Lawyers and accountants
Insurance ¹⁶	\$3,500	\$12,000	As incurred	Before opening	Insurance companies
Misc. Opening Costs/ Security Deposits ¹⁷	\$500	\$2,500	As incurred	Before opening	Vendors, us
Training Fees ¹⁸	\$0	\$8,850	As incurred	Before opening	Us
Travel and Living Expenses during Training ¹⁹	\$10,000	\$15,000	As incurred	Before opening	Airlines, hotels and restaurants
Opening Inventory ²⁰	\$7,000	\$10,000	As incurred	Before opening	Vendors
Additional Funds - 3 Months ²¹	\$5,000	\$10,000	As incurred	As incurred	Us, employees, vendors, etc.
Total Initial Investment ²²	\$393,500	\$630,700			

The charts above provides an estimate of your initial investment for one Restaurant. The charts should be read in conjunction with the following notes. The charts do not include Restaurants in non-traditional venues or Restaurants in traditional venues with a drive-thru.

You should review this information, including the footnotes, carefully, conduct your own investigation and seek the help of qualified advisors before making any decision about an initial investment in a Restaurant.

None of these fees or payments are refundable unless otherwise noted below.

Explanatory Notes:

1. Initial Franchise Fee. See Item 5.
2. Construction and Build Out Costs. This estimate includes fees paid to a general contractor you engage to build out the Restaurant to meet our Standards. Leasehold improvements include but are not limited to HVAC, electrical, carpentry, floor covering, and painting. The cost of a general contractor will vary widely depending on the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, your landlord's cash contribution to the cost of the improvements,

and the local costs of material and labor. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor. This estimate does not include leasehold improvements for buildings with a drive-thru, as the costs for this format may vary significantly.

You may be able to negotiate tenant improvement allowances from your landlord. The estimate is presented net of estimated tenant improvement allowances. For the low estimate, we estimated a tenant improvement allowance of \$72,000, which is approximately the average tenant improvement allowance that franchisees have reported to us and our affiliates for similar units. For the high estimate, we assumed that a tenant improvement allowance was not available.

3. **Permitting**. This estimate includes the cost of acquiring construction permits, including permit fees. Your costs will vary depending upon your Restaurant's location. In some markets, the costs of required permits may significantly exceed our estimates.
4. **Equipment Package**. You must purchase or lease from an Approved Supplier certain equipment (like kitchen equipment) and machinery that complies with our Standards. Your actual costs will vary depending on a number of factors including, without limitation, building codes and health requirements of the state where your Restaurant is located.

These amounts do not include the costs of any owned, hired or leased delivery motor vehicles that you may utilize in the operation of the Restaurant. If you offer delivery and catering services under the terms of the Franchise Agreement, you may need to purchase at least one branded catering vehicle equipped per our specifications, which will cost approximately \$25,000 to \$35,000 if purchased, or \$500 to \$700 per month if leased, although leased costs may vary significantly.

5. **Millwork**. You will incur expenses for millwork at the Restaurant, which may include the cost of purchasing and installing cabinets and counters.
6. **Furniture**. You must purchase furniture such as tables, chairs, and office furniture from an Approved Supplier that meets our Standards.
7. **Menu Board, Graphics, and Interior Signage**. This estimate includes the cost of digital and/or static menu boards and interior signage. The cost will vary based on the size of your Restaurant.
8. **Exterior Signage**. The cost of your exterior sign will vary depending on the size, color, quantity and back-lite channel letters of the sign and other specifications as we require.
9. **Computer System**. You must purchase, lease and/or license and install at the Restaurant the POS System, computer systems, mobile hardware, software, online ordering platform, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), credit card, gift card and loyalty card processing equipment, and other equipment that we require from time to time (collectively, the "**Computer System**"). The Computer System currently includes a back office PC, one monitor, one back office multi-function printer, between one and four POS System terminals for Traditional Restaurants and between one and two POS System terminals for Express Restaurants, one firewall device, a dedicated iPad® or Windows®

tablet/computer, and one POS System server, in addition to other related software, phone and network connections, and equipment. For Express Restaurants, the estimate assumes you will be purchasing a POS System, but some host facilities may require you to use their systems instead. You may also be required to purchase training software from a vendor that we designate.

10. Smallwares. This estimate includes the cost of purchasing cooking utensils and supplies, cleaning supplies, other smallwares, and other tools necessary to operate the Restaurant.
11. TV/Music. We may require you to install televisions and audio equipment in the Restaurant and to enter into subscriptions for television and audio services.
12. Architect/Engineer. You must engage licensed architects and engineers (for mechanical, ethical, plumbing and structural) to draft standard construction plans for your Restaurant. Your costs will vary depending upon the location of the Restaurant, its condition, and the need for additional designs, plans, and drawings, if applicable.
13. Rent. The figures in the table reflect our estimates for leasing the Restaurant premises and include only one month of rent. A typical Traditional Restaurant occupies about 3,200 to 3,600 square feet of space and may be located in either a free-standing building or in an in-line retail plaza space. A typical Express Restaurant occupies about 600 to 1,500 square feet of space and will be located in non-traditional venue. The Restaurant requires ample parking, good visibility, and availability of prominent signage. Your rent will depend on the site's size, condition, visibility, accessibility, and location, local market conditions, demand for the premises among prospective lessees, and the arrangement you negotiate with the landlord. In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C. and in certain other high demand districts, prevailing market rents could be significantly higher than the high estimate. Because of the wide variation in lease rates for retail space, you should consult with a local commercial real estate broker to get a more accurate estimate of costs in your market.

For a Traditional Restaurant at an end-cap or inline location, we estimate that rent will typically range between \$23 to \$40 per square foot, including pass-through costs such as common area maintenance, real estate taxes, and property insurance. For a Traditional Restaurant at a free-standing location, we estimate that rent will typically range between \$23 to \$50 per square foot.

The table estimates the cost to lease real estate. If you choose to instead purchase real estate, we estimate that the purchase of unimproved property of the size required for a freestanding Traditional Restaurant may range from \$500,000 to \$1,000,000. Local building codes may require that a Traditional Restaurant be placed on a larger lot. The cost of commercial land, whether you lease or buy, may vary considerably depending upon the location and conditions affecting the market for commercial property.

14. Grand Opening Marketing. You must conduct a grand opening advertising campaign with the opening of your Restaurant. You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements. Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of \$25,000 during the period beginning four weeks before and ending eight weeks after the opening of your Restaurant.

You must obtain our written approval for the grand opening advertising plan at least 30 days prior to your grand opening.

15. Legal and Accounting Fees. This estimate includes the cost of legal and accounting fees that you may incur in establishing your business. Such expenses may include fees payable to attorneys and accountants that you will need to use for the review of this Disclosure Document and the related agreements, as well as for entity formation and lease negotiation.
16. Insurance. You must obtain and maintain during the term of your Franchise Agreement, at your expense, a comprehensive business insurance program, including property, commercial general liability, automobile liability, business property, umbrella, workers' compensation, employment practices liability, cyber liability, and (if you serve alcohol) dram shop liability insurance. The types and minimum amounts of insurance coverage that we currently require are described in Section 13.2 of the Franchise Agreement, but are subject to change. We may obtain a master insurance policy for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier. This figure estimates the cost of your insurance premiums for your first year of operation based on our minimum requirements. Your cost of insurance will vary depending on your Restaurant location, the claims experience of commercial businesses in your area, and your prior insurance claim experience. You should be aware that this cost may increase in the future if we exercise our right to require you to obtain insurance with higher policy limits. The lower figure assumes 25% down on a yearly amount. The higher figure would apply in areas prone to hurricanes or other extraordinary natural disasters.
17. Misc. Opening Costs/ Security Deposits. This estimate includes the cost of deposit expenses to obtain utility services, which includes deposits to initiate telephone, gas, electricity, water, and other services. These costs will vary due to municipality requirements, local provider requirements, and your creditworthiness. These deposits are generally refundable depending on the provider's policies. This estimate does not include any security deposit under any lease for the Restaurant.
18. Training Fees. For the Subsequent Restaurants, you must pay the Management Training Fee if we require, or you elect, to receive such training from us or our designee. If you have a Certified Management Trainer and a Certified Training Restaurant (as both terms are defined in Item 11), we may authorize you to provide the Management Training Program to your trainees. You will not pay the Management Training Fee for the Initial Restaurants and any training that you provide.

In addition, for your fourth or subsequent Restaurants (including Restaurants owned by your affiliates), you must pay the On-Site Training and Assistance Fee if we require, or you elect, to receive on-site training and assistance. The high estimate includes the cost of one of our trainers traveling to provide one week of such on-site training and assistance.

19. Travel and Living Expenses during Training. This estimate is for the cost of two people for an Express Restaurants and four people for a Traditional Restaurant traveling to attend the Management Training Program in an approved training restaurant in a location that we designate for approximately five to six weeks. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during the program. Your actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.
20. Opening Inventory. You must purchase an opening inventory of food and paper products, which will vary in cost based on the size, location, and projected sales of your Restaurant.
21. Additional Funds – 3 Months. This estimates the additional funds you may need to cover expenses you will incur before your Restaurant opens and in its first three months of operation. These expenses may include, without limitation, employee salaries, wages, and benefits, payroll taxes (including payroll to cover the pre-opening training period for your staff), Royalty Fees, Advertising Contributions, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, rent, bank charges, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. We have based these figures on our experience franchising Restaurants and our affiliate's experience opening and operating Restaurants. You may incur other categories of expenses or expenses in excess of this estimate.
22. Total Initial Investment. These figures are based on our experience franchising Restaurants and our affiliate's experience opening and operating Restaurants. Your actual investment and expenditures and initial cash outlay may vary from the amounts shown if you choose to purchase your Restaurant, if you choose to build a larger or smaller Restaurant than our standard design, or if your Restaurant is located in an expensive market. Restaurants located in non-traditional venues like office buildings, hospitals, stadiums or university food service facilities will likely experience lower initial investment expenditures than Restaurants in traditional locations like malls or strip centers.

We do not offer direct or indirect financing to franchisees for any of these items. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, collateral you pledge, policies of your lending institution, and economic conditions in your area.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases. We have the right to require that Approved Products, other products, Proprietary Ingredients, supplies (including chemicals), furniture, fixtures, equipment, and services (collectively, “**Goods**”) that you purchase for resale or purchase or lease for use in your Restaurant: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers, service providers, manufacturers, distributors, and/or consolidators (collectively, “**Suppliers**”) that we have expressly designated or approved (“**Approved Suppliers**”); (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates); and/or (v) be purchased as part of a purchasing program, arrangement, or contract that we negotiate or specify. We may add or change Approved Suppliers at any time.

You must purchase all of your requirements of Proprietary Ingredients, Proprietary Products, and proprietary uniforms, signs, menu boards, smallwares, materials, supplies, paper goods, equipment, and packaging (collectively, the “**Proprietary Goods**”) from us, our affiliates, or our designated Approved Suppliers. The Proprietary Goods include printed paper, paper products, and plastic products bearing our Proprietary Marks (including, for example, dishes, containers, cartons, bags, napkins, and packaging supplies). We may require you to purchase certain trademarked product lines consisting of t-shirts, apparel, mugs and other merchandise and products bearing the Proprietary Marks (“**Trademarked Product Lines**”) from us, our affiliates, or our designated Approved Suppliers. In addition, if we conduct test marketing to determine consumer trends and the salability of new food or non-food products and services, you may be required to purchase a reasonable quantity of test products we specify from designated Approved Suppliers.

For any proposed site, we may require you to obtain a site selection analysis from an Approved Supplier, which may include an analysis of such factors as traffic patterns, demographics and competitors within the market. As you design and construct your Restaurant, you must hire an architect that we accept in writing to prepare your plans and make any necessary changes to our standard layout and specifications. In addition, you must hire a licensed and insured general contractor that we accept to complete the build-out of your Restaurant. Our acceptance of your architect or general contractor will not in any way be our endorsement of your architect or general contractor or render us liable for your architect's or general contractor's performance. When you refresh or remodel your Restaurant, we may require you to obtain, at your expense, a site survey and design solution from us, our affiliates, or a designated vendor.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including a Computer System), décor and signs, as we direct. If we modify our menu, we may require you to purchase additional equipment to prepare and store new menu items. You may not install on or about your Restaurant any merchandise, furnishings, interior or exterior décor items, supplies, fixtures, equipment or utensils unless they have been approved by us in writing. You must purchase these items only from an Approved Supplier, unless we specify otherwise.

You are required to purchase most of the components of the Computer System that we specify from Approved Suppliers. Currently, we have Approved Suppliers for our POS System and for certain software that you must use in your Restaurant, including the Learning Management System. We also require you to use designated Approved Suppliers for point-to-point encryption (“**P2PE**”) solutions (hardware and software) that are used in cooperation with your POS System to provide secure and compliant payment processing services. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We may require you to maintain certain network connections, which may include using an Internet Service Provider or other communications providers that we approve or designate. Currently, we require you to obtain POS System support services from our affiliate. We may require you to maintain other support service contracts and/or maintenance service contracts from us, our affiliates, or designated Approved Suppliers.

We require you to accept major credit cards (Visa, MasterCard, American Express, and Discover) for customer purchases, participate in our Gift Card and Loyalty Programs, and participate in our in-shop mobile and online ordering program. These programs may require that you invest in additional equipment and incur fees from the credit card processing vendors, gift card processing vendors, and other hardware and software vendors that we designate.

We require you to purchase and maintain specific types of insurance coverage as described in more detail in the Franchise Agreement and the Manuals from insurance companies that meet our minimum Standards. We also specify the minimum amounts of insurance coverage you must maintain. All insurance policies must name us and others we designate as additional insureds. You must provide us with evidence of your insurance coverage before you begin operations at your Restaurant, upon annual renewal of your insurance, and otherwise within 10 days of our demand for proof. We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.

We have a beverage arrangement for the supply of fountain beverages and other drinks. You must execute a Franchisee Participation Agreement, which is attached in Exhibit C to this Disclosure Document.

Currently, except as otherwise detailed above, you may purchase the remainder of the Goods that you use in your Restaurant from any source, as long as the Supplier and the Goods meet our minimum Standards. We may designate any Supplier as ineligible to supply Goods to you in our sole discretion. Further, we may designate one or more Approved Suppliers for any Goods upon written notice to you.

We or Our Affiliates as Approved Suppliers. Except as set forth in this paragraph, neither we nor our affiliates are currently Approved Suppliers for any Goods that you are required to purchase or lease. FSC provides supply chain, quality assurance, distribution, and logistics services to franchisees, and FBRI administers our gift card program, although neither are Approved Suppliers for any Goods. We and our affiliates reserve the right to become an Approved Supplier or the only Approved Supplier for any Goods in the future.

Interest in Approved Suppliers. Except through an interest in us or our affiliates, none of our officers owns any interest in any Suppliers with whom you must or are required or recommended to do business.

Approval Process. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed Supplier's facilities and test samples of the proposed Goods. You must pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed Goods or evaluating the proposed Supplier, including personnel and travel costs, whether or not the Goods or Supplier is approved. We have the right to grant, deny, or revoke approval of Goods or Suppliers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. The products and services that we approve for you to offer in your Restaurant may differ from those that we permit or require to be offered in other Restaurants.

Before we approve a Supplier, we will require the following, among other things: (i) the Supplier must demonstrate that it is able to supply the item to you in accordance with our Standards, including our Standards as to the artwork and text on the items; (ii) if the Supplier is to receive access to any of our Confidential Information (defined below), Trade Secrets (defined below), or intellectual property, including logos, the Supplier must sign a confidentiality agreement and/or our standard form license agreement we prepare; (iii) the Supplier must demonstrate that it is in

good standing in the business community with respect to its financial soundness and the reliability of its products or services; and (iv) the Supplier must sign all agreements we require our Suppliers to sign at that time.

We may re-inspect the facilities and Goods of any Approved Supplier and revoke approval of the Goods or Supplier if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing or leasing the formerly-approved Goods or any Goods from the formerly-approved Supplier and you must dispose of your remaining inventory of the formerly approved Goods as we direct. If we revoke approval of an Approved Product that you have been selling to customers or service that you have been using or offering to customers, you must immediately discontinue using or offering the service and may continue to sell the formerly-approved product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining inventory of the formerly-approved product as we direct.

Issuance of Standards and Specifications. We have established Standards for many of the Goods that a typical Restaurant uses. Our Standards for packaging material are available to you; however, our proprietary Standards for certain food items are not available to you. To the extent that we establish Standards, require approval of Suppliers, or designate Approved Suppliers for particular Goods, we will publish our requirements in the Manuals or otherwise in writing. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality Standards. Such modifications, however, will generally be uniform for all franchisees. We will make available to you, via electronic means or otherwise, any changes to our Manuals or Standards.

Payments from Required Purchases. We or our affiliates may receive payments based on your purchases and leases, including, without limitation, from charging you for Goods we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by Suppliers or third parties. If we, our affiliates, or third parties acting under our direction arrange for manufacturers to sell the Goods directly to our Approved Suppliers to then sell them to you, then we and/or our affiliates will have the right to receive payments from the Approved Suppliers and/or such third parties for these sales. We also may derive revenue from the licensing of the Proprietary Marks to third-party manufacturers who in turn sell the products bearing the Proprietary Marks to distributors or others, who then sell the products to our franchisees and to other third parties. We may also receive payments from leasing or subleasing, from time to time, any Restaurant premises to franchisees.

We and our affiliates may use all amounts received from Suppliers or third parties, whether or not based on your and/or other franchisees' actual or prospective dealings with them, without restriction, for any purposes we or our affiliates deem appropriate.

During the fiscal year ending on December 27, 2020, we received payments totaling \$2,317,454 from Approved Suppliers. During the fiscal year ending on December 27, 2020, our affiliate, ML, received payments totaling \$1,406,227 from Approved Suppliers, all of which was deposited into the Ad Fund for the entire brand's benefit. During the fiscal year ending on December 27, 2020, Focus Brands Systems received \$1,546,896 in payments from Approved Suppliers related to purchases made by our franchisees, as well as purchases made by franchisees of other franchise systems in the Focus Brands Portfolio. During the fiscal year ending on December 27, 2020, ML

received \$258,550 for support fees associated with our POS System from our franchisees. These figures are unaudited and internally generated.

In administering our gift card program, FBRI receives an administration fee based upon the gross gift card sales made. During the fiscal year ending on December 27, 2020, FBRI received \$79,099 in revenue from providing products or services to our franchisees in connection with the gift card program.

Our affiliate, FSC, provides supply chain, quality assurance, distribution, and logistics services for our franchise system. These services include negotiating with Suppliers for the sale of Goods and Proprietary Goods to distributors who will sell and distribute these items to the franchisees, appointing one or more distributors to service our franchisees (the “**Appointed Distributors**”), and managing the inbound distribution logistics associated with direct store delivery between distributors and franchisees. FSC recovers its costs in performing these services from a per-case distribution fee for all cases sold by the Appointed Distributors to our franchisees and from other logistics related programs. FSC has this same arrangement with the other franchise systems within the Focus Brands Portfolio. During the fiscal year ending on December 27, 2020, collectively for all Focus Brands Portfolio companies, JJ, and all Former Focus Franchisors, FSC collected approximately \$5,790,388 in distribution case fees and logistics savings, which partially offset its operating costs for the year.

Proportion of Purchases Subject to Specifications. Currently, we estimate that your purchases from Approved Suppliers and otherwise under our Standards will be about 80% of the total purchases and lease of products and services needed to establish the Restaurant and about 85% of the total purchases and leases of products and services needed to operate a Restaurant.

Cooperatives and Purchasing Arrangements. Currently, neither we nor ML have arranged any purchasing and/or distribution cooperatives, associations, or programs (collectively, “**Purchasing Programs**”) among our franchisees. We have the right to form Purchasing Programs at any time. If we do form a Purchasing Program, you must (i) become a member by the deadlines we specify, (ii) remain a member in good standing of the Purchasing Program throughout the term of your Franchise Agreement, and (iii) pay all reasonable membership fees assessed by any Purchasing Programs.

We may, but are not required to, use the services of a food broker to negotiate purchase arrangements, monitor Suppliers, conduct inspections, and carry out various other services related to Suppliers. Although we are not required to, we or our designee may, on occasion, negotiate purchase arrangements with various Approved Suppliers, including equipment and food product manufacturers, some of which operate on a large-scale basis, regarding the purchase, sale, pricing, and/or delivery of Goods for the Restaurants with the intent to benefit the System; these arrangements may affect your Restaurant differently than other Restaurants. The negotiated purchasing arrangements may include special contract pricing and volume discounts that result in lower prices than regular wholesale and/or retail prices. There can be no assurance that special pricing or terms will be available; any negotiated arrangements may be discontinued at any time.

Our affiliate, FSC, has negotiated certain purchasing arrangements for our franchisees. You may purchase your entire requirements (or lesser amount that we may designate) of Goods used in the Restaurants through Appointed Distributors, taking advantage of any purchasing and logistical arrangements that we have negotiated. We may change our distribution arrangements and purchasing arrangements in the future.

Material Benefits. We provide you with no material benefits (like renewal or granting additional franchises) based upon your purchase of particular products or services or your use of designated or Approved Suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5	5, 6, 7, 8, 11 and 12
b. Pre-opening purchases/leases	5, 6, 7, 10, and 12.8	5, 7, 8, 11 and 12
c. Site development and other pre-opening requirements	5, 6, and 7	7, 8, 11 and 12
d. Initial and ongoing training	11 and Schedule A – 23.E. and 23.F.	11
e. Opening	6.5 and 17.2.I.	11
f. Fees	3, 5.4.A., 5.4.E., 5.5.B., 6.5.D., 8.3, 10.1, 10.2, 10.3, 10.4, 11.1.B., 11.2, 11.3, 11.4.D., 11.5, 12.2, 12.4, 12.6.C., 12.8, 12.9, 12.11, 13.1, 14.2, 16.3, 16.4, 16.5, 16.6, 16.8, 17.5.D., 17.5.F., 18.1, 18.2, 18.3, 19.3, and Schedule A – 21.B.	5 and 6
g. Compliance with Standards and policies/the Manuals	8, 12.2, 12.3, and 12.4	8, 11, 15, and 16
h. Trademarks and proprietary information	9 and 15	13 and 14
i. Restrictions on products/services offered	7 and 8	8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	12
l. Ongoing product/service purchases	7, 12.8, 12.9, and 12.11 and Schedule 23.G	6 and 8

Obligation	Section in Franchise Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	2.2.B.(i), 6, 12.5, 12.6, and 16.3.F.	11
n. Insurance	13.2	6, 7, 8, and 11
o. Advertising	10	6 and 11
p. Indemnification	13.1	6
q. Owner's participation/management/staffing	12.7 and Schedule 23.A.	15
r. Records and reports	14	6
s. Inspections and audits	6.5, 7.3.A., 7.4, 11.5, 14.1, 14.2, 17.3.A.	6
t. Transfer	16	6 and 17
u. Renewal	2.2	6 and 17
v. Post-termination obligations	18	17
w. Non-competition covenants	15 and Schedule B	17
x. Dispute resolution	19 and 22.5	6 and 17
y. Personal Guaranty	1.4 and Schedule C	Not Applicable

ITEM 10

FINANCING

We do not offer financing for trade fixtures, opening inventory, or any other purpose.

We may refer you to leasing or financing companies not affiliated with us. We and our affiliates receive no fees or other financial benefits from any lender for your financing. Currently, we will not guarantee your note, lease, or obligation, for any lender, or any other person or entity. We may engage an advisor to provide consulting services to franchisees to assist them with securing financing, and we may pay the advisor for this assistance to franchisees. We will not be responsible for the consultant's provision of services to you, and, if you choose to use the consultant, you must sign the consultant's form of agreement. You will not be required to participate in any financing program that we implement.

We participate in the SBA's Franchise Directory. We may modify the Franchise Agreement, if necessary, to comply with SBA requirements for you to participate in certain SBA loan programs.

We may sell, assign, or discount to a third party any note, financing-related contract or other instrument you give to us.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

As noted in Item 1, we have entered into a management agreement for Focus Brands for the provision certain support and services to McAlister's franchisees. Focus Brands may delegate certain of these responsibilities to ML, the previous franchisor of McAlister's franchises. However, we remain responsible for all of the support and services required under the Franchise Agreement.

Our Pre-Opening Obligations

Before you open your Restaurant, we will fulfill the following obligations:

1. Site Selection Review. We will review the location you select for your Restaurant and accept it if it meets our minimum site criteria, at which point it will become the "**Accepted Location**." You may not acquire the Accepted Location until we have accepted it. If you and we have not agreed on an Accepted Location at the time we sign the Franchise Agreement, you must select a location that complies with our site selection criteria within a geographic area that we specify. For any proposed site, we may require you to obtain a site selection analysis from an Approved Supplier, which may include an analysis of such factors as traffic patterns, demographics, and competitors within the market, and provide us with a copy of this analysis. We estimate the cost for this site selection analysis will be \$2,500 to \$5,000. We consider the following factors in determining whether to accept sites: population density and demographics, traffic flow, pedestrian traffic counts, visibility, parking, access, household income, and local competition, including other Restaurants. The Franchise Agreement does not specify a time limit for us to approve or disapprove of a site, but we typically will review sites within a 30 days of our receipt of all information that we require. (Franchise Agreement, Section 5.1)

While we may assist you in selecting a proposed site, we are not obligated to do so. We or our affiliates typically do not lease or sublease locations for Restaurants, but we may do so from time to time. (Franchise Agreement, Section 5.2)

We expect you to retain an independent expert to evaluate the suitability of a proposed site and to conduct your independent investigation of the site. Our acceptance of the site is based on the site satisfying our minimum site selection criteria only, and will not be construed as a representation or warranty that the Restaurant located at the Accepted Location will be successful. (Franchise Agreement, Section 5.3)

You must deliver a copy of the signed lease, sublease, or other rental agreement for the location (the "**Lease**") or purchase agreement for the location (the "**Purchase Agreement**" and, collectively with the Lease, the "**Site Agreement**") to us with all material terms specified therein. You will be solely responsible for negotiation of the terms of the Site Agreement and performance under the Site Agreement. We will have the right, but not the obligation, to review your Site Agreement prior to its execution to verify its compliance with our requirements. (Franchise Agreement, Section 5.4)

2. General Contractor. You must hire a licensed and insured general contractor ("**General Contractor**") to complete the build-out of your Restaurant, and the General Contractor

must be accepted by us. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor's performance. (Franchise Agreement, Section 6.1)

3. Architectural Plans. We will provide a sample layout and specifications for the Restaurant. You must, at your expense and subject to our acceptance, employ architects, designers, and others as necessary to prepare your plans, modify or complete the layouts, renderings, plans, and specifications, which must include interior and exterior elevations of the Accepted Location (the "**Architectural Plans**"). We will review your proposed architects and Architectural Plans, which we must accept prior to you submitting permits and beginning construction. Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or adherence to local codes. After our initial review of your Architectural Plans at no cost and our review of one revised set of Architectural Plans that incorporate our required changes at no cost, we may charge a fee of \$1,000 for each set of drawings we review that include any other modifications from the plans that we have previously accepted. We may inspect your Restaurant when construction is finished to make sure that it meets all of our Standards and requirements. You may be required to periodically provide photographs of your construction progress from the time you commence construction until the time you open your Restaurant. You may not open the Restaurant until we provide our consent in writing. (Franchise Agreement, Sections 6.2, 6.3, and 6.5)

4. Goods. We will furnish you with any specifications for Goods, to the extent that we publish such specifications. (Franchise Agreement, Sections 7.1. and 7.2)

5. Approved Suppliers. We will identify Approved Suppliers for all Goods required to be used in the Restaurant and use reasonable efforts to fulfill or cause Approved Suppliers to fulfill your orders for Goods on a timely basis. If we, our affiliates and/or our Approved Suppliers cannot supply customers (including yourself and other franchisees) with the quantity and type of Goods that they request, then we will try to allocate the available quantities and types of Goods on an equitable basis among businesses seeking to purchase the Goods. If you do not receive Goods from us, our affiliates, or our Approved Suppliers, this will not be our breach of the Franchise Agreement, nor will we, our affiliates, or our Approved Suppliers be liable to you for this. (Franchise Agreement, Section 7.1.B.)

6. Manuals and Advice. We will share with you our know-how in operating a Restaurant and grant you electronic or other access to our Manuals and content containing the information, methods, techniques, and specifications for the operation of a Restaurant. See "Manuals," below in this Item. (Franchise Agreement, Section 8.1)

7. Management Training Program. We will provide initial training in the System and our policies and procedures to your trainees. See "Training," below in this Item. (Franchise Agreement, Section 11.A.)

8. Approve Grand Opening Materials. We will approve or disapprove, in writing, any materials that you proposed to use in grand opening advertising promoting the opening of your Restaurant. You must obtain our written approval for the grand opening advertising plan at least 30 days prior to your grand opening. We may delay your opening if we have not approved your grand opening advertising plan at least 30 days prior to your opening date. (Franchise Agreement, Section 10.1.C.)

9. Approve Opening. We will approve the opening of your Restaurant, provided you have met your pre-opening obligations. We estimate that the typical time between signing the Franchise Agreement and opening your Restaurant is 6 to 12 months. Factors affecting time include attendance at, and satisfactory completion of, the Management Training Program; obtaining the site; obtaining all necessary permits; completion of construction; and delivery and installation of equipment and supplies. You must (i) identify the Accepted Location, (ii) obtain our acceptance of the Accepted Location, (iii) sign any documentation we require to document the Accepted Location, (iv) obtain our acceptance of a Lease for the Accepted Location, and (v) sign the accepted Lease for the Accepted Location or otherwise acquire the ownership rights to the Accepted Location within 150 days after you sign the Franchise Agreement (the “**Site Approval Deadline**”). You must (i) submit to us a complete set of final Architectural Plans and (ii) begin construction at the Accepted Location within 270 days after we sign the Franchise Agreement (the “**Construction Start Deadline**”). You must open your Restaurant within 360 days after we sign the Franchise Agreement (the “**Opening Deadline**”). We may, in our sole discretion and upon your request, grant you an extension to any of these deadlines for a fee. We may terminate your Franchise Agreement (without refunding the Initial Franchise Fee) if you fail to meet the Site Approval Deadline or the Construction Start Deadline and fail to cure such failure within 30 days or if you do not meet the Opening Deadline. (Franchise Agreement, Section 6.5)

Obligations After Opening

During the operation of your Restaurant, we will fulfill the following obligations:

1. Approved Suppliers. We will continue to identify Approved Suppliers for Goods to be used in your Restaurant. (Franchise Agreement, Sections 7.1 and 7.2)

2. Review Proposed Suppliers and Goods. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request, which we will review and approve or disapprove. See Item 8. (Franchise Agreement, Sections 7.3)

3. Ad Fund Management. We will manage the Ad Fund as described below in this Item. (Franchise Agreement, Section 10.3)

4. Update Standards and Manuals. We will provide you with notice of any changes to our specifications, Standards, or the Manuals. You must immediately adopt any supplements to the Manuals that we provide to you. (Franchise Agreement, Section 8.3)

5. Review Advertising. We will review and approve or disapprove any advertising, direct mail, identification, and promotional materials and programs you propose. (Franchise Agreement, Section 10.1.B.)

6. Support Services. We will furnish you with those support services we consider advisable. We may provide these services on-site, off-site, by telephone, or through other means. Timing will depend on the availability of our personnel. (Franchise Agreement, Section 11.5)

7. Relocation Review. We will evaluate sites to which you propose to relocate your Restaurant in accordance with the site selection criteria provisions described above in this Item. (Franchise Agreement - Section 5.5)

8. Remodeling Review. We will review and approve or disapprove your general contractor and proposed replacement designs, furniture, fixtures, equipment, and décor when you refresh or remodel your Restaurant. (Franchise Agreement - Section 12.6)

Advertising

Our Advertising. We are not obligated to conduct any advertising and are not obligated to spend any amount on advertising in your market. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

Ad Fund. We will allocate your Advertising Contributions to a fund for the advertising and promotion of the Restaurants, the Proprietary Marks, and the System (the “**Ad Fund**”). Currently, new and renewing Restaurants must make a monthly Advertising Contribution to the Ad Fund in the amount of 2% of Net Sales, and Restaurants that are transferred must make Advertising Contributions in the same amount paid by the transferor at the time of the transfer, which is currently either 1.5% or 2% of Net Sales. We may, however, increase the Advertising Contribution by notice to franchisees up to 3% of Net Sales at any time. Your Advertising Contribution is in addition to your Local Marketing Obligation and your Grand Opening Obligation (as defined below).

We currently do not, and are not required to, maintain the Ad Fund or income earned from contributions to the Ad Fund in a separate account from our other money. Our Restaurants will contribute to the Ad Fund in the same manner and in the same amounts as similarly-situated franchised Restaurants. Our other franchisees may not be required to contribute to the Ad Fund, may be required to contribute to the Ad Fund at a different rate than you, or may be required to contribute to a different advertising fund.

We or an affiliate will administer the Ad Fund. We have sole authority to direct all advertising programs and promotions and uses of the Ad Fund, with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate.

We may use the Ad Fund to meet the costs of administering, preparing, and conducting national, local, or regional advertising, promotional, or brand building programs of any kind, including the cost of (i) preparing and conducting television, radio, magazine, newspaper, and digital advertising campaigns and other public relations activities (including, but not limited to, for purposes of brand reputation management), (ii) employing public relations firms and advertising agencies to assist in these activities, and (iii) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, such as limited-time menu offerings, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop and shopper programs, brand websites and ordering platforms, brand applications, social media account administration and promotion, and in-store equipment and technologies related to such marketing programs. We may use the Ad Fund to compensate us for the reasonable administrative costs and overhead we incur in activities related to advertising and promotional programs, including new product development; market research; preparing advertising and

promotional materials; Digital Marketing (as defined below); working with public relations firms, advertising agencies, advertising placement services, and creative talent; reimbursing franchisee advisory council meeting expenses; developing and maintaining, and paying third parties for the development and maintenance of, internet sites, applications, and other equipment and technologies related to marketing programs.

The advertising and promotions that we conduct are intended to maximize general public recognition and patronage of the System generally in the manner that we determine to be most effective. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We will not spend the Ad Fund in a manner that (i) exclusively benefits our licensees that manufacture and sell Approved Products, if any, or (ii) is principally a solicitation for the sale of franchises. We have no obligation to make expenditures from the Ad Fund that are equivalent or proportionate to your contributions, ensure that you benefit directly or proportionately in any amount from the placement of advertising, or ensure that any advertising impacts or penetrates your area.

Currently, we use one or more national and/or regional advertising agencies, as well as our in-house marketing department, to develop and produce our marketing materials. In the fiscal year ended December 27, 2020, 27% of the Ad Fund was spent on media placement (including tv, radio, print, digital, and social media placement); 21% on production and agency fees (including promotions, press relations, agency retainer fees and creative services, market research fees, and digital team salaries); 8% on menu innovation, guest response programs, and quality assurance programs; 38% on brand and category marketing expenses (including salaries of marketing personnel); and 6% on administrative expenses.

We are not required to have an independent audit of the Ad Fund completed. We will provide you with an annual summary of the expenditures of the Ad Fund on your reasonable request, but are not required to prepare financial statements for the Ad Fund. If any monies in the Ad Fund remain at the end of a fiscal year, they will carry-over in the Ad Fund into the next fiscal year. Any amounts that we or our affiliates contribute to the Ad Fund in excess of the required Advertising Contributions for Restaurants that we or they operate and any spending on advertising that we or they make in excess of the amounts then available in the Ad Fund will be considered an advance from us or our affiliates to the Ad Fund. We and/or our affiliates have the right to be reimbursed from the Ad Fund any amounts that are advanced to the Ad Fund.

We intend for the Ad Fund to be perpetual; however, after all of the Ad Fund contributions have been spent for the purposes described above, we may terminate the Ad Fund.

Advertising Council. We do not have an advertising council composed of franchisees that is involved in decision making on advertising issues, but the Franchise Advisory Council (“**FAC**”) provides us suggestions on advertising issues. The FAC is advisory only and does not have decision making authority. The property and affairs of the FAC are managed by its members (the “**FAC Members**”). Our franchisees elect five FAC Members for two-year terms, the five largest franchisees are annually appointed as members, and we appoint one member. Only our franchisees that are in good standing may serve as FAC Members. We have the power to form, change, or dissolve the FAC or any other advertising or advisory council at any time.

Advertising Cooperatives. You are required to participate in any local, regional, or national cooperative advertising group consisting of other Restaurants (an “**Advertising Cooperative**”) that we specify. We will designate the particular Advertising Cooperative(s) in which you may be required to participate (which designations may be based on, without limitation, the particular

Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where your Restaurant is located). If we collect your entire Local Marketing Obligation (as defined below), we will not require you to participate in an Advertising Cooperative. You must enter into any formal agreements with the other franchisees of the System and/or us, as the case may be, as is necessary or appropriate to participate in the Advertising Cooperative and you will be required to abide by the formal agreements and decisions that we authorize the Advertising Cooperative to make on advertising and marketing in the area covered by the Advertising Cooperative.

Your payments to any Advertising Cooperative will be determined by you and those other franchisees and/or us, as the case may be, who are participants in the Advertising Cooperative, as stated in the by-laws of that Advertising Cooperative or membership, dues, participation, or other payment agreements of the Advertising Cooperative. Amounts paid to an Advertising Cooperative will be credited against your Local Marketing Obligation (as defined below). Any contributions that you make to an Advertising Cooperative shall be additional to your Advertising Contribution and your Grand Opening Obligation (as defined below). We are not obligated to contribute to Advertising Cooperatives. Each Advertising Cooperative may require different contributions from its members, but all members in a given Advertising Cooperative will pay on the same basis.

The franchisee members are responsible for administration of their respective Advertising Cooperative, as stated in the by-laws and any payment agreements that may govern the Advertising Cooperative. The by-laws and governing agreements will be made available for review by the Advertising Cooperative's franchisee members. We may require an Advertising Cooperative to prepare annual or periodic financial statements for review. At your request, you may obtain a copy of any annual or periodic financial statements your Advertising Cooperative prepares. Each Advertising Cooperative will maintain its own funds; however, we have the right to review the Advertising Cooperative's finances, if we so choose. We maintain the right to approve all of an Advertising Cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend an Advertising Cooperative's program or operations. We may form, change, dissolve or merge any Advertising Cooperative.

Local Advertising, Marketing, and Promotion. You may use only advertising and promotional materials that we have furnished or approved in writing in advance. You must conform all advertising to our Standards. Except for advertising or promotional materials that we furnish to you, you must submit to us for our written approval, before use, copies of all proposed advertising and promotional materials, of all forms and formats, including sponsorships, business cards, signs, displays, press releases, leaflets, mailouts, specialty and novelty items, and/or magazine, electronic, radio, and television advertising.

Currently, to satisfy your Local Marketing Obligation, each calendar quarter, you must spend on local market advertising at least 1% of the Net Sales of your Restaurant. We may change the Local Marketing Obligation, provided that we must give you at least 60 days' written notice of the change. You will determine the amount of funds you spend for individual local market advertising, subject to the minimum Local Marketing Obligation. Local advertising expenditures must comply with our requirements in order to count toward the Local Marketing Obligation. If you fail to meet the Local Marketing Obligation, we will have the right to spend an amount not to exceed the Local Marketing Obligation on local advertising for you, and you must reimburse us for these expenses after receiving our invoice. Amounts you contribute to an Advertising Cooperative will be credited

toward the Local Marketing Obligation. Your Local Marketing Obligation is in addition to your Grand Opening Obligation (as defined below) and your required Advertising Contribution.

We have the right upon written notice to you to require you to pay all or a portion of the Local Marketing Obligation to us for us to, in our sole discretion, (a) contribute to the Ad Fund, (b) spend on national, regional, or local advertising campaigns, (c) contribute to your Advertising Cooperative, or (d) spend on local advertising in your market. If we exercise our right to collect your entire Local Marketing Obligation (and not just a portion of it), you will not be required to (x) spend a minimum amount on local advertising (other than your Grand Opening Obligation), (y) provide a local marketing plan, or (z) participate in, or contribute to, your Advertising Cooperative. We are not obligated to ensure that the Local Marketing Obligation monies that we spend are proportionate or equivalent to your contributions or that your Restaurant will benefit directly or pro rata or in any amount from the placement of advertising.

From time to time, we or your Advertising Cooperative (if any) may establish temporary or permanent promotional campaigns (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas. You are required to participate in these promotional programs at your own cost, including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items, and gift cards.

Digital Marketing. We or our affiliates, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital Marketing**") that are intended to promote the Proprietary Marks, your Restaurant, and the entire network of Restaurants. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Restaurant.

Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Proprietary Marks or that relate to the Restaurant. If we do permit you to conduct any Digital Marketing, you must (i) comply with any Standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such Standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Proprietary Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Proprietary Marks (or words or designations similar to the Proprietary Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

Grand Opening Advertising. You must spend the following amounts in grand opening advertising promoting the opening of your Restaurant during the period beginning four weeks before (including advanced purchases during that period) you open the Restaurant and ending eight weeks after you open the Restaurant (the “**Grand Opening Obligation**”): \$25,000 for a Traditional Restaurant and \$5,000 for an Express Restaurant. All materials you use for this Grand Opening Obligation, and the media in which you use them, are subject to our approval. You must obtain our written approval for your grand opening advertising plan at least 30 days prior to your grand opening. The Grand Opening Obligation will not apply to your Restaurant if it is located in a Captive Audience Location (as defined in Item 12).

Pricing

We may, if permitted by applicable law, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Approved Products, including required participation in systemwide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

Computer and POS Systems

You must provide financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish. As part of these record keeping requirements, you must install computerized Restaurant management systems meeting our Standards, as modified in response to business, operations and marketing conditions. Accordingly, you must promptly purchase, lease and/or license and install at the Restaurant, at your sole expense, the POS System, computer systems, kitchen display systems, mobile hardware, software, online ordering platform, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), credit card, gift card and loyalty card processing equipment, and other equipment that we require from time to time (collectively, the “**Computer System**”), all of which you must keep in good maintenance and repair.

The Computer System currently includes a back-office PC, one monitor, one back office multi-function printer, between one and six POS System terminals with point-to-point encryption, a kitchen display system (inclusive of a minimum of 4 station screens, bump bars, station printers, and required software), one firewall device, and one POS System server in addition to other related software and equipment. We estimate the total cost of the Computer System will be between \$32,000 and \$66,500 for Traditional Restaurants and between \$21,000 and \$56,500 for Express Restaurants, depending on the size and design of your Restaurant. You may incur additional expenses if you require additional equipment, training, or installation services. We may require you to purchase, license, or lease additional hardware or software.

The Computer System includes a POS System that we specify, the principal functions of which are to manage permanent financial records of sales transactions at your Restaurant, cash control, inventory control, and menu and price change control, among other things. We will have independent electronic and manual access to certain information within the POS System and there are no contractual limitations on our right to access this information. We have developed interfaces with our preferred providers that facilitate this access. You must provide any assistance we require to bring your POS System online with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently, and completely record, structure, capture and provide all required information through your POS System in accordance with all applicable laws and protect such information as required.

To maintain a consistent reporting system, you must purchase or lease and use a POS System specified by us from an Approved Supplier. We estimate that the initial cost to you for the POS System and related necessary equipment, including installation, currently ranges from \$30,000 to \$63,000 for Traditional Restaurants and \$18,000 to \$52,500 for Express Restaurants, depending on the number of terminals, travel costs, and other logistical factors. We or the POS System vendor may require you to purchase, license, or lease additional hardware or software. In addition, you may incur additional expenses if you require or would like additional equipment, training, or installation services.

In addition, there may be ongoing license, maintenance, and service fees associated with the maintenance and operation of the POS System. You must maintain your POS System and keep it in good repair and procure any services necessary for the POS System to communicate with our system. We currently require you to obtain the required support and maintenance service from us or our affiliate by signing the POS System Support Services Agreement attached in Exhibit C to this Disclosure Document. Currently, we estimate that you will pay monthly license and support fees that when aggregated on an annual basis will be between \$10,500 and \$21,000 for Traditional Restaurants and \$6,000 and \$16,000 for Express Restaurants (not including certain per transaction fees), including POS System license fees, P2PE software license fees, the POS System Support Fee, and the Back Office and Polling Software Fee. These fees are subject to change.

You are required to purchase a dedicated iPad® or Windows® tablet/computer that meets the hardware and software specifications necessary to use our Learning Management System. This tablet will be used to deliver training materials, digital recipes, videos, communication, and engagement activities digitally. You are currently required to pay our Approved Supplier an annual license fee of \$185 per year to use the Learning Management System.

You must dedicate a high-speed broadband or frame relay connection that meets our specifications for the sole purpose of supporting your Computer System. Any other technology options, such as satellite, cellular, etc. must be approved by us before you order service with a provider. We may require you to use an Internet service provider that we approve, and we may require you to maintain a set minimum bandwidth. You also must obtain all telecommunications and computer infrastructure products required to access the Internet and to support our then-current information technology system. We or our vendors may require you to communicate, receive notices, or place orders through the Internet, including through websites or intranets, or other communication methods that we specify. We may require you to establish a Wi-Fi network for your guests, which must be separate from any networks that you use to process credit cards.

We may require that you use one or more Approved Suppliers to provide credit card data and security services that are consistent with PCI-DSS requirements, including a managed firewall, quarterly network scan, anti-virus/anti-malware software, and managed Wi-Fi. We may also require you to obtain data breach protection insurance provided by such Approved Supplier. We estimate that these services will cost between \$75 and \$125 per month.

The hardware, software and support services related to the Computer System are generally available through our Approved Suppliers, which may include us or our affiliates. We will consider approving, but are not required to approve, other vendors who meet our system specifications. If you wish to use another vendor, you must submit a written request to us for approval of the vendor before placing an order with the vendor. See Item 8. If we, after your request, authorize you to use a POS System other than the one described above, you must pay all the costs associated with building the interface to get your system to communicate with our system, to the extent we determine.

Except as provided under the POS System Support Services Agreement, we and our affiliates are not contractually obligated to provide any maintenance, updating, upgrading, or support contracts related to the Computer System. Other than as specified above for the POS System, we do not require you to, and do not anticipate that you will need to, enter into any maintenance, updating, upgrading, or support contracts relating to the Computer System.

We may revise our specifications for the Computer System (including the POS System) from time to time. You are contractually required to make periodic upgrades and updates to the Computer System to remain in compliance with our Standards. If it becomes advisable at any time, in our sole discretion, for us to change, upgrade, or discontinue use of any of the components of the Computer System or the model of POS System, you will comply with our directions, at your expense, within a reasonable time after notice to you. If we require you to use a different POS System, you must stop using the old POS System, purchase the new POS System, sign any required software license agreement and any required maintenance/update agreements with the vendor, pay any related POS System Support Fees, and use the new POS System. We can require you to add, substitute or replace computer hardware, memory, ports, accessories, peripheral equipment, or software, or to replace your Computer System. There are no contractual limitations on the frequency or cost of your obligation to upgrade and replace hardware and software for your Computer System.

Manuals

The Manuals contain mandatory and suggested specifications, standards and operating procedures. The Manuals are confidential, remain our property, and must be kept in secure. The Manuals are currently provided electronically through the Learning Management System. Currently, you must pay a license fee to our Approved Supplier in order to use such system. We will give you an opportunity to view the Manuals in the corporate office or at another agreed-upon location before you purchase a franchise, if you so request.

Training

Below, we have described our current training program. We reserve the right to modify our training program at any time, including the timing, frequency, length, content, format, and location of training.

Management Training Program. Prior to the opening of the Restaurant, four Managers for a Traditional Restaurant and two Managers for an Express Restaurant (collectively, the “**Required Trainees**”) must attend and successfully complete to our satisfaction the Management Training Program. Successful completion of the Management Training Program will deem the individual a “**Certified Manager**”. Each Manager who attends training should have restaurant management experience as an owner and/or operator in order for them to follow along with the pace of training that this program requires. All trainees must be over 18 years old. If any of your Required Trainees have previously attended and successfully completed our Management Training Program and you or they have not defaulted under any other franchise agreement with us, we may, in our sole discretion, determine that such Required Trainee is not required to attend the Management Training Program again or will be required to attend a limited version of the Management Training Program.

In addition, if it is your first Restaurant, your Primary Contact must successfully complete a limited version of the Management Training Program designed for Primary Contacts (the “**Primary Contact Training**”), if they will not be involved in the day-to-day operation of the Restaurant, or

(ii) the entire Management Training Program, if they will be a Manager involved in the day-to-day operation of the Restaurant (in which case, they will count as one of your Required Trainees).

We are currently offering the Management Training Program up to 10 times per year. All or certain portions of the Management Training Program may, in our discretion, be conducted online or in person at our corporate headquarters in Atlanta, Georgia or other locations authorized by us (which may include Restaurants operated by our franchisees). For the Subsequent Restaurants, if you have a Certified Training Manager (as defined below) and operate a Certified Training Restaurant (as defined below), we may, in our sole discretion, allow you to provide the Management Training Program to your Required Trainees.

Your trainees may not attend the Management Training Program until your Restaurant is under construction and you have provided us with your fully signed Lease that we have approved and evidence of the insurance that is required under your Franchise Agreement. Training programs and classes are subject to space and time availability.

For the Initial Restaurants, the Initial Franchise Fee includes the cost of the Management Training Program for your Required Trainees and the Primary Contact Training. For the Subsequent Restaurants, if we require or you elect to receive the Management Training Program from us or our designee, you must pay us the Management Training Fee (currently, \$6,350 for all of your Required Trainees to attend in one session for a Traditional Restaurant and \$3,175 for an Express Restaurant). We reserve the right to charge you a reasonable training fee (currently, between \$450 and \$2,725 per trainee, depending on the number of available openings at each training location) if we permit you to bring additional trainees, other than the Required Trainees, to the Management Training Program, or if your Required Trainees are trained in separate sessions.

Your Required Trainees must attend an Management Training Program within twelve weeks of the scheduled opening date of the Restaurant. If your Restaurant opens more than twelve weeks after your Required Trainees complete the Management Training Program, we may require them to attend up to an additional week of training for our then-current training fee, since the Management Training Program and the System may have changed.

All of your Required Trainees must successfully complete the Management Training Program at least one week before you are scheduled to open your Restaurant or, if you have already opened, before they may be involved in the operation of your Restaurant. We have the right in our reasonable discretion to determine whether a trainee has successfully completed the Management Training Program. If we conclude that a Required Trainee has failed to successfully complete the Management Training Program, that Required Trainee must re-enroll in our next scheduled applicable Management Training Program at no additional charge. We will have the right to terminate the Franchise Agreement if, following the Management Training Program and any re-enrollment training, all of your Required Trainees have not successfully completed the Management Training Program.

In addition to completing the Management Training Program, we also recommend that at least one of your Managers attend the opening of another franchisee's Restaurant before you open your first Restaurant. We will work with you to facilitate this experience, if requested, but you will be responsible for all associated costs.

Currently, our Management Training Program is approximately five to six weeks long and consists of the following:

TRAINING PROGRAM

Subject	Classroom Hours	On-the-Job Hours	Location
Hourly			
Food Safety	10	10	
Station/Position Training	3	90	
Service Program	1	1	
Shift Management			
Inventory	3	10	
Ordering	1	5	
Scheduling	1	5	
Guest Recovery	2	10	
Running a successful shift	1	40	
End of Day procedures	2	8	
Administrative			
Retail Tech (all systems)	6	10	
Financials	0	12	
Reconciliation	1	4	
P&L 101	2	6	
Marketing/Off Premise			
Grass Roots Marketing	1	4	
Loyalty	1	5	
Catering and Off Premise Execution	5	11	
TOTAL	40	210	

Instructional Materials. We use various forms of instructional materials in the Management Training Program, including lectures, videos, workbook assignments, PowerPoint presentations, the Manuals, training guides, role-playing, and hands-on experience working in a fully operational Restaurant. We require you to bring to the Management Training Program a tablet that is dedicated to operating our Learning Management System.

Training Staff. Jessicah Pounds, the Vice President, Training, Restaurant Brands for Focus Brands, supervises and manages our training programs and the training staff. Jessicah has over 25 years of experience in the restaurant industry and has been working with the System since September 2020. Our training staff has an average of approximately 11 years of experience. Other members of our staff and of our affiliates' staffs may assist in training as needed. Training staff will vary based on the training format used.

We also may authorize certain franchisees who have a Certified Training Manager (as defined below), operate a Certified Training Restaurant (as defined below), and meet other requirements that we specify to provide on our behalf all or portions of the Management Training Program in accordance with our Standards. The experience of franchisee trainers will vary.

Subsequent Trainees. Any Primary Contacts or Managers you hire or appoint after the opening of the Restaurant and any other persons we designate (each a “**Subsequent Trainee**”), must attend and successfully complete our Management Training Program (or, as applicable, Primary Contact Training) before becoming involved in the operation of your Restaurant. We may require employees that transfer to your Restaurant from another Restaurant to successfully complete the Management Training Program again. We also may require you to send additional Managers or employees to the Management Training Program if we have identified operational or performance issues at your Restaurant. We reserve the right to charge you our then-current Subsequent Trainee Management Training Fee (currently, between \$450 and \$2,725 per trainee, depending on the number of available openings at each training location) for each Subsequent Trainee that attends an Management Training Program.

On-Site Support. Approximately seven days after you obtain the Certificate of Occupancy for your first three Restaurants (including Restaurants owned by your affiliates), we will provide you, at the Restaurant and at our cost, one or more of our representatives to facilitate the opening of such Restaurants. We will determine, in our sole discretion, the number of representatives to be provided and the number of days for which assistance will be provided. Such on-site opening training and assistance is a second phase of our Management Training Program, which you are required to complete successfully.

If you would like additional on-site training or assistance for your first three Restaurants (including Restaurants owned by your affiliates) or any on-site training or assistance for your (or your affiliates’) fourth and subsequent Restaurants, you may request such training or assistance at any time. We also may provide on-site training or assistance if we, in our sole discretion, deem it necessary. We are not obligated to provide any additional on-site training. Unless we specify otherwise, you must pay us the then-current daily On-Site Training and Assistance Fee (currently, \$2,000 per week per trainer, plus their direct airfare expenses) for any such on-site training and assistance that we provide.

Training By You. If you (or your affiliates) operate two or more Restaurants, we may, in our sole discretion, certify one or more of your Restaurants as an authorized training facility (a “**Certified Training Restaurant**”) and certify one or more of your Managers as a trainer authorized to provide our Management Training Program (in its entirety) to new trainees (a “**Certified Management Trainer**”). Your Certified Management Trainers may provide our Management Training Program at a Certified Training Restaurant in accordance with our Standards for such training.

To become a Certified Management Trainer, a Manager must (i) complete our Management Training Program, (ii) maintain specific food safety programs, (iii) attend any required additional training program, and (iv) meet other qualifications that we may specify from time to time. To be designated as a Certified Training Restaurant, your Restaurant must (i) meet compliance scores that we specify, (ii) fully comply with our then-current Standards, (iii) employ at least two Managers, in addition to a Certified Management Trainer, and (iv) meet any other requirements that we may specify from time to time. We may, in our sole discretion, revoke certification for a Certified Training Restaurant or a Certified Management Trainer. If we revoke certification, we

may require your trainees to attend the Management Training Program at another location that we designate.

Additional Training and Conferences. We may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, or training sessions on any matters related to the System. We will determine the duration, curriculum, and location of such additional programs, which may take the form of web-based training modules, webinars, seminars, in-person training at a location that we designate, or on-site training. Your Primary Contact, Managers, Owners, and supervisory personnel must attend any conferences, conventions, programs, or additional or refresher training sessions that we specify. In addition, as a condition of renewing your Franchise Agreement, we may require your personnel to undergo further training. We may charge a reasonable fee (which we expect typically to range from \$0 to \$2,500) for these additional programs to cover our costs of providing them. In all of these situations, your training program will typically last no more than three days.

Training Expenses. For all training programs, you must pay for all wages, travel, and living expenses, including transportation costs, meals, and lodging for you or your trainees. We will not pay compensation for any incidental services you or your trainees perform during training.

Cancellations. If you fail to cancel any scheduled training without at least 14 days' prior notice, or if you are not prepared to successfully participate in any scheduled training, we may charge you a cancellation fee and the cost of conducting the originally scheduled training (including any travel and living expenses incurred by our representatives) and require you to pay an additional fee for the rescheduled training.

ITEM 12

TERRITORY

Accepted Location

Your Restaurant may only be operated at the Accepted Location. If we have not yet accepted a site for the Restaurant when we execute the Franchise Agreement, you must select a location that we accept in accordance with our site selection criteria within a site selection area that we specify. We will determine the site selection area on a case-by-case basis. You will have no exclusive or protected rights in your site selection area, unless we designate an Area of Protection (as described and defined in the next paragraph) that includes portions of the site selection area.

Area of Protection

If you are developing a Traditional Restaurant, you may receive a territory with limited protected rights (an "**Area of Protection**") as described in this Item. During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant operating under the Proprietary Marks and the System at any location within the Area of Protection, except in Captive Audience Locations, Delivery Kitchens, and as otherwise provided in the Franchise Agreement. "**Captive Audience Locations**" include limited access and captive audience facilities, concession departments, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers,

concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations. **“Delivery Kitchens”** include kitchens devoted to the preparation of products or Approved Products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

We may negotiate with you your Area of Protection. The size and scope of the Area of Protection will be in the Franchise Agreement and will be determined on a case-by-case basis. The factors that we consider in determining the size of an Area of Protection include current and projected market demand, demographics and population based on our research and experience, median household income, presence of other businesses, location of competitors, traffic patterns, access and visibility, location of other Restaurants, our future development plans and other market conditions. However, there is no minimum Area of Protection for a Restaurant, if we grant you one.

If you are developing an Express Restaurant, you will not receive an Area of Protection.

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

If the Accepted Location is not known when you sign the Franchise Agreement, we will designate the Area of Protection once we authorize a location for the Restaurant and the Accepted Location and Area of Protection will be documented when we accept the location. If the Accepted Location is known when you sign the Franchise Agreement, the Franchise Agreement will specify the Accepted Location for your Restaurant and the Area of Protection.

If you default under the Franchise Agreement and fail to cure the default in the applicable cure period (if any), we have the right to reduce or eliminate your Area of Protection, in addition to our other remedies. Except for as described in the previous sentence, the Area of Protection may not be altered before the expiration or termination of the Franchise Agreement. Your territorial protection is not dependent on achievement of a certain sales volume, market penetration or other factors, other than compliance with the Franchise Agreement.

Rights Outside of the Area of Protection

Except for catering services and delivery services that we may allow or require, you may only sell Approved Products at retail to customers who are physically present at your Accepted Location. You may not sell Goods through the Internet or using any channel of distribution other than your Restaurant without first obtaining our written consent.

We require you to provide catering services and delivery services and you must do so in accordance with any restrictions and guidelines that we may establish in the Manuals or otherwise in writing. You may only provide delivery services through a TPS that we approve or designate. If a TPS is unavailable to provide delivery services for your Restaurant, you may not be required to offer delivery services, subject to our written approval. We, our affiliates, and our other franchisees may provide catering and delivery services anywhere, including near your

Restaurant. We retain the right to revise and/or make exceptions to our catering and delivery policies as they apply to you and our other franchisees.

Our Reserved Rights Under the Franchise Agreement

Under the Franchise Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

- (i) If you are not granted an Area of Protection, we and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Proprietary Marks or any other marks anywhere, including near your Accepted Location.
- (ii) If we have granted you an Area of Protection, we and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Proprietary Marks or any other marks anywhere outside of the Area of Protection or in Captive Audience Locations inside or outside the Area of Protection.
- (iii) We and/or our affiliates may, whether inside or outside any Area of Protection, produce and/or sell Approved Products or any other products or services, and authorize others to produce and/or sell Approved Products or any other products or services, using the Proprietary Marks, the System, and any other marks and/or systems we desire through any alternative channel of distribution located anywhere, including to and through (a) supermarkets, convenience stores, club stores, and other retail facilities not dedicated to the sale of the Approved Products, (b) mail order and e-commerce channels, and (c) Delivery Kitchens.
- (iv) We and/or our affiliates may advertise, or authorize others to advertise, using the Proprietary Marks anywhere, including inside and outside any Area of Protection.
- (v) We and/or our affiliates may acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Restaurants anywhere (including inside and outside the Area of Protection (if any)) and (a) convert the other businesses to be Restaurants operating under the Proprietary Marks and the System (except inside your Area of Protection (if any)), (b) permit the other businesses to continue to operate under another name anywhere (including inside your Area of Protection (if any)), and/or (c) permit the businesses to operate under another name and convert your Restaurant and other existing Restaurants to such other name.

Other Restaurants near your Restaurant that are already in existence or opened later under Franchise Agreements also may (i) compete directly with you, (ii) provide services in close proximity to your Restaurant without compensating you, and (iii) possibly adversely affect the operation of your Restaurant. We may open or franchise new Restaurants near your Restaurant (but outside your Area of Protection) without consulting you or giving you the first right to open them. These Restaurants may compete directly with you.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are or in the future may be owned

by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell.

Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell, although some are, as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Developing Additional Restaurants

If you sign multiple Franchise Agreements at the same time, you will also sign a Multi-Unit Addendum that outlines the site selection area for each Restaurant to be developed under the Franchise Agreements and the development deadlines for such Restaurants. The site selection areas will be determined on a case-by-case basis and may range from a specific shopping center to a radius of several blocks or miles from a specified point. Your site selection areas will not be exclusive. You will only receive protected territorial rights after you and we accept a site for the Accepted Location for each Restaurant and sign an addendum to the Franchise Agreement that modifies the Accepted Location and includes an Area of Protection for such Restaurant.

Except as provided in any Multi-Unit Addendum, you will have no right of first refusal and you will not have any similar rights to acquire additional franchises or establish additional Restaurants.

Relocation of the Restaurant

You may request to relocate your Restaurant if you lose the right to operate at the Accepted Location or provide other business justifications for the relocation. You may not relocate your Restaurant unless we approve the relocation in advance in writing. We have not established a set of conditions or criteria under which we evaluate or approve relocation requests, except that you must comply with our site approval process, must be in compliance with all terms of the Franchise Agreement, and must have the funds available to relocate the Restaurant and to construct a new Restaurant according to our then-current design standards. We are under no obligation to approve a proposed relocation of the Restaurant. If you lose the right to occupy the premises where you are operating your Restaurant, we may, in our sole discretion, terminate your Franchise Agreement.

If we approve your request to relocate, in our sole discretion, then (i) the Site Agreement for the new location must comply with the Franchise Agreement, (ii) you must de-identify the former site, (iii) we may charge you a Relocation Fee (see Item 6), (iv) we may require you to pay an agreed minimum royalty to us during the period in which the Restaurant is not in operation, and (v) we may require you to sign our then-current Franchise Agreement (which may have materially different terms than your existing Franchise Agreement) or an amendment to your existing Franchise Agreement. If the term of the Lease for the new location extends beyond the term of your Franchise Agreement, we may, in our sole discretion, extend the term of your existing or

new Franchise Agreement to match the term of the Lease for the new location, provided you will be required to pay the Relocation Extension Fee (see Item 6).

ITEM 13

TRADEMARKS

The following is a description of the principal trademarks and service marks that we will license to you. All of the marks listed below are owned by us, have been registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”), and have been renewed at the proper time.

Mark	Registration Number	Registration Date
MCALISTER'S DELI	1,943,439	December 26, 1995
MCALISTER'S EXPRESS	4,324,893	April 23, 2013
	5,776,734	June 11, 2019
	5,776,733	June 11, 2019

Other Proprietary Marks have been, or may be, applied for or registered with the USPTO. The provisions of the Franchise Agreement apply to any and all other trademarks, service marks, and trade dress authorized and licensed for use by us to you during the term of the Franchise Agreement. We may specify the other Proprietary Marks that you may use, if any, in writing from time to time. You must comply with the proper use and marking of the Proprietary Marks as we indicate in the Manuals or otherwise. We update the Manuals periodically, and add or delete Proprietary Marks on a continuing basis.

We are the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with them. All goodwill associated with the Proprietary Marks remains our exclusive property. All usage of the trademarks by you and any goodwill established will inure to our exclusive benefit.

There are no agreements currently in effect which could significantly limit our rights to use or license the Proprietary Marks. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court adversely affecting the ownership, use, or licensing of the Proprietary Marks. There is no pending infringement, opposition or cancellation proceedings, or material litigation, involving the Proprietary Marks. There are no currently effective agreements limiting our right to use or license the Proprietary Marks. There are presently no infringing uses known to us that could materially affect your use of the Proprietary Marks listed above in the state in which your Restaurant will be located.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You will only use the Proprietary Marks to identify your Restaurant except as we authorize. You have no

right to apply for registration of any Proprietary Mark. In using the Proprietary Marks, you must strictly follow our Standards, specifications, requirements, and instructions. You may not use any Proprietary Mark or any words or designations similar to the Proprietary Marks (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, search engine keyword, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. When your Franchise Agreement expires or terminates, all rights to use the Proprietary Marks will revert to us automatically without payment to you and you will keep no rights in the Proprietary Marks. You may not take any action to question or contest our rights or interest in the Proprietary Marks and the goodwill in the Proprietary Marks.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Proprietary Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Proprietary Marks. You may not settle or compromise any of these claims without our written consent. We have the right to control, defend, and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Proprietary Marks in violation of the Franchise Agreement.

You must comply with our instructions to modify or discontinue use of any Proprietary Mark or to adopt or use additional or substituted Proprietary Marks. We will not be liable to you for any resulting expenses.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents And Copyrights

We have no patents and no pending patent applications material to the franchise. We claim copyrights on the Manuals (including any supplements); the Recipes; our building designs, architectural renderings, and construction plans; and certain forms, advertisements, images, art, photography, promotional materials, and other written materials that we produce.

You must comply with the proper use and marking of the copyrighted materials as we indicate in the Manuals.

There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently-effective determinations of the USPTO, Copyright Office (Library of Congress) or any court involving any of our copyrights discussed above. We are unaware of any infringing uses of or superior prior rights to any of our copyrights that could materially affect your use of them in the state in which your Restaurant will be located.

Your obligations and ours to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13.

Proprietary and Confidential Information

During the term of your Franchise Agreement, we or our affiliates will disclose to you, either orally or in writing, non-public information related to the System or information that, by its nature, would reasonably be expected to be held in confidence or kept secret (collectively, "**Confidential Information**"). Confidential Information includes, but is not limited to: (i) the Standards and Manuals; (ii) pricing information and models; (iii) materials describing our franchise network and System; (iv) plans, layouts, designs and specifications for a prototypical Restaurant; (v) our methods of preparing and serving Approved Products, including Recipes; (vi) our sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with our Approved Suppliers; (vii) our training materials; (viii) our marketing plans and development strategies; (ix) the Franchise Agreement and any related schedules, exhibits, attachments, or addenda and all terms contained therein; and (x) other information we give to you.

In addition, we or our affiliates may disclose to you Trade Secrets. "**Trade Secrets**" means information that 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. Without limiting the definition of "Trade Secrets," the following are considered to be Trade Secrets: (i) the composition of our Proprietary Goods; (ii) our Recipes; (iii) advertising, marketing, and public relations strategies; and (iv) our marketing analyses.

You may never, during the term of the Franchise Agreement, any renewal term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our Confidential Information or Trade Secrets to another person or use it for any other person or business. You may not copy any of our Confidential Information or Trade Secrets or give it to a third party except as we authorize. These restrictions must be followed even before you open your Restaurant, since you will receive valuable information and training about the System and the operation of the Restaurant before you begin operations.

You will require that all persons employed in your Restaurant having access to Confidential Information and Trade Secrets are aware of the confidentiality restrictions set forth in the Franchise Agreement and similarly bind them not to disclose the Confidential Information and Trade Secrets by an agreement as least as restrictive as the terms of the Franchise Agreement.

Innovations

All ideas, concepts, techniques, or materials relating to a Restaurant or the System or derivations or modifications of our intellectual property or any other element of the System (collectively, "**Innovations**"), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, you must assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Restaurant or otherwise without our prior approval.

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

You are required to devote your best efforts to the proper and effective operation of the Restaurant. You (if you are an individual) and your Owners (if you are an Entity) are not required to participate in the actual operation of the Restaurant but may serve as the Primary Contact or a Manager. You must have four Certified Managers for a Traditional Restaurant and two Certified Managers for an Express Restaurant who are dedicated to the Restaurant.

You must appoint a Primary Contact who will be responsible for, and have decision-making authority regarding, the Restaurant and its operation. You may not appoint, remove, or replace the Primary Contact without our prior written approval. Your Primary Contact must (i) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity or (ii) hold some direct or indirect, legal or beneficial interest in your Entity and have a written agreement with you that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity. We may require your Primary Contact to successfully complete Primary Contact Training to our satisfaction. Your Primary Contact, if they complete the Management Training Program, may serve as a Manager.

You are required to devote your best efforts to the proper and effective operation of the Restaurant. You (if you are an individual) and your Owners (if you are an Entity) are not required to participate in the actual operation of the Restaurant but may serve as the Primary Contact and/or a Manager. However, we do not recommend an investment in a Restaurant for investors interested in an absentee management business.

You must appoint a Primary Contact who will be responsible for, and have decision-making authority regarding, the Restaurant and its operation. Your Primary Contact must (i) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity or (ii) hold some direct or indirect, legal, or beneficial interest in your Entity and have a written agreement with you that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity. Your Primary Contact must successfully complete Primary Contact Training to our satisfaction. If they complete the Management Training Program, your Primary Contact may serve as a Manager. If the Primary Contact no longer qualifies as such or leaves the employ of you, you must designate another person, acceptable to us, to act as the Primary Contact within 60 days of such date.

You must have four Certified Managers for a Traditional Restaurant and two Certified Managers for an Express Restaurant who are dedicated to the Restaurant. Your Managers must have day-to-day management responsibility for your Restaurant, exercise on-premises supervision, and personally participate in the direct operation of the Restaurant. Your Managers may be (but are not required to be) an Owner. Your Managers must complete the Management Training Program to our satisfaction. You must inform us in writing of the identity of your Managers and any successor Managers.

If you operate multiple Restaurants, we may require you to hire a Director of Operations to provide additional support and supervision who must meet our minimum requirements.

After a Primary Contact's, Manager's, or Director of Operation's death, disability, or termination of employment, you must immediately notify us, and you must designate a successor or acting

Primary Contact, Manager or Director of Operations within 30 days. If you fail to do so after receiving from us a default notice with a cure period, we can terminate the Franchise Agreement.

All persons affiliated with you must sign our Personal Covenants Agreement (Schedule B to the Franchise Agreement) and keep our Confidential Information and Trade Secrets confidential (see Item 14). You, your Owners, and your officers and directors also must bind themselves to our restrictive covenants.

All of your Owners must sign our Guaranty of Payment and Performance (Schedule C to the Franchise Agreement).

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer in the Restaurant to customers only the Approved Products that we have approved in writing. You must produce and sell all Approved Products we specify, including all menu items, Trademarked Product Lines, and other products and services that we require you to sell, as stated in the Manuals or otherwise, which are all part of the System. We may change these specifications periodically, without limitation, and we may designate specific Approved Products as optional or mandatory. You must offer all Approved Products that we designate as mandatory. If we require or authorize you to sell alcoholic beverages, you must obtain any necessary permits or licenses. You must maintain a sufficient supply of required Approved Products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

You may not use the Restaurant or the Accepted Location to produce or sell any goods, products, or services other than Approved Products sold using the Marks. You may not produce or offer any products (i) that we do not authorize you to produce or sell or (ii) that we direct you not to produce or sell. You may sell Approved Products only in the varieties, forms, and packages that we have approved. If we require you to produce any Approved Products, you must strictly follow our Recipes, using only those product components, ingredients, flavoring, and garnishes that meet our then-current Standards. In dispensing the Approved Products, you may use only containers, cartons, bags, boxes, napkins, and other paper goods and packaging bearing our then-currently approved text and designs, and that otherwise meet our then-current requirements, specifications, and quality standards.

You may not use the Proprietary Marks for any other business. You may not conduct any business other than the business contemplated by the Franchise Agreement from your Accepted Location without first obtaining our written consent. In particular, you may not operate a ghost kitchen or delivery business selling goods, products, or services under another brand.

You may only engage in the sale of Approved Products under the System from the Restaurant to the ultimate consumer. We require you to provide catering services and delivery services and you must do so in accordance with any restrictions and guidelines that we may establish in the Manuals or otherwise in writing. You may only provide delivery services through a TPS that we approve or designate. If a TPS is unavailable to provide delivery services for your Restaurant, you may not be required to offer delivery services, subject to our approval. Except for catering services and delivery services that we may allow or require, you may not offer for sale, sell, supply for resale, or deliver any Goods to a third party other than the ultimate consumer at the Restaurant without our prior written consent. Unless otherwise permitted by us in writing, you may not sell

any Goods through the Internet or using any other channel of distribution other than your Restaurant.

You must participate in the Gift Card and Loyalty Programs that we establish, and you must have available for sale to customers a sufficient number of gift cards to meet the demands of your Restaurant. The Gift Card and Loyalty Programs may change in process, style and design periodically; the most current authorized version must be available in the Restaurant. You must accept for payment gift card(s) presented as payment for purchases made from the Restaurant.

Periodically, we will conduct market research and testing to determine consumer trends and the salability of new food or non-food products, equipment and services. You must participate in any market research programs or testing in your Restaurant, and provide us with timely reports and any other relevant information we request. You must purchase for your Restaurant a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements on renewal, termination, transfer, and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1 of Franchise Agreement; Number 23.C. of Schedule A	20 years for a Traditional Restaurant, 10 years for an Express Restaurant
b. Renewal or extension of the term	Section 2.2 of Franchise Agreement; Number 23.D. of Schedule A	If you comply with our renewal requirements, one 20-year renewal term for a Traditional Restaurant or one 10-year renewal term for an Express Restaurant

Provisions	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 2.2 of Franchise Agreement	<p>You must satisfy these requirements to enter into a renewal term:</p> <ul style="list-style-type: none"> a. Timely request a renewal term b. Complete renewal application. c. Have been in substantial compliance with Franchise Agreement. d. Remodel, refurbish and renovate the Restaurant. e. Secure right to operate at Accepted Location or relocate the Restaurant if necessary to meet our then-current Standards f. Sign and return your Renewal Franchise Agreement (which may be materially different from the terms contained in the Franchise Agreement attached to this Disclosure Document). g. Pay the Renewal Fee h. You and your guarantors and owners must sign a general release. <p>If you do not meet these conditions by, and you continue to operate after, the expiration date of the Franchise Agreement, the Franchise Agreement will be extended on a month-to-month basis until such time as (i) the conditions above are satisfied, or (ii) we notify you that the Franchise Agreement is terminated.</p>
d. Termination by you	Section 17.1	Not applicable, except franchisees may terminate for any grounds permitted by state law.
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Section 17 of Franchise Agreement	We may terminate only if you default.

Provisions	Section in Franchise Agreement	Summary
g. "Cause" defined – curable defaults	Section 17.3 of Franchise Agreement	<p>You have 24 hours to cure if:</p> <ul style="list-style-type: none"> a. You refuse us permission to inspect or audit. b. Any dilution or adulteration of products at the Restaurant, or any misrepresentation, substitution, or palming off of non-Approved Products from the Restaurant operated under the Franchise Agreement. c. You fail to comply fully with all laws. <p>You have 5 days to cure if:</p> <ul style="list-style-type: none"> a. You sell, barter, or exchange any Proprietary Goods or Approved Products or other proprietary items at wholesale or retail. <p>You have 10 days to cure if:</p> <ul style="list-style-type: none"> a. You fail to pay any of your debts to us, our affiliates, or others b. You do not obtain personal covenants required under the Franchise Agreement. c. You default under your mortgage or lease. d. You fail to obtain insurance or provide proof of insurance. e. You fail to provide required reports. <p>You have 30 days to cure if:</p> <ul style="list-style-type: none"> a. You do not maintain the required financial records. b. You fail to meet the Site Approval Deadline or Construction Start Deadline. c. You breach any other provision of your Franchise Agreement.
h. "Cause" defined – noncurable defaults	Section 17.2 of Franchise Agreement	<p>On notice to you:</p> <ul style="list-style-type: none"> a. You violate restrictions on use of Confidential Information, or fail to obtain the required additional covenants. b. You copy or permit anyone else to copy any part of the Manuals. c. You (or any principal of your Entity) are convicted of a felony, fraud, etc.; engage in conduct harmful to the Restaurant, System, or Proprietary Marks; or commit a fraud. d. You abandon the Restaurant or suspend operation of the Restaurant for five or more days without our consent. e. Your (or your affiliate's) interest in the lease or sublease for the Accepted Location expires or terminates or you otherwise lose possession of the site. f. After curing a default, you commit the same or similar default again within 12 months. g. You become insolvent, become subject to bankruptcy, make an assignment for creditors, subject to a receiver, have unpaid judgments, subject to attachment proceedings or execution of levy, or un-dismissed foreclosure. h. Your or your Owners' assets, property, or interests are blocked under any law, ordinance or regulation related to terrorist activities or you or your Owners violate any regulation law, or ordinance related to terrorist activities. i. You or your Owners violate any laws related to terrorism. j. You fail to meet the Opening Deadline (or any extended deadline).

Provisions	Section in Franchise Agreement	Summary
		j. You have an uncured default in any other agreement with us or affiliates which would permit termination under such agreement. k. A threat or danger to public health or safety results from your continued operation of the Restaurant. l. You misuse or make any unauthorized use of the Proprietary Marks.
i. Your obligations on termination/nonrenewal	Section 18 of Franchise Agreement	a. Stop using the System, including our Proprietary Marks, Confidential Information, Trade Secrets, and Manuals, and de-identify the Restaurant. b. Immediately deliver to us or destroy all materials related to the System and your copies of any of the Manuals. c. Within 5 days, pay all sums owing to us and our affiliates. d. Immediately de-identify the Restaurant as our franchisee or former franchisee. e. Immediately comply with non-competition covenants in the Franchise Agreement. f. Cancel or transfer to us all identifiers, such as assumed names, domain names, telephone numbers, post office boxes, and other directory listings g. Immediately sign agreements necessary for termination. h. Pay all liquidated damages due us. i. At our option, assign the lease to us or, if you own the Accepted Location, lease it to us. j. If we acquire rights in your Accepted Location, within 15 days, arrange with us for an inventory of Goods to be made by us, at our cost. We will have the option for 30 days after termination or expiration to buy these at the fair market value (exclusive of goodwill).
j. Assignment of contract by Us	Section 16.10 of Franchise Agreement	We can assign if the assignee is capable of performing our obligations under the Franchise Agreement, and agrees to perform these obligations.
k. "Transfer" by you — defined	Section 16.1 of Franchise Agreement	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Proprietary Marks, the Restaurant or substantially all of the assets of the Restaurant, or an interest in the ownership of the franchisee (if you are an Entity).
l. Our approval of your transfer	Section 16.2 of Franchise Agreement	Neither you nor other owners of the interests described in k. above can transfer without first obtaining our written approval.

Provisions	Section in Franchise Agreement	Summary
m. Conditions for our approval of transfer	Section 16.3 of Franchise Agreement (transfers which result in change in control or involve 20% interest in your entity)	<p>In addition to any other conditions we may specify:</p> <ul style="list-style-type: none"> a. You must give us at least 90 days' prior written notice of any proposed Transfer. b. You must pay all amounts you owe us and our affiliates. c. You are not, and have not been during the term of the Franchise Agreement, in default under the Franchise Agreement or any other agreement with us, or any of our Approved Suppliers without curing such default within the time period specified. d. Transferee and proposed Manager must attend and successfully complete training before transfer, at transferee's expense. e. Transferee must meet our then-current requirements for new franchisees, including our requirements for proficiency in the English language. f. Transferee agrees to upgrade and remodel Restaurant to conform to our then-current Standards for quality and appearance and trade dress. g. Transferee must sign our then-current Franchise Agreement, which may contain terms materially different than your Franchise Agreement and will expire on the date of expiration of your Franchise Agreement. h. Transferee enters into a written assignment and personal guarantee. i. You and your guarantors and Owners sign a general release. j. You must give us a copy of the signed assignment contract. k. You pay us a Transfer Fee. l. You and your Owners remain liable for pre-Transfer obligation m. Landlord must consent to transfer. n. We determine price will not impact operation. o. You must comply with our right of first refusal.
	Section 16.4 of Franchise Agreement (non-control transfers) Section 16.5 of Franchise Agreement (related party transfers)	<ul style="list-style-type: none"> a. You give us prior written notice of the transfer. b. You pay all sums owed. c. You are not in default d. Transferee meets qualifications e. Transferee signs assignment and guaranty f. You and your guarantors and owners sign a general release. g. You remain liable for pre-Transfer obligations. h. You pay us a Transfer Fee. <ul style="list-style-type: none"> a. You give us prior written notice of the transfer. b. You are not in default c. Transferee meets qualifications d. Transferee assumes in writing the Franchise Agreement and the guaranty. e. You may not be in default under the Franchise Agreement. f. You pay us a Transfer Fee. g. You and your guarantors and owners must sign a general release and remain liable for pre-Transfer obligations
n. Our right of first refusal to acquire your business	Section 16.8 of Franchise Agreement	We can match any offer for your Restaurant or substantially all interest in your entity.

Provisions	Section in Franchise Agreement	Summary
o. Our option to purchase your business	Section 18.4 of Franchise Agreement	We may purchase your Goods related to the Restaurant at the fair market value (exclusive of good will) and may purchase your Accepted Location if you own it or your interest in any lease.
p. Your death or disability	Section 16.6 of Franchise Agreement	Upon 180 days from your death or permanent incapacity you must transfer all rights and interests to buyer that complies with Transfer provisions, except no Transfer Fee will be due.
q. Non-competition covenants during the term of the franchise	Section 15.4 of Franchise Agreement	Subject to state law, no involvement in a competitive business (generally, similar types of businesses that offer products the same or similar to the Approved Products) anywhere. You may not divert or attempt to divert any business or potential business, misuse vendor relationships, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4.B. of Franchise Agreement	Subject to state law, for 12 months after expiration or termination, no involvement in a competitive business at the Accepted Location, within 3 miles of your Accepted Location, or within 3 miles of any Restaurant; and no diverting or attempting to divert any business from any Restaurant.
s. Modification of the agreement	Sections 8.3, 22.2 and 22.3 of Franchise Agreement	No oral modifications, but we can change the Manuals.
t. Integration/merger clause	Section 22.2 of Franchise Agreement	Only the terms of the Franchise Agreement and related agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.1 of Franchise Agreement	Most disputes must be resolved by arbitration.
v. Choice of forum	Section 19.1 of Franchise Agreement	Subject to state law, currently, arbitration or lawsuit must be in the metropolitan area of district court where our principal place of business is located (currently, Georgia).
w. Choice of law	Sections 15.6 and 22.5 of Franchise Agreement	Subject to state law, Georgia law applies to all disputes except those related to the non-competition covenants, which will be governed by the laws of the state in which your Restaurant is located.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned restaurants, if there is a

reasonable basis for the information, and if the information is included in this disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing restaurant 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.

This Item 19 presents information about the financial performance of certain Covered Restaurants during the fiscal year ended December 29, 2019 ("Fiscal Year 2019") and the fiscal year ended December 27, 2020 ("Fiscal Year 2020"). We have not made permanent, material changes to our concept as a result of the COVID-19 pandemic.

"Covered Restaurants" include franchised Traditional Restaurants located in traditional locations, including strip shopping centers, power centers, and street-level retail. **"Excluded Restaurants"** include franchised Traditional Restaurants and franchised Express Restaurants located in non-traditional locations, including airports, colleges, food trucks, government buildings, hospitals, hotels, lifestyle centers, malls (including open air, traditional, and outlet malls), military bases, office building interiors, sports venues, theme parks, transit hubs, and travel plazas.

We have not included in this Item 19 any data related to Excluded Restaurants (including all Express Restaurants) and affiliate-owned Restaurants, because certain aspects of their operations can vary significantly from the Covered Restaurants that are represented in this Item 19.

**TABLE 1: AVERAGE NET SALES BY QUARTER
FOR COVERED RESTAURANTS
FOR FISCAL YEAR 2019 AND FISCAL YEAR 2020**

	Net Sales ¹						Weeks Open ²				
	Average Net Sales	% Change from 2019 ⁵	# and % at or Above Average Net Sales	Median Net Sales	Lowest Net Sales	Highest Net Sales	Average Weeks	Median Weeks	Lowest Weeks	Highest Weeks	# Open All Weeks
Fiscal Year 2020 – Covered Restaurants (392 Locations)³											
Q1	\$359,538	-10%	172 / 44%	\$343,941	\$102,376	\$871,541	12.95	13	10	13	377
Q2	\$307,620	-26%	179 / 46%	\$294,477	\$0	\$959,339	12.66	13	0	13	369
Q3	\$408,835	-1%	169 / 43%	\$380,496	\$137,349	\$1,127,647	12.99	13	11	13	391
Q4	\$399,042	0%	167 / 43%	\$370,659	\$120,668	\$1,080,995	13.00	13	13	13	392
Full Year	\$1,475,035	-9%	168 / 43%	\$1,385,352	\$477,501	\$3,964,513	51.61	52	36	52	368
Fiscal Year 2019 - Covered Restaurants (369 Locations)⁴											
Q1	\$401,139	N/A	161 / 44%	\$381,567	\$136,147	\$936,087	13	13	13	13	369
Q2	\$416,345	N/A	158 / 43%	\$390,771	\$134,841	\$990,464	13	13	13	13	369
Q3	\$411,038	N/A	167 / 45%	\$389,926	\$144,629	\$956,265	13	13	12	13	368
Q4	\$397,537	N/A	164 / 44%	\$380,176	\$133,444	\$921,302	13	13	13	13	369
Full Year	\$1,626,059	N/A	167 / 45%	\$1,550,915	\$549,060	\$3,771,007	52	52	51	52	368

NOTES TO TABLE 1:

1. Net Sales includes all revenues generated by a Restaurant or conducted from or with respect to a Restaurant, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange, but does not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Restaurant, or (g) tips. See Note 2 of Item 6 for a complete definition of "Net Sales."
2. We have presented the average, median, low, and high number of weeks that the Covered Restaurants within each data set were open during each quarter or fiscal year. For a Restaurant to be counted as open during a week, it needed to report more than \$0 in Net Sales during such week. In addition, we have included a column showing the number of Covered Restaurants that were open for all of the weeks in the applicable quarter or fiscal year.
3. The Fiscal Year 2020 data includes 392 Covered Restaurants that were active franchises throughout the entire Fiscal Year 2020 (out of 448 franchised Restaurants that were active franchises as of the end of Fiscal Year 2020). An "**active franchise**" is a franchise that has opened a Restaurant and has not permanently closed such Restaurant. The data includes Covered Restaurants that were temporarily closed for periods of Fiscal Year 2020 for any reason, which could include, for example, temporary closures for renovations, repairs, or personal reasons, as well as temporary closures due to the COVID-19 pandemic and related government restrictions on the operation of restaurants. It does not include (i) 36 Excluded Restaurants, (ii) 20 Covered Restaurants that opened during Fiscal Year 2020, and (iii) eight Covered Restaurants that permanently closed during Fiscal Year 2020. No Covered Restaurants were reacquired by us or both opened and closed during Fiscal Year 2020.
4. The Fiscal Year 2019 data includes 369 Covered Restaurants that were active franchises throughout the entire Fiscal Year 2019 (out of 438 franchised Restaurants that were active franchises as of the end of Fiscal Year 2019). It includes Covered Restaurants that were temporarily closed for periods of Fiscal Year 2019 for any reason, which could include, for example, temporary closures for renovations, repairs, or personal reasons. It does not include (i) 38 Excluded Restaurants, (ii) 29 Covered Restaurants that opened during Fiscal Year 2019, (iii) three Covered Restaurants that permanently closed during Fiscal Year 2019, (iv) three Covered Restaurants that were reacquired by us during Fiscal Year 2019, and (v) two Covered Restaurants that were refranchised by us during Fiscal Year 2019. No Covered Restaurants were both opened and closed during Fiscal Year 2019.
5. We have presented for the Fiscal Year 2020 data set the percentage change in Average Net Sales compared to the same time period in Fiscal Year 2019. As noted above, the Covered Restaurants included in the Fiscal Year 2019 data set are not identical to those in the Fiscal Year 2020 data set, as eight Restaurants included in the Fiscal Year 2019 data set permanently closed in Fiscal Year 2020 (and were not included in the Fiscal Year 2020 data set) and 31 Restaurants included in the Fiscal Year 2020 data set opened or

were refranchised in Fiscal Year 2019 (and were not included in the Fiscal Year 2019 data set).

6. These sales figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.

TABLE 2
PROFIT AND LOSS STATEMENT
FOR CERTAIN COVERED RESTAURANTS
FOR FISCAL YEAR 2019 AND FISCAL YEAR 2020

This financial performance representation reflects the average Fiscal Year 2019 and Fiscal Year 2020 Gross Sales, Cost of Goods Sold, Personnel Expenses, Advertising, Operating Expenses, Occupancy Expenses, General and Administrative Expenses and EBITDA, as we describe those terms in the table below, for Covered Restaurants that were open continuously during the applicable fiscal year and that provided us with complete financial information sufficient for us to complete this profit and loss statement (“**P&L Statement**”). We did not use any reports that were submitted late, included incomplete or illegible financial information, involved unique circumstances, or for which the information was presented in a manner that prohibited us from applying the information to one of the categories in the P&L Statement.

	Average	Percentage of Total Gross Sales	Number and Percentage Exceeding Average	Median	Low	High
Fiscal Year 2020 - Covered Restaurants (340 Locations)¹						
Total Gross Sales	\$1,553,869		145/340 (42.6%)	\$1,456,239	\$665,986	\$4,084,870
Cost of Goods Sold	\$471,265	30.3%	146/340 (42.9%)	\$440,400	\$221,893	\$1,214,893
Personnel Expenses	\$440,469	28.3%	156/340 (45.9%)	\$421,795	\$165,632	\$1,009,748
Advertising	\$62,115	4.0%	127/340 (37.4%)	\$54,396	\$13,469	\$202,183
Operating Expenses	\$250,136	16.1%	153/340 (45.0%)	\$240,744	\$96,390	\$507,815
Occupancy Expenses	\$160,040	10.3%	128/340 (37.6%)	\$145,474	\$18,042	\$481,685
General and Administrative Expenses	\$18,766	1.2%	113/340 (33.2%)	\$4,499	\$0	\$99,559
EBITDA	\$173,682	11.2%	157/340 (46.2%)	\$155,139	(\$208,838)	\$962,617
Fiscal Year 2019 - Covered Restaurants (288 Locations)²						
Total Gross Sales	\$1,688,199		124/288 (43%)	\$1,608,889	\$554,174	\$3,847,929
Cost of Goods Sold	\$514,028	30.4%	122/288 (42%)	\$486,988	\$193,812	\$1,162,630
Personnel Expenses	\$493,246	29.2%	135/288 (47%)	\$474,330	\$187,976	\$1,136,497
Advertising	\$69,776	4.1%	133/288 (46%)	\$65,992	\$14,883	\$319,309
Operating Expenses	\$242,068	14.3%	132/288 (46%)	\$238,636	\$100,493	\$459,759
Occupancy Expenses	\$135,830	8.0%	147/288 (51%)	\$136,379	\$13,940	\$233,793
General and Administrative Expenses	\$31,728	1.9%	150/288 (52%)	\$32,607	\$0	\$129,752
EBITDA	\$201,523	11.9%	120/288 (42%)	\$166,364	(\$155,404)	\$939,900

NOTES TO TABLE 2:

1. The Fiscal Year 2020 data includes average financial performance for 340 (92%) of the 368 Covered Restaurants that were open for all weeks of Fiscal Year 2020. While there were 448 franchised Restaurants that were active franchises at the end of Fiscal Year 2020, 36 were excluded because they were Excluded Restaurants, 44 Covered Restaurants were excluded because they were not open for all weeks of Fiscal Year 2020, and 28 Covered Restaurants were excluded because they did not submit complete data.
2. The Fiscal Year 2019 data includes average financial performance for 288 (78%) of the 368 Covered Restaurants that were open for all weeks of Fiscal Year 2019. While there were 438 franchised Restaurants that were active franchises at the end of Fiscal Year 2019, 38 were excluded because they were Excluded Restaurants, 30 Covered Restaurants were excluded because they were not open for all weeks of Fiscal Year 2019, and 82 Covered Restaurants were excluded because they did not submit complete data.
3. “Total Gross Sales” is the aggregate amount of revenue derived from food and beverage, catering, and merchandising sales, whether for cash or credit. Total Gross Sales equals Net Sales, plus the amount of any discounts from redemptions of coupons or other reductions made to calculate Net Sales. Net Sales is defined in Note 2 of Item 6.
4. “Cost of Goods Sold” includes the cost of food, beverages, merchandise, packaging, and other products included in the preparation and sale of food, beverages, and other products to customers. The Cost of Goods Sold may vary considerably based on whether a Restaurant is located within the geographical area serviced by our Approved Suppliers and distributors.
5. “Personnel Expenses” includes wages paid to management and employees of a Restaurant, including Managers and shift supervisors, management bonuses, payroll taxes, health insurance, workers' compensation, vacation, other employee benefits and associated payroll taxes paid to employees.
6. “Advertising” includes Advertising Contributions, contributions to Co-ops, local marketing, discounts, coupons, and sponsorships.
7. “Operating Expenses” includes costs for supplies, including smallwares, paper supplies, cleaning supplies; waste removal; controllable expenses like employee uniforms, repairs and maintenance on the equipment and restaurant premises, service contracts, computer expenses, office supplies, utilities, janitorial services, and Royalty Fees.
8. “Occupancy Expenses” includes base rent, percentage rent, common area maintenance, real estate taxes, equipment lease expenses, and other miscellaneous expenses.
9. “General and Administrative Expenses” includes non-controllable expenses like credit card fees, payroll processing fees, accounting and other professional fees, employee recruiting costs, general liability insurance, business licenses and fees, and bank service charges.
10. “EBITDA” means Restaurant level earnings before income taxes, depreciation and amortization. In addition to those items, this category does not include pre-opening expenses and other miscellaneous expenses a franchisee may incur. We do not include

costs for interest and other debt service costs, taxes, depreciation or amortization, because they vary considerably depending on the particular organization and typically are excluded when calculating the free cash flow from a Restaurant's operation.

11. There may be other expenses in operating a Restaurant that are not identified in the P&L Statement. You should consider these costs, as well as other costs and expenses you may incur, when creating a business plan for your Restaurant.

NOTES TO ITEM 19:

Some Restaurants have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.

We calculated the figures in the tables in these financial performance representations using financial reports submitted by franchisees. We have not audited or independently verified these financial reports nor have we asked questions of the submitting franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe that they are unreliable. No certified public accountant has audited these figures or expressed his or her opinion concerning their content or form.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business. Notwithstanding the information set forth in this financial performance representation, our existing franchisees are your best source of information about franchise operations.

Other than in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Legal Department, McAlister's Franchisor SPV LLC, 5620 Glenridge Drive NE, Atlanta, Georgia 30342, 404-255-3250, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2018 to 2020

Outlet	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2018	381	415	+34
	2019	415	438	+23
	2020	438	448	+10
Company-Owned	2018	28	29	+1
	2019	29	31	+2
	2020	31	33	+2
Total Outlets	2018	409	444	+35
	2019	444	469	+25
	2020	469	481	+12

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2018 to 2020

State	Year	Number of Transfers
Arizona	2018	0
	2019	1
	2020	0
Florida	2018	0
	2019	10
	2020	0
Idaho	2018	0
	2019	1
	2020	0
Indiana	2018	0
	2019	3
	2020	2
Louisiana	2018	4
	2019	0
	2020	1

State	Year	Number of Transfers
Michigan	2018	0
	2019	1
	2020	0
New Mexico	2018	0
	2019	5
	2020	0
Ohio	2018	2
	2019	0
	2020	0
Texas	2018	0
	2019	34
	2020	0
Totals	2018	6
	2019	55
	2020	3

Table No. 3
Status of Franchised Outlets
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations -Other Reasons	Outlets at End of Year
Alabama	2018	10	0	0	0	0	0	10
	2019	10	0	0	0	0	0	10
	2020	10	0	0	0	0	0	10
Arizona	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	2	0	0	0	2
Arkansas	2018	11	0	0	0	0	0	11
	2019	11	0	0	0	0	0	11
	2020	11	0	1	0	0	0	10
Colorado	2018	5	0	2	0	0	0	3
	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
Florida	2018	16	1	1	0	0	0	16
	2019	16	0	0	0	0	0	16
	2020	16	1	1	0	0	0	16
Georgia	2018	7	2	0	0	0	0	9
	2019	9	4	0	0	0	0	13
	2020	13	3	1	0	0	0	15

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations -Other Reasons	Outlets at End of Year
Idaho	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Illinois	2018	18	9	0	0	0	0	27
	2019	27	5	0	0	0	0	32
	2020	32	3	0	0	0	0	35
Indiana	2018	30	7	0	0	0	0	37
	2019	37	4	0	0	0	0	41
	2020	41	0	0	0	0	0	41
Iowa	2018	1	2	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	1	0	0	0	0	5
Kansas	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
Kentucky	2018	13	2	0	0	0	0	15
	2019	15	1	0	0	0	0	16
	2020	16	0	0	0	0	0	16
Louisiana	2018	7	0	0	0	0	0	7
	2019	7	4	0	0	0	0	11
	2020	11	0	0	0	0	0	11
Michigan	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	1	0	1
	2020	0	1	0	0	0	0	1
Mississippi	2018	17	0	0	0	0	0	17
	2019	17	2	0	0	3	0	19
	2020	16	1	1	0	0	0	16
Missouri	2018	26	2	0	0	0	0	28
	2019	28	2	0	0	0	0	30
	2020	30	0	0	0	0	0	30
Nebraska	2018	1	2	0	0	0	0	3
	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
New Jersey	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
New Mexico	2018	4	1	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations -Other Reasons	Outlets at End of Year
New York	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
North Carolina	2018	32	0	0	0	0	0	32
	2019	32	1	0	0	0	0	33
	2020	33	0	2	0	0	0	31
Ohio	2018	9	2	0	0	0	0	11
	2019	11	2	1	0	0	0	12
	2020	12	1	0	0	0	0	13
Oklahoma	2018	18	0	1	0	0	0	17
	2019	17	2	0	0	0	0	19
	2020	19	2	0	0	0	0	21
Pennsylvania	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
South Carolina	2018	22	1	0	0	0	0	23
	2019	23	0	0	0	0	0	23
	2020	23	1	0	0	0	0	24
Tennessee	2018	26	3	1	0	0	0	28
	2019	28	2	0	0	0	0	30
	2020	30	1	0	0	0	0	31
Texas	2018	80	4	1	0	0	0	83
	2019	83	3	2	0	0	0	84
	2020	84	5	0	0	0	0	89
Utah	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
Virginia	2018	13	2	1	0	0	0	14
	2019	14	0	0	0	0	0	14
	2020	14	1	3	0	0	0	12
Wisconsin	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Wyoming	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Totals	2018	381	41	7	0	0	0	415
	2019	415	33	6	0	4	0	438
	2020	438	21	11	0	0	0	448

NOTES:

The numbers in this table show the number of Restaurants open and operated by franchisees as of December 31, 2020, December 31, 2019, and December 31, 2018. This table does not show franchisees that have signed Franchise Agreements for Restaurants which have not opened yet or that have had their Franchise Agreement terminated prior to opening their Restaurant.

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2018 to 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Alabama	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
Georgia	2018	2	1	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
Louisiana	2018	6	0	0	0	0	6
	2019	6	0	0	0	3	3
	2020	3	0	0	0	0	3
Michigan	2018	0	0	0	0	0	0
	2019	0	0	1	0	0	1
	2020	1	0	0	0	0	1
Mississippi	2018	17	0	0	0	0	17
	2019	17	0	4	0	0	21
	2020	21	2	0	0	0	23
Totals	2018	28	1	0	0	0	29
	2019	29	0	5	0	3	31
	2020	31	2	0	0	0	33

Table No. 5
Projected Openings As Of December 31, 2020
For Year Ending December 31, 2021

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in Next Fiscal Year (2021)	Projected New Company-Owned Outlets in Next Fiscal Year (2021)
Alabama	4	1	0
Arizona	0	1	0
Arkansas	1	0	0
Florida	20	2	0
Georgia	27	3	0
Illinois	19	2	0
Indiana	12	3	0
Kansas	0	2	0
Kentucky	6	3	0
Louisiana	8	3	0
Michigan	9	2	0
Minnesota	12	0	0
Mississippi	1	1	0
Missouri	5	0	0
New Mexico	2	0	0
North Carolina	8	0	0
North Dakota	4	1	0
Oklahoma	1	0	0
Ohio	30	1	0
Pennsylvania	7	2	0
South Carolina	6	1	0
Tennessee	10	2	0
Texas	29	4	0
Virginia	7	1	0
Wisconsin	9	0	0
Totals	237	35	0

Exhibit D to this Disclosure Document shows the name, address, and telephone number of the franchised Restaurants as of December 31, 2020, as well as the name, address and telephone number of franchisees who have signed a franchise agreement but have not opened their Restaurant.

Exhibit E to this Disclosure Document shows, at the end of our most recent fiscal year, the name, last-known business or home city and state and business or home telephone number of the franchisees whose franchise was terminated, canceled, or not renewed; who voluntarily or involuntarily ceased to do business under a franchise agreement during the applicable fiscal year (which includes franchisees who transferred their franchise); or those franchises who did not communicate with us within 10 weeks of the 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.

Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to agree to maintain all information that the former franchisee has about us confidential. We have entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.

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.

Franchisor Sponsored Franchisee Organizations

We have established the FAC to serve as a sounding board on issues that affect the System in the areas of marketing, product, design, equipment, and operations. The address for the FAC is at our principal office at 5620 Glenridge Drive NE, Atlanta, Georgia 30342. The FAC does not maintain a separate telephone number, email address, or website.

Independent Franchisee Organizations

As of the date of this Disclosure Document, no independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are the audited financial statements of Focus Systems, our parent company, which include the consolidated balance sheets as of December 27, 2020, December 29, 2019, and December 30, 2018, and the related consolidated statements of operations, changes in member's equity, and cash flows for the fiscal years ended December 27, 2020, December 29, 2019 and December 30, 2018. Focus Systems guarantees the performance of our obligations under the Franchise Agreement. A copy of the guaranty of Focus Systems is attached as Exhibit A.

As reflected in Item 1, Focus Brands will be providing required support and services to franchisees under a management agreement with us. Attached as Exhibit A are the audited financial statements of Focus Brands as of and for the fiscal years ended December 27, 2020 and December 29, 2019. These financial statements are being provided for disclosure purposes only. Focus Brands is not a party to the Franchise Agreement or other agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement or other agreements we sign with franchisees.

ITEM 22

CONTRACTS

The following contracts and related documents are attached to this Disclosure Document:

EXHIBIT B MCALISTER'S DELI FRANCHISE AGREEMENT AND RELATED AGREEMENTS:

- Schedule A - Franchise Specific Terms
- Schedule B - Personal Covenants
- Schedule C - Guaranty of Payment and Performance
- Schedule D - State Law Addendum (If Required)
- Schedule E - Multi-Unit Addendum

EXHIBIT C OTHER AGREEMENTS

- General Release
- McAlister's Franchisee Participation Agreement
- POS System Support Services Agreement

ITEM 23

RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document are attached as the last two pages of this document. Please return one copy to us and retain the other for your records.

EXHIBIT A
FINANCIAL STATEMENTS

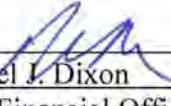
GUARANTEE OF PERFORMANCE

For value received, FOCUS Brands Systems LLC, a Delaware limited liability company (the "Guarantor"), located at 5620 Glenridge Drive NE, Atlanta, Georgia 30342, absolutely and unconditionally guarantees to assume the duties and obligations of McAlister's Franchisor SPV LLC, located at 5620 Glenridge Drive NE, Atlanta, Georgia 30342 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2021 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This Guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Atlanta, Georgia on this 25th day of March, 2021.

Guarantor:

FOCUS BRANDS SYSTEMS LLC

By: 
Name: Michael J. Dixon
Title: Chief Financial Officer

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

FOCUS Brands Systems LLC and Subsidiaries

December 27, 2020 and December 29, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member

Focus Brands System LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of Focus Brands System LLC (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 27, 2020 and December 29, 2019, and the related consolidated statements of operations, changes in member's equity, and cash flows for the years ended December 27, 2020, December 29, 2019 and December 30, 2018, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Focus Brands Systems LLC and subsidiaries as of December 27, 2020 and December 29, 2019, and the results of their operations and their cash flows for the years ended December 27, 2020, December 29, 2019 and December 30, 2018 in accordance with accounting principles generally accepted in the United States of America.



Atlanta, Georgia
March 17, 2021

Consolidated balance sheets

(In thousands)

	(As recast, see Note 1)	
	December 27, 2020	December 29, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 563	\$ 482
Restricted cash - securitization	4,713	4,616
Accounts receivable, net of allowance for doubtful accounts of \$2,147 and \$590 in 2020 and 2019, respectively	16,330	14,203
Prepaid expenses and other current assets	91	157
Intercompany receivables	80	726
Total current assets	21,777	20,184
Assets held for lease, net	701	1,284
Intangible assets, net	310,891	313,699
Total assets	\$ 333,369	\$ 335,167
Liabilities and Member's Equity		
Current liabilities:		
Accrued expenses and other liabilities	\$ 2,489	\$ 2,185
Deferred revenue	3,994	3,338
Total current liabilities	6,483	5,523
Long-term deferred revenue	45,272	47,431
Long-term other liabilities	123	123
Total liabilities	51,878	53,077
Member's equity:		
Member's equity	281,491	282,090
Total Member's equity	281,491	282,090
Total liabilities and Member's equity	\$ 333,369	\$ 335,167

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

Consolidated statements of operations

(In thousands)

	(As recast, see Note 1)	(As recast, see Note 1)	(As recast, see Note 1)
	December 27, 2020	December 29, 2019	December 30, 2018
For the fiscal years ended:	2020	2019	2018
Revenues:			
Franchise revenues	\$ 166,977	\$ 210,226	\$ 205,299
Total revenues	166,977	210,226	205,299
Fees and expenses:			
Management fee to FBLLC	42,353	44,098	43,989
Selling, general and administrative expenses	1,818	387	169
Depreciation and amortization expense	3,435	3,929	3,826
Other operating expense (income), net	(25)	75	61
Total fees and expenses	47,581	48,489	48,045
Operating income	119,396	161,737	157,254
Income before income tax expense	119,396	161,737	157,254
Income tax expense	1,188	1,637	1,677
Net income	\$ 118,208	\$ 160,100	\$ 155,577

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

Consolidated statements of changes in member's equity

(In thousands)

	Member's equity
Balance at December 31, 2017 (As recast, see Note 1)	\$ 324,337
Distributions to Member, net	(156,092)
Net income	155,577
Balance at December 30, 2018	323,822
Distributions to Member, net	(162,932)
Modified retrospective adoption of ASC 606 - <i>Revenue from Contracts with Customers</i> (see Note 1)	(38,900)
Net income	160,100
Balance at December 29, 2019	282,090
Distributions to Member, net	(118,807)
Net income	118,208
Balance at December 27, 2020	\$ 281,491

Consolidated statements of cash flows

(In thousands)

	(As recast, see Note 1)	(As recast, see Note 1)	
	December 27, 2020	December 29, 2019	December 30, 2018
For the fiscal years ended:	2020	2019	2018
Cash flows from operating activities:			
Net income	\$ 118,208	\$ 160,100	\$ 155,577
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	3,435	3,929	3,826
Non-cash interest expense	-	55	47
Loss (gain) on assets held for lease, net	(6)	25	16
Provision for bad debts	1,754	287	58
Changes in operating assets and liabilities:			
Accounts receivable, prepaid expenses and other assets	(3,815)	290	(624)
Accrued expenses and other liabilities	303	(35)	(19)
Deferred revenue	(1,502)	(1,352)	(1,335)
Intercompany receivable / payable	646	(30)	(165)
Net cash provided by operating activities	119,023	163,269	157,381
Cash flows from investing activities:			
Purchases of assets held for lease	(51)	(305)	(971)
Proceeds from sale or disposal of assets held for lease	13	-	23
Change in revolving note with FBLLC	-	(891)	167
Net cash used in investing activities	(38)	(1,196)	(781)
Cash flows from financing activities:			
Distributions to Member, net	(118,807)	(162,932)	(156,092)
Net cash used in financing activities	(118,807)	(162,932)	(156,092)
Net increase (decrease) in Cash and cash equivalents and Restricted cash - securitization	178	(859)	508
Cash and cash equivalents and Restricted cash - securitization, beginning of period	5,098	5,957	5,449
Cash and cash equivalents and Restricted cash - securitization, end of period	\$ 5,276	\$ 5,098	\$ 5,957
Supplemental disclosure of cash flow information:			
Cash paid for:			
Income taxes, net	\$ 1,188	\$ 1,637	\$ 1,677

Notes to consolidated financial statements

(Dollars in thousands)

1 Nature of Operations and Summary of Significant Accounting Policies

Organization

FOCUS Brands Systems LLC (the “Company”) is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FOCUS Brands Funding LLC (the “Master Issuer”), which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FOCUS Funding Holdco LLC, which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of FBIG LLC, which is a wholly owned direct subsidiary of Focus Brands LLC (“FBLLC”), which is a wholly owned direct subsidiary of Focus Brands Holdings Inc. (“FBHI”).

On January 17, 2020, a restructuring was completed whereby Carvel Funding Holdco LLC and McAlister’s Funding Holdco LLC merged with and into FOCUS Funding Holdco LLC, Carvel Funding LLC and McAlister’s Funding LLC merged with and into the Master Issuer, and Carvel Franchisor SPV LLC and McAlister’s Franchisor SPV LLC were contributed to the Company at book value.

The Company comprises the worldwide operations of its limited-purpose, bankruptcy-remote, wholly owned direct subsidiaries (collectively, the “Franchising Entities”): Auntie Anne’s Franchisor SPV LLC, Carvel Franchisor SPV LLC, Cinnabon Franchisor SPV LLC, McAlister’s Franchisor SPV LLC, Moe’s Franchisor SPV LLC, and Schlotzsky’s Franchisor SPV LLC. The Franchising Entities are the franchisors of over 5,300 bakeries and restaurants (“SBRs”, “SBR”) in the United States and approximately 60 foreign countries and territories operating under the brand names Carvel®, Cinnabon®, Schlotzsky’s®, Moe’s®, Auntie Anne’s®, and McAlister’s Deli®. The Franchising Entities’ business revenues are primarily generated from franchise revenues including royalty and mix fees, development and franchise fees, licensing fees, and rebates from certain vendors.

Certain of the Company’s affiliates administer the advertising funds on behalf of the brands’ franchise systems. The certain affiliates are not included in the Company’s consolidated financial statements.

The Company was formed in conjunction with the securitization transaction completed on April 6, 2017 (see Note 5).

Basis of Presentation

All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior year amounts have been reclassified to conform to the current year presentation resulting from the restructuring that occurred on January 17, 2020.

Fiscal Year

The Company operates on a fifty-two or fifty-three week fiscal year that ends on the last Sunday of the calendar year. The consolidated financial statements include fifty-two weeks for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018, respectively.

Cash and Cash Equivalents

Cash and cash equivalents includes funds not subject to the restrictions discussed in the “Restricted Cash” section. As of December 27, 2020 and December 29, 2019, Cash and cash equivalents consists only of funds on deposit with commercial banks.

Restricted Cash

The Company’s restricted cash is comprised of cash collections related to securitized franchising or licensing activities. Changes in Cash and cash equivalents and Restricted cash – securitization during the period are explained in total within the consolidated statements of cash flows.

Credit Risk

The Company’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, and accounts receivable. The Company places its cash and cash equivalents and restricted cash, which generally exceed federally insured limits, with high credit quality financial institutions or in money market funds that invest in U.S. Treasury bills, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, and repurchase agreements secured by such obligations or cash. The Company has not experienced any losses in such accounts.

Accounts receivable consists primarily of amounts due from franchisees and licensees for royalty fees and franchise fees, including international franchisees. The financial condition of the franchisees and licensees is largely dependent upon the underlying business trends of the Company’s brands and market conditions within the quick service restaurant industry, both domestically and internationally. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each brand and the short-term nature of the related receivables. As of December 27, 2020, no individual franchisee or licensee accounted for more than 10% of total accounts and notes receivable. As of December 29, 2019, one customer accounted for more than 10% of total accounts and notes receivable. No individual franchisee or licensee accounted for more than 10% of total revenues for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are primarily due from franchisees, vendors and licensees and are reflected in the consolidated financial statements at cost, net of allowance.

The Company determines the allowance for doubtful accounts based upon a specific review of outstanding customer balances and a general reserve based on the aging of customer accounts and write-off history. Accounts receivable are written off against the allowance for doubtful accounts when it is probable the receivable will not be recovered. The Company monitors the financial condition of its subsidiaries’ franchisees and licensees and records provisions for estimated losses on receivables when the Company believes that its subsidiaries’ franchisees or licensees are unable to make their required payments. While the Company uses the best information available in making its determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company’s control.

Assets Held for Lease

Assets held for lease is largely comprised of satellite SBRs that the Company leases to franchisees under month-to-month operating lease agreements and are recorded at cost, less accumulated depreciation. Expenditures that extend the useful lives of the related assets are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. Depreciation is computed on a straight-line basis over estimated useful lives of between 2-7 years.

Intangible Assets

Intangible assets consist primarily of tradenames and franchise agreements. The Company does not amortize tradenames. Indefinite-lived intangible assets are evaluated for impairment on an annual basis at year-end, or more frequently when circumstances arise indicating that a particular asset may be impaired. The impairment evaluation for the indefinite-lived tradenames includes a comparison of the fair value of the tradenames with their respective carrying value. Fair value is the amount for which the tradenames could be sold in a current transaction between willing parties. The Company estimates fair value using multiple valuation methodologies, including discounted cash flow models. The operating assumptions used in the discounted cash flow models are generally consistent with past performance and with the projections and assumptions that are used in the current operating plan. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the carrying value of an indefinite-lived trademark exceeds its fair value, the trademark is written down to its fair value.

Amortizable intangible assets are tested for impairment if events occur that suggest the assets might be impaired. No impairment losses were recorded for intangible assets during the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018.

Income Taxes

The Company is comprised of single-member limited liability companies for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to an indirect parent of the Company. As such, no recognition of federal or state income taxes for the Company have been provided for in the accompanying consolidated financial statements.

Income tax expense is comprised of foreign income taxes in certain international jurisdictions which arise from withholding taxes associated with payments of royalties and fees by international franchisees.

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted for each individual SBR within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements in accordance with Accounting Standards Codification (“ASC”) 606 – *Revenue from Contracts with Customers* (“ASC 606”). Revenues from franchising activities include development fees associated with a franchisee’s planned development of a specified number of SBRs within a defined geographic territory, franchise fees associated with open SBR locations, ongoing royalty fees which are typically based on a percentage of the individual franchisee sales, rebates from certain vendors, and product licensing revenues.

Development fees are recorded as deferred franchise revenue when received and are recognized as revenue on a straight-line basis over the term of each underlying franchise agreement satisfying the development obligation, commencing when the SBR is opened.

Franchise fees are recorded as deferred revenue when received and are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, commencing when the SBR covered by the fees is opened. Cash collected prior to substantial performance by the respective Franchising Entity is deferred until the revenue recognition criteria are met.

The Company applies the sales-based royalty exception under ASC 606 and accordingly recognizes royalty fees, rebates from certain vendors, and licensing revenues as they are earned by the Franchising Entities.

Refer to the Recently Issued Accounting Guidance section below for a summary of changes to the Company's revenue recognition policies and the impact of the adoption of ASC 606 on the Company's financial statements.

Certain franchisees are required to purchase ice cream mix from a certain Franchising Entity's approved distributors, who in turn source the ice cream mix from that Franchising Entity's approved manufacturers. Ice cream mix revenues are recognized upon the sale of ice cream mix based upon the respective agreements with the manufacturers, distributors and the franchisees.

Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive income is the same as net income for the periods presented. Therefore, separate statements of comprehensive income are not included in the accompanying consolidated financial statements.

Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition for fair value, sets out a framework for measuring fair value and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell 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 at the measurement date. The Company uses a three-tier fair value hierarchy based upon observable and non-observable inputs as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are either directly or indirectly observable.
- Level 3: Unobservable inputs developed using the Company's estimates and assumptions which reflect those that market participants would use.

At December 27, 2020 and December 29, 2019, the Company had no financial instruments that are measured at fair value.

Recently Issued Accounting Guidance

In May 2014, the FASB issued ASC 606. The new guidance provides a single framework in which revenue is required to be recognized to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The FASB has also issued various amendments which provide additional clarification and implementation guidance on ASC 606. The Company adopted ASC 606 on December 31, 2018 (the "Effective Date") using the modified retrospective approach whereby a cumulative effect for all contracts not completed at the Effective Date was recorded to the consolidated balance sheet. The consolidated financial statements as of and for the fiscal years ended December 27, 2020 and December 29, 2019 are presented in accordance with ASC 606. The consolidated financial statements as of and for the fiscal year ended December 30, 2018 have not been restated for ASC 606 and continue to be reported under the accounting standards in effect for that period.

The Company determined that franchise and development fees are not separate and distinct performance obligations from the franchise right. These upfront fees will therefore be recognized as revenue over the term of each respective franchise agreement as the related SBRs are opened.

The cumulative effects of the changes made to the Company's consolidated balance sheet as of the Effective Date for the adoption of ASC 606 were as follows:

	Balance at December 30, 2018	Adjustments due to ASC 606	Balance at Effective Date
Deferred revenue	13,221	38,900	52,121
Member's equity	323,822	(38,900)	284,922

In accordance with ASC 606, the impact of adoption on the Company's consolidated statement of operations for the fiscal year ended December 27, 2020 was as follows:

	Fiscal year ended December 27, 2020	Balances without the adoption of ASC 606	Effect of change higher/ (lower)
Franchise revenues	\$ 166,977	\$ 164,609	\$ 2,368
Operating income	119,396	117,028	2,368
Income before income tax expense	119,396	117,028	2,368
Net income	118,208	115,840	2,368

In accordance with ASC 606, the impact of adoption on the Company's consolidated statement of operations for the fiscal year ended December 29, 2019 was as follows:

	Fiscal year ended December 29, 2019	Balances without the adoption of ASC 606	Effect of change higher/ (lower)
Franchise revenues	\$ 210,226	\$ 209,425	\$ 801
Operating income	161,737	160,936	801
Income before income tax expense	161,737	160,936	801
Net income	160,100	159,299	801

In January 2021, the FASB issued final guidance that provides a practical expedient for private company franchisors to account for certain pre-opening services provided to a franchisee as separate performance obligation(s) distinct from the franchise right. Franchisors who apply this practical expedient can potentially recognize the fees associated with these pre-opening services up-front. For private company franchisors that have already adopted ASC 606, the guidance is effective in annual periods beginning after December 15, 2020 and interim periods therein. Full retrospective application to the date ASC 606 was adopted is required to preserve comparability between reporting periods. The Company is evaluating whether to adopt this practical expedient.

Subsequent Events

The Company discloses material events that occur after the balance sheet date but before financial statements are issued. In general, these events are recognized in the financial statements if the condition existed at the date of the balance sheet, but are not recognized if the condition did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. Management evaluated events occurring subsequent to December 27, 2020 through March 17, 2021, the date these consolidated financial statements were available for issuance.

On March 16, 2021, the Master Issuer and Jamba Juice Funding LLC (collectively, the “Co-Issuers”) completed a consent solicitation in relation to the Class A-2-I Notes (the “Consent Solicitation”). The purpose of the Consent Solicitation was to seek consent from holders (the “Holders”) of the Class A-2-I Notes to certain proposed amendments, including the extension of the Series 2017-1 Anticipated Repayment Date for the Class A-2-I Notes to April 30, 2024. The Co-Issuers received consents from Holders of \$186,942 in aggregate principal amount outstanding of its Class A-2-I Notes, representing 97.11% of the total principal amount outstanding of \$192,500. The Class A-2-I Notes of all consenting Holders became Series 2017-1 3.857% Fixed Rate Senior Secured Notes, Class A-2-I-B (the “Amended Notes”). The Co-Issuers intend to borrow under its Variable Funding Notes or use cash on hand to pre-pay any remaining principal balance on the Class A-2-I Notes to non-consenting Holders on March 23, 2021 (see Note 5).

2 Revenue

The Company recognizes franchise revenues as the related performance obligations are satisfied.

The Company generally recognizes revenue associated with franchise and development fees of open SBRs over time. Royalties, rebates from certain vendors, and licensing fees are generally recognized at a point in time.

Franchise revenues are disaggregated by the timing of recognition as follows:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Franchise revenues satisfied over time	\$ 3,576	\$ 4,493
Franchise revenues satisfied at a point in time	163,401	205,733
Total franchise revenues	\$ 166,977	\$ 210,226

Contract liabilities consist of deferred franchise fees and development fees. On the Effective Date, the Company recorded an adjustment to Member’s equity and corresponding contract liabilities to Deferred revenue and Long-term deferred revenue totaling \$38,900 associated with deferred franchise and development fees received through December 30, 2018 that would have been deferred and recognized over the term of each respective franchise store agreement had ASC 606 been applied in the past.

Changes in deferred franchise fees and deferred development fees are as follows:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Deferred revenue at the beginning of the period	\$ 50,769	\$ 13,221
Revenue recognized during the period	(7,405)	(11,342)
Deferrals due to cash received, ASC 606 cumulative adjustment and other	5,902	48,890
Deferred revenue	\$ 49,266	\$ 50,769

The Company expects to recognize revenue in the future related to performance obligations that are partially satisfied at the end of the period:

For the fiscal years:

2021	\$ 3,994
2022	2,827
2023	2,684
2024	2,462
2025	2,287
Thereafter	15,598
Deferred revenue for open SBRs	\$ 29,852

Deferred revenue of \$19,414 relates to the unsatisfied future performance obligations associated with unopened SBRs and is not included within the table above. The Company anticipates recognizing revenue over the terms of the respective franchise agreements, which are typically 10-20 years, once the related SBRs are opened.

3 Assets Held for Lease

Assets held for lease, net consists of the following:

For the fiscal years ended:	December 27, 2020		December 29, 2019	
	2020	2019		
Assets held for lease	\$ 4,588	\$ 4,595		
Construction in progress - assets held for lease	-	2		
Total assets held for lease	4,588	4,597		
Accumulated depreciation	(3,887)	(3,313)		
Assets held for lease, net	\$ 701	\$ 1,284		

Depreciation and amortization of assets held for lease totaled \$627, \$697, and \$594 for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018, respectively.

4 Intangible Assets

Intangible assets, net at December 27, 2020 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	\$ 41,610	\$ (36,842)	\$ 4,768
Indefinite-lived intangibles:				
Tradenames	n/a	306,123	n/a	306,123
		\$ 347,733	\$ (36,842)	\$ 310,891

Intangible assets, net at December 29, 2019 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	\$ 41,610	\$ (34,034)	\$ 7,576
Indefinite-lived intangibles:				
Tradenames	n/a	306,123	n/a	306,123
		\$ 347,733	\$ (34,034)	\$ 313,699

Amortization expense of definite-lived intangible assets totaled \$2,808 for the fiscal year ended December 27, 2020 and \$3,232 for the fiscal years ended December 29, 2019 and December 30, 2018, respectively.

Estimated future amortization expense for each of the next five years is as follows:

For the fiscal years:		
2021	\$ 2,660	
2022	1,822	
2023	111	
2024	111	
2025	64	

5 Guarantees

Series 2018-1 Notes

On September 13, 2018, a wholly owned subsidiary of FBLLC acquired all of the outstanding stock of Jamba, Inc. (“Jamba”).

On October 29, 2018, the Master Issuer along with (i) Carvel Funding LLC, a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Carvel Funding Holdco LLC, which was a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Carvel LLC, which is a wholly owned direct subsidiary of FBIG LLC, (ii) McAlister’s Funding LLC, a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of McAlister’s Funding Holdco LLC, which was a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of McAlister’s LLC, which is a wholly owned direct subsidiary of FBIG LLC (the Master Issuer, Carvel Funding LLC and McAlister’s Funding LLC, collectively, the “Original Co-Issuers”), and (iii) Jamba Juice Funding LLC, a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Jamba Juice Funding Holdco LLC, which is a limited-purpose, bankruptcy-remote, wholly owned direct subsidiary of Jamba Juice LLC, which is a wholly owned direct subsidiary of Jamba, which is a wholly owned direct subsidiary of FBIG LLC, pursuant to the base indenture dated as of April 6, 2017 (as amended, supplemented or otherwise modified through October 29, 2018, the “Base Indenture”) and a series supplement thereto (collectively with the Base Indenture, the “Indenture”), issued \$300,000 of Series 2018-1 5.184% Fixed Rate Senior Secured Notes, Class A-2 (the “Series 2018-1 Notes”).

Borrowings under the Series 2018-1 Notes bear interest at a fixed rate equal to 5.184%. Interest and principal payments on the Series 2018-1 Notes are due on a quarterly basis. The requirement to make such quarterly principal payments on the Series 2018-1 Notes is subject to certain financial conditions set forth in the Indenture.

The legal final maturity date of the Series 2018-1 Notes is in October 2048. Unless earlier prepaid to the extent permitted, the Indenture provides for an anticipated repayment date in October 2025 for the Series 2018-1 Notes. If the Co-Issuers have not repaid or refinanced the Series 2018-1 Notes prior to the anticipated repayment date, additional interest will accrue pursuant to the Indenture.

The net proceeds from the issuance of the Series 2018-1 Notes, after transaction expenses, were used to repay in full the \$115,000 outstanding under the Variable Funding Notes (see “Series 2017-1 Notes” section) that was drawn on September 11, 2018 to partially fund the acquisition of Jamba and to pay a distribution of \$195,955 to the shareholders of FBHI.

Series 2017-1 Notes

In conjunction with the securitization transaction completed on April 6, 2017 (see “Securitization” section), the Original Co-Issuers entered into a base indenture under which the Original Co-Issuers issued \$200,000 of Series 2017-1 3.857% Fixed Rate Senior Secured Notes, Class A-2-I (the “Class A-2-I Notes”) and \$400,000 of Series 2017-1 5.093% Fixed Rate Senior Secured Notes, Class A-2-II (the “Class A-2-II Notes” and collectively with the Class A-2-I Notes, the “Class A-2 Notes”). In addition, the Original Co-Issuers entered into a revolving financing facility of Series 2017-1 Variable Funding Senior Notes, Class A-1 (the “Variable Funding Notes” and, together with the Class A-2 Notes, the “Series 2017-1 Notes”), which allowed the Original Co-Issuers, and subsequently allows the Co-Issuers, to borrow up to \$200,000 on a revolving basis. The Variable Funding Notes may also be used to issue letters of credit.

Effective October 29, 2018, the Indenture added Jamba Juice Funding LLC as a Co-Issuer of the Series 2017-1 Notes. Borrowings under the Class A-2-I and Class A-2-II Notes bear interest at a fixed rate equal to 3.857% and 5.093%, respectively. Interest and principal payments on the Class A-2 Notes are due on a quarterly basis. The requirement to make such quarterly principal payments on the Class A-2 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the Series 2017-1 Notes is in April 2047. Unless earlier prepaid to the extent permitted, the Indenture provides for anticipated repayment dates in April 2021 for the Class A-2-I Notes and April 2027 for the Class A-2-II Notes (collectively with the Series 2018-1 anticipated repayment date in October 2025, the “Anticipated Repayment Dates”). The Indenture provides for a renewal date of the Variable Funding Notes in April 2023 (the “Renewal Date”). The Renewal Date was extended from April 2022 in connection with the issuance of the Series 2018-1 Notes. If the Co-Issuers have not repaid or refinanced the Series 2018-1 and Series 2017-1 Notes prior to the respective Anticipated Repayment Dates and Renewal Date, additional interest will accrue pursuant to the Indenture.

Advances under the Variable Funding Notes bear interest at a variable rate based on (i) the prime rate, (ii) the federal funds rate, (iii) the London interbank offered rate for U.S. Dollars, or (iv) with respect to advances made by conduit investors through the issuance of commercial paper, the commercial paper rate applicable to such conduit investor, plus, in each case, any applicable margin as defined in the base indenture supplement for the Series 2017-1 Notes. The Variable Funding Notes are subject to (i) certain commitment fees in respect of the unutilized portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. On March 23, 2020, the Co-Issuers borrowed \$188,440 under the Variable Funding Notes as a precautionary measure given the market uncertainty arising from the global spread of the coronavirus pandemic and to further strengthen its financial flexibility. The Co-Issuers repaid all borrowings on June 2, 2020. Letters of credit outstanding under the Variable Funding Notes, including \$11,250 of an interest reserve letter of credit issued in connection with the Series 2018-1 Notes, were \$11,561 as of December 27, 2020 and December 29, 2019, respectively. The Co-Issuers do not expect any material loss from these letters of credit because the Co-Issuers do not believe that any amounts will be drawn thereunder by the beneficiaries thereof. No other borrowings were outstanding against the Variable Funding Notes as of December 27, 2020 or December 29, 2019.

The net proceeds from the issuance of the Class A-2 Notes, after transaction expenses, were distributed to FBLLC to repay substantially all of its outstanding indebtedness and to terminate all commitments thereunder, and for general corporate purposes.

The Series 2018-1 and Series 2017-1 Notes (collectively, the “Notes”) are subject to a series of covenants and restrictions customary for transactions of this type, including (i) debt service coverage ratios and senior leverage ratios, as defined, (ii) the maintenance of specified reserve accounts to be used to make required payments in respect of the Notes, and (iii) provisions relating to optional and mandatory prepayments, including certain make-whole payments. The Notes are also subject to customary rapid amortization events provided for in the Indenture and customary events of default. As of December 27, 2020, the Co-Issuers were in compliance with all such covenants.

Securitization

On October 29, 2018, the Co-Issuers entered into a securitization transaction pursuant to which certain recently acquired franchise agreements, development agreements, rights to develop and expand substantially all franchising and licensing activities and intellectual property, including trademarks, were contributed by a certain indirect subsidiary of FBHI to a certain Co-Issuer and its limited-purpose, bankruptcy-remote, wholly owned direct subsidiary which is not included in the Company. Since the certain Co-Issuer and its subsidiary are under common control, the contributions were recorded at book value.

On April 6, 2017, the Original Co-Issuers entered into a securitization transaction pursuant to which certain franchise agreements, development agreements, rights to develop and expand substantially all franchising and licensing activities and intellectual property, including trademarks, were contributed by various indirect subsidiaries of FBHI to the Original Co-Issuers and the Company. Since the Original Co-Issuers and the Company are under common control, the contributions were recorded at book value.

The Co-Issuers, their direct parents, as well as the Co-Issuers’ direct and indirect subsidiaries (collectively, the “Guarantors”) hold substantially all of the intellectual property and franchising-related assets. The Notes are secured by substantially all of the assets of the Guarantors. Each Guarantor is a separate entity and has separate creditors (from FBHI and any of its non-Guarantor affiliates), and such Guarantor owns all of its assets. The Co-Issuers are dependent on the Company and certain other subsidiaries of the Co-Issuers for sufficient cash flow to service the debt. As of December 27, 2020 and December 29, 2019, the outstanding balance of the Notes on the separate Co-Issuers’ combined balance sheets totaled \$873,000 and \$882,000, respectively.

FBLLC manages and services the Guarantors’ assets in its capacity as the manager under a management agreement (the “Securitization Management Agreement”). The primary responsibilities of the manager are to administer collections and otherwise manage the managed assets on behalf of the Guarantors, and to perform certain franchising, intellectual property and operational and reporting services on behalf of the Guarantors with respect to the managed assets (see Note 6).

6 Related Party Transactions

The Company recognized royalty fees from SBRs which are owned and operated by affiliates of \$4,992, \$5,528, and \$5,356 in the consolidated statements of operations for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018, respectively.

As discussed in Note 5, the Guarantors entered into the Securitization Management Agreement with FBLLC to perform certain services on behalf of the Guarantors. In exchange for the services, the Company pays a weekly management fee equal to the sum of (i) a base amount of \$14,000 and (ii) \$15 for every \$100 of aggregate collections over the preceding four most recently ended quarterly fiscal periods, divided by 52 or 53, as applicable. Fees are subject to 2% annual increases on the first day of the Company’s fiscal year, with a cap as defined in the Securitization Management Agreement. The Company expensed management fees of \$42,353, \$44,099, and \$43,989 in the consolidated statements of operations within Management fee to FBLLC for the fiscal years ended December 27, 2020, December 29, 2019, and December 30, 2018, respectively.

7 Commitments and Contingencies

Payment Card Security Incident

Certain of the Company's affiliates and Franchising Entities identified an unauthorized code designed to capture payment card data that was present in the retail store system at some but not all SBR locations of the certain affiliates and Franchising Entities of the Company over the general time period of April 2019 to July 2019 (the "Payment Card Security Incident"). The unauthorized code has been removed from all locations, and the certain affiliates and Franchising Entities are working to implement measures to further enhance payment card security. The certain affiliates and Franchising Entities maintained at the time of the incident and continue to maintain data privacy liability insurance coverage.

For the fiscal year ended December 27, 2020, the certain affiliates and Franchising Entities recorded \$2,762 of expenses related to the Payment Card Security Incident, partially offset by \$2,400 of accrued insurance recoveries. The certain affiliates and Franchising Entities incurred an immaterial amount of cost related to the Payment Card Security Incident during the fiscal year ended December 29, 2019, substantially all of which was paid by the certain affiliates and Franchising Entities' data privacy liability insurance provider.

The certain affiliates and Franchising Entities expect to incur additional costs associated with the Payment Card Security Incident, including, but not limited to, legal and professional fees for remediation activities, and assessments from payment card companies and associations. Enforcement authorities may also impose fines or other remedies against these certain affiliates and Franchising Entities. Subject to certain limitations, if an assessment is imposed directly against a franchisee by a payment card company or association, the certain affiliates and Franchising Entities have agreed to reimburse any affected franchisees for the amount of the assessment that remains after appeal and if not paid for by the franchisees' available insurance coverage or available contractual services to avoid demands and claims by the franchisees. The certain affiliates and Franchising Entities, based on consultation with outside counsel, do not anticipate that claims made or pending to date by payment card companies and associations related to the Payment Card Security Incident will exceed insurance coverage limits. However, at this time the Company cannot reasonably estimate the potential loss or range of loss which may be incurred in connection with the Payment Card Security Incident.

Other Legal Actions and Claims

In the normal course of business, various legal actions and claims are pending against the Company. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material effect on the consolidated financial condition, results of operations or liquidity of the Company.

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

Focus Brands LLC and Subsidiaries

December 27, 2020 and December 29, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Member
Focus Brands LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of Focus Brands LLC (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 27, 2020 and December 29, 2019, and the related consolidated statements of operations, changes in member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Focus Brands LLC and subsidiaries as of December 27, 2020 and December 29, 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Atlanta, Georgia
March 1, 2021

Consolidated balance sheets

(In thousands)

	December 27, 2020	December 29, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 122,787	\$ 77,128
Restricted cash and cash equivalents - securitization	22,010	18,490
Accounts receivable, net of allowance for doubtful accounts of \$4,469 and \$2,313 in 2020 and 2019, respectively	33,496	22,876
Inventories	821	740
Prepaid expenses and other current assets	4,002	5,084
Advertising funds assets	14,554	17,627
Income taxes receivable	-	4,539
Intercompany receivables from Parent	3,277	3,277
Total current assets	200,947	149,761
Property, equipment, leasehold improvements and land, net	34,581	38,389
Goodwill	120,170	120,183
Intangible assets, net	502,562	507,077
Long-term other assets	12,222	13,484
Total assets	\$ 870,482	\$ 828,894

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

Consolidated balance sheets (cont'd)

(In thousands except share data)

	December 27, 2020	December 29, 2019
Liabilities and Member's Deficit		
Current liabilities:		
Accounts payable	\$ 11,364	\$ 7,932
Accrued expenses and other liabilities	54,452	45,992
Income taxes payable	671	-
Advertising funds liabilities	7,857	11,228
Deferred revenue	4,213	3,683
Current portion of long-term debt	7,500	9,000
Total current liabilities	86,057	77,835
Long-term debt	852,149	857,139
Long-term deferred tax liabilities	64,862	55,351
Long-term deferred revenue	52,668	54,042
Long-term other liabilities	15,546	17,179
Total liabilities	1,071,282	1,061,546
Commitments and contingencies (see Note 11)		
Member's deficit:		
Member's deficit	(200,800)	(232,652)
Total member's deficit	(200,800)	(232,652)
Total liabilities and member's deficit	\$ 870,482	\$ 828,894

Consolidated statements of operations

(In thousands)

For the fiscal years ended:	December 27, 2020	December 29, 2019
Revenues:		
Franchise revenues	\$ 199,618	\$ 252,436
Company store, bakery and restaurant revenues	91,321	121,809
Franchise and other rental revenues	15,803	19,321
Advertising funds revenues	55,618	68,481
Total revenues	362,360	462,047
Expenses:		
Company store, bakery and restaurant operations expenses	77,130	104,027
Selling, general and administrative expenses	101,805	118,642
Franchise and other rental expense	15,060	18,710
Share-based compensation expense (income)	(1,710)	2,450
Advertising funds expenses	56,372	68,504
Depreciation and amortization expense	15,387	17,426
Other operating expense, net	10,161	13,704
Total expenses	274,205	343,463
Operating income	88,155	118,584
Interest expense, net	46,379	45,727
Income before income tax expense	41,776	72,857
Income tax expense	8,214	16,214
Net income	\$ 33,562	\$ 56,643

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

Consolidated statements of changes in member's deficit

(In thousands)

		Common stock	Additional paid-in capital	Accumulated deficit	Member's deficit	Total
Balance at December 30, 2018	\$	- \$	16,699 \$	(279,712) \$	- \$	(263,013)
Cash proceeds retained from the exercise of Parent's stock options	-		334	-	-	334
Stock option expense	-		2,450	-	-	2,450
Modified retrospective adoption of ASC 606 - <i>Revenue from Contracts with Customers</i> , net of income taxes of \$8,360 (see Note 1)	-		-	(29,066)	-	(29,066)
Net income	-		-	56,643	-	56,643
Conversion of Focus Brands Inc. to Focus Brands LLC	-		(19,483)	252,135	(232,652)	-
Balance at December 29, 2019	-		-	-	(232,652)	(232,652)
Stock option expense (income)	-		-	-	(1,710)	(1,710)
Net income	-		-	-	33,562	33,562
Balance at December 27, 2020	\$	- \$	- \$	- \$	(200,800) \$	(200,800)

Consolidated statements of cash flows

(In thousands)

	December 27, 2020	December 29, 2019
For the fiscal years ended:		
Cash flows from operating activities:		
Net income	\$ 33,562	\$ 56,643
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,387	17,426
Non-cash interest expense	2,510	2,558
Deferred income taxes	9,511	7,729
Asset impairment losses	447	583
Loss on held for sale and disposed property, equipment and leasehold improvements, net	284	644
Share-based compensation (income)	(1,710)	2,450
Provision for bad debts	2,812	244
Changes in operating assets and liabilities:		
Accounts receivable	(13,431)	4,108
Inventories, prepaid expenses and other assets	2,284	1,676
Advertising funds	(299)	(9,933)
Accounts payable, accrued expenses and other liabilities	12,130	(13,740)
Deferred revenue	(846)	1,874
Income tax receivables and payables, net	5,224	457
Long-term other liabilities	(1,656)	(1,902)
Net cash provided by operating activities	66,209	70,817
Cash flows from investing activities:		
Acquisition of stores, bakeries and restaurants	-	(3,761)
Purchases of property, equipment and leasehold improvements	(8,470)	(12,195)
Proceeds from sale of stores, bakeries and restaurants	186	8,163
Proceeds from sale or disposal of property, equipment and leasehold improvements	254	128
Net cash used in investing activities	(8,030)	(7,665)
Cash flows from financing activities:		
Borrowings on revolving credit facility	188,440	-
Payments on revolving credit facility	(188,440)	-
Principal payments on debt	(9,000)	(9,000)
Proceeds from issuance of Parent's shares of common stock	-	334
Net cash used in financing activities	(9,000)	(8,666)
Net increase in Cash and cash equivalents and		
Restricted cash and cash equivalents - securitization	49,179	54,486
Cash and cash equivalents and Restricted cash and cash equivalents - securitization, beginning of period	95,618	41,132
Cash and cash equivalents and Restricted cash and cash equivalents - securitization, end of period	\$ 144,797	\$ 95,618

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

Notes to consolidated financial statements

(Dollars in thousands)

1 Nature of Operations and Summary of Significant Accounting Policies

Organization

Effective December 29, 2019, Focus Brands Inc. converted to a single-member limited liability company (“FBLLC”). FBLLC is a wholly owned subsidiary of Focus Brands Holdings Inc. (“FBHI” or the “Parent”). FBLLC comprises the worldwide operations of its subsidiaries (the “subsidiaries” and collectively, the “Company”) which are principally the franchisors and operators of over 6,400 stores, bakeries, and restaurants (“SBRs”, “SBR”) in the United States and approximately 60 foreign countries and territories operating under the brand names Carvel®, Cinnabon®, Schlotzsky’s®, Moe’s®, Auntie Anne’s®, McAlister’s Deli®, Jamba® and on certain military bases and in certain international markets under the brand name Seattle’s Best Coffee®.

The subsidiaries’ business revenues are primarily generated from:

- Franchise revenue including royalty and mix fees, development and franchise fees, licensing fees, and rebates from certain vendors;
- Company store, bakery, and restaurant (“Company SBRs”) revenue from the operations of SBR locations owned directly by certain of the Company’s subsidiaries;
- Franchise and other rental revenues from properties leased and subleased to certain franchisees and other third parties; and
- Advertising funds revenue including contributions from franchisees and Company SBRs, and rebates from certain vendors.

Basis of Presentation

All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

The Company operates on a fifty-two or fifty-three week fiscal year that ends on the last Sunday of the calendar year. The consolidated financial statements for the fiscal years ended December 27, 2020 and December 29, 2019 include fifty-two weeks.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with an original maturity of three months or less. As of December 27, 2020 and December 29, 2019, Cash and cash equivalents consists of funds on deposit with commercial banks and money market mutual fund accounts.

Restricted Cash and Cash Equivalents

In accordance with the 2018 and 2017 securitization transactions (see Note 5), certain cash and money market mutual fund accounts were established in the name of a certain financial institution (the “Trustee”) for the benefit of the Trustee and the noteholders, or have been pledged to the Trustee, and are restricted in their use. The Company holds restricted cash comprised of the following: (i) cash collections and cash reserves held by the Trustee to be used for payments of principal, interest, and commitment fees required for the Company’s notes, and (ii) any other cash collections related to securitized franchising or licensing activities held in special-purpose, bankruptcy-remote subsidiaries. Changes in Cash and cash equivalents and Restricted cash and cash equivalents – securitization during the period are explained in total within the consolidated statements of cash flows.

Credit Risk

The Company’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents and restricted cash and cash equivalents, which generally exceed federally insured limits, with high credit quality financial institutions or in money market funds that invest in U.S. Treasury bills, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, and repurchase agreements secured by such obligations or cash. The Company has not experienced any losses in such accounts.

Accounts receivable consists primarily of amounts due from franchisees and licensees for royalty fees and franchise fees, including international franchisees, and gift card retailers. The financial condition of the franchisees and licensees is largely dependent upon the underlying business trends of the Company’s brands and market conditions within the quick service restaurant industry, both domestically and internationally. This concentration of credit risk is mitigated, in part, by the large number of franchisees and licensees of each brand and the short-term nature of the related receivables. As of December 27, 2020 and December 29, 2019, no individual franchisee or licensee accounted for more than 10% of total accounts and notes receivable. No individual franchisee or licensee accounted for more than 10% of total revenues for the fiscal years ended December 27, 2020 and December 29, 2019.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are primarily due from franchisees, vendors and licensees, and gift card retailers and are reflected in the consolidated financial statements at cost, net of allowance.

The Company determines the allowance for doubtful accounts based upon a specific review of outstanding customer balances and a general reserve based on the aging of customer accounts and write-off history. Accounts receivable are written off against the allowance for doubtful accounts when it is probable the receivable will not be recovered. The Company monitors the financial condition of its subsidiaries’ franchisees and licensees and records provisions for estimated losses on receivables when the Company believes that its subsidiaries’ franchisees or licensees are unable to make their required payments. While the Company uses the best information available in making its determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company’s control.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (“FIFO”) method.

Property, Equipment, Leasehold Improvements and Land

Property, equipment and leasehold improvements are recorded at cost, less accumulated depreciation. Land is recorded at cost. Expenditures for major renewals and betterments that extend the useful lives of the related assets are capitalized. Expenditures for normal maintenance and repairs are expensed as incurred. Depreciation is computed on a straight-line basis using the following estimated useful lives:

	Life
Buildings	20-22 years
Building improvements	Shorter of the life of the building or up to 20 years
Furniture, fixtures and equipment	2-15 years
Computer software and hardware	3-5 years
Leasehold improvements	Lesser of useful life or lease term

The Company records impairment losses on property, equipment and leasehold improvements when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. Assets determined to be impaired are written down to their estimated fair values using a discounted cash flow model including estimates of salvage values. For the fiscal years ended December 27, 2020 and December 29, 2019, the Company recognized impairment losses on property, equipment, and leasehold improvements on Company SBRs of \$447 and \$432, respectively, within the consolidated statements of operations as a component of Other operating expense, net.

Goodwill and Intangible Assets

Intangible assets consist primarily of goodwill, tradenames, reacquired franchise rights, and franchise agreements. The Company does not amortize goodwill or tradenames. Indefinite-lived intangible assets are evaluated for impairment on an annual basis for each of the subsidiaries which are franchisors and operators of the Company SBRs at year-end, or more frequently when circumstances arise indicating that a particular asset may be impaired.

The impairment evaluation for goodwill and other indefinite-lived intangible assets includes a comparison of the fair value of the subsidiaries which are franchisors and operators of the Company SBRs with their respective carrying value. Fair value is the amount for which the subsidiaries which are franchisors and operators of the Company SBRs could be sold in a current transaction between willing parties. The Company estimates fair value using multiple valuation methodologies, including discounted cash flow models. The operating assumptions used in the discounted cash flow models are generally consistent with past performance and with the projections and assumptions that are used in the Company's current operating plan. Such assumptions are subject to change as a result of changing economic and competitive conditions. If the fair value of the subsidiaries which are franchisors and operators of the Company SBRs is lower than the carrying value, goodwill is written down for the amount by which the carrying value exceeds the fair value. However, the loss recognized cannot exceed the carrying value of the goodwill. If the carrying value of an indefinite-lived intangible asset other than goodwill exceeds its fair value, the asset is written down to its fair value.

No impairment losses were recorded for intangible assets during the fiscal year ended December 27, 2020. For the fiscal year ended December 29, 2019, the Company recognized impairment losses on reacquired franchise rights of \$151 within the consolidated statement of operations as a component of Other operating expense, net.

Prepaid Expenses and Other Current Assets, and Long-Term Other Assets

Prepaid expenses and other current assets primarily consists of prepayments of insurance and rent, vendor deposits that are expected to be charged to operations during the next fiscal year, and trade notes receivable. Long-term other assets primarily consists of prepayments of commissions, favorable leases and subleases (see Note 6), operating lease security deposits, utilities deposits, and deferred receivables related to operating lease agreements pursuant to Accounting Standards Codification (“ASC”) 840 – *Leases* (“ASC 840”).

Long-Term Other Liabilities

Long-term other liabilities include unfavorable leases and subleases (see Note 6), deferred expenses pursuant to ASC 840 related to operating lease agreements, asset retirement obligations pursuant to ASC 410 – *Asset Retirement and Environmental Obligations* for the Company’s corporate offices and certain SBR locations, and the non-current portion of other lease liabilities.

Income Taxes

The Company is included in the consolidated federal income tax return filed by the Parent and is party to an informal tax sharing agreement between the Parent and other members of the consolidated group. In accordance with ASC 740 – *Income Taxes* (“ASC 740”), the Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of “temporary differences” by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

ASC 740 provides accounting guidance with respect to uncertain tax positions. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a greater than 50% cumulative likelihood of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Company recognized no material amounts for uncertain tax positions during the fiscal years ended December 27, 2020 and December 29, 2019. The Company recognizes interest and penalties related to tax positions in Income tax expense.

ASC 740 also provides accounting guidance with respect to net operating loss carryforwards. Based on the evaluation of all available information, a net operating loss carryforward deferred tax asset is only recognized to the extent that realizing these benefits is considered more likely than not (see Note 9).

The Company is subject to state franchise taxes in certain states, which are based on either income or equity of the Company. Franchise tax expense is recorded in Selling, general and administrative expenses. The Company is also subject to withholding taxes in certain international jurisdictions.

Advertising

Certain subsidiaries administer the national advertising funds on behalf of the brands’ franchise systems (collectively, the “Ad Funds”). The Ad Funds receive contributions from franchisees as required by their franchise agreements and the Company SBRs based upon a percentage of revenues, as well as rebates from certain vendors.

In addition to the Ad Funds they administer, these certain subsidiaries supervise the collection and distribution of local advertising funds on behalf of the brands’ franchise systems (collectively, the “Local Funds”). Contributions collected from franchisees on behalf of the Local Funds managed by franchisee-directed local advertising groups (“Franchisee-Managed Local Funds”) are returned to these funds, which spend the contributions on Company-approved marketing activities. Local Funds managed by the certain subsidiaries (“Company-Managed Local Funds”) receive contributions from franchisees, and the Company administers the marketing spending on behalf of the franchisees.

In accordance with ASC 606 – *Revenue from Contracts with Customers* (“ASC 606”), the Ad Fund contributions, the Company-Managed Local Funds contributions, certain rebates, and the corresponding advertising expenses are reflected within the consolidated statements of operations as Advertising funds revenues and Advertising funds expenses, respectively. When cumulative revenues of the advertising funds exceed the related cumulative advertising expenses, advertising costs are accrued up to the amount of the cumulative surplus.

The Company records the billing, collection and subsequent distribution of the Franchisee-Managed Local Funds as pass-through transactions within Advertising funds assets and Advertising funds liabilities in the consolidated balance sheets.

Advertising funds assets primarily consists of cash related to the advertising funds, accounts receivable from the franchise system and the Company SBRs for contributions to the Ad Funds and Local Funds, and vendor receivables.

Advertising funds liabilities consists primarily of accruals for future Ad Funds and Local Funds expenditures.

The Ad Funds and Company-Managed Local Funds transfer the cash received from contributions and rebates to a certain subsidiary that performs shared services functions on behalf of the Ad Funds and Company-Managed Local Funds. The certain subsidiary records the amounts owed to vendors for the expenses incurred by the Ad Funds and Company-Managed Local Funds and uses the centrally managed cash to pay the vendors. Outstanding amounts owed to vendors by the certain subsidiary on behalf of the Ad Funds and Company-Managed Local Funds are recorded in Accounts payable as of December 27, 2020 and December 29, 2019.

The Company expenses all other advertising and marketing costs as incurred as a component of Selling, general and administrative expenses within the consolidated statements of operations. For the fiscal years ended December 27, 2020 and December 29, 2019, the Company expensed \$3,177 and \$4,462, respectively, in advertising and marketing costs.

Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation. In applying this five-step model, the Company determined that the franchise right granted for each individual SBR within an arrangement represents a single performance obligation. Therefore, all consideration within the contract is allocated to the franchise right and recognized over the term of the franchise agreement.

Franchise revenues consists of revenues from franchising activities and are recognized based on the terms of the underlying franchise agreements in accordance with ASC 606. Revenues from franchising activities include development fees associated with a franchisee’s planned development of a specified number of SBRs within a defined geographic territory, franchise fees associated with open SBR locations, ongoing royalty fees which are typically based on a percentage of the individual franchisee sales, rebates from certain vendors, and product licensing revenues.

Development fees are recorded as deferred franchise revenue when received and are recognized as revenue on a straight-line basis over the term of each underlying franchise agreement satisfying the development obligation, commencing when the SBR is opened.

Franchise fees are recorded as deferred revenue when received and are recognized as revenue on a straight-line basis over the term of each respective franchise agreement, commencing when the SBR covered by the fees is opened. Cash collected prior to substantial performance by the respective subsidiary is deferred until the revenue recognition criteria are met.

The Company applies the sales-based royalty exception under ASC 606 and accordingly recognizes royalty fees, rebates from certain vendors, and licensing revenues as they are earned by the subsidiaries.

Certain franchisees are required to purchase ice cream mix from a certain subsidiary's approved distributors, who in turn source the ice cream mix from that subsidiary's approved manufacturers. Ice cream mix revenues are recognized upon the sale of ice cream mix based upon the respective agreements with the manufacturers, distributors and the franchisees.

Company store, bakery, and restaurant revenues are recognized at the point of sale to the end customer, which is when the SBRs' performance obligation is satisfied. The Company presents revenues net of sales taxes collected from customers.

Franchise and other rental revenues includes rental revenue from properties leased and subleased to certain franchisees and other third parties. Base rental revenue is recognized on a straight-line basis over the lease term and contingent rental revenue is recognized as earned in accordance with ASC 840 (see Note 6).

Advertising funds revenues are primarily comprised of contributions from franchisees and Company SBRs and rebates from certain vendors, and are recognized as they are earned by the subsidiaries in accordance with the sales-based royalty exception under ASC 606.

Gift Card Program

Certain subsidiaries administer gift card programs on behalf of the franchise systems. The Company records a liability in the period in which a gift card is issued, and this liability is the sole responsibility of those subsidiaries. As gift cards are redeemed, the liability is reduced and cash is paid to the redeeming SBR.

The Company recognizes breakage income from gift cards in proportion to actual gift card redemptions based on historical redemption rates.

Stock Compensation

The Parent grants stock options for a fixed number of shares to key employees and certain non-employee directors. The Company accounts for stock options in accordance with ASC 718 – *Compensation – Stock Compensation* (“ASC 718”). ASC 718 requires compensation expense related to share based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

Fair Value Measurements

The guidance for fair value measurements establishes the authoritative definition for fair value, sets out a framework for measuring fair value and outlines the required disclosures regarding fair value measurements. Fair value is the price that would be received to sell 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 at the measurement date. The Company uses a three-tier fair value hierarchy based upon observable and non-observable inputs as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than Level 1 that are either directly or indirectly observable.
- Level 3: Unobservable inputs developed using the Company's estimates and assumptions which reflect those that market participants would use.

At December 27, 2020 and December 29, 2019, the Company had no financial instruments that are measured at fair value.

Recently Issued Accounting Guidance

In May 2014, the FASB issued ASC 606. The new guidance provides a single framework in which revenue is required to be recognized to depict the transfer of goods or services to customers in amounts that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The FASB has also issued various amendments which provide additional clarification and implementation guidance on ASC 606. The Company adopted ASC 606 on December 31, 2018 (the “Effective Date”) using the modified retrospective approach whereby a cumulative effect for all contracts not completed at the Effective Date was recorded to the consolidated balance sheet. The consolidated financial statements as of and for the fiscal years ended December 27, 2020 and December 29, 2019 are presented in accordance with ASC 606.

The cumulative effects of the changes made to the Company’s consolidated balance sheet as of the Effective Date for the adoption of ASC 606 were as follows:

	Balance at December 30, 2018	Adjustments due to ASC 606	Balance at Effective Date
Assets:			
Advertising funds assets	\$ 4,432	\$ (2,033)	\$ 2,399
Long-term other assets	11,168	2,209	13,377
Liabilities:			
Accrued expenses and other liabilities	58,499	(2,927)	55,572
Advertising funds liabilities	4,432	1,502	5,934
Deferred revenue	16,891	39,027	55,918
Long-term deferred tax liabilities	55,277	(8,360)	46,917
Stockholders’ equity (deficit):			
Accumulated deficit	(279,712)	(29,066)	(308,778)

In January 2021, the FASB issued final guidance that provides a practical expedient for private company franchisors to account for certain pre-opening services provided to a franchisee as separate performance obligation(s) distinct from the franchise right. Franchisors who apply this practical expedient can potentially recognize the fees associated with these pre-opening services up-front. For private company franchisors that have already adopted ASC 606, the guidance is effective in annual periods beginning after December 15, 2020 and interim periods therein. Full retrospective application to the date ASC 606 was adopted is required to preserve comparability between reporting periods. The Company is evaluating whether to adopt this practical expedient.

Subsequent Events

The Company discloses material events that occur after the balance sheet date but before financial statements are issued. In general, these events are recognized in the financial statements if the condition existed at the date of the balance sheet, but are not recognized if the condition did not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. Management evaluated events occurring subsequent to December 27, 2020 through March 1, 2021, the date these consolidated financial statements were available for issuance. On February 16, 2021, certain indirect subsidiaries of the Company announced a consent solicitation in relation to the Class A-2-I Notes to implement certain amendments, including the modification of the Anticipated Repayment Date from April 2021 to April 2024 (see Note 5).

2 Revenue

The Company recognizes franchise revenues, Company SBR revenues, rental revenues, and advertising funds revenues as the related performance obligations are satisfied.

The Company generally recognizes revenue associated with franchise and development fees of open SBRs over time. Royalties, rebates from certain vendors, and licensing fees are generally recognized at a point in time.

Franchise revenues are disaggregated by the timing of recognition as follows:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Franchise revenues satisfied over time	\$ 3,519	\$ 4,519
Franchise revenues satisfied at a point in time	196,099	247,917
Total franchise revenues	\$ 199,618	\$ 252,436

SBR revenues and advertising funds revenues are generally recognized at a point in time.

Contract liabilities consist of deferred franchise fees and development fees. On the Effective Date, the Company recorded an adjustment to Accumulated deficit and corresponding contract liabilities to Deferred revenue and Long-term deferred revenue totaling \$39,027 associated with deferred franchise and development fees received through December 30, 2018 that would have been deferred and recognized over the term of each respective franchise store agreement had ASC 606 been applied in the past.

Changes in deferred franchise fees and deferred development fees are as follows:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Deferred revenue at the beginning of the period	\$ 57,725	\$ 16,891
Revenue recognized during the period	(7,601)	(11,900)
Deferrals due to cash received, ASC 606 cumulative adjustment and other	6,757	52,734
Deferred revenue	\$ 56,881	\$ 57,725

The Company expects to recognize revenue in the future related to performance obligations that are partially satisfied as of the end of the period:

For the fiscal years:	
2021	\$ 4,213
2022	3,077
2023	2,938
2024	2,703
2025	2,528
Thereafter	17,650
Deferred revenue for open SBRs	\$ 33,109

Deferred revenue of \$23,772 relates to the unsatisfied future performance obligations associated with unopened SBRs and is not included within the table above. The Company anticipates recognizing revenue over the terms of the respective franchise agreements, which are typically 10-20 years, once the related SBRs are opened.

3 Property, Equipment, Leasehold Improvements and Land

Property, equipment, leasehold improvements and land, net consists of the following:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Buildings	\$ 12,513	\$ 12,181
Furniture, fixtures and equipment	52,831	49,362
Leasehold improvements	29,289	27,918
Assets held for lease	4,588	4,595
Construction in progress	874	3,608
Total property, equipment and leasehold improvements	100,095	97,664
Accumulated depreciation and amortization	(73,299)	(67,060)
Property, equipment and leasehold improvements, net	26,796	30,604
Land	7,785	7,785
Property, equipment, leasehold improvements and land, net	\$ 34,581	\$ 38,389

Depreciation and amortization of property, equipment and leasehold improvements totaled \$10,935 and \$12,580 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively. Assets held for lease is largely comprised of satellite SBRs that the Company leases to certain franchisees under month-to-month operating lease agreements.

4 Intangible Assets

Intangible assets, net at December 27, 2020 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	\$ 56,310	\$ (39,649)	\$ 16,661
Reacquired franchise rights	10	2,873	(1,495)	1,378
Indefinite-lived intangibles:				
Tradenames	n/a	484,523	n/a	484,523
		\$ 543,706	\$ (41,144)	\$ 502,562

Intangible assets, net at December 29, 2019 consists of the following:

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangibles:				
Franchise agreements	13	\$ 56,310	\$ (35,615)	\$ 20,695
Reacquired franchise rights	10	3,794	(1,935)	1,859
Indefinite-lived intangibles:				
Tradenames	n/a	484,523	n/a	484,523
		\$ 544,627	\$ (37,550)	\$ 507,077

Amortization expense of definite-lived intangible assets totaled \$4,452 and \$4,846 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively.

Estimated future amortization expense for each of the next five years is as follows:

For the fiscal years:

2021	\$ 4,228
2022	3,362
2023	1,566
2024	1,550
2025	1,420

5 Long-Term Debt

Restructuring

On January 17, 2020, the Company completed a restructuring whereby Carvel Funding LLC (“Carvel Funding”) and McAlister’s Funding LLC (“McAlister’s Funding”) merged with and into FOCUS Brands Funding LLC (the “Master Issuer”).

Series 2018-1 Notes

On October 29, 2018, the Master Issuer, Carvel Funding, McAlister’s Funding, and Jamba Juice Funding LLC (“Jamba Juice Funding”), and collectively with the Master Issuer, Carvel Funding, and McAlister’s Funding, the “Co-Issuers” and each, a “Co-Issuer”), limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of FBHI, pursuant to the base indenture dated as of April 6, 2017 (as amended, supplemented or otherwise modified through October 29, 2018, the “Base Indenture”) and a series supplement thereto (collectively with the Base Indenture, the “Indenture”), issued \$300,000 of Series 2018-1 5.184% Fixed Rate Senior Secured Notes, Class A-2 (the “Series 2018-1 Notes”).

Borrowings under the Series 2018-1 Notes bear interest at a fixed rate equal to 5.184%. Interest and principal payments on the Series 2018-1 Notes are due on a quarterly basis. The requirement to make such quarterly principal payments on the Series 2018-1 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the Series 2018-1 Notes is in October 2048. Unless earlier prepaid to the extent permitted, the Indenture provides for an anticipated repayment date in October 2025 for the Series 2018-1 Notes. If the Co-Issuers have not repaid or refinanced the Series 2018-1 Notes prior to the anticipated repayment date, additional interest will accrue pursuant to the Indenture.

Debt issuance costs of \$7,167 were recorded as a reduction of Long-term debt in connection with the issuance of the Series 2018-1 Notes. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates utilizing the effective interest rate method.

The net proceeds from the issuance of the Series 2018-1 Notes, after transaction expenses, were used to repay in full the \$115,000 outstanding under the Variable Funding Notes (see “Series 2017-1 Notes” section) that was drawn on September 11, 2018 to partially fund the acquisition of Jamba, Inc. (“Jamba”) and to pay a distribution of \$195,955 to the shareholders of FBHI.

Series 2017-1 Notes

In conjunction with the securitization transaction completed on April 6, 2017 (see “Securitization” section), the Master Issuer, Carvel Funding, and McAlister’s Funding (collectively, the “Original Co-Issuers”), limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of FBHI, entered into a base indenture under which the Original Co-Issuers issued \$200,000 of Series 2017-1 3.857% Fixed Rate Senior Secured Notes, Class A-2-I (the “Class A-2-I Notes”) and \$400,000 of Series 2017-1 5.093% Fixed Rate Senior Secured Notes, Class A-2-II (the “Class A-2-II Notes” and collectively with the Class A-2-I Notes, the “Class A-2 Notes”). In addition, the Original Co-Issuers entered into a revolving financing facility of Series 2017-1 Variable Funding Senior Notes, Class A-1 (the “Variable Funding Notes” and, together with the Class A-2 Notes, the “Series 2017-1 Notes”), which allowed the Original Co-Issuers, and subsequently allows the Co-Issuers, to borrow up to \$200,000 on a revolving basis. The Variable Funding Notes may also be used to issue letters of credit.

Effective October 29, 2018, the Indenture added Jamba Juice Funding as a Co-Issuer of the Series 2017-1 Notes. Borrowings under the Class A-2-I and Class A-2-II Notes bear interest at a fixed rate equal to 3.857% and 5.093%, respectively. Interest and principal payments on the Class A-2 Notes are due on a quarterly basis. The requirement to make such quarterly principal payments on the Class A-2 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the Series 2017-1 Notes is in April 2047. Unless earlier prepaid to the extent permitted, the Indenture provides for anticipated repayment dates in April 2021 for the Class A-2-I Notes and April 2027 for the Class A-2-II Notes (collectively with the Series 2018-1 anticipated repayment date in October 2025, the “Anticipated Repayment Dates”). The Indenture provides for a renewal date of the Variable Funding Notes in April 2023 (the “Renewal Date”). The Renewal Date was extended from April 2022 in connection with the issuance of the Series 2018-1 Notes.

On February 16, 2021, the Co-Issuers announced a consent solicitation in relation to the Class A-2-I Notes (the “Consent Solicitation”). The purpose of the Consent Solicitation is to seek consent from holders (the “Holders”) of the Class A-2-I Notes to certain proposed amendments (the “Amendments”), including the extension of the Series 2017-1 Anticipated Repayment Date for the Class A-2-I Notes to April 30, 2024. As of the date of the announcement of the Consent Solicitation, the aggregate outstanding principal amount of the Class A-2-I Notes was \$192,500. The Amendments will only become effective and operative with respect to the Class A-2-I Notes if the Co-Issuers have received and accepted consents. On February 23, 2021, the Co-Issuers notified the Holders pursuant to the Indenture that they will optionally prepay on March 23, 2021 any Class A-2-I Notes of Holders that have not consented in response to the Consent Solicitation. The Company intends to borrow under its Variable Funding Notes or use cash on hand to make any such prepayments to non-consenting Holders. As a result of the Company’s intent and ability to extend the debt through the Consent Solicitation and/or borrow

under the Variable Funding Notes and use cash on-hand to pay off any remaining principal balance on the Class A-2-I Notes prior to the Anticipated Repayment Date, the Company has presented the aggregate outstanding principal amount of \$192,500 within Long-term debt at December 27, 2020 pursuant to ASC 470 - *Debt*. If the Co-Issuers have not repaid or refinanced the Series 2018-1 and Series 2017-1 Notes prior to the respective Anticipated Repayment Dates and Renewal Date, additional interest will accrue pursuant to the Indenture. The Co-Issuers paid \$9,000 of principal payments during the fiscal years ended December 27, 2020 and December 29, 2019, respectively.

Advances under the Variable Funding Notes bear interest at a variable rate based on (i) the prime rate, (ii) the federal funds rate, (iii) the London interbank offered rate for U.S. Dollars, or (iv) with respect to advances made by conduit investors through the issuance of commercial paper, the commercial paper rate applicable to such conduit investor, plus, in each case, any applicable margin as defined in the base indenture supplement for the Series 2017-1 Notes. The Variable Funding Notes are subject to (i) certain commitment fees in respect of the unutilized portion of the commitments of the investors thereunder, and (ii) certain fees in respect of letters of credit issued thereunder. On March 23, 2020, the Co-Issuers borrowed \$188,440 under the Variable Funding Notes as a precautionary measure given the market uncertainty arising from the global spread of the coronavirus pandemic and to further strengthen its financial flexibility. The Co-Issuers repaid all borrowings on June 2, 2020. Letters of credit outstanding under the Variable Funding Notes, including \$11,250 of an interest reserve letter of credit issued in connection with the Series 2018-1 Notes, were \$11,561 as of December 27, 2020 and December 29, 2019, respectively. The Company does not expect any material loss from these letters of credit because the Company does not believe that any amounts will be drawn thereunder by the beneficiaries thereof. No other borrowings were outstanding against the Variable Funding Notes as of December 27, 2020 or December 29, 2019.

Debt issuance costs of \$14,054 were recorded as a reduction of Long-term debt in connection with the issuance of the Series 2017-1 Notes. The debt issuance costs are being amortized to Interest expense, net through the Anticipated Repayment Dates utilizing the effective interest rate method.

The Series 2018-1 and Series 2017-1 Notes (collectively, the “Notes”) are subject to a series of covenants and restrictions customary for transactions of this type, including (i) debt service coverage ratios and senior leverage ratios, as defined, (ii) the maintenance of specified reserve accounts to be used to make required payments in respect of the Notes, and (iii) provisions relating to optional and mandatory prepayments, including certain make-whole payments. The Notes are also subject to customary rapid amortization events provided for in the Indenture and customary events of default. As of December 27, 2020, the Company was in compliance with all such covenants.

Securitization

On October 29, 2018, the Co-Issuers entered into a securitization transaction pursuant to which certain recently acquired franchise agreements, development agreements, rights to develop and expand substantially all franchising and licensing activities and intellectual property, including trademarks, were contributed by an indirect subsidiary of the Company to a certain Co-Issuer and a limited-purpose, bankruptcy-remote, wholly owned and direct subsidiary of the certain Co-Issuer. Since the certain Co-Issuer and its direct subsidiary are under common control, the contributions were recorded at book value.

On April 6, 2017, the Original Co-Issuers entered into a securitization transaction pursuant to which certain franchise agreements, development agreements, rights to develop and expand substantially all franchising and licensing activities and intellectual property, including trademarks, were contributed by various indirect subsidiaries of the Company to the Original Co-Issuers and certain other limited-purpose, bankruptcy-remote, wholly owned and indirect subsidiaries of the Original Co-Issuers. Since the Original Co-Issuers and the indirect subsidiaries of the Original Co-Issuers are under common control, the contributions were recorded at book value.

The Co-Issuers, their direct parents, as well as the Co-Issuers' direct and indirect subsidiaries (collectively, the "Guarantors") are special-purpose, bankruptcy-remote, indirect wholly owned subsidiaries of the Company that hold substantially all of the intellectual property and franchising-related assets. The Notes are secured by substantially all of the assets of the Guarantors. Each Guarantor is a separate entity and has separate creditors (from the Company and any of its non-Guarantor affiliates), and such Guarantor owns all of its assets.

Other than the Guarantors, neither the Company nor any of its other direct or indirect subsidiaries guarantees or is in any way liable for the obligations under the Notes. FBLLC has, however, agreed to cause the performance of certain obligations of the Guarantors in return for a management fee under the terms of a Management Agreement (the "Management Agreement").

FBLLC manages and services the Guarantors' assets in its capacity as the manager under the Management Agreement. The primary responsibilities of the manager are to administer collections and otherwise manage the managed assets on behalf of the Guarantors, and to perform certain franchising, intellectual property and operational and reporting services on behalf of the Guarantors with respect to the managed assets.

Future Principal Payments on Long-Term Debt

The annual principal payment requirements for long-term debt based on the Anticipated Repayment Dates of the Notes, subject to certain financial conditions set forth in the Indenture, are as follows:

For the fiscal years:

2021	\$ 200,000
2022	7,000
2023	7,000
2024	7,000
2025	286,000
Thereafter	366,000
Total	873,000
Less: Debt issuance costs	(13,351)
Debt less issuance costs	\$ 859,649

Although the Company has presented the \$192,500 aggregate outstanding principal amount of the Class A-2-I Notes in Long-term debt on the consolidated balance sheet at December 27, 2020, the \$192,500 amount due on the April 2021 Anticipated Repayment Date for such Notes is reflected in the table above in the fiscal year ended December 26, 2021.

Interest expense, net consists of the following:

For the fiscal years ended:	December 27,		December 29,	
	2020		2019	
Credit facilities	\$ 44,342		\$ 44,050	
Amortization of debt issuance costs		2,510		2,558
Interest income		(690)		(1,097)
Other		217		216
Interest expense, net	\$ 46,379		\$ 45,727	

6 Operating Leases

Certain Company offices and SBRs are located on leased properties with initial terms expiring at various years through 2040, subject to renewal provisions in certain of the lease agreements. Most of the Company's leases are fixed rent agreements and require the Company to pay related executory costs which include property taxes, maintenance and insurance.

Certain leases for SBRs require the payment of additional contingent rent that is based upon a percentage of SBR sales above agreed upon sales levels for the year in excess of the amounts as set forth in the lease agreements. These sales levels vary for each SBR and are established in the lease agreements. The Company recognizes contingent rental expense prior to the achievement of the specified target that triggers the contingent rental expense, provided that achievement of that target is considered probable.

Future minimum lease payments, receipts, and other obligations by year, and in the aggregate, under non-cancelable operating leases and subleases or other arrangements with initial or remaining terms in excess of one year are as follows:

For the fiscal years:	Payments -		Receipts -	
	Operating leases		Subleases	Net leases
2021	\$ 27,609		\$(13,665)	\$ 13,944
2022	24,028		(11,056)	12,972
2023	20,065		(8,045)	12,020
2024	15,796		(5,546)	10,250
2025	12,400		(2,870)	9,530
Thereafter	9,309		(2,956)	6,353
Total future minimum rental commitments	\$ 109,207		\$(44,138)	\$ 65,069

Rental expense recognized on a straight line basis, on a contingent rent basis, and under ASC 420 – *Exit or Disposal Obligations* (“ASC 420”) for operating leases was as follows:

For the fiscal years ended:	December 27,		December 29,	
		2020		2019
Base rentals	\$ 25,306		\$ 32,438	
Contingent rentals		27		248
Rental expense recognized under ASC 420		2,276		1,492
Favorable and unfavorable lease amortization, net		(1,115)		(1,414)
Total rental expense	\$ 26,494		\$ 32,764	

Of these amounts, rental expense related to subleased SBR and office locations was \$15,060 and \$18,710 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively, and is presented in the consolidated statements of operations as Franchise and other rental expense.

Rental revenues recognized on a straight line basis and on a contingent rent basis for operating leases was as follows:

For the fiscal years ended:	December 27,	December 29,
	2020	2019
Base rentals	\$ 16,800	\$ 20,499
Contingent rentals	118	126
Favorable and unfavorable sublease amortization, net	(1,115)	(1,304)
Total rental revenues	\$ 15,803	\$ 19,321

As required by ASC 805 – *Business Combinations*, the Company evaluated leases in place at the date of its acquisition of Jamba to determine if the terms are favorable or unfavorable compared to current market conditions. Lease and sublease terms that are favorable compared to market conditions at the date of acquisition are recorded as long-term assets (“favorable leases” and “favorable subleases”, respectively). Lease and sublease terms that are unfavorable compared to market conditions at the date of acquisition are recorded as long-term liabilities (“unfavorable leases” and “unfavorable subleases”, respectively). As of December 27, 2020 and December 29, 2019, favorable lease and sublease assets of \$4,093 and \$6,472, respectively, were recorded in Long-term other assets. As of December 27, 2020 and December 29, 2019, unfavorable lease and sublease liabilities of \$4,093 and \$6,472, respectively, were recorded in Long-term other liabilities.

The increase in rental expense from the amortization of the favorable lease assets and the (decrease) in rental expense from the amortization of the unfavorable lease liabilities, and the (increase) in rental revenues from the amortization of the favorable sublease liabilities and the decrease in rental revenues from the amortization of the unfavorable sublease assets over the next five years and thereafter are as follows:

For the fiscal years:	Rental expense amortization			Rental revenues amortization		
	Favorable	Unfavorable	Net	Favorable	Unfavorable	Net
	leases	leases	Net	subleases	subleases	Net
2021	\$ 303	\$ (1,213)	\$ (910)	\$ 1,213	\$ (303)	\$ 910
2022	255	(954)	(699)	954	(255)	699
2023	165	(591)	(426)	591	(165)	426
2024	131	(281)	(150)	281	(131)	150
2025	63	(73)	(10)	73	(63)	10
Thereafter	13	(50)	(37)	50	(13)	37
Total future amortization, net	\$ 930	\$ (3,162)	\$ (2,232)	\$ 3,162	\$ (930)	\$ 2,232

7 Stock Compensation

The Parent issues equity incentive grants under the 2013 Stock Option Plan (the “2013 Plan”). Prior to the 2013 Plan, equity incentive grants were issued under the 2002 Incentive Stock Plan (collectively with the 2013 Plan, the “Focus Plans”). The 2013 Plan authorizes the granting of options to purchase common stock of the Parent and was established in order to attract and retain eligible employees, directors and consultants and to provide an additional incentive to each eligible employee, director and consultant to work to increase the value of the Parent’s common stock. The 2013 Plan is administered by the Board of Directors of the Parent (the “Board”). The Board has the authority to determine the amount of options granted to any individual, the dates on which each option will become exercisable, and the exercise price of all options subject to certain limitations in the 2013 Plan. As of December 27, 2020, there were 45,490 options available for issuance under the 2013 Plan.

The option vesting periods range from immediate vesting to a five-year vesting period, with accelerated vesting in the event of a change in control under certain circumstances, as defined in the Focus Plans. In addition, certain options have vesting requirements based upon achieving certain operating results. The options expire 10 years from the date of grant or in the event of a change in control under certain circumstances, as defined in the Focus Plans.

The weighted average grant date fair value of options granted during the fiscal years ended December 27, 2020 and December 29, 2019 was \$74.39 and \$65.95, respectively, per option.

Stock option activity for all plans for the fiscal years ended December 27, 2020 and December 29, 2019 was as follows:

	Number of shares	Weighted average exercise price
Outstanding at December 30, 2018	152,021	\$ 150.35
Granted	25,300	214.44
Exercised	(1,933)	172.86
Forfeited or expired	(5,930)	158.54
Outstanding at December 29, 2019	169,458	159.33
Granted	46,050	246.00
Exercised	-	-
Forfeited or expired	(29,717)	150.83
Outstanding at December 27, 2020	185,791	\$ 182.17

Options outstanding			Options exercisable		
Weighted average exercise price	Shares outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Shares outstanding	
\$ 182.17	185,791	6.30	\$ 147.44	86,073	

The fair value of options granted is estimated on the date of grant using the Black-Scholes option pricing model based on the assumptions in the table below:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Expected life (years)	5	5
Interest rate	1.38%	2.04%
Volatility	32.10%	30.80%
Dividend yield	0.00%	0.00%

The expected term of the options is based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on the historical volatility of several public entities that are similar to the Parent as the Parent does not have sufficient historical transactions of its own shares on which to base expected volatility. As of December 27, 2020, the Parent does not intend to pay dividends or distributions in the future.

The Company recognizes compensation expense for awards with graded vesting on a straight-line basis over the requisite service period for each separately vesting portion of the award. Compensation expense (income), net of adjustments for certain awards that were no longer probable of achievement, was (\$1,710) and \$2,450 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively. The total compensation expense related to unvested awards not yet recognized in the financial statements is \$2,170. This amount will be recognized as expense through 2026.

The Company administers substantially all operational activities on behalf of the Parent, and as a result, stock-based compensation expense is recorded in the consolidated financial statements of the Company. Additionally, cash consideration from the exercise of options and other equity instruments and the excess tax benefit of stock options exercised are typically contributed to the Company by the Parent. During the fiscal year ended December 27, 2020, no options were exercised by holders of the Parent's stock options. During the fiscal year ended December 29, 2019, the Parent contributed capital to the Company totaling \$334, which consisted of cash consideration received for the exercise of 1,933 options into an equivalent number of shares of the Parent's common stock.

8 Employee Benefits

The Company sponsors a 401(k) Plan (the "401(k) Plan"). Employees can participate in the 401(k) Plan upon commencement of employment. The 401(k) Plan is available to substantially all salaried employees and to certain groups of hourly employees. Company contributions to the 401(k) Plan are based on a percentage of the employee contributions and are immediately vested. Employer contributions to the 401(k) Plan were \$1,894 and \$2,220 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively.

9 Income Taxes

Components of the provision for income taxes are as follows:

For the fiscal years ended:	December 27,	December 29,
	2020	2019
Current:		
Federal	\$ (1,789)	\$ 4,360
State	(802)	2,348
Foreign	1,294	1,777
Deferred:		
Federal	9,755	6,669
State	(244)	1,060
Income tax expense	\$ 8,214	\$ 16,214

The reconciliation between the statutory income tax rate and the effective income tax rate is as follows:

For the fiscal years ended:	December 27,	December 29,
	2020	2019
Statutory rate	21.0 %	21.0 %
State income tax, net of federal tax effect	2.0	4.2
Foreign income tax, net of federal tax effect	3.1	2.4
Change in state rate, net	(4.3)	(0.2)
Foreign tax credits	(4.2)	(2.6)
Permanent differences	(0.6)	0.1
Other differences, net	2.7	(2.6)
Effective tax rate	19.7 %	22.3 %

Significant components of the Company's deferred tax (liabilities) assets are as follows:

For the fiscal years ended:	December 27, 2020	December 29, 2019
Deferred tax liabilities:		
Intangible assets	\$ (120,600)	\$ (118,560)
Prepaid costs and expenses	(1,502)	(1,418)
Depreciable assets	(483)	(1,798)
Other	(164)	3
Total deferred tax liabilities	(122,749)	(121,773)
Deferred tax assets:		
Net operating loss and tax credit carryforwards	34,429	37,137
Reserves and allowances	3,555	3,351
Accrued expenses	6,051	6,325
Deferred revenue	14,191	15,103
Transaction costs	102	170
Interest limitation carryforward	-	4,591
Interest expense and other	(437)	(247)
Total deferred tax assets	57,891	66,430
Less: Valuation allowance	(4)	(8)
Total deferred tax assets, net	57,887	66,422
Net deferred tax liabilities	\$ (64,862)	\$ (55,351)

ASC 740 requires management to evaluate the likelihood of deferred tax assets being realized. A valuation allowance is provided for deferred tax assets when it is more likely than not that the assets will not be realized.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act includes provisions, among others, addressing the carryback of net operating losses for specific periods, refunds of alternative minimum tax credits, temporary modifications to the limitations placed on the tax deductibility of net interest expenses, and technical amendments for qualified improvement property. Additionally, the CARES Act provides for refundable employee retention tax credits.

The CARES Act provides for the deferral of the employer-paid portion of social security payroll taxes. The Company has elected to defer the employer-paid portion of social security payroll taxes of \$2,596 in Accrued expenses as of December 27, 2020. The Company expects to remit 50% of such amounts on December 31, 2021 and the remaining 50% on December 31, 2022.

As of December 27, 2020, the Company had \$112,489 of federal net operating loss carryforwards and \$133,536 of state net operating loss carryforwards. These net operating loss carryforwards expire beginning in 2028. As of December 29, 2019, the Company had \$130,573 of federal net operating loss carryforwards and \$136,499 of state net operating loss carryforwards. Realization of the Company's deferred tax assets, including those associated with the net operating loss carryforwards as of December 27, 2020, will depend on generating sufficient taxable income in future periods, net of reversing deferred tax liabilities. The Company believes it is more likely than not that the deferred tax assets will be realized.

Foreign income taxes arise from withholding taxes associated with payments of royalties and fees by international franchisees.

As of December 27, 2020 and December 29, 2019, the Company had no material unrecognized tax benefits.

As discussed in Note 1, the Company is included in the consolidated return of the Parent. The Parent files U.S., state, and local income tax returns in jurisdictions with varying statutes of limitation. The tax years subsequent to 2016 generally remain subject to examination by federal and most state tax authorities. However, certain state returns from prior years in which net operating losses have arisen are still open for examination by the tax authorities.

10 Related Party Transactions

The Parent is a party to two management services agreements with affiliated entities. Under the terms of those agreements, the Company, on behalf of the Parent, pays annual management fees to affiliated entities. The Company expensed annual management fees of \$2,990 and \$2,838 for the fiscal years ended December 27, 2020 and December 29, 2019, respectively, which are included in the Company's consolidated statements of operations as a component of Other operating expense, net. The two management advisory and consulting services agreements expire in December 2023, subject to certain renewal provisions.

11 Commitments and Contingencies

Payment Card Security Incident

Certain of the Company's subsidiaries identified an unauthorized code designed to capture payment card data that was present in the retail store system at some but not all of the franchisee and Company SBR locations of these subsidiaries over the general time period of April 2019 to July 2019 (the "Payment Card Security Incident"). The unauthorized code has been removed from all locations, and the certain subsidiaries are working to implement measures to further enhance payment card security. The subsidiaries maintained at the time of the incident and continue to maintain data privacy liability insurance coverage.

For the fiscal year ended December 27, 2020, the certain subsidiaries recorded \$2,762 of expenses related to the Payment Card Security Incident, partially offset by \$2,400 of accrued insurance recoveries, which are included in the Company's consolidated statement of operations as a component of Selling, general and administrative expenses. The certain subsidiaries incurred an immaterial amount of cost related to the Payment Card Security Incident during the fiscal year ended December 29, 2019, substantially all of which was paid by the subsidiaries' data privacy liability insurance provider.

The certain subsidiaries expect to incur additional costs associated with the Payment Card Security Incident, including, but not limited to, legal and professional fees for remediation activities and assessments from payment card companies and associations. Enforcement authorities may also impose fines or other remedies against these subsidiaries. Subject to certain limitations, if an assessment is imposed directly against a franchisee by a payment card company or association, the certain subsidiaries have agreed to reimburse any affected franchisees for the amount of the assessment that remains after appeal and if not paid for by the franchisees' available insurance coverage or available contractual services to avoid demands and claims by the franchisees. The certain subsidiaries, based on consultation with outside counsel, do not anticipate that claims made or pending to date by payment card companies and associations related to the Payment Card Security Incident will exceed insurance coverage limits. However, at this time the Company cannot reasonably estimate the potential loss or range of loss which may be incurred in connection with the Payment Card Security Incident.

Lease Arrangements and Guarantees

Certain subsidiaries are the guarantors of certain real property lease arrangements on behalf of certain of their franchisees. The potential maximum future minimum lease payments these subsidiaries could be held liable for under these lease arrangements and guarantees was \$22,034 as of December 27, 2020, and the subsidiaries expect that any amounts that may ultimately be paid thereunder will not be material.

Other Legal Actions and Claims

In the normal course of business, various legal actions and claims are pending against the Company. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies, to the extent not previously provided for, will not have a material effect on the consolidated financial condition, results of operations or liquidity of the Company.

12 Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consists of:

For the fiscal years ended:	December 27,	December 29,
	2020	2019
Gift card and gift certificate liabilities	\$ 18,573	\$ 15,710
Payroll and benefits accruals	13,034	11,801
Accrued interest	7,007	7,316
Customer and other deposits	1,883	1,741
Property tax accruals	807	740
Sales and use tax accruals	1,037	593
Other accrued expenses	12,111	8,091
Total accrued expenses and other liabilities	\$ 54,452	\$ 45,992

13 Long-Term Other Liabilities

Long-term other liabilities consists of:

For the fiscal years ended:	December 27,	December 29,
	2020	2019
Unfavorable leases and subleases	\$ 4,093	\$ 6,472
Deferred rent	6,605	5,620
Accrued rent - exited facilities	3,311	3,209
Asset retirement obligations	1,061	1,054
Other long-term liabilities	476	824
Total long-term other liabilities	\$ 15,546	\$ 17,179

14 Other Operating Expense

Other operating expense, net consists of the following:

<u>For the fiscal years ended:</u>	December 27, 2020	December 29, 2019
COVID-19 charges	\$ 5,070	\$ -
Management fees to affiliated entities	2,990	2,838
Jamba integration costs	1,369	9,633
Other	732	1,233
Total other operating expense, net	\$ 10,161	\$ 13,704

COVID-19 charges are primarily comprised of labor costs, including temporary wage increases and assistance pay, personal protective materials, sanitation supplies, and legal and other professional services expenses.

15 Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information is as follows:

<u>Cash paid for:</u>	December 27, 2020	December 29, 2019
Interest	\$ 43,963	\$ 43,420
Income taxes, net	(7,505)	6,440
Non-cash transactions:		
Accrual of capital assets	\$ 53	\$ 269
Asset retirement obligations	52	169

EXHIBIT B**MCALISTER'S DELI® FRANCHISE AGREEMENT AND RELATED AGREEMENTS**



MCALISTER'S DELI® FRANCHISE AGREEMENT

BETWEEN

MCALISTER'S FRANCHISOR SPV LLC

AND

**«Z1_First_Name» «Z1_Last_Name», «Z2_First_Name»
«Z2_Last_Name», «Z3_First_Name» «Z3_Last_Name»,
«Z4_First_Name» «Z4_Last_Name», «Z5_First_Name»
«Z5_Last_Name»**

License Number: «record_id»
Restaurant Number: «Store_Number»
License Type: «license_type»

McALISTER'S DELI® FRANCHISE AGREEMENT

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McALISTER'S DELI® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into as of the date specified in Schedule A (the “**Effective Date**”) (Schedule A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between the franchisor specified in Schedule A (“**Franchisor**,” “**we**,” “**us**,” or “**our**”) and the franchisee specified in Schedule A (“**Franchisee**,” “**you**,” or “**your**”).

RECITALS:

A. We and our affiliates have developed and own, and will continue to develop, a distinctive business format and set of specifications and operating procedures (collectively, the “**System**”) relating to the development, establishment, and operation of food-related businesses offering the approved products specified in Schedule A (the “**Approved Products**”) under the primary trademark or service mark specified in Schedule A (the “**Primary Mark**”).

B. The distinguishing characteristics of the System include our distinctive exterior and interior layouts, designs, and color schemes; our distinctive signage, decorations, furnishings and materials; our software and computer programs; our selection of Approved Products; our proprietary recipes and formulae (“**Recipes**”) used to create our proprietary flavorings or ingredients (“**Proprietary Ingredients**”) and/or our proprietary Approved Products (the “**Proprietary Products**”); our distinctive techniques for packaging, displaying, and merchandising Approved Products; our advertising and marketing programs and materials; our relationships with our vendors; our methods of operating a food-related business; our operations and administrative systems; our training programs; our methods and techniques for inventory and cost controls, recordkeeping, and reporting; our customer service standards; and any guidelines, standards, specifications, rules, procedures, policies, methods, requirements, and directives we establish, including our standards and specifications as to Recipes, ingredients, food and beverage preparation, food storage, interior and exterior design and décor, sanitation, maintenance, and equipment (the “**Standards**”) set out in our confidential operations manuals (the “**Manuals**”) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

C. We identify businesses operating under the System by means of certain names and marks, including the Primary Mark, as well as other trade names, service marks, trademarks, logos, insignias, slogans, emblems, symbols, and designs that we have designated or may in the future designate for use with the System (collectively, the “**Marks**”). We and our affiliates may modify the Marks from time to time, adding new trade names, service marks, and trademarks which also will be included in the term “Marks.”

D. We refer to businesses that use the System and are identified by the Marks as “**Businesses**.**”** You desire to obtain a license to use the System and the Marks to operate one Business, and we are willing to grant you a license to operate a Business, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing promises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

1.1. Grant of Franchise. Subject to the terms of this Agreement, we grant to you, and you accept, a non-exclusive license to operate one Business using the Marks and the System (collectively, your “**Franchised Business**”). The Franchised Business will be operated only at the location specified in Schedule A (the “**Accepted Location**”) or, if we have not yet accepted a site for the Franchised Business as of the date of this Agreement, at a location that we have accepted in accordance with this Agreement within the geographic area specified in Schedule A (the “**Site Selection Area**”).

1.2. Restrictions. You have no right to (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Accepted Location, except as otherwise provided in Section 4.3 (Catering Services and Delivery Services) or as otherwise approved in writing, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Franchised Business at the Accepted Location.

1.3. Acceptance of License. You hereby accept the license granted in Section 1.1 (Grant of Franchise) and agree to operate the Franchised Business according to the provisions of this Agreement for the entire Term, as defined in Section 2.2 (Renewal Term).

1.4. Ownership and Guaranty.

A. Owners of Equity. If you are a corporation, limited liability company, partnership, or other entity (collectively, an “**Entity**”), all of your owners of a legal and/or beneficial interest in the Entity (the “**Owners**”) are listed on Schedule A and each of your Owners must execute the “Guaranty of Payment and Performance” that is attached in Schedule C (the “**Guaranty**”). By executing the Guaranty, each Owner will be bound by the provisions contained in this Agreement, including the restrictions set forth in Section 15 (Confidential Information; Restrictive Covenants). Further, a violation of any of the provisions of this Agreement, by any Owner will also constitute a violation by you of your obligations under this Agreement. You represent that the individuals executing this Agreement under the Guaranty represent that they are your sole owners. You will conspicuously identify yourself and the Franchised Business, in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee, in the fashion that we specify.

B. Primary Contact. You must identify to us in writing an individual, who is reasonably acceptable to us, to serve as your “**Primary Contact**.” You must empower the Primary Contact with the responsibility and decision-making authority regarding the Franchised Business and its operation, and you acknowledge and agree that we will have the right to rely upon the Primary Contact for such purposes. Additionally, you will not remove or replace the Primary Contact without our prior written approval.

C. Governing Documents. If you are (or Transfer this Agreement to) an Entity, upon our request, you agree to furnish us with a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. Unless we provide written consent to the contrary, your governing documents must provide that your purpose is limited to the development, acquisition, ownership and operation of one or more franchises with us and to conducting all business and financing activities related to such franchises. The Owners may not enter into any shareholders’ agreement, management or operating agreement, voting

trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with Section 16 (Transfer) of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

2. TERM AND RENEWAL TERM

2.1. Initial Term. The initial term of this Agreement (the “**Initial Term**”) will begin on the Effective Date and will end 20 years from the date that your Franchised Business opens for business (the “**Opening Date**”), unless this Agreement is terminated sooner as provided in other sections of this Agreement.

2.2. Renewal Term.

A. Grant of Renewal Term. We may, in our reasonable discretion, grant you one additional 20-year term (the “**Renewal Term**,” and collectively, with the Initial Term, the “**Term**”). To obtain the Renewal Term, (i) at all times during the Term, you must have substantially and timely complied with each provision of this Agreement and any other agreements between you and us, our affiliates, or your landlord and you must not have any defaults in existence as of the expiration of the Initial Term, and (ii) you must request, in writing, no earlier than 12 months, but no later than six months before the expiration of the Initial Term, that we grant you a Renewal Term. We will then provide you with an Application for a Renewal Term (an “**Application**”), which you must complete and return to us within 10 days after we deliver it to you. We will evaluate your Application under substantially the same standards as we evaluate an application for a franchise submitted by a then-new franchisee.

B. Conditions for Renewal Term. If we approve your Application, you must:

(i) Agree in writing before the Renewal Term begins that you will make the significant capital expenditures necessary to complete a Remodel (as defined in Section 12.6.B. (Remodel)) within six months after the Renewal Term begins.

(ii) Sign and return our then-current form of franchise agreement (the “**Renewal Agreement**”) within 30 days after we deliver it to you and pay a renewal fee equal to 20% of the amount of the then-current Initial Franchise Fee (the “**Renewal Fee**”). You agree that the Renewal Agreement may contain terms that differ materially from this Agreement.

(iii) Sign a general release in a form we prepare, releasing us and our parents, subsidiaries, and affiliates and the respective directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, attorneys, contractors, predecessors, successors, heirs and assigns of each of the foregoing (in their corporate and individual capacities) (collectively, the “**Released Parties**”), from all claims you may have against the Released Parties as of the date of the Renewal Agreement. Your Owners must also sign the general release required in the previous sentence. Released Parties is not intended to include suppliers or distributors to you that are not affiliated with us and are not acting as our agent.

(iv) Secure the right from your landlord to continue operating at the Accepted Location for the remainder of the Renewal Term. Alternatively, we may require you to relocate your Franchised Business if we find that the Accepted Location does not meet our then-current standards at the time we consider your Application.

C. No Automatic Right. You agree that this Agreement does not grant you any automatic rights to a Renewal Term and that we will not be obligated to offer you a Renewal Term. The sole basis for any extension of your franchise rights beyond the Initial Term is in this Section.

D. Extension Period. If you do not timely comply with the renewal procedures and conditions set forth in this Section and you continue to operate the Franchised Business beyond the Initial Term, this Agreement shall be extended on a month-to-month basis until such time as (i) the conditions set forth in this Section are satisfied or (ii) we notify you that this Agreement is terminated (the “**Extension Period**”) (in which case, you must fully comply with all provisions of this Agreement throughout the Extension Period, as if this Agreement had not expired, and upon notice of termination of this Agreement, you shall comply with all post-termination obligations in this Agreement).

3. FEES

3.1. Initial Franchise Fee. When you sign this Agreement, you will pay us an initial franchise fee as specified in Schedule A (the “**Initial Franchise Fee**”). When we sign this Agreement, the Initial Franchise Fee is fully earned and nonrefundable. You acknowledge that we have no obligation to refund any portion of the Initial Franchise Fee to you, even if this Agreement is terminated prior to opening the Franchised Business.

3.2. Ongoing Fees.

A. Royalty Fee. You must pay to us a recurring, non-refundable royalty fee in the amount and at the times specified in Schedule A (the “**Royalty Fee**”). Concurrent with these payments, you must submit to us any reports or statements required under Section 14.3 (Systems and Reports).

B. Advertising Contribution. You must pay to us a recurring, non-refundable advertising contribution in the amount and at the times specified in Schedule A (the “**Advertising Contribution**”). The Advertising Contribution will be in addition to, and exclusive of, your Grand Opening Obligation as specified in Section 10.1.C. (Grand Opening Advertising) and your Local Marketing Obligation as specified in Section 10.1.E. (Local Marketing Obligation), if any.

C. Net Sales. “**Net Sales**” means all revenues generated by your Franchised Business or conducted from or with respect to the Franchised Business, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Net Sales includes monies, gift card redemptions, or credit generated by or received from (i) the sale of Approved Products or tangible property of every kind and nature, promotional or otherwise, anywhere and (ii) services performed from, at, or in connection with the Franchised Business, including (x) off-premises services (such as catering and delivery), (y) on-premises services such as games (e.g., slot machines) or third-party advertising (e.g., on menus), or (z) any other services or activities that use either the System, the Marks, or products that are the same as or similar to the Approved Products. The foregoing list is not intended to provide approval for such activities, which may be conducted only if approved. Unless we specify otherwise in writing, Net Sales shall include all ancillary charges or fees, including delivery fees and other service charges, that are paid to you by a customer or by a third-party delivery or catering service (e.g., Uber Eats, Postmates, Grubhub, ezCater, or DoorDash) (a “**TPS**”) in connection with delivery or catering services related to your Franchised Business (recognizing that though the TPS may pay you an amount equal to the purchase price charged to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, such commission, fees, discounts, credits, and coupons

will not be deducted from your Net Sales). Net Sales will not include (a) the initial sales or reloading of gift cards, (b) discounts, (c) the sale of food or merchandise for which refunds have been made in good faith to customers, (d) the discounted portion of employee meals, (e) sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers, provided that the amount for the tax is added to the selling price or absorbed therein and is actually paid by you to a governmental authority, (f) the sale of equipment used in the operation of the Franchised Business, or (g) tips.

D. **Ordering Support Fee.** We require you to pay to us, our affiliates, and/or one or more third parties that we designate, an ordering support fee, in an amount and at the times that we specify, for various ordering support services that we will provide or arrange for our affiliates or third parties to provide, such as services related to online and catering ordering platforms, call center(s), ordering and delivery management services, and catering rewards program(s) (the "**Ordering Support Fee**"). We may include in the fee our and our affiliates' costs and administrative expenses related to procuring, providing, and/or developing the services, including the costs of integrating such services with the Computer System. We periodically may add, delete, or otherwise modify the products and services that are included in the Ordering Support Fee.

3.3. **Additional Payments.** You must pay us or our affiliates within 10 days after demand: (i) all sales taxes, corporate taxes, and any similar taxes paid by us on your behalf, imposed on us, or required to be collected by us on account of products or services we furnish to you (through sale, lease, or otherwise) or on account of our collection of any fee related to this Agreement; (ii) all franchise or similar taxes, whether based on gross receipts, gross revenues, Royalty Fees, Advertising Contributions, or otherwise, imposed on, required to be collected by, or paid by us; (iii) all marketplace facilitator or similar taxes imposed on, required to be collected by, or paid by us in connection with your use of websites, applications, or online ordering platforms; (iv) all other amounts we pay or must pay for you for any reason; (v) any other fees or expenses that we are entitled to collect from you; and (vi) any attorneys' fees we incur related to you, your Owners, or the Franchised Business (other than those we incur in response to your efforts to enforce this Agreement or in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings).

3.4. **Means of Payment.** You must pay all amounts you owe us by electronic funds transfer or draft. We reserve the right to require you to deliver these payments to another party or location, or through any other means of delivery we specify, including by check, electronic funds transfer or draft, wire transfer, or other forms of funds transfer. We also reserve the right to change the due dates or frequency of the due dates of the amounts that you owe to us under this Agreement. We will notify you when we change the location for payments, the required payment delivery method, the due dates, or the frequency of the due dates for payments. You must comply with any new or additional procedures as we may specify in the Manuals or otherwise, in writing, and/or perform any acts and sign and deliver any documents we designate as necessary to assist in accomplishing payment by the method that we specify within 30 days of our notice to you. If there are insufficient funds in your account to cover our draft, we will charge you return costs and an administrative fee. The written authorizations and documents that you must sign as provided under this Section may give us the right to initiate debit entries and/or credit corrections entries. We may make bank drafts based on the reports required under Section 14 (Right to Access; Records; Reporting), the data of the point-of-sale system and other equipment provided for in Section 12.8 (Computer System), or the results of an audit. If you fail to report the Net Sales of the Franchised Business to us for any reporting period as required in this Agreement, we have the right to make bank transfers or drafts for Royalty Fees and Advertising Contributions based

on our reasonable estimate of the amounts for the Franchised Business and/or the data of the point-of-sale system and other equipment provided for in Section 12.8.

3.5. Interest. You must pay us interest on amounts not paid on time at the rate of 1.5% per month or portion of a month, but not more than the maximum interest rate permitted by applicable laws.

3.6. Late Reporting Fee. If you fail to submit timely, complete, and accurate reports, financial statements, tax returns, and statements of initial investment costs in accordance with Sections 14.3 (Systems and Reports), 14.4 (Financial Statements), 14.5 (Tax Returns), and 14.7 (Initial Investment Statements), we may charge you our then-current late fee (the “**Late Reporting Fee**”). The Late Reporting Fee is currently \$50 per day that such report, statement, or return is late, but we may revise it through a modification to the Manuals or otherwise in writing.

3.7. Application of Funds; Withholding of Payments. If you are late in paying any obligation you owe us or our affiliates, we or our affiliates may apply any payment you make to any obligation you owe us or our affiliates, whether or not you make any designation to the contrary. You may not withhold or set off payment of any amount you owe us or our affiliates on grounds of alleged non-performance of any obligation we or they owe you.

4. RESERVED RIGHTS

4.1. Reserved Rights. Unless specified otherwise in Schedule A, you do not have any protected or exclusive rights under this Agreement. We reserve all rights that we do not expressly grant you in this Agreement, including those rights described in Schedule A.

4.2. No Marketing Exclusivity. You agree that: (i) nothing in this Agreement grants you any marketing exclusivity as to particular customers; and (ii) we, our affiliates, and our and their other franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including locations close to your Franchised Business.

4.3. Catering Services and Delivery Services. We require you to offer catering services (“**Catering Services**”) and delivery services (“**Delivery Services**”) and you must do so in accordance with the terms of the Manuals and this Agreement. You may only provide Delivery Services through a TPS that we approve or designate. If a TPS is unavailable to provide Delivery Services for your Franchised Business, you may not be required to offer Delivery Services, subject to our written approval. You acknowledge that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services near your Franchised Business. We retain the right to revise and/or make exceptions to our Catering Services and Delivery Services policies as they apply to you and our other franchisees. We reserve the right to limit the geographic area in which you provide Catering Services and/or Delivery Services.

5. SITE IDENTIFICATION AND ACQUISITION

5.1. Accepted Location. You must establish and operate the Franchised Business only at the Accepted Location. You will not conduct, and you will not permit the conduct of, any business from the Accepted Location other than the Franchised Business. You must obtain our prior written consent if you wish to co-brand the Franchised Business with another business. You will not conduct, and you will not permit the conduct of any, sale of Approved Products using the Marks at any location other than the Accepted Location (except for the Catering Services and Delivery Services described in Section 4.3) without our prior written consent. If we consent to operations

away from your Accepted Location, you will have to execute a separate agreement concerning your mobile or satellite business operations, which may include limitations on the type of activities that you may conduct and may include additional or different financial terms.

5.2. Our Assistance. We may assist you in selecting a proposed site for your Franchised Business (a “**Proposed Location**”), but we are not obligated to do so. You should undertake your own investigation of any Proposed Location and should not rely on any information from us in selecting the Proposed Location.

5.3. Acceptance of Proposed Location. If you and we have agreed on an Accepted Location at the time we sign this Agreement, we will insert the Accepted Location into Schedule A. If you and we have not agreed on an Accepted Location at the time we sign this Agreement, you will select a Proposed Location that complies with our site selection criteria within the Site Selection Area. You will provide us with all material we request to evaluate the suitability of the Proposed Location for your Franchised Business along with a site plan for the Proposed Location. We will provide you with our acceptance or non-acceptance of the Proposed Location within 15 days after you deliver the last item of materials we request, and our determination will be final. If we accept the Proposed Location as the Accepted Location, you must sign standard documentation we prepare, which includes a general release, to document the Accepted Location. Our acceptance of any Proposed Location is our agreement that the Proposed Location satisfies our minimum site selection criteria only and will not be construed as a representation or warranty that the Franchised Business located at the Proposed Site will be successful.

5.4. Site Acquisition.

A. Acceptance and Execution of Site Agreement. You must deliver a copy of the signed lease, sublease, or other rental agreement for the location (the “**Lease**”) or purchase agreement for the location (the “**Purchase Agreement**” and, collectively with the Lease, the “**Site Agreement**”) to us with all material terms specified therein, and any other additional documents you were required to sign with the Site Agreement, either: (i) after we sign this Agreement if we have identified the Accepted Location before we sign this Agreement, or (ii) immediately following the date we accept the location after we sign this Agreement. We may charge you a Lease Documentation Late Fee if you fail to timely provide the Site Agreement within 15 days after its execution. The “**Lease Documentation Late Fee**” shall be \$500 per month (or partial month) from the due date for providing the Site Agreement until the date it is delivered. Before you sign the Site Agreement, you must ensure that it meets the requirements of this Section 5.4. We will have the right, but not the obligation, to review your Site Agreement prior to its execution to verify its compliance with this Section 5.4.

B. Site Agreement Restrictions. If you execute a Site Agreement, (i) you may not create any obligations on our behalf, grant any rights adverse to our rights, or agree to any other term that is inconsistent with any term of this Agreement; (ii) you must duly and timely perform all terms under the Site Agreement; and (iii) except as otherwise provided in this Agreement, you may not assign, encumber, or transfer the Site Agreement, or sublet all or any part of the Accepted Location, without our prior written approval, which approval will not be unreasonably withheld. You must ensure that all Site Agreements comply with any terms set forth in the Manuals.

C. Preferred Lease Terms. You must use commercially reasonable efforts to ensure that all Leases include, unless we agree otherwise in writing:

(i) a provision which requires the landlord concurrently to provide us with a copy of any written notice of breach or default under the Lease sent to you, and which grants to us the right (but not the obligation) to cure any defaults under the Lease within a reasonable time (not to exceed 15 days for monetary defaults and 30 days for non-monetary defaults);

(ii) a provision that provides that upon the expiration or termination of this Agreement or upon your default under the Lease or under this Agreement, we will, without your or the landlord's further consent, have (a) a continuing right of entry into the Franchised Business, (b) the right to operate a Business at the Accepted Location, (c) the right, but not the obligation, to assume your interests under the existing terms, conditions and covenants of the Lease, and (d) should we assume your position under the Lease, the right to assign the Lease or sublet the premises to a third party which will operate a Business at the location;

(iii) a provision that provides that upon expiration or termination of the Lease, we will, without your or the landlord's further consent, have a continuing right of entry into the Franchised Business to remove Proprietary Products and any materials bearing the Marks;

(iv) a provision that provides that the Lease may not be modified or amended without our written consent which will not unreasonably be withheld, conditioned or delayed by us;

(v) a provision that allows you to offer or distribute product samples outside or over the counter of the Franchised Business, as applicable;

(vi) a provision that provides that if we assume your obligations and replace you as the lessee under the Lease or sign a new lease, and we later reassign the Lease or new lease to another franchisee, we will not be liable for any obligations to landlord under the Lease or new lease after the reassignment;

(vii) a provision, or a separate collateral assignment of lease, that provides that your landlord reserves to us the right, at our election, to take an assignment of the leasehold interest and to occupy the Accepted Location for the Franchised Business upon termination or expiration of this Agreement or default under the Lease; and

(viii) a provision that provides that your Franchised Business will have at least one designated parking space for curb-side pickup.

D. Site Agreement Modifications. You must submit a copy of any proposed modification, amendment, or renewal of the Site Agreement (a "**Site Agreement Change**") (along with a true and complete copy of the then-existing Site Agreement) to us for our review and approval prior to executing such documents, not less than 10 days prior to the proposed effective date of such modification, amendment, or renewal. Our review of the proposed Site Agreement Change will be limited to ensuring that it is compliant with the terms of this Agreement. Our acceptance of the Site Agreement Change shall not be unreasonably withheld and may be conditioned upon the inclusion of terms in the Site Agreement acceptable to us, including those provisions as specified in Section 5.4.C. (Preferred Lease Terms). If you renew a Lease or a Lease is extended by the landlord for a period of 12 months or more, we may require you to pay us our then-current lease renewal fee. We will notify you in writing whether we approve of the proposed Site Agreement Change. If approved and subsequently signed, you must provide us with a copy of the signed Site Agreement Change within 15 days after its execution. We may

charge you a Lease Documentation Late Fee if you fail to timely provide the modified or renewed Site Agreement.

E. Subleases. We reserve the right, directly or through an affiliate, to master lease any location and then sublet the location to you. Concurrently, with the execution of the Franchise Agreement, you may enter into a sublease with us if an acceptable site has been identified and we are or will be the master lessee of such site. As part of such sublease you will be required to pay us our then-current sublease administration fee. However, unless we have agreed otherwise in a separate written agreement, we shall have no obligation to enter into a sublease with you for any location. If we and you are parties to a sublease and we elect to assign the master lease to you, you must execute any and all documents required by the landlord to facilitate such assignment and cooperate with our efforts to obtain our release. Any real estate and improvement costs associated with the development of the Accepted Location will be your responsibility.

5.5. Relocation of the Franchised Business.

A. Relocation Request. You may relocate the Accepted Location of the Franchised Business at your expense, if, prior to closing the Franchised Business, you submit a site acceptance request (in the form we provide to you) for your new Proposed Location and obtain our acceptance of the relocation to the Proposed Location. A relocation includes any change of the location of the Franchised Business within a mall, facility, or building to a new location within the same mall, facility, or building. We are under no obligation to approve a relocation of the Franchised Business. Approval under this Section 5.5 will be within our sole discretion, and such approval shall not be granted unless you are in compliance with all terms and conditions of this Agreement and you have the funds available to relocate the Franchised Business and construct a new Franchised Business according to our then-current design standards.

B. Relocation Conditions. If we approve, in our sole discretion, the relocation of the Franchised Business under this Section 5.5, you agree to comply with the following conditions:

(i) the new location will be considered the "Accepted Location" as used in this Agreement;

(ii) all Site Agreements you enter into to secure the new location must comply with Section 5.4 (Site Acquisition);

(iii) you must make or cause to be made to the former Accepted Location such changes in the signs and interior and exterior of the former Accepted Location so as to effectively distinguish such location from any other Business;

(iv) we may charge you a relocation fee equal to 10% of the then-current Initial Franchise Fee (the "**Relocation Fee**") to cover costs incurred by us in connection with any such acceptance, evaluation, and relocation of the Franchised Business;

(v) we may require you to pay an agreed minimum royalty to us during the period in which the Franchised Business is not in operation (if any); and

(vi) we may require you to sign our then-current form of franchise agreement to replace this Agreement (the "**New Franchise Agreement**") or any other documents we may require to amend this Agreement. You acknowledge and agree that the New Franchise Agreement may contain terms that are materially different from this Agreement, but you will not

be required to pay another initial franchise fee if you sign a New Franchise Agreement. If the term of the Lease for the new location extends beyond the Term, we may, in our sole discretion, extend the term of this Agreement or the New Franchise Agreement to match the term of the Lease for the new location, provided you will be required to pay a relocation extension fee equal to \$1,500 multiplied by the number of years between the original expiration date of the Term and the expiration of the term of the Lease for the new location.

6. LEASEHOLD IMPROVEMENTS

6.1. Leasehold Improvements. You must hire a licensed and insured general contractor (“**General Contractor**”) to complete the build-out of your Franchised Business, and the General Contractor must be accepted by us. Our acceptance of your General Contractor will not in any way be our endorsement of your General Contractor or render us liable for your General Contractor’s performance. We may require any items used in the Franchised Business to meet our minimum Standards and/or to be sourced from suppliers or consolidators that we have designated or approved. You must purchase certain items of machinery and equipment and other items used in the Franchised Business from our designated or approved consolidators or as we otherwise direct. The designated consolidators will coordinate the ordering and delivery of your machinery and equipment. You may request a waiver of the requirement that you use our designated consolidators if you can demonstrate that you can successfully manage the process of ordering and obtaining your machinery and equipment.

6.2. Architectural Plans.

A. Architectural Requirements. We will provide you with a sample layout for the interior of a typical Business and specifications for furniture, fixtures, equipment, and décor. You must, at your expense and subject to our acceptance, employ architects, designers, and others as necessary to prepare your plans, modify or complete the layouts, renderings, plans, and specifications, which must include interior and exterior elevations of the Accepted Location (the “**Architectural Plans**”). Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect’s performance or your architect’s compliance with professional design standards or adherence to local codes.

B. Submission of Plans. You must submit to us, by the deadline specified in Section 6.5.B. (Construction Start Deadline), a complete set of final Architectural Plans. We will promptly review the Architectural Plans and will either accept the Architectural Plans or provide comments to you on changes we require. After our initial review of your Architectural Plans at no cost and our review of one revised set of Architectural Plans that incorporate our required changes at no cost, we may charge a fee of \$1,000 for each set of drawings we review that include any other modifications from the plans that we have previously accepted. You may not begin construction of the Franchised Business until we have accepted the final Architectural Plans in writing.

C. Compliance with Legal Requirements. You must, before we approve the Architectural Plans, have your architect or you certify to us that the Architectural Plans comply with the Americans with Disabilities Act (the “**ADA**”), the architectural guidelines under the ADA, and all other federal, state, and local statutes, rules, regulations, ordinances, and codes (collectively, “**Laws**”) that apply to the Franchised Business.

6.3. Construction, Inspection, and Government Approvals. You must begin the construction and equipping of the Franchised Business by the deadline specified in Section 6.5.B. (Construction Start Deadline). You must furnish us with all documents we request related to

construction. You must obtain our written approval of any changes to the Architectural Plans before you implement the changes. We must have access to the Franchised Business while work is in progress and on its completion. We may require you to provide photographs of your construction progress periodically from the time you commence construction until the time that we issue our consent to open the Franchised Business. On completion of construction and before the Opening Date, any architect and General Contractor you employ or you must provide us with a certificate stating that the as-built plans for the Franchised Business comply with the ADA, the architectural guidelines under the ADA, and all other Laws that apply to the Business. You must promptly make any modifications we deem necessary to bring the Franchised Business into compliance with the Architectural Plans. You may not open the Franchised Business if it does not conform to the final Architectural Plans and changes we approved. You must promptly seek and obtain prior to opening the Franchised Business all governmental approvals and licenses required to open and operate the Business.

6.4. Signage. All exterior and interior signage you use for the Franchised Business must conform to our Standards, including our Standards as to type, color, size, design, and location. You must use a sign vendor that we have designated or approved in writing to ensure proper compliance with our Standards. You must obtain our written approval before you install or display any signage.

6.5. Opening and Development Deadlines.

A. Site Approval Deadline. You will have until the deadline specified in Schedule A to (i) identify the Accepted Location, (ii) obtain our acceptance of the Accepted Location, (iii) sign any documentation we require to document the Accepted Location, (iv) obtain our acceptance of a Lease for the Accepted Location, and (v) sign the accepted Lease for the Accepted Location or otherwise acquire the ownership rights to the Accepted Location (the “**Site Approval Deadline**”).

B. Construction Start Deadline. You must (i) submit to us a complete set of final Architectural Plans and (ii) begin the construction and equipping of the Franchised Business by the deadline specified in Schedule A (the “**Construction Start Deadline**”).

C. Opening Deadline. You must open the Franchised Business by the deadline specified in Schedule A (the “**Opening Deadline**”). You must notify us of your proposed Opening Date at least 30 days in advance. We have the right to inspect your Franchised Business and take other measures we deem appropriate to determine whether you are ready to begin operations. You will not begin operations until we authorize you to do so in writing.

D. Failure to Meet Deadlines. If you are unable to meet the Site Approval Deadline, the Construction Start Deadline, or the Opening Deadline, you may request an extension before the expiration of any missed deadline. We have the right to require you to pay a \$2,500 extension fee, if we agree to modify (or if you miss) any of the deadlines. We are not obligated to extend any deadlines. If (i) you fail to cure your failure to meet the Site Approval Deadline or the Construction Start Deadline within 30 calendar days after we send you notice of such default or (ii) you do not meet the Opening Deadline, we may terminate this Agreement, as provided in Sections 17.2.I and 17.3.J.

7. GOODS AND SERVICES

7.1. Purchases.

A. Goods You Purchase. We have the right to require that Approved Products, other products, Proprietary Ingredients, supplies (including chemicals), furniture, fixtures, equipment, and services (collectively, “**Goods**”) that you purchase for resale or purchase or lease for use in your Franchised Business: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers, service providers, distributors, and/or consolidators (collectively, “**Suppliers**”) that we have expressly designated or approved (“**Approved Suppliers**”); (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates); and/or (v) be purchased as part of a purchasing program, arrangement, or contract that we negotiate or specify. To the extent that we establish specifications, require approval of Suppliers, or designate Approved Suppliers for particular Goods, we will publish our requirements in the Manuals or otherwise in writing.

B. Suppliers. You must purchase all of your requirements of Proprietary Ingredients, Proprietary Products, and proprietary uniforms, signs, menu boards, smallwares, materials, supplies, paper goods, equipment, and packaging (collectively, the “**Proprietary Goods**”) from us, our affiliates, or our designated Approved Suppliers. For all other Goods, we may require you to purchase such Goods from any Approved Suppliers or from particular Approved Suppliers, or we may permit you to purchase such Goods from any Supplier capable of providing Goods that meet our minimum Standards (to the extent we have specified Standards for such Goods). If we sell Goods directly to you, we will do so at the same price that we charge similarly-situated franchisees. If you are in default under this Agreement, then any obligations we and our Approved Suppliers may have to sell you Goods may be suspended in our sole discretion; and you will not, as a result, have a defense at law or equity based on impossibility of your performance or any claim against us or our Approved Suppliers. If we or our Approved Suppliers are unable to supply you with the quantity and type of Goods you request, we will exert reasonable commercial efforts to allocate, or to cause our Approved Suppliers to allocate, the Goods available on an equitable basis among the Businesses that seek to purchase Goods. You acknowledge that we, our affiliates, and our Approved Suppliers will not be liable if we, our affiliates, or our Approved Suppliers are unable to fulfill your requests.

C. Revenue from Purchases. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for Goods we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by manufacturers, Suppliers, or third parties. If we, our affiliates, or third parties acting under our direction arrange for manufacturers to sell the Goods directly to our Approved Suppliers to then sell them to you, then we or our affiliates will have the right to receive compensation or other consideration from the manufacturers, Approved Suppliers, and/or such third parties for these sales. We and our affiliates may use all amounts received from manufacturers, Suppliers, or third parties, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

7.2. Approved Products. You may offer in the Franchised Business to customers only the Approved Products that we have approved in writing. You must produce and sell all Approved Products we specify, including all menu items and other products and services that we require you to sell, as stated in the Manuals or otherwise, which are all part of the System. We may

change these specifications periodically, and we may designate specific Approved Products as optional or mandatory. You must offer all Approved Products that we designate as mandatory. You may not produce or offer any products (i) that we do not authorize you to produce or sell or (ii) that we direct you not to produce or sell. You may sell Approved Products only in the varieties, forms, and packages that we have approved. If we require you to produce any Approved Products, you must strictly follow our Recipes, using only those product components, ingredients, flavoring, and garnishes that meet our then-current Standards. If we require or authorize you to sell alcoholic beverages, you must obtain any necessary permits or licenses. You must maintain a sufficient supply of required Approved Products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

7.3. Approval Process.

A. Review Process. If you would like to offer products or use any Goods that we have not approved or to purchase or lease from a Supplier that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed Supplier's facilities and test samples of the proposed Goods. We have the right to grant, deny, or revoke approval of Goods or Suppliers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Franchised Business may differ from those that we permit or require to be offered in other Businesses.

B. Requirements for Suppliers. Before we approve a Supplier, we will require the following, among other things: (i) the Supplier must demonstrate that it is able to supply the item to you in accordance with our Standards, including our standards as to the artwork and text on the items; (ii) if the Supplier is to receive access to any of our Confidential Information (defined below), Trade Secrets (defined below), or logos, the Supplier must sign a confidentiality agreement and/or our standard form license agreement we prepare; (iii) the Supplier must demonstrate that it is in good standing in the business community with respect to its financial soundness and the reliability of its products or services; and (iv) the Supplier must sign all agreements we require our suppliers to sign at that time.

7.4. Revocation of Approval. We reserve the right to reinspect the facilities and Goods of any Approved Supplier and to revoke approval of the Goods or Supplier if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved Goods or any Goods from the formerly-approved Supplier and you must dispose of your remaining inventory of the formerly-approved Goods as we direct. If we revoke approval of a formerly-approved Approved Product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

7.5. Limitations. You may only engage in the sale of Approved Products under the System from the Franchised Business to the ultimate consumer. You may not offer for sale, sell, supply for resale, or deliver any Goods to a third party other than the ultimate consumer at the Franchised

Business without our prior written consent. Unless otherwise permitted by us in writing, you may not sell any Goods through the Internet or using any other channel of distribution other than your Franchised Business. You may not use the Franchised Business or the premises of the Franchised Business to produce or sell any goods, products, or services other than Approved Products sold using the Marks. In particular, you may not operate a ghost kitchen or delivery business selling goods, products, or services under another brand.

7.6. Test Marketing. We may from time to time conduct test marketing to determine consumer trends and the salability of new food or non-food products and services. You will participate in any test marketing we require by providing us with timely reports and other relevant information as we may request. In connection with test marketing, you will purchase for the Franchised Business the reasonable quantity of test products we specify and will use your best efforts to promote and sell test products.

7.7. Disclaimer of Warranties. **WE AND OUR AFFILIATES EXPRESSLY EXCLUDE AND DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ALL GOODS THAT WE OR OUR AFFILIATES OFFER, SELL, OR REQUIRE FOR YOUR FRANCHISED BUSINESS (COLLECTIVELY, "SOURCED PRODUCTS"). YOUR EXCLUSIVE REMEDY AND OUR AND OUR AFFILIATES' EXCLUSIVE LIABILITY FOR ALL CLAIMS RELATED TO ANY SOURCED PRODUCTS IS (I) LIMITED TO YOUR REMEDIES AGAINST THE GIVEN THIRD PARTY SUPPLIER OR MANUFACTURER (WHICH SHALL NOT INCLUDE OUR AFFILIATES) FOR ANY OF THE SOURCED PRODUCTS THEY PROVIDE; AND (II) FOR ANY OF THE SOURCED PRODUCTS THAT WE OR OUR AFFILIATES PROVIDE, LIMITED TO THE PURCHASE PRICE OF SUCH SOURCED PRODUCTS, PLUS SHIPPING COSTS, IF ANY, YOU PAID; OR, AT OUR OR OUR AFFILIATES' OPTION, THE REPLACEMENT OF SUCH SOURCED PRODUCTS. WE AND OUR AFFILIATES WILL NOT BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, MULTIPLIED, EXEMPLARY, OR PUNITIVE DAMAGES FOR ANY MATTER STATED IN THIS SECTION 7 (GOODS AND SERVICES), REGARDLESS OF THE DIRECT OR INDIRECT CAUSE OF THE DAMAGES.** This disclaimer of warranties does not affect any claims you may have against third party manufacturers or Suppliers of any Sourced Products.

8. COMPLIANCE WITH THE SYSTEM AND MANUALS

8.1. Manuals. We will lend you one hard copy of, or grant you electronic or other access to, the Manuals during the Term. We may provide the Manuals, and any Supplements to the Manuals (defined below), to you in hard copy or electronically via applications for mobile devices, DVD, intranet, other storage media, electronic mail, video, the Internet, or other electronic formats. If any content of the Manuals conflicts with the terms of this Agreement, this Agreement will control. You may be required to pay a license fee to use the software necessary to access the Manuals.

8.2. Compliance with the System. You agree that: (i) every component of the System is vital to us, to your Franchised Business, and to the Businesses our other franchisees operate; and (ii) your compliance with the System is of the essence to this Agreement. You therefore agree that you will conduct all activities and operations of your Franchised Business in strict compliance with the System, including the Standards and the Manuals, as though specifically stated in this Agreement. You must promptly address any customer complaints in accordance with our Standards as specified in the Manuals.

8.3. **Changes to the Standards and the Manuals.** We may make additions to, deletions from, and modifications to the Manuals ("Supplements") or Standards from time to time in any form or fashion, including (i) altering the Approved Products, accounting and computer systems, forms, policies, and procedures of the System; (ii) adding, modifying, or substituting the equipment, signs, trade dress, and other Business characteristics that you are required to use or display (subject to the limitations set forth in this Agreement); (iii) implementing new programs and policies, which may require you to incur additional expenses, purchase new equipment or supplies, or pay additional reasonable fees; and (iv) changing, improving, modifying, or substituting for the Marks. We will communicate changes in the Standards or the Manuals in writing or electronically to you, as we deem appropriate. You must immediately adopt and use any Supplements to the Manuals. All Supplements to the Manuals are binding on you as if they were part of the Manuals previously provided to you. It is your responsibility to monitor for Supplements to the Manuals and maintain a current and up-to-date copy of the Manuals at your Franchised Business at all times. If there is any dispute as to your compliance with the Manuals, then the master copy of the Manuals we maintain will control. All references in this Agreement or otherwise to the Manuals will include any and all Supplements to the Manuals. You acknowledge that changes in the Standards or Manuals may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

8.4. **Variances.** You agree that complete uniformity under many varying geographic and other conditions, and over extended spans of time, is not practical and may be detrimental to the System, and that as a result: (i) we may vary the Standards for any franchisee as we deem necessary; (ii) we may grant franchises using the System under terms that may differ materially from the terms of this Agreement; and (iii) our obligations and rights with respect to our various franchisees may differ materially from our obligations and rights with respect to you, without in any way affecting our rights with respect to you. You will have no right to require that we disclose any variation to you or that we grant you the same or a similar variation.

8.5. **Ownership.** You agree that we own all proprietary rights in and to the System and the Manuals. The Manuals will at all times remain our property and you and all your directors, officers, shareholders, partners, members, managers, employees, agents, independent contractors, and others who gain access to the Manuals and the information contained in the Manuals will treat the Manuals and the information in the Manuals as our Confidential Information (defined below).

8.6. **Guest Relations.** You must promptly address any customer complaints in accordance with our Standards as specified in the Manuals, including resolving such complaints in the manner and within the time period specified in the Manuals. In addition to any other rights and remedies we may have, including reimbursement of any cost or expenses related to resolving such complaint on your behalf, we may charge you a guest relations fee if (i) we or you receive an excessive number of complaints related to you or your Franchised Business (such number shall be specified in the Manuals) or (ii) you fail to resolve a customer complaint in accordance with our Standards within the time period specified in the Manuals.

9. INTELLECTUAL PROPERTY

9.1. Marks.

A. **Acknowledgements.** You acknowledge that we or our affiliates are the owner of the Marks, that you have no interest in the Marks beyond the non-exclusive license granted herein, and that, as between we and you, we have the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them. Upon the expiration or

termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

B. Rights. Your right to use the Marks applies only to the Franchised Business operated at the Accepted Location as expressly provided in this Agreement, including advertising related to the Franchised Business. You may only use in your Franchised Business the Marks we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark or any words or designations similar to the Marks (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, search engine keyword, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. No materials on which any of the Marks appears will be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Franchised Business and on forms, advertising, supplies, employee uniforms, business cards, and other materials we designate.

9.2. Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the Business concept, including the Manuals (including the Supplements); the Recipes; our building designs, architectural renderings, and construction plans; and certain forms, advertisements, images, art, photography, promotional materials, and other written materials that we produce (collectively, the "**Copyrights**") belong solely and exclusively to us or our affiliates. You have no interest in the Copyrights beyond the non-exclusive license granted in this Agreement. Your use of the Copyrights inures to our benefit.

9.3. No Contesting Our Rights. During the Term and after its expiration or termination, you agree not to directly or indirectly contest our or our affiliates' ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Copyrights, (iii) the Recipes, or (iv) any Trade Secrets (defined below), methods, or procedures that are part of the System (collectively, the "**Intellectual Property**"), or contest our sole right to register, use, or license others to use the Intellectual Property.

9.4. Changes to the Intellectual Property. We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

9.5. Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We agree to protect and defend you against any suit filed or demand made against you challenging the validity of the Intellectual Property (an "**IP Claim**"), and to defend and indemnify you against your loss, cost, or expense related to the IP Claim, except where the IP Claim arose because you used the Intellectual Property in violation of this Agreement. We will initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any

other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

9.6. Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document. Upon our request, you will execute all documents that we require to confirm such reversion.

9.7. Innovations. All ideas, concepts, techniques, or materials relating to a Business or the System or derivations or modifications of the Intellectual Property or any other element of the System (collectively, "**Innovations**"), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Franchised Business or otherwise without our prior approval.

10. ADVERTISING AND PROMOTION

10.1. Local Advertising, Marketing and Promotion.

A. Advertising Standards. You may use only advertising and promotional materials that we have furnished or approved in writing in advance. You must conform all advertising to our Standards.

B. Submission of Proposed Materials. Except for advertising or promotional materials we furnish to you, you must submit to us for our written approval, before use, copies of all proposed advertising and promotional materials, of all forms and formats, including sponsorships, business cards, signs, displays, press releases, leaflets, mailouts, specialty and novelty items, and or magazine, electronic, radio, and television advertising.

C. Grand Opening Advertising. You must spend at least the amount specified in Schedule A on grand opening advertising promoting the opening of your Franchised Business within the time period specified in Schedule A (the "**Grand Opening Obligation**"). The Grand Opening Obligation is in addition to your Advertising Contribution and any local advertising obligations you may have. All materials you use for the Grand Opening Obligation and the media in which you use them, are subject to our approval. We have the right to require you to provide documentation that demonstrates your compliance with the Grand Opening Obligation. If you fail to make advertising expenditures in accordance with this Section, we will have the right to either: (i) require you to spend the remaining amount on local marketing advertising, in addition to your Local Marketing Obligation, or (ii) spend an amount not to exceed your Grand Opening Obligation on promoting the opening of your Franchised Business for you, and you must reimburse us for these expenses. If you relocate the Franchised Business pursuant to Section 5.5 (Relocation of the Franchised Business), we may require you to comply with the Grand Opening Obligation again.

D. Participation in Promotions. From time to time, we or your Advertising Cooperative (if any) may establish temporary or permanent promotional campaigns (e.g., limited time offers, gift cards, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) applicable to the System as a whole or to specific advertising market areas. You are required to participate in these promotional programs at your own cost, including the costs to purchase, lease and install all materials necessary to the promotional campaigns, including counter cards, posters, banners, signs, photographs, give-away items, and gift cards.

E. Local Marketing Obligation.

(i) Local Marketing. Unless otherwise specified in Schedule A, you must aggressively advertise, market, and promote your Franchised Business locally in accordance with our Standards and must spend a reasonable amount each calendar quarter for local market advertising. If we require you to spend a minimum amount on local market advertising, we will specify the minimum amount in Schedule A (the “**Local Marketing Obligation**”) and, upon our request, require you to submit for our written approval an annual local marketing plan. We may change the Local Marketing Obligation, provided that we must give you at least 60 days’ written notice of the change. Your Local Marketing Obligation will be in addition to amounts you must pay or spend under Section 3.2.B (Advertising Contribution) and for the Grand Opening Obligation under Section 10.1.C. (Grand Opening Advertising). You will be responsible for determining the amount of advertising funds you spend for individual local market advertising, subject to the Local Marketing Obligation (if any) and our approval of your annual local marketing plan, if applicable.

(ii) Compliance with the Local Marketing Obligation. Any contributions that you make to an Advertising Cooperative (if one exists) may be counted towards your Local Marketing Obligation. The following expenditures or costs will not count towards your Local Marketing Obligation: salaries, donations, press parties, in-store fixtures or equipment, menus, serving guides and nutritional facts, yellow page advertising, exterior or interior signage, and incentive programs, including costs of honoring coupons and food costs incurred in honoring sales promotions. We have the right to require you to provide documentation that demonstrates your compliance with the Local Marketing Obligation. If you fail to make advertising expenditures in accordance with this Section, we will have the right to spend an amount not to exceed your Local Marketing Obligation on local advertising for you, and you must reimburse us for these expenses. Your failure to comply with this Section 10.1.E. is a material breach of this Agreement.

(iii) Payment to Us. We have the right upon written notice to you to require you to pay all or a portion of the Local Marketing Obligation to us for us to, in our sole discretion, (a) contribute to the Ad Fund (as defined in Section 10.3.A. (Contributions to Ad Fund)), (b) spend on national, regional, or local advertising campaigns, (c) contribute to the Advertising Cooperative (as defined in Section 10.4.A. (Participation)) in your market, or (d) spend on local advertising in your market. If we exercise our right to collect your entire Local Marketing Obligation (and not just a portion of it), you will not be required to (x) spend a minimum amount on local advertising (other than your Grand Opening Obligation), (y) provide a local marketing plan, or (z) participate in, or contribute to, your Advertising Cooperative. We are not obligated to ensure that the Local Marketing Obligation monies that we spend are proportionate or equivalent to your contributions or that the Franchised Business will benefit directly or pro rata or in any amount from the placement of advertising.

10.2. Digital Marketing.

A. Restrictions. We or our affiliates, in our sole discretion, may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Franchised Business, and the entire network of Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Franchised Business.

B. Digital Marketing By You. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Franchised Business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any Standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such Standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of Copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

10.3. Advertising Fund.

A. Contributions to Ad Fund. We will allocate your Advertising Contributions to a fund for the advertising and promotion of the Businesses, the Marks, and the System (the "**Ad Fund**"). If we operate any Businesses, our Businesses will contribute to the Ad Fund in the same manner as similarly-situated Franchised Businesses. You acknowledge that our other franchisees may not be required to contribute to the Ad Fund, may be required to contribute to the Ad Fund at a different rate than you or may be required to contribute to a different advertising fund.

B. Management of Ad Fund. You agree that: (i) we need not maintain the Ad Fund, your Advertising Contributions, or income earned from contributions to the Ad Fund in a separate account from our other funds; (ii) we are not a fiduciary with respect to your Advertising Contributions or the Ad Fund; and (iii) the Ad Fund is not a "trust." We are not required to have an independent audit of the Ad Fund completed. We will provide you with an annual summary of the expenditures of the Advertising Fund on your reasonable request. If any monies in the Ad Fund remain at the end of a fiscal year, they will carry-over in the Ad Fund into the next fiscal year. We may treat any amounts that we contribute to the Ad Fund in excess of our required contributions for Businesses that we operate and any spending on advertising that we make in excess of the amounts then available in the Ad Fund as a loan from us to the Ad Fund. We have the right to be reimbursed from the Ad Fund any amounts that we loan to the Ad Fund.

C. Use of Ad Fund. We will administer the Ad Fund. We have sole authority to direct all advertising programs and promotions and uses of the Ad Fund, with sole control over the creative concepts, materials, and media used in the programs, and the placement and allocation of advertising. We reserve the right to use any media, create any programs, and allocate advertising and promotional expenditures to any regions or locales we deem appropriate. We may use the Ad Fund to meet the costs of administering, preparing, and conducting national, local, or regional advertising, promotional, or brand building programs of any kind, including the cost of (i) preparing and conducting television, radio, magazine, newspaper, and digital advertising campaigns and other public relations activities (including for purposes of brand reputation management), (ii) employing public relations firms and advertising agencies to assist in these activities, and (iii) conducting other activities that are directly or indirectly designed to promote the System, its franchisees, and/or increase System sales, such as limited-time menu offerings, crew incentives, franchisee incentive and/or promotional programs, customized materials (e.g., cups), up-sell programs, guest response programs, manager/employee recognition programs, quality assurance and food safety programs, mystery shop and shopper programs, brand websites and ordering platforms, brand applications, social media account administration and promotion, and in-store equipment and technologies related to such marketing programs. We may use the Ad Fund to compensate us for the reasonable administrative costs and overhead we incur in activities related to advertising and promotional programs, including new product development; market research; preparing advertising and promotional materials; Digital Marketing; working with public relations firms, advertising agencies, advertising placement services, and creative talent; reimbursing franchisee advisory council meeting expenses; developing and maintaining, and paying third parties for the development and maintenance of, websites, applications, and other equipment and technologies related to marketing programs. We will not spend the Ad Fund in a manner that (i) exclusively benefits our licensees that manufacture and sell products bearing the Marks, if any, or (ii) is principally a solicitation for the sale of franchises.

D. No Proportionate Benefit; No Right to Withhold Contribution. The advertising and promotions that we conduct are intended to maximize general public recognition and patronage of the System generally in the manner that we determine to be most effective. We are not obligated to ensure that the expenditures from the Ad Fund are proportionate or equivalent to your contributions or that the Franchised Business will benefit directly or pro rata or in any amount from the placement of advertising. You will spend and/or contribute all advertising contributions, including the Advertising Contribution, provided for in this Agreement without reduction regardless of your perceived benefit to the Franchised Business or the amount of contribution by other franchisees operating Businesses or the default of these advertising obligations by any other franchisees.

10.4. Advertising Cooperatives.

A. Participation. You will participate, if we require, in any local, regional, or national cooperative advertising group consisting of other Businesses (an “**Advertising Cooperative**”) that we specify, when and if any of these groups are created. We will designate the particular Advertising Cooperative(s) in which you may be required to participate (which designations may be based on, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where your Franchised Business is located). If we collect the entire Local Marketing Obligation, we will not require you to participate in an Advertising Cooperative. You will enter into any formal agreements with the other franchisees of the System and/or us, as the case may be, as is necessary or appropriate to accomplish the goals of this Section 10.4 and you must abide by the formal agreements and

decisions that we authorize the Advertising Cooperative to make on advertising and marketing in the area covered by the Advertising Cooperative.

B. Payments. Your payments to any Advertising Cooperative will be determined by you and those other franchisees and/or us, as the case may be, who are participants in the Advertising Cooperative, as stated in the by-laws of that Advertising Cooperative or membership, dues, participation, or other payment agreements of the Advertising Cooperative. Amounts paid to an Advertising Cooperative will be credited against your Local Marketing Obligation as specified in Section 10.1.E. (Local Marketing Obligation). Any contributions that you make to an Advertising Cooperative shall be additional to your Advertising Contribution as specified in Section 3.2.B. (Advertising Contribution) and your Grand Opening Obligation as specified in Section 10.1.C. (Grand Opening Advertising). If you become delinquent in your dues or other payments to the Advertising Cooperative or fail to abide by any formal agreements or authorized decisions of the Advertising Cooperative, the delinquency or failure will be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement.

C. Operations of Advertising Cooperative. We may require any Advertising Cooperatives to only use public relations firms and advertising agencies that are Approved Suppliers. All proposed advertising and promotional materials produced by, or on behalf of, Advertising Cooperatives must be submitted to us for our written approval before use. We may on 30 days' written notice to you suspend or terminate an Advertising Cooperative's program or operations. As a member, officer or director of an Advertising Cooperative, at our request, you will provide to us all information we request related to the Advertising Cooperative and you must provide this information within 10 days after our request to you.

10.5. Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

11. TRAINING AND SUPPORT

11.1. Initial Training Program.

A. Required Trainees. The required trainees that we designate on Schedule A (collectively, "**Required Trainees**") must attend and successfully complete the initial training program for Businesses (the "**Initial Training Program**"). All trainees must be over the age of 18 years and must meet any minimum experience requirements that we specify. In addition, we may, in our sole discretion, require your Primary Contact, if they will not be involved in the day-to-day operation of the Franchised Business, to complete a limited version of the Initial Training Program to our satisfaction. If any of your Required Trainees have previously attended and successfully completed our Initial Training Program and you or they have not defaulted under any other franchise agreement with us, we may, in our sole discretion, determine that such Required Trainee is not required to attend the Initial Training Program again or will be required to attend a modified Initial Training Program. In addition to completing the Initial Training Program, if we determine that your Primary Contact does not have sufficient restaurant experience, we may require them to complete an internship in an existing Franchised Business.

B. Training Fees. Except as otherwise provided in Schedule A, we will provide the Initial Training Program at no additional charge for any Required Trainees. We reserve the right

to charge you a reasonable training fee if you elect to bring additional trainees, other than the Required Trainees, to the Initial Training Program, or if your Required Trainees are trained in separate sessions.

C. Attending Training. We will provide, or designate other parties to provide on our behalf, the Initial Training Program periodically and permit you to register for an available program. Training programs are subject to space and time availability. All or certain portions of the Initial Training Program may, in our discretion, be conducted online or in person at our corporate headquarters and/or other locations authorized by us (which may include locations operated by other franchisees). Your trainees may not attend the Initial Training Program until (i) you have provided us with your fully signed Lease (if required) in a form that we have approved, (ii) your Franchised Business is under construction, and (iii) you have provided us with evidence of the insurance that is required under your Franchise Agreement.

D. Completion of Training. All of your Required Trainees must successfully complete our Initial Training Program before they may be involved in the operation of your Franchised Business. A minimum number of Required Trainees, as specified in Schedule A, must successfully complete the Initial Training Program by the deadline specified in Schedule A. We have the right in our reasonable discretion to determine whether a trainee has successfully completed the Initial Training Program. If we conclude that a Required Trainee has failed to successfully complete the Initial Training Program, that Required Trainee must re-enroll in our next scheduled applicable Initial Training Program at no additional charge. We will have the right to terminate this Agreement if, following the Initial Training Program and re-enrollment training, if any, the minimum number of Required Trainees have not successfully completed the Initial Training Program.

E. Training of You by Franchisees. We may, in our sole discretion, authorize certain franchisees to provide on our behalf all or portions of the Initial Training Program in accordance with our Standards, provided such franchisees (i) have a Certified Training Manager (as defined below), (ii) operate a Certified Training Business (as defined below), and (iii) meet other requirements that we specify. If we require or permit you to receive portions of the Initial Training Program from another franchisee, we may require you to execute an agreement with such other franchisee regarding the training program.

F. Subsequent Trainees. Any Required Trainees you hire or appoint after the opening of the Franchised Business and any other persons we designate ("Subsequent Trainees") must attend and successfully complete our Initial Training Program before becoming involved in the operation of your Franchised Business. We may require employees that transfer to your Franchised Business from another Business to successfully complete the Initial Training Program again. We also may require you to send or resend your Managers (as defined below) or employees to the Initial Training Program, and require them to successfully complete it, if we have identified operational or performance issues at your Franchised Business. We reserve the right to charge you a reasonable training fee for each Subsequent Trainee that attends an Initial Training Program.

G. Training By You. If you operate two or more Franchised Businesses, we may, in our sole discretion, certify one or more of your Franchised Businesses as an authorized training facility (a "Certified Training Business") and certify one or more of your full-time managers ("Managers") as a trainer authorized to provide our Initial Training Program to your new trainees (a "Certified Management Trainer"). Your Certified Management Trainers may provide our Initial Training Program at a Certified Training Business in accordance with our Standards for

such training. To become a Certified Management Trainer, a Manager must (i) complete our Initial Training Program, (ii) maintain specific food safety programs, (iii) attend any required additional training program, and (iv) meet other qualifications that we may specify from time to time. To be designated as a Certified Training Business, your Franchised Business must (a) meet compliance scores that we specify, (b) fully comply with our then-current Standards, (c) employ at least two Managers, in addition to a Certified Management Trainer, and (d) meet any other requirements that we may specify from time to time. We may, in our sole discretion, revoke certification for a Certified Training Business or a Certified Management Trainer. If we revoke certification, we may require your trainees to attend the Initial Training Program at another location that we designate.

11.2. On-Site Training. Except as may be specified on Schedule A, we are not required to provide any on-site training or consultation at the site of your Franchised Business (the “**On-Site Training**”). You may request that we provide you with On-Site Training. We may agree to provide On-Site Training but will not be obligated to do so. We may also, in our sole discretion, require that you obtain On-Site Training at any time, including in the days or weeks before and/or after your Opening Date and/or if you fail to comply with the System and Standards. We may charge you a reasonable fee for On-Site Training, which may include a daily or hourly fee for each of our trainers and reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.) during such On-Site Training.

11.3. Additional Programs. We may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, or additional or refresher training sessions on any matters related to the System (“**Additional Programs**”). We will determine the duration, curriculum, and location of such Additional Programs, which may take the form of web-based training modules, webinars, seminars, in-person training, or on-site training. Your Required Trainees, Primary Contact, Owners, and other personnel we designate must attend any Additional Programs that we require. We may charge you a reasonable fee for your trainees to attend any Additional Program.

11.4. Other Training Terms.

A. Modifications. We reserve the right to modify our Initial Training Program, Additional Programs, or any other training programs at any time, including the timing, frequency, content, format, and location of training.

B. Training Platform. We may require you to purchase or license from us, our affiliates, or Approved Suppliers any training platform and equipment necessary to use or access the training materials.

C. Expenses and Compensation. You will pay all expenses you and your personnel incur for any training programs, including your/their travel, food, lodging, compensation, and benefit expenses. We will not pay any compensation for any services you and your personnel perform in any training program.

D. Cancellation Fee. If you or your trainees fail to cancel any scheduled training without at least 14 days’ prior notice, or if you or your trainees are not prepared to successfully participate in any scheduled training, we may charge you the cost of conducting the originally scheduled training (including any travel and living expenses incurred by our representatives) and you may have to pay an additional fee for the rescheduled training.

11.5. Additional Consulting Services. After you open your Franchised Business, we may furnish you with support services as we deem appropriate. We also may offer you additional consulting or support services, including On-Site Training and remote support, that are greater in scope than our standard support services. We may charge you a reasonable fee for these services which may include a daily or hourly fee for each of our representatives and, for On-Site Training, reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.). Additional consulting or support services are subject to availability and shall be offered in our sole discretion.

12. YOUR OBLIGATIONS

The following obligations are in addition to your other obligations in this Agreement:

12.1. Compliance with Laws. You will operate the Franchised Business in compliance with all applicable Laws, including all Laws related to labor, health, and safety. You will promptly furnish to us copies of all fire, health, or other inspection reports, warnings, certificates, and ratings issued by any government agency, and must immediately provide us with any such items that assert any failure to comply strictly with any Law. If required by the jurisdiction where the Franchised Business is located, you will file for and maintain a Certificate of Fictitious Name that includes the Primary Mark. You also shall comply with (a) all applicable contractual requirements (e.g., PCI-DSS), Laws, or standards, or any equivalent thereof, relating to the collection, use, and security of personal information and (b) any privacy policies or data protection and breach response policies we periodically may establish, including those set forth in Section 12.3 (Data Breach Notification).

12.2. Compliance with Electronic Payment Standards. You must abide by: (a) the Payment Card Industry Data Security Standards (“**PCI-DSS**”) enacted by the applicable Card Associations (as they may be modified from time to time or as successor standards are adopted); (b) the Fair and Accurate Credit Transactions Act (“**FACTA**”); and (c) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments (“**Electronic Payment Requirements**”). We require that you use vendors (and may require you to use one or more Approved Suppliers that we designate) to provide security services that are consistent with PCI-DSS, FACTA, and applicable Electronic Payment Requirements. We currently require you to use a managed firewall, conduct a quarterly network scan, maintain anti-virus/anti-malware software, and use managed Wi-Fi, but we may modify from time to time the specific security measures that you must maintain. We require that you submit annually proof of your PCI-DSS compliance status, and we may require you to provide evidence of compliance with FACTA or applicable Electronic Payment Requirements upon our request. We may require you to use vendors or Approved Suppliers to conduct periodic security audits to ensure that personal data is adequately protected. We may require you to provide, or make available, to us copies of any audits, scanning results, or related documentation relating to such compliance or audits. We may charge a reasonable fee for us to review your systems and verify your compliance with these requirements. If you suspect or know of a security breach, you must immediately give us notice of such security breach and promptly identify and remediate the source of any compromise or security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Franchised Business.

12.3. Data Breach Notification. If you learn of an incident that may be a “breach of the security of the system” under Cal. Civ. Code § 1798.82 or any other data breach notification Law, you

must immediately notify us of the facts that are known about the incident (a “**Data Breach**”). Although you are responsible for complying with all data breach notification Laws and standards applicable to your organization, we expect that you will coordinate with us regarding such incidents where notification to individuals is required before individuals are notified so that we can be aware of and be prepared to address issues that may affect the System and be in a position to support you where possible. In the event of an actual or suspected Data Breach, you grant us and our designees and agents the right, exercisable in our sole and absolute discretion, to conduct an investigation of the incident and to install, run, and maintain any hardware, software, or code on your Computer System or in your computer network necessary or advisable to facilitate the investigation and to contain and remediate the incident, and you agree to cooperate with us and to provide us with any access and information we may reasonably request for those purposes. Nothing in the preceding sentence shall relieve you of your obligation to comply with applicable laws, regulations, rules, standards or any equivalent thereof concerning an actual or suspected Data Breach. You are responsible for any costs or financial losses you incur or remedial actions that you must take as a result of an actual or suspected Data Breach.

12.4. Failure to Comply with Laws or Standards.

A. **Suspension of Operations.** If: (i) any Approved Product you produce or sell evidences dilution or adulteration from the Standards; (ii) any Approved Product you produce or sell is contaminated or is otherwise in violation of applicable Law; (iii) you fail to maintain the Franchised Business in compliance with applicable Law; or (iv) your Franchised Business or Approved Products pose a threat to the health or safety of the public, you must immediately suspend operations, search out and destroy any adulterated, diluted, or contaminated Approved Products, eliminate their source, and remedy all unsanitary, unsafe, or otherwise hazardous conditions present. You may not resume operation of the Franchised Business until our laboratory analysis of your Approved Products or inspection of your Franchised Business, as applicable, demonstrates compliance with all applicable Laws and Standards. You must promptly implement any remedial measures we require to cure the default. If we conclude through any examination, analysis, and/or inspection that the Approved Products have been adulterated in any way or that your Franchised Business is not in compliance with applicable Laws, you shall, upon demand, reimburse us for all reasonable expenses connected with any such examination, analysis, or inspection under this Agreement (including reasonable product analysis fees).

B. **Additional Remedies.** If: (i) we determine that a violation of Section 12.4.A. (Suspension of Operations) has occurred and that you have committed a similar violation within the one-year period before the date of the inspection or analysis; (ii) you fail or refuse to comply with any or all of the remedial measures we require; (iii) you fail to provide us with full cooperation in the course of any inspection or analysis we conduct; or (iv) we determine that there has been any repetition during the Term of any occurrence under Section 12.4.A., then you will pay us a fee for the inspection or analysis in the amount of \$5,000; plus the travel and living expenses of our inspectors or representatives and any other expenses we incur in connection with this Section, including our attorneys’ fees.

C. **Remedies Not Exclusive.** The remedies stated in this Section 12.4 are in addition to, and not in substitution of, any other remedies stated in this Section 12.4 or elsewhere in this Agreement. Nothing in this Section 12.4 limits any of our rights under Section 17 (Default and Termination), including the right to terminate this Agreement.

D. **Non-compliance Fees.** If you fail to comply with any of the Standards, in addition to any other remedies we may be entitled to, we reserve the right to charge you one or more non-

compliance fees upon written notice to you. The non-compliance fees shall be specified in the Manuals or otherwise in writing, may be modified from time to time upon written notice to you, and may vary based on the severity of the defaults, the number of the defaults, and whether the defaults have been repeated.

12.5. Continuing Maintenance. You acknowledge and agree that it is in your best interest, and in the best interests of the franchise network, that your Franchised Business be clean, up-to-date, well-maintained, and well-appointed. You must continuously maintain the interior and exterior of the Franchised Business (including the parking lot, walkways, and landscaping that is part of the Accepted Location), and all furniture, fixtures, equipment, décor, and signage in or at the Franchised Business, in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with all applicable Laws and Standards. You agree, at your expense and at intervals that we may periodically designate, as needed, or at our direction, to promptly take the following continuing maintenance actions throughout the Term: (i) thorough cleaning (which may include professional cleaning), (ii) repainting and making minor alterations to the décor of the interior and exterior of the Franchised Business; (iii) interior and exterior repair of the Franchised Business; and (iv) repair or replacement of damaged, worn-out, malfunctioning, non-functioning, or obsolete furniture, fixtures, equipment, décor, and signage. You may not make any material alteration to the interior or exterior of the Franchised Business without our prior written consent.

12.6. Refreshes and Remodels.

A. Refresh. Within six months after the fifth and the fifteenth anniversaries of the Opening Date, you must, at your sole expense and in accordance with our then-current Standards and directives, refresh, refurbish, and renovate the Franchised Business to meet our then-current operational and branding Standards (a “**Refresh**”). Generally, a Refresh will require you to add, update, and/or replace components of the Franchised Business (including merchandising elements, graphics, paint or wall coverings, menu boards, interior and exterior signage, kitchen equipment, drive-thru equipment, Computer System components, and other furniture, fixtures, equipment, and décor that we may specify in our sole discretion) to meet our then-current Standards without significantly altering your Franchised Business’ layout or structure.

B. Remodel. Within six months after the tenth and (if you are entering into a Successor Term) twentieth anniversaries of the Opening Date, you must, at your sole expense and in accordance with our then-current Standards and directives, remodel, refurbish, renovate, and modernize the Franchised Business to meet our then-current operational, branding, and architectural design Standards (a “**Remodel**”). Generally, a Remodel may include all of the modifications, upgrades, and replacements required in a Refresh, plus other more extensive alterations to your Franchised Business’ layout, structure, or design, such as redesigning the interior and exterior appearance and interior layout of the Franchised Business or adding a drive-thru to a Franchised Business.

C. Process for Refreshes and Remodels. Before you begin a Refresh or a Remodel, we, our affiliate, or our designee will in-person or virtually inspect your Franchised Business and produce a site survey and/or design plan that will comply with our then-current Standards. We may require you to pay us, our affiliate, or our designee a reasonable fee for producing such site survey and/or design plan. All plans, designs, furniture, fixtures, equipment, and décor related to a Refresh or a Remodel must be approved by us in writing, must conform to our then-current Standards and applicable Laws, and, if we so require, must be purchased from Approved Suppliers we designate or approve in writing. For each Remodel, you must comply with Sections 6.1 (Leasehold Improvements), 6.2 (Architectural Plans), and 6.3 (Construction, Inspection, and

Government Approvals) of this Agreement. You acknowledge that each Refresh or Remodel may require you to make a significant capital investment into your Franchised Business. You agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term).

D. Requirements Are Not Exclusive. The requirements set forth in this Section are in addition to, and do not limit, your obligation to add, update, and/or replace components of the Franchised Business from time to time as specified in other Sections of this Agreement, including Section 8.3 (Changes to the Standards and the Manuals) and Section 12.5 (Continuing Maintenance).

12.7. Your Participation; Manager. You will devote your best efforts to the proper and effective operation of the Franchised Business. In addition, your Franchised Business must have the number of Managers specified in Schedule A, one of whom may also be the Primary Contact. If you are an individual, you must either serve as a Manager or designate a Manager. If you are an Entity, you must designate a Manager. You will inform us in writing of the identity of the Manager and any successor Manager. If you operate more than one Franchised Business, you will employ at least the minimum number of Managers specified in Schedule A for each Franchised Business. If you and your affiliates operate more than two Franchised Businesses, in addition to your Manager for each Franchised Business that you operate, we may require you to appoint one or more Managers with the responsibility of supervising and supporting multiple Franchised Businesses (each, a “**Director of Operations**”). You will notify us immediately of the death, disability, or termination of employment of your Primary Contact, any of your Managers, or your Director of Operations and will designate a successor or acting Primary Contact, Manager, or Director of Operations within 30 days after the death, disability, or termination of the predecessor Primary Contact, Manager, or Director of Operations. Each Primary Contact, Manager, and Director of Operations must successfully complete the Initial Training Program, satisfy any other standards we may require for their position, and complete additional training and On-Site Training as we may specify.

12.8. Computer System. You must promptly purchase, lease and/or license and install at the Franchised Business, at your sole expense, the computerized point-of-sale system, computer systems, mobile hardware, software, associated computer hardware, telephone lines, network connections, communications equipment, high speed internet access (e.g. DSL or cable), and other equipment that we require from time to time (the “**Computer System**”), all of which you must keep in good maintenance and repair. You must use the Computer System in accordance with our Standards. We have the right to retrieve all data from your Computer System that we deem appropriate and we may require you to obtain polling services we specify. We or a designated Approved Supplier will be the provider for the polling services and you must pay all polling fees or service fees charged by such provider for such polling services. If it becomes advisable at any time, in our sole discretion, for us to change, upgrade, or discontinue use of any of the components of the Computer System, you will comply with our directions, at your expense, within a reasonable time after notice to you. We will have no liability or obligation whatsoever with respect to our requirement that you modify or discontinue use of any of the components of the Computer System or any unauthorized modifications to the Computer System that you make. We may require you to enter into agreements with, and pay a reasonable fee to, us, our affiliates, or Approved Suppliers for required modifications and enhancements to the Computer System or other maintenance and support programs.

12.9. Customer Card Programs. At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive

programs, reward programs, and other types of programs (“**Customer Card Programs**”) that we develop or designate to support and promote the System. You must comply with all our procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Franchised Business any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the Computer System. You must also obtain any services and supplies we require in connection with Customer Card Programs and pay all fees charged by us, our affiliates, or our Approved Suppliers in connection with Customer Card Programs. Customer Card Programs may use aspects of the Computer System.

12.10. Hours of Operation. You must continuously operate the Franchised Business on the days and during the minimum hours we specify. You may establish days and hours of operation in excess of the required minimum days and hours. If you wish to operate the Franchised Business for less than the minimum days and hours we specify, you must obtain our prior written approval, which will not be unreasonably withheld. If the Franchised Business is located in a facility or location in which the hours of operation required by the landlord are different than our specifications, you may operate the Franchised Business in accordance with the landlord's requirements.

12.11. Purchasing and Distribution Cooperatives. You must (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) (collectively, “**Purchasing Programs**”), if any, that we designate and/or establish for the System by the deadlines that we specify (which shall be before your Opening Date if we have already established such a Purchasing Program), (ii) remain a member in good standing thereof throughout the Term, and (iii) pay all reasonable membership fees assessed by any Purchasing Program.

12.12. Prices. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for Approved Products, including required participation in System-wide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

13. INDEMNIFICATION; INSURANCE

13.1. Indemnification.

A. Indemnification Obligation. You must defend, indemnify, and hold harmless us and our affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the “**Indemnified Parties**”) from and against all Losses (defined below), which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (i) the operation of the Franchised Business; (ii) the business you conduct under this Agreement; (iii) your breach of this Agreement; (iv) your noncompliance or alleged noncompliance with any Law; or (v) any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. “**Losses**” include all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and

other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

B. Indemnification Procedure. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release you from your indemnification obligations under this Section 13.1, except to the extent you are actually and materially prejudiced by such failure. You shall have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and, in the reasonable opinion of the Indemnified Party, the counsel that you have selected could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, (ii) you do not assume responsibility for such Losses in a timely manner, (iii) the claim involves any elements of the Intellectual Property, or (iv) you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to assume the defense of any claims and employ counsel of its own choosing and you shall pay the reasonable fees and disbursements of such Indemnified Party's counsel as incurred; provided that in any case, you shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties taken together. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense.

C. Cooperation and Settlement. You or the Indemnified Party (as the case may be) shall keep you or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim of which it is maintaining, and shall cooperate in good faith with each other with respect to the defense of any such claim. You shall not, without the prior written consent of the Indemnified Parties, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Parties, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Parties other than as a result of money damages or other monetary payments which will be paid by you. No claim which is being defended in good faith by you in accordance with the terms of this Section 13.1 shall be settled by the Indemnified Parties without your prior written consent.

D. Willful Misconduct or Gross Negligence. You have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 13.1.D. limits your obligation to defend us and the other Indemnified Parties under Section 13.1.A. (Indemnification Obligation).

E. Survival and Recovery. Your obligations in this Section 13.1 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 13.1. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 13.1.

13.2. Required Insurance. You must obtain and maintain during the Term, at your expense, a comprehensive business insurance program, including property, commercial general liability, automobile liability, business property, umbrella, workers' compensation, cyber liability and employment practices liability, and (if you serve alcohol) dram shop liability insurance. Your obligation to maintain this insurance will not be limited in any way by reason of any insurance that we may maintain, nor will it relieve you of your indemnity obligations stated in Section 13.1 (Indemnification). These policies are required to respond on a primary and non-contributory basis to any insurance carried by us or our affiliates and may not otherwise limit coverage for tort liabilities assumed in this Agreement. We may from time to time increase, decrease, add to, delete from, or modify the mandatory insurance coverages we require in accordance with reasonable and customary changes in the industry, as we determine. You currently must obtain and maintain the coverage specified in Schedule A. We reserve the right to obtain a master insurance policy on behalf of the System for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our Approved Supplier.

13.3. Carrier; Proof of Insurance. All insurance policies required under this Agreement: (i) must be issued by an insurance carrier authorized to conduct business in the state in which your Franchised Business is located and be rated "A-" (Excellent) / VIII (\$100M to \$250M policy holder surplus) or better by A.M. Best and Company, Inc., or its successor; (ii) must insure you and name us and our affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees and agents as an additional insured for claims arising from your Franchised Business and your operations, and include a waiver of subrogation in favor of us; (iii) must stipulate that the insurer will deliver 30 days' written notice to us before any cancellation or modification, except 10 days for non-payment of premiums; (iv) unless otherwise noted, must be written on occurrence based policy forms; and (v) may not be subject to unreasonable deductibles or retentions without our prior written approval. You must deliver proof of your compliance with this Section to us so that we receive proof: (a) before you start construction of the Franchised Business; (b) annually on the expiration, renewal, or replacement of each policy; and (c) within 10 days after we make any demand therefor. If you fail to obtain and maintain the required insurance, in addition to any other rights and remedies we may have, we may, but are not obligated to, procure such insurance for you without notice, and you shall pay, upon demand, the premiums and our costs in taking such action.

14. RIGHT TO ACCESS; RECORDS; REPORTING

14.1. Inspections and Audits. We or any of our authorized agents may at any time during normal business hours (including pre-opening and post-closing) enter the Franchised Business or any other place where business related to the Franchised Business is conducted and: (i) conduct an operational audit to determine your material compliance, as we determine, with this Agreement; (ii) examine, analyze, and inspect the Franchised Business, the Proprietary Goods, the Approved Products, and any products produced and/or sold or distributed at, from, or through the Franchised Business (whether authorized or unauthorized); (iii) take reasonable samples of any the Proprietary Goods, the Approved Products, and any products produced and/or sold or distributed at, from, or through the Franchised Business (whether authorized or unauthorized), without charge or liability; (iv) videotape, photograph, or otherwise record the operation of the Franchised Business; (v) interview your employees, customers, landlords, and suppliers; and (vi) audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at our expense, your books, records, accounts, and tax returns related to the Franchised Business. We may require you to send us copies of your books, records, and files related to the Franchised Business, which you must provide to us or our

representatives within a reasonable time (not to exceed 10 days) of our request. We also may require you to participate in customer satisfaction surveys or other audit programs, including electronically through the use of telecommunications devices or otherwise, to assess your compliance with our customer service standards. You will provide us with full cooperation in the course of any inspection or audit we conduct under this Section. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including the wages and cost of travel and living expenses for our representatives.

14.2. Discrepancies. If any such inspection, audit, review, or examination reveals that Net Sales have been understated in any report to us, you must immediately pay to us the Royalty Fees and Advertising Contributions due with respect to the amount understated on demand, in addition to interest provided for under this Agreement. If any understatement exceeds 2% of Net Sales as stated in the report, you must, in addition, on demand, reimburse us for all reasonable expenses connected with the audit, review, or examination (including reasonable accounting and attorneys' fees). These remedies are in addition to any other rights and remedies we have.

14.3. Systems and Reports. You must: (i) comply with all our Standards on accounting systems, procedures, and formats, if any; (ii) timely submit to us complete and accurate financial, operational, and other reports we require (including weekly reports detailing the Gross Sales and Net Sales during the preceding week and monthly profit and loss statements for the prior month's operations); and (iii) use all forms we specify. You must submit any report by mail, telephone, electronic means, or any other means we may designate. For purposes of reporting to us only and not for purposes of calculating Royalty Fees and Advertising Contributions due, "Gross Sales" means Net Sales, plus the amount of any discounts from redemptions of coupons, and other reductions made to calculate Net Sales.

14.4. Financial Statements. On or before February 28th of each year, you must furnish to us a statement of the profit and loss of the Franchised Business for the last fiscal year and a balance sheet as of the end of the last fiscal year, prepared in accordance with our requirements and certified by you to be true and correct. We have the right to demand audited financial statements if a financial-related default has occurred under this Agreement within the last calendar year.

14.5. Tax Returns. No later than 90 days following our request, you must furnish to us exact copies of all tax returns, including federal, state, and any local income tax returns relating to the Franchised Business or you or your Entity.

14.6. Financial Records. You must accurately and completely record all revenues the Franchised Business receives or is entitled to receive. You must keep and maintain accurate and complete books, records, tax returns, and all business, personnel, financial, and operating records related to the Franchised Business, including related supporting material, such as bank statements, POS tapes/records, cash receipts and credit and charge records, for at least 3 years. These financial records may not be commingled with records for other businesses. If you have commingled your franchised records for various businesses, we have the right to review and audit the records for all commingled businesses.

14.7. Initial Investment Statements. You must submit to us, using the forms that we provide to you, complete and accurate statements of (i) the costs that you incurred developing the Franchised Business prior to the Opening Date, which shall be due to us within 30 calendar days

after the Opening Date and (ii) the costs you incur during the first 90 days of operating your Franchised Business, which shall be due to us within 120 calendar days after the Opening Date.

14.8. Additional Information. You shall respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. You will inform us from time to time on our request of: (i) all prices you charge for Products you sell; and (ii) the prices your competitors charge in the area. We may use data and information derived from polling your Computer System or your financial reports and statements in any manner that we deem appropriate, including using the data in our Franchise Disclosure Document (the “FDD”), in performing market analyses, and in our promotional materials, provided that any information that we include in our FDD and promotional materials will not individually identify you or your Franchised Business.

14.9. Communications with Third Parties. You hereby grant us the right to release to your landlord, lender(s), or prospective landlord(s) and lender(s), any financial and operational information relating to you and/or the Franchised Business; however, we have no obligation to do so. Additionally, you grant permission to us to request information from your landlord and lender(s) and for such landlord and lender(s) to respond to any and all questions from us.

15. CONFIDENTIAL INFORMATION; RESTRICTIVE COVENANTS

15.1. Definitions. As used in this Agreement:

A. **“Confidential Information”** means any non-public information related to the System or information that, by its nature, would reasonably be expected to be held in confidence or kept secret. Without limiting the definition of “Confidential Information,” all the following will be conclusively presumed to be Confidential Information whether or not we designate them as such: (i) the Standards and Manuals; (ii) pricing information and models; (iii) materials describing our franchise network and System; (iv) plans, layouts, designs and specifications for a prototypical Business; (v) our methods of preparing and serving Approved Products, including Recipes; (vi) our sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with our Approved Suppliers; (vii) our training materials; (viii) our marketing plans and development strategies; (ix) this Agreement and any related schedules, exhibits, attachments, or addenda and all terms contained therein; (x) Customer Information (as defined in Section 15.3 (Customer Information), whether collected by you, us or our affiliates, or a third party; and (xi) other information we give to you, except where such information is a Trade Secret (defined below).

B. **“Trade Secret”** means information that 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. Without limiting the definition of **“Trade Secrets”**, all the following will be conclusively presumed to be Trade Secrets whether or not we designate them as such: (i) the composition of our Proprietary Goods; (ii) our Recipes; (iii) advertising, marketing, and public relations strategies; and (iv) our marketing analyses.

C. The terms “Confidential Information” and “Trade Secret” do not include: (i) information generally known to the public at the time we disclose it to you; (ii) information that becomes known to the public after we disclose it to you, unless it becomes known due to your breach of this Agreement or someone else’s breach of a duty to maintain confidentiality; or

(iii) information you can prove was within your legitimate and unrestricted possession at the time we disclosed it to you.

15.2. Protection of Confidential Information and Trade Secrets. You agree that the Confidential Information and Trade Secrets are not, by definition, generally known in the trade, that they are beyond your present skill and experience, and that for you to develop the Confidential Information and Trade Secrets on your own would be expensive, time-consuming, and difficult. You agree that the Confidential Information and Trade Secrets provide you with a competitive advantage, that they will be economically valuable to you in the development of your Franchised Business, and that gaining access to Confidential Information and Trade Secrets is therefore a primary reason why you are entering into this Agreement. You specifically agree that these restrictions are applicable even before you open the Franchised Business since you will receive valuable information and training about the System and the operation of the Franchised Business before you begin operations of your Franchised Business. You agree that you are liable under this provision even if you do not open the Franchised Business as this Agreement requires. Accordingly, in consideration of our disclosure of the Confidential Information and Trade Secrets, you agree that:

A. You will not, during the Term:

(i) appropriate or use any Confidential Information or any Trade Secret for any purpose other than in accordance with this Agreement;

(ii) disclose or reveal any portion of the Confidential Information or any Trade Secret to any person, other than to your directors, officers, Owners, management employees, or others who: (a) have a legitimate business need to know of it to operate your Franchised Business, (b) are aware of the confidentiality restrictions in this Agreement, and (c) are similarly bound not to disclose the Confidential Information by an agreement at least as restrictive as the terms of this Agreement; or

(iii) divulge or use any Confidential Information or any Trade Secret for the benefit of any other person or Entity except as we expressly authorize.

B. You will not at any time after the termination or expiration of this Agreement: (i) use any Confidential Information for any purpose; or (ii) divulge or use any Confidential Information for the benefit of any other person or entity.

C. You will not at any time after the termination or expiration of this Agreement: (i) use any Trade Secret for any purpose; or (ii) divulge or use any Trade Secret for the benefit of any other person or entity.

D. You will not copy, duplicate, record, digitally reproduce, or otherwise reproduce any of the Confidential Information or Trade Secrets, in whole or in part, or otherwise make Confidential Information or Trade Secrets available to any third party, except as we authorize in this Agreement.

E. You will make all reasonable efforts and take all appropriate precautions to prevent unauthorized copying or disclosure of any Confidential Information or Trade Secrets which precautions will include, but not be limited to, restricting access to Confidential Information and Trade Secrets on a "need to know" basis.

15.3. Customer Information.

A. Protection of Customer Information. You must comply with our System Standards, other directions from us, and all applicable Laws regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality, integrity, and security of Customer Information on your Computer System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality, integrity, and security of Customer Information. “**Customer Information**” means names, contact information, financial information, purchasing history, market research data, and other personal information of or relating to the customers and prospective customers of the Franchised Business.

B. Access to Customer Information. All Customer Information that you or your third-party vendors collect from customers and potential customers in connection with your Franchised Business must be furnished to us at any time that we request it. In addition, we and our affiliates, through the Computer System or otherwise, have the right to independently access the Customer Information.

C. Use of Customer Information. You must only use Customer Information to market Approved Products to customers in accordance with the policies that we may establish periodically and applicable Laws. You may not sell, transfer, or use Customer Information for any purpose other than marketing Approved Products and the Franchised Business. We and our affiliates may use Customer Information in any manner or for any purpose. You must secure from your customers, prospective customers, vendors, and others all consents and authorizations, and provide them all disclosures, that applicable Law requires to transmit Customer Information to us and our affiliates, and for us and our affiliates to use that Customer Information, in the manner that this Agreement contemplates.

15.4. Restrictive Covenants. For the purposes of this Agreement, “**Covenanting Personnel**” means you, your Owners, and your directors and officers, as added to, deleted from, or replaced from time to time. You agree that you will require all Covenanting Personnel to sign the Personal Covenants in Schedule B. You agree that you will comply with the following restrictions:

A. During the Term. During the Term, without our prior written consent, neither you nor any of your Covenanting Personnel, nor any person or entity controlling, controlled by, or under common control with you or them, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or entity:

(i) own, manage, engage in, be employed by, advise, make loans to, participate in, consult for, or have any other interest in (a) any business that derives more than 20% of its annual revenue from the retail or wholesale production or sale of Competing Products (as defined in Schedule A), (b) any business that is the same as, or similar to, the Business concept as the concept evolves over time, or (c) any Entity that grants franchises or licenses for any of these types of businesses (each, a “**Competitive Business**”) other than the Franchised Business or another business you or they operate under an agreement with us;

(ii) divert or attempt to divert any business or potential business from the Franchised Business;

(iii) use any vendor relationship established through your association with us for any purpose other than to purchase products or equipment for use or retail sale in the Franchised Business; or

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

B. Post-Term. Beginning at the expiration or termination of this Agreement and for 12 months thereafter or 12 months after a court of competent jurisdiction enters an order enforcing this Section 15.4 of this Agreement, whichever occurs last, (i) at the Accepted Location, (ii) within 3 miles of the Accepted Location, and (iii) within 3 miles of any Business, neither you nor any of your Covenanting Personnel, nor any person or entity controlling, controlled by, or under common control with you or them, will individually or jointly with others, directly or indirectly, by, through, on behalf of, or in conjunction with, any person or entity: (a) own, manage, engage in, be employed by, advise, make loans to, participate in, consult for, or have any other interest in a Competitive Business or (b) divert or attempt to divert any business from any Business.

C. Publicly Traded Corporations. Nothing in this Section 15.4 will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as you do not control the company in question.

D. Acknowledgements. You acknowledge and agree that: (a) you and the other individuals and entities required to comply with this Section 15.4 have received or will receive an advantage through the training provided under this Agreement, the knowledge of the day-to-day operations of a Business, and access to the Standards, Manuals, System, Confidential Information, and Trade Secrets, and (b) the covenants and restrictions in this Section 15.4 (i) are reasonable, appropriate and necessary to protect the System, Confidential Information, Trade Secrets, other franchisees operating under the System, the goodwill of the System, relationships with our prospective and existing customers, and our legitimate interests; and (ii) do not cause undue hardship on you or any of the other individuals and entities required by this Section 15.4 to comply with the covenants and restrictions.

15.5. Remedies. This Section 15 is a primary inducement to us to enter into this Agreement, and on any breach of this Section 15 you agree that we would be irreparably injured and without adequate remedy at law. Therefore, on a breach or a threatened or attempted breach of this Section 15, you agree that we are entitled, in addition to any other remedies we may have under this Agreement or at law or in equity (including the right to terminate this Agreement), to a preliminary and permanent injunction and a decree for specific performance of the terms of this Section 15 without the necessity of showing actual or threatened damage and without being required to furnish a bond or other security. You agree that it is conclusively presumed that any violation of Section 15.4 (Restrictive Covenants) was accompanied by the misappropriation and inevitable disclosure of our Confidential Information, Trade Secrets, and other methods and procedures.

15.6. Modification. If any term in this Section 15 must be interpreted by a court or an arbitrator of competent jurisdiction, you expressly agree that: (i) the terms of this Section 15 are made freely and voluntarily by you and us, as two independent businesses, together with your Covenanting Personnel to whom we delivered due consideration, in an arms-length commercial transaction

between experienced business operators; (ii) in no event should the terms be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in this Section 15 is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a part of this Agreement as of the Effective Date; (iv) the court or arbitrator should strictly construe these terms in favor of enforcement; and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid. Any dispute between you and us arising out of or related to Section 15.4 (Restrictive Covenants), regardless of the forum in which the dispute is litigated, arbitrated, or otherwise addressed for purposes of resolving the dispute, will be governed by and construed and enforced in accordance with the laws of the state in which your Accepted Location is located, which laws will prevail in the event of any conflict of law.

15.7. Unfair Competition. Your breach of any subsection of this Section 15 will constitute unfair competition. You agree that Section 15.2 (Protection of Confidential Information and Trade Secrets) is a reasonable effort under the circumstances to maintain the confidentiality of our Confidential Information and the secrecy of our Trade Secrets.

16. TRANSFER

16.1. Definition of Transfer. For purposes of this Agreement, “**Transfer**” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Franchised Business, substantially all the assets of the Franchised Business, or in the ownership of the franchisee (if you are an Entity). “**Transfer**” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A “**Control Transfer**” means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Franchised Business or all or substantially all of the Franchised Business’s assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a “**Controlling Ownership Interest**” in you mean either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Franchised Business to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

16.2. No Transfer Without Our Consent. This Agreement and the license are personal to you, and we have granted the license in reliance on your (and, if you are an Entity, your Owners’) business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the license may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. Any purported Transfer, without our prior written consent, will be null and void and will constitute a default under this Agreement, for which we may terminate this Agreement without opportunity to cure.

A. Requesting Consent. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. We have the right

to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer.

B. Granting Consent. We have sole and absolute discretion to withhold our consent, except as otherwise provided in Sections 16.4 through 16.7. If your Franchised Business is not open and operating, we will not consent to a Transfer, and we are under no obligation to do so. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

16.3. Control Transfer. For a proposed Control Transfer, in addition to any other conditions that we may specify, the following conditions apply (unless waived by us):

A. You notify us in writing at least 90 days prior to any proposed Transfer.

B. All sums you owe us and our affiliates are paid.

C. You are not (i) at the time of the Transfer request or the Transfer closing, in default in any material respect under this Agreement or any other agreement with us, or any of our affiliates, or any of our Approved Suppliers and (ii) you have not been during the Term, in default in any material respect under this Agreement or any other agreement with us, any of our affiliates, or any of our Approved Suppliers without curing such default within the applicable cure period.

D. The transferee and its proposed directors, officers, shareholders, partners, and members, as applicable, and its Manager and any other personnel we designate, who will be responsible for operating and managing the Business, satisfactorily complete before the date of Transfer our Initial Training Program.

E. The transferee and its directors, officers, shareholders, partners, members, and managers, as applicable, meet our requirements for approval as new franchisees, including our requirements for proficiency in the English language. If the transferee, its affiliates, or any of its directors, officers, shareholders, partners, members, or managers owns an interest in another Business or another franchise licensed by one of our affiliates, those individuals or entities must (i) at the time of the Transfer request or the Transfer closing, not be in default in any material respect under any agreement with us, any of our affiliates, or any suppliers, (ii) during the previous two years, not have been in default in any material respect under any agreement with us, our affiliates, or any suppliers without curing such default within the applicable cure period, and (iii) in our sole judgment, have been approved to develop and operate additional franchises.

F. Notwithstanding when the Franchised Business was last remodeled, the transferee agrees in writing that it will, at its expense, upgrade, and remodel the Franchised Business to conform to our then-current Standards for quality and appearance and trade dress within the time we reasonably specify; provided, however, if the Franchised Business conforms to our then-current Standards for appearance, the transferee will only address all items identified in the last quality assurance inspection, within the time we reasonably state.

G. The transferee signs our then-current form of franchise agreement and all other then-current related agreements as we require of new franchisees generally provided, however, the transferee will not be required to pay the initial franchise fee stated in the new franchise agreement and the term of the new franchise agreement will expire on the expiration date of the

Term of this Agreement. The terms of our then-current franchise agreement, including the fees, may be materially different than the terms of this Agreement.

H. The transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee.

I. You, all Owners and guarantors, the transferee, and all individual owners of the transferee, deliver to us a written and duly signed general release, in a form that we will prepare at our sole expense, of all claims against the Released Parties, which indemnifies the Released Parties against any statements, representations, or warranties that you may have made or given to the proposed transferee.

J. We receive a fully-signed copy of all Transfer documents.

K. You pay us a transfer fee equal to 50% of the amount of the then-current initial franchise fee.

L. You and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business arising before the effective date of the Transfer, and execute any and all instruments that we reasonably request to evidence such liability.

M. You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the Site Agreement to your transferee. If, as a condition of the Transfer, the lease is renewed or extended for one year or more, the then-current lease renewal fee (if any) will be assessed against the transferee.

N. We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Franchised Business, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with this Agreement.

16.4. Non-Control Transfers. For any Transfer that does not result in a Control Transfer, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You and/or your transferee must satisfy, in addition to others that we may specify, the conditions in Sections 16.3.B. (pay all sums owed), 16.3.C. (not in default), 16.3.E. (transferee meets qualifications), 16.3.H. (sign assignment and guaranty), 16.3.I. (sign general release), and 16.3.L. (remain liable for pre-Transfer obligations). You must pay us a transfer fee equal to 10% of the then-current initial franchise fee. You and your Owners must sign the form of agreement and related documents that we then specify to reflect your new ownership structure. We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions.

16.5. Related Party Transfers. Notwithstanding anything to the contrary in Section 16.3 (Control Transfer) or 16.4 (Non-Control Transfers), you may Transfer cumulatively (i) up to a 49% (100%

on your death or disability) interest in this Agreement, the Franchised Business, or your Entity to your spouse, your parent, or your child or (ii) up to a 100% interest in this Agreement, the Franchised Business, or your Entity to any of the original guarantors to this Agreement, provided you (a) give us prior written notice of the Transfer; (b) you and/or your transferee comply with the conditions in Section 16.3.C. (not in default), 16.3.E. (transferee meets qualifications), 16.3.H. (sign assignment and guaranty), 16.3.I. (sign general release), and 16.3.L. (remain liable for pre-Transfer obligations); (c) you pay us a transfer fee equal to 10% of the then-current initial franchise fee; and (d) if the Transfer is of a Controlling Ownership Interest, the transferee and any other personnel we designate satisfactorily complete before the date of Transfer our Initial Training Program.

16.6. Transfer Upon Death Or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Section 16, as applicable, except there shall be no transfer fee due. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3.E. (transferee meets qualifications), the executor may Transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 16.6 within 180 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement.

16.7. Security Interests. You may not grant any security interest in the Franchised Business, the assets used in the operation of the Franchised Business, or any direct or indirect legal and/or beneficial interest in you without our prior written consent, which will not be unreasonably withheld. Our consent may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we will 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. Any foreclosures or other exercise of the rights granted under that security interest are subject to all applicable terms and conditions of this Section 16. Notwithstanding the foregoing, however, you may grant, without obtaining our prior written approval, a security interest in the assets of the Franchised Business (not including this Agreement) to a lender for the sole purpose of financing your acquisition, development, and/or operation of the Franchised Business.

16.8. Right of First Refusal.

A. **Option Period.** If you receive and want to accept a *bona fide* written offer from a third party to purchase the Franchised Business or substantially all the interests in you (collectively, the "**Interest**"), you must give us: (i) prompt written notice of the offer, stating the name and address of the prospective purchaser and the price and terms of the offer; and (ii) copies of all written documents and other information reasonably related to the offer provided by or to the prospective purchaser. For 30 days after we receive the information required by this Section (the "**Option Period**"), we will have the option to purchase the Interest on the same terms as the third party offers; provided, however, if any portion of the consideration the third party offers is other than cash, we will have the option of substituting the equivalent cash value.

B. Appraisal Process. If we cannot agree within a reasonable time on the equivalent cash value, the equivalent cash value will be determined by three independent appraisers using the following appraisal process (the “**Appraisal Process**”): (i) you will designate one appraiser and we will designate one appraiser, and the two appraisers that you and we designate will select a third appraiser, (ii) the majority determination of the three appraisers will be binding, (iii) each party will pay the appraiser’s fee for the appraiser designated by that party, and (iv) you and we will each pay 50% of the third appraiser’s fee.

C. Procedure. In order for us to have enough information to decide whether to exercise our option, you must promptly deliver to us, at our request, any information about the Franchised Business that we request not otherwise called for by this Agreement. If you comply with this Section 16.8 and we do not exercise our right of first refusal within the Option Period, you may, within 30 days after the expiration of the Option Period, sell, assign, and transfer the Interest to the third party specified in your notice in accordance with the terms and conditions of this Section 16. Any material change in the terms of the offer before closing of the sale to the third party will constitute a new offer, subject to the same rights of first refusal by us as in the case of an initial offer. Our failure to exercise our option under this Section 16.8 will not be waiver of any other provision of this Agreement.

16.9. Restrictions on Advertising Sale of Franchised Business. You may not, without our prior written consent: (i) place in, on, or upon the Approved Location any advertisement for the transfer, sale, or other disposition of the Franchised Business or any ownership interest in you, (ii) use any Marks in advertising (in any form of media) the transfer, sale, or other disposition of the Franchised Business or any ownership interest in you, or (iii) list the Franchised Business or any ownership interest in you with any business broker, real estate broker, agent, or attorney.

16.10. Our Right to Transfer. We may Transfer all of our rights and obligations under this Agreement, provided that: (i) we, in our sole discretion, determine that the transferee under the Transfer is able to perform our obligations under this Agreement; and (ii) the transferee agrees, in writing, to perform our obligations under this Agreement. We are not required to obtain your consent for our Transfer. Following the effective date of the Transfer, you will look solely to the transferee, and not to us, for the performance of all obligations in this Agreement.

17. DEFAULT AND TERMINATION

17.1. Your Termination and Notice of Our Breach. You will have no right to terminate this Agreement. If we breach this Agreement, your sole remedy will be an arbitration proceeding under this Agreement.

17.2. Our Termination: No Opportunity to Cure. We have the right to terminate this Agreement without affording you any opportunity to cure the default, effective on our sending of notice of termination to you (or the earliest date permitted by applicable law) if:

A. You violate the restrictions related to the use of Confidential Information or Trade Secrets in Section 15 (Confidential Information; Restrictive Covenants) or you or any of your Covenanting Personnel violate the Restrictive Covenants in Section 15.4 (Restrictive Covenants).

B. You copy or permit others to copy any portion of the Manuals, except for forms and similar items included in them for the express purpose of copying, or fail to take all necessary precautions to ensure that the Manuals are kept free from theft, unauthorized copying, unauthorized access, fire, or other acts that may jeopardize the confidentiality of its contents.

C. You or any of your Covenanting Personnel: (i) are convicted of or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that we deem likely to have an adverse effect on the good name, business, goodwill, image or reputation of the Franchised Business, the System, or the Marks, whether on a local, regional, or national scale (including any such convictions or pleas that occurred prior to the Effective Date that we learn of after the Effective Date); (ii) engage in fraudulent, deceptive, unethical, criminal, or other conduct that, in our determination, is likely to have an adverse effect on the good name, business, goodwill, image, or reputation of the Franchised Business, the System, or the Marks, whether on a local, regional, or national scale; (iii) make, or have made, any material misrepresentation to us related to the Franchised Business or this Agreement; or (iv) knowingly maintain false books or records, or submit any false reports to us related to the Franchised Business.

D. You abandon the Franchised Business or otherwise voluntarily suspend operation of the Franchised Business without our prior written consent for five or more consecutive business days on which you were required to operate.

E. Your interest (or your affiliate's interest) in the lease or sublease for the Accepted Location is terminated or expires or you (or your affiliate) otherwise lose possession of the Accepted Location.

F. We send you two or more written notices of default under this Agreement for the same or a similar cause or reason in any consecutive 12 month period, whether or not cured.

G. You: (i) become insolvent by reason of an inability to pay debts as they come due; (ii) are adjudicated bankrupt; (iii) file a petition for bankruptcy protection; (iv) are the debtor in an involuntary bankruptcy petition that is not dismissed within 60 days; (v) are the debtor in an assignment for the benefit of creditors that is not dismissed within 60 days; (vi) are the subject of a voluntary or involuntary petition for reorganization or similar proceeding that is not dismissed within 60 days; (vii) are the subject of a petition for appointment of a receiver, permanent or temporary, that is not dismissed within 60 days; (viii) are the judgment debtor in any final judgment of \$10,000 or more and the judgment remains unsatisfied of record for more than 60 days, unless you have obtained an appeal bond covering the amount of your liability; (ix) have your bank accounts, property, or receivables attached and the attachment proceedings are not dismissed within 60 days; (x) have an execution levied against your Franchised Business or property and the execution is not dismissed within 60 days; or (xi) are the subject of any suit to foreclose any lien or mortgage related to the Franchised Business or the property thereof, and the suit is not dismissed within 60 days.

H. Your or any of your Owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law.

I. You fail to open the Franchised Business by the later of (i) the Opening Deadline or (ii) the last extension of time granted to you pursuant to Section 6.5.D (Failure to Meet Deadlines), if any.

J. You, your affiliates, and/or any entities owned by or affiliated with any of your Owners default under any other agreement between us and/or our affiliates, whether or not related to the Franchised Business, and fail to cure such default within any applicable cure periods (if any) under such agreement, provided that such default or failure to cure such default would permit us or our affiliate to terminate such agreement.

K. You operate your Franchised Business in any manner that we determine in our reasonable discretion poses a threat or danger to public health or safety, including, without limitation, if a public official requires you to close your Franchised Business as a result of your violation of any Laws relating to public health or safety.

L. You misuse or make any unauthorized use of the Marks.

17.3. Our Termination: Opportunity to Cure Within Cure Period. We have the right to terminate this Agreement for any of the defaults in this Section 17.3 after we send you a notice of default, if you fail to cure the default to our reasonable satisfaction within the time specified below (or the earliest date permitted by applicable law), without further notice or opportunity to cure if:

A. 24 hours after we send you a notice of default, you fail to cure a default for failing to grant us immediate access to your Franchised Business or any other place where business related to the Franchised Business is conducted to perform any of the inspections, audits, or copying described in this Agreement; or if in the course of an inspection, audit, or copying you fail to make the materials we request available to us or provide us with full cooperation in the course of the inspections, audits, or copying.

B. 24 hours after we send you a notice of default, you fail to cure a default related to any dilution or adulteration of Approved Products or any misrepresentation, substitution, or palming off of unapproved products from the Franchised Business.

C. 24 hours after we send you a notice of default, you fail to cure a default related to complying fully with all Laws, unless there is a bona fide dispute as to the violation or legality of a Law and you promptly resort to a court or other appropriate forum having jurisdiction to contest the violation or illegality.

D. 5 calendar days after we send you a notice of default, you fail to cure a default related to (i) selling, bartering, or exchanging, or attempting to sell, barter, or exchange, any Proprietary Goods or Approved Products at wholesale or retail, except as contemplated by this Agreement, (ii) failing to purchase all Goods from us, our affiliates, or our designated Approved Suppliers, or (iii) using any unapproved Goods in the Franchised Business.

E. 10 calendar days after we send you a notice of default, you fail to cure a default for failing to pay promptly when due all debts you owe us or our affiliates, all undisputed debts you owe our Approved Suppliers, and all taxes and other obligations you owe for the Franchised Business; including all federal, state, and local taxes, and all accounts payable of any nature.

F. 10 calendar days after we send you a notice of default, you fail to cure a default relating to obtaining the signing of the Personal Covenants required in Section 15.4 (Restrictive Covenants).

G. 10 calendar days after we send you a notice of default, you fail to cure a default under any mortgage, deed of trust, lease, or sublease of the Accepted Location.

H. 10 calendar days after we send you a notice of default, you fail to cure a default relating to Section 13.2 (Required Insurance) and/or Section 13.3 (Carrier; Proof of Insurance).

I. 10 calendar days after we send you a notice of default, you fail to cure a default relating to Section 14.3 (Systems and Reports).

J. 30 calendar days after we send you a notice of default, you fail to cure a default for failing to meet the Site Approval Deadline or the Construction Start Deadline.

K. 30 calendar days after we send you a notice of default, you fail to cure a default relating to maintaining accurate books of account and business and accounting records as required by this Agreement.

L. 30 calendar days after we send you a notice of default, you fail to cure any breach of any of your other obligations to us under this Agreement (including for a quality assurance inspection failure).

17.4. Suspension of Rights After Your Default. If you are in default of any obligation under this Agreement or our Standards, then we may, in addition to our other remedies, temporarily suspend, until you fully cure the default, your (i) access and use of the System, our websites (including your access or use of website pages), our applications, or our online ordering platforms and (ii) ability to purchase Goods, including Proprietary Goods and Approved Products. No such suspension shall constitute a waiver or election of remedies, and we reserve our right to terminate this Agreement in accordance with its provisions. All Royalty Fees, Advertising Contribution, and all other fees due under this Agreement will continue to accrue during the suspension period. We may also notify your lenders and landlord if you are in default of any obligations under this Agreement. Our consent, approval, or acceptance of any item may be withheld if you are in default under this Agreement or may be conditioned on the cure of all your defaults.

17.5. Other Remedies After Your Default. If you commit a default that cannot be cured as specified in Section 17.2 (Our Termination: No Opportunity to Cure) or if you fail to cure a default within the cure period specified in Section 17.3 (Our Termination: Opportunity to Cure Within Cure Period), if we do not exercise our right to terminate the Agreement, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions:

A. Suspend your access and use of the System or our websites (including your access or use of website pages), our applications, or our online ordering platforms;

B. Suspend your or the Franchised Business's participation in any programs or benefits we offer, including any programs or benefits that are funded by Advertising Contributions;

C. Suspend any other services that we or our affiliates provide to you under this Agreement or any other agreement;

D. Suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

E. Suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements; and/or

F. Undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

17.6. Exercise of Other Remedies. Our exercise of our rights under Section 17.4 (Suspension of Rights After Your Default) and 17.5 (Other Remedies After Your Default) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from

any of your other obligations under this Agreement, (ii) be a defense at law or equity based on impossibility of your performance or any claim against us or our Approved Suppliers. (iii) constitute an actual or constructive termination of this Agreement, or (iv) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Section 17.5, we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

18. OBLIGATIONS ON EXPIRATION OR TERMINATION

18.1. General Obligations. On expiration or termination of this Agreement for any reason, you must:

A. Immediately cease using the System, including the Marks and any confusingly similar names, marks, commercial symbols, systems, insignia, symbols, color schemes, trade dress, designs, procedures, domain names, and methods. If you fail or refuse to make changes to the Franchised Business required to distinguish the Franchised Business from its former appearance, we have the right, in addition to all other remedies, to enter the Accepted Location and make the required changes on your behalf, and you must pay to us the entire costs we incur in making the changes, including interest from the date of demand, plus an administrative fee in an amount equal to 15% of the entire cost of the changes.

B. Immediately return to us: (i) all hard copies and electronic copies (capable of being returned) of the Confidential Information and Trade Secrets, including the Manuals, together with all copies of any of them; and (ii) all other manuals, records, files, instructions, correspondence and other materials relating to the operation of the Franchised Business (“**Other Materials**”). If you have on your computer systems, your e-mail accounts, or other digital storage systems or services copies of the Confidential Information, Trade Secrets, and/or Other Materials, you must immediately erase these copies. You must provide us with a certification attesting to the fact that all copies of the Confidential Information, Trade Secrets, and Other Materials in your control or the control of your officers, directors, owners, employees, agents, and representatives have been returned or destroyed in accordance with this Section.

C. Within 5 days after expiration or termination, pay us and our affiliates the full amount you owe us and them.

D. Immediately stop identifying yourself in any way as our franchisee or former franchisee.

E. Immediately comply with the restrictive covenants in Section 15 (Confidential Information; Restrictive Covenants).

F. Immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Franchised Business or the Marks (collectively, “**Identifiers**”). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 18.1.F., you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service

Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer; and

G. Promptly sign all documents and take all other actions as we deem necessary to effect the intent and provisions of this Section 18.1.

18.2. Reinstatement. If this Agreement is terminated under Section 17.2.K (Franchised Business poses a threat to public health and safety), we may, in our sole discretion, permit you to apply for reinstatement of this Agreement within 7 days of the effective date of termination, after the first termination only. Our approval of reinstatement will not be unreasonably withheld, and will be subject to the following conditions. You must:

- A. Cure the default that led to the termination of this Agreement;
- B. Pay us all fees due us, including Royalty Fees and Advertising Contributions;
- C. Pay us a fee to compensate us for your continued use of the Marks during the period of termination equal to the number of days between the date of termination of this Agreement and the date of reinstatement of this Agreement multiplied by the average daily Royalty Fee due to us during the calendar month preceding the date of termination,
- D. Pay us a reinstatement fee of 10% of the amount of the then-current initial franchise fee; and
- E. Sign and return to us our standard form of Reinstatement Agreement, which will include your commitment to a refurbishment plan that you and we must agree on.

18.3. Liquidated Damages.

A. Amount. You agree that any termination of this Agreement before the expiration of the Term will deprive us of the benefit of the bargain we are entitled to receive under this Agreement. As a result, if this Agreement is terminated after the Opening Date, you must pay us, as liquidated damages for the loss of the benefit of the bargain we are entitled to receive, and not as a penalty, a lump-sum payment equal to the average monthly Royalty Fee you owed us during the 36 months before the termination date times the lesser of the remainder of the Term or 36 months. If less than 36 months have lapsed between the Opening Date and the termination date, the liquidated damages will be the average monthly Royalty during the time between the Opening Date and the termination date, multiplied by 36. If the termination occurs before the Opening Date, you will forfeit the Initial Franchise Fee paid and will not owe us any liquidated damages.

B. Payment of Liquidated Damages. You will pay all amounts stated in this Section 18.3 within 30 days after the termination of this Agreement. You agree, and you direct any party construing this Agreement to conclusively presume, that the damages stated in this Section 18.3: (i) are true liquidated damages; (ii) are intended to compensate us for the harm we will suffer; (iii) are not a penalty; (iv) are a reasonable estimate of our probable loss resulting from your defaults, viewed as of the termination date; and (v) will be in addition to all other rights we have to obtain legal or equitable relief. We have the right to set off any credits, balances or amounts we owe to you against the amounts you owe under this Section 18.3.

18.4. Additional Obligations. The following obligations are in addition to the General Obligations and the liquidated damages stated above.

A. Right to Operate. If we terminate this Agreement under Section 17 (Default and Termination), we will have the right to immediately enter and take possession of your Franchised Business to maintain continuous operation of the Franchised Business, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If we exercise this right, you will vacate the Franchised Business promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession, and you will have no right to any revenue that we earn while operating the Franchised Business. If you dispute the validity of our termination of this Agreement, we will nevertheless have the option, which you irrevocably grant, to operate the Franchised Business pending the final, unappealed determination of the dispute under this Agreement. If an arbitrator or court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we will make a full and complete accounting for the period during which we operated the Franchised Business.

B. Right to Acquire Accepted Location. If we terminate this Agreement under Section 17 (Default and Termination), you will, at our option, assign to us, or another franchisee we designate, your interest in any Lease for the Accepted Location, and will vacate the Franchised Business promptly and completely, rendering all necessary assistance to us or the other franchisee to enable it to take prompt possession. If you or one of your affiliates owns the Accepted Location, we may elect to purchase the Accepted Location or, at our option, lease the Accepted Location from you or that affiliate for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms. If you and we cannot agree on a purchase price for the Accepted Location in a reasonable time, the purchase price will be determined by three independent appraisers using the Appraisal Process. If we elect to exercise this option to purchase, we may set off all amounts you owe us or our affiliates under this Agreement against any payments for the purchase. You (and your Owners) agree to cause your affiliate to comply with these requirements.

C. Right to Acquire Property. If we exercise our option to acquire rights to your Accepted Location, within 15 days after our notice to you of this election, you will arrange with us for an inventory to be made by us, at our cost, of all Goods related to the Franchised Business, including all items bearing the Marks. We will have the option, to be exercised within 30 days after our completion of the final inventory, or our receipt thereof, to purchase from you any or all of these items at the actual fair market value (exclusive of goodwill) (the “**Purchase Value**”). If we elect not to purchase your Goods related to the Franchised Business, we can retract our exercise of our option to acquire rights to your Accepted Location under Section 18.4.B. (Right to Acquire Accepted Location). If the parties cannot agree on a Purchase Value within a reasonable time, the Purchase Value will be determined by three independent appraisers using the Appraisal Process. If we elect to exercise this option to purchase, we may set off all amounts you owe us or our affiliates under this Agreement against any payments for the purchase. At the closing, you will deliver to us, in a form satisfactory to us, good and merchantable title to the assets purchased, free and clear of any encumbrances, together with all licenses or permits that may be assigned or transferred. You will be responsible for all sales and other transfer taxes.

19. DISPUTE RESOLUTION

19.1. Resolution of Disputes.

A. Arbitration. Except as stated in Section 19.1.D. (Excepted Disputes) of this Agreement, all disputes between you, your affiliates, Owners, guarantors, and/or your or your affiliates' officers, directors, and employees, on the one hand, and us, our affiliates, and/or our or our affiliates' officers, directors and employees, on the other hand, relating to this Agreement, our relationship with you, or your Franchised Business, will be resolved by binding arbitration. The arbitration proceeding shall be conducted by one arbitrator and, except as this Section 19.1 otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association (the “**AAA**”). All arbitration proceedings will be held at AAA’s offices or other suitable offices that we select in the metropolitan area in which our principal place of business is then located. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.).

B. Individual Actions. We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and you may not be consolidated with any other arbitration proceeding between us and any other person. Notwithstanding the foregoing or anything to the contrary in this Section 19.1, if any court or arbitrator determines that this prohibition on class-wide arbitration is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 19.1, then the parties agree that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with Section 19.1.D. (Excepted Disputes).

C. Relief. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys’ fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 19.1.F. (Waiver of Punitive Damages), award any special, consequential, exemplary, or punitive damages against either party (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 19.1.F. below, any right to or claim for any special, consequential, exemplary, or punitive damages against the other).

D. Excepted Disputes. The following disputes will not be resolved through arbitration unless we consent to arbitration: (i) disputes that arise under or are related to the Lanham Act, as now or later amended; (ii) disputes that otherwise relate to the ownership or validity of any of the Intellectual Property; (iii) disputes that involve enforcement of our intellectual property rights or protection of our Confidential Information or Trade Secrets; or (iv) disputes related to the payment of sums you owe us or our affiliates. Any litigation under this subsection will be filed exclusively in the United States District Court for the district in which we have our principal place of business at the time of filing, and you irrevocably consent to this court’s jurisdiction over you.

E. Binding Decision. The decision and award of the arbitrator will be final, conclusive, and binding on all parties regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitrator, and judgment on the award, including any partial, temporary or interim award, may be entered in any court of competent jurisdiction. The parties agree that the arbitrator may award interest from the date of any damages incurred for breach or other violation of this Agreement, and from the date of the award, until paid in full, at a rate to be fixed by the arbitrator, but in no event less than 2.5% per annum above the Citibank Preference Rate quoted for the corresponding periods, as reported in The Wall Street Journal, or the maximum rate permitted by applicable law, whichever is less.

F. Waiver of Punitive Damages. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 13.1 (INDEMNIFICATION), CLAIMS FOR YOUR INFRINGEMENT OF OUR INTELLECTUAL PROPERTY, AND CLAIMS FOR YOUR BREACH OF YOUR OBLIGATIONS UNDER SECTION 15.2 (PROTECTION OF CONFIDENTIAL INFORMATION AND TRADE SECRETS) OF THIS AGREEMENT, NEITHER PARTY WILL BE ENTITLED TO RECOVER SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT.

G. Injunctive Relief. Notwithstanding our agreement to arbitrate, either party will have the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction with respect to any dispute subject to arbitration; provided, however, that such party must contemporaneously submit the dispute for arbitration on the merits as provided in this Section 19.1. In addition to any other relief available at law or equity, we will have the right to obtain restraining orders or temporary or permanent injunctions to: (i) enforce, among other matters, the provisions of this Agreement related to the System; (ii) enforce your obligations on termination or expiration of this Agreement; and (iii) prohibit any act or omission by you or your employees that is a violation of applicable Law or that threatens the Intellectual Property.

19.2. Cumulative Rights and Remedies. Except as otherwise stated in this Agreement, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

19.3. Attorneys' Fees. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you and/or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (b) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

19.4. Limitation of Claims. EXCEPT FOR CLAIMS ARISING FROM (i) YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, (ii) YOUR COMPLIANCE WITH ANY POST-TERMINATION OBLIGATIONS, OR (iii) ANY VIOLATION OF OUR INTELLECTUAL PROPERTY RIGHTS, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN 24 MONTHS FROM THE DATE ON WHICH THE ACT, CONDUCT, EVENT, OR OCCURRENCE GIVING RISE TO THE CLAIMS OCCURS, REGARDLESS OF WHEN THE CLAIMS WERE, OR SHOULD HAVE BEEN, DISCOVERED.

19.5. Waiver of Jury Trial. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

20. MISCELLANEOUS

20.1. **Relationship of Parties.** You are an independent contractor. Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between us. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. Although we retain the right to establish and modify the Standards that you must follow, you retain the responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining Standards at the Franchised Business. To the extent that the Manuals or Standards contains employee-related policies or procedures that might apply to your employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by you. You must determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. You and we recognize that we neither dictate nor control labor or employment matters for franchisees and that you, and not us, are solely responsible for dictating the terms and conditions of employment for your employees. We have no relationship with your employees and you have no relationship with our employees.

20.2. **No Right to Bind; No Liability.**

A. **No Right to Bind.** You will not use the Marks in signing any contract, instrument, application for any license or permit, or legal obligation, or in a manner that may result in liability to us for your obligations, except as this Agreement expressly authorizes. Except as this Agreement expressly authorizes, neither of us will make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than that of franchisor and franchisee.

B. **No Liability.** Except when another entity guarantees our obligations under this Agreement (the “**Guaranteeing Entity**”) as may be provided for in our FDD, you agree that no past, present or future director, officer, employee, incorporator, member, manager, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, Supplier, agent, attorney, or representative of ours (other than the Guaranteeing Entity, but only to the extent of the terms of the guaranty) will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement, (ii) any claim against us based on, in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us based on any alleged unlawful act or omission of us.

20.3. **General Release.** In consideration of our agreement to enter into this Agreement, you, for yourself (and if you are an Entity, for purposes of this Section “you” and “your” includes you as an Entity and your directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents, and attorneys) and for each and all of your affiliates and such affiliates’ directors, officers, owners, shareholders, partners, members, managers, representatives, employees, agents and attorneys, together with the predecessors, successors, heirs and assigns of each of the foregoing (individually, collectively and in any combination, the “**Releasing Parties**”), release and forever discharge the Released Parties of and from all manner of actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, agreements, controversies, promises, variances, trespasses, damages,

judgments, executions, claims and demands whatsoever, in law, admiralty or equity, whether known or unknown, that the Releasing Parties, ever had, now have, or that the Releasing Parties hereafter can or may have for, on or by reason of any matter, cause or thing whatsoever, arising prior to and including the Effective Date. This release shall not apply to any claims arising from representations made in the FDD (including its exhibits) that we delivered to you or your representative.

20.4. Force Majeure. A “**Force Majeure**” is any occurrence, event, or condition beyond your or our reasonable control that is not reasonably foreseeable and cannot be reasonably avoided, which may include an (a) act of God, terrorism, war, insurrection, civil commotion, chemical or nuclear contamination, strike, epidemic, pandemic, or embargo; (b) lack of water, materials, or power specified or reasonably necessary for the operation of your Franchised Business or our business; (c) fire, hurricane, tornado, earthquake, flood, or other unavoidable property casualty; or (d) act or order by a governmental authority (not limited to or caused by the party asserting the Force Majeure) that prevent or materially hinder or delay either party from providing services under this Agreement. If a Force Majeure occurs, provided that the party promptly provides the other party with written notice of the Force Majeure, the party so affected will be relieved of its respective obligations to the extent that that party is necessarily prevented, or materially hindered or delayed, in performance during the period of the Force Majeure, except a Force Majeure shall not relieve a party of any (i) payment obligations for monies owed, (ii) obligations that existed prior to the start of the period of the Force Majeure, (iii) obligations that start after the period of Force Majeure, or (iv) other obligations that are not necessarily prevented, or materially hindered or delayed during the period of the Force Majeure.

20.5. Notices. All notices required or permitted under this Agreement must be in writing, and must be personally delivered or mailed by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to us at the address specified in Schedule A and to you at the address specified in Schedule A. The addresses for notices may be changed at any time by either party by written notice given to the other party as provided in this Section. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile.

20.6. Compliance with Anti-Terrorism Laws. You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 17.2.H. (violation of law relating to terrorist activities).

20.7. Personal Guaranty. All Owners must sign the Guaranty of Payment and Performance in Schedule C.

21. ACKNOWLEDGEMENTS

21.1. Your Acknowledgements. You agree that: (i) you have conducted an independent investigation of the business contemplated by this Agreement, recognize that it involves business risks, and recognize that making a success of a venture is largely dependent on your own business abilities; (ii) no assurance or warranty, express or implied, has been given to you by us or any of our affiliates as to the potential success of any business contemplated by this Agreement or the profits that may be achieved; (iii) there are no promises, commitments, "side deals," options, rights of first refusal, or other rights or obligations in connection with this Agreement except as expressly provided for in this Agreement; and (iv) you are not relying on any representations or warranties, express or implied, other than those expressly set forth in this Agreement and the FDD.

21.2. Timely Receipt and Review of Agreement and Disclosure Document. You received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us. If we made any unilateral and material changes to the terms and conditions of the form of this Agreement that was included in the FDD (other than changes that arose out of negotiations that you initiated), you received a revised copy of this Agreement that included such changes and were informed of any material differences between this Agreement and the form included in the FDD at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have no knowledge of any representations made about the franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement. You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Business, and to protect and preserve the goodwill of the Marks.

21.3. Financial Performance Representations. Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Business or the anticipated revenues, earnings, or profitability of the business subject to the license or any other business operated by us, our licensees, our franchisees, or our affiliates. In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD. Any information you have acquired from other franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

22. CONSTRUCTION

22.1. Waiver or Delay. Except as otherwise stated in this Agreement, no waiver of, or delay in requiring strict compliance with any obligation of this Agreement, or the exercise of any right or remedy provided in this Agreement, and no custom or practice at variance with the requirements of this Agreement, will constitute a waiver or modification of any obligation, right, or remedy, or preclude the exercise of any right or remedy or the right to require strict compliance with any

obligation stated in this Agreement, or will preclude, affect, or impair enforcement of any right or remedy provided in this Agreement with respect to any later default.

22.2. Entire Agreement; Amendments. The term "Agreement" as used in this Agreement includes all schedules attached to this Agreement and amendments to this Agreement, if any. This Agreement states the entire agreement between you and us related to the subject matter of this Agreement and fully replaces all prior agreements, representations, or understandings between you and us, whether oral or written, related to the subject matter of this Agreement. Except as otherwise expressly stated in this Agreement, this Agreement may be amended only by a written document signed by you and us. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation we make in our most recent FDD (including exhibits and amendments) delivered to you or your representative.

22.3. Operating, Developing, and Changing the System. We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the System's best interests at the time our decision is made, without regard to either whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest.

22.4. Survival of Obligations. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including, but not limited to, Sections 9 (Intellectual Property), 13.1 (Indemnification), 15 (Confidential Information; Restrictive Covenants), 18 (Obligations on Expiration or Termination), and 19 (Dispute Resolution).

22.5. Applicable Law. Except as provided in Section 15.6 (Modification), this Agreement, including, but not limited to, the making of it, will be governed by, construed and enforced in accordance with the laws of the State of Georgia, including, but not limited to, laws applicable to agreements made and to be entirely performed in Georgia, without giving effect to Georgia's choice of law or conflict of laws principles.

22.6. Severability. If, for any reason, any portion, section, part, term, provision and/or covenant of this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions and/or covenants of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and the invalid portions, sections, parts, terms, provisions and/or covenants will be deemed not to be a part of this Agreement.

22.7. Time. Time is of the essence to this Agreement.

22.8. Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "include," "including," and words of similar import shall be interpreted

to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

22.9. Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument.

22.10. Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

22.11. Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Schedule A. To the extent that any terms or provisions on Schedule A are in direct conflict with the terms or provisions of this Agreement, the terms or provisions on Schedule A shall control.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:

McAlister's Franchisor SPV LLC
a Delaware limited liability company

By: _____

Name: **Tim Goodman**
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_ofFormation»
«Z1_Entity_Type»

By: _____

Name: «Signee_1_name»
Title: «Signee_1_title»

Date: _____

By: _____

Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____

Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By: _____

Name: «Signee_4_name»
Title: «Signee_4_title»

Date: _____

By: _____

Name: «Signee_5_name»
Title: «Signee_5_title»

Date: _____

«Z2_First_Name» «Z2_Last_Name»
a «Z2_State_ofFormation»
«Z2_Entity_Type»

By: _____

Name:
Title:
Date: _____

SCHEDULE A

FRANCHISE SPECIFIC TERMS

1. **“Effective Date” means:** _____
2. **“Franchisor” means:** McAlister’s Franchisor SPV LLC, a Delaware limited liability company
3. **“Franchisee” means:** «Z1_First_Name» «Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», «Z2_First_Name» «Z2_Last_Name», a «Z2_State_of_Formation» «Z2_Entity_Type», «Z3_First_Name» «Z3_Last_Name», a «Z3_State_of_Formation» «Z3_Entity_Type», «Z4_First_Name» «Z4_Last_Name», a «Z4_State_of_Formation» «Z4_Entity_Type», «Z5_First_Name» «Z5_Last_Name», a «Z5_State_of_Formation» «Z5_Entity_Type», jointly and severally
4. **Recital A: “Approved Products”** means gourmet deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food products, beverage products, and related services we approve.
5. **Recital A: The “Primary Mark”** is: For a Traditional Restaurant, the Primary Mark will be: MCALISTER’S® or MCALISTER’s DELI®. For an Express Restaurant, the Primary Mark will be: MCALISTER’S EXPRESS®
6. **Section 1.1 (Accepted Location):** The Accepted Location means: «store_street_address», «store_city», «store_state» «store_zip». [OR] a location to be determined and added to this Agreement located in the following Site Selection Area:
_____.
7. **Section 1.4.A. (Owners of Equity):** Below is a complete list of your Owners and breakdown of your ownership structure:
8. **Section 3.1 (Initial Franchise Fee):** The Initial Franchise Fee shall be equal to \$_____.
9. **Section 3.2.A. (Royalty Fee):**

The Royalty Fee shall be 5% of Net Sales of the Franchised Business, payable each week on the Net Sales of the Franchised Business for the preceding week (or on any other basis stated in the Manuals or in our written notice to you).
10. **Section 3.2.B. (Advertising Contribution):**

The Advertising Contribution shall be in an amount we determine, in our sole discretion, which shall not exceed 3% of the Net Sales of the Franchised Business, payable each week on the Net Sales of the Franchised Business for the preceding week (or on any other basis stated in the Manuals or in our written notice to you).
11. **Section 4.1 (Reserved Rights):** The following provisions are added to Section 4.1 of the Agreement.

A. For Traditional Restaurants. The following applies to Traditional Restaurants only:

(i) **Area of Protection.** We grant you a protected territory in which you have certain limited exclusive rights (an “**Area of Protection**”). [Your Area of Protection is: a . mile radius from the Accepted Location with the Accepted Location as the center point.] **[OR]** [We will designate, in our sole discretion, your Area of Protection after we accept the Proposed Location as the Accepted Location. When we designate the Area of Protection for the Franchised Business, you must sign standard documentation we prepare, which includes a general release, to document the Area of Protection.] If you relocate the Franchised Business pursuant to Section 5.5 (Relocation of the Franchised Business), we will specify an Area of Protection for the new location.

(ii) **Protected Rights.** During the Term, we will not establish or operate, nor license any other person to establish or operate, a Business operating under the Marks and the System at any location within the Area of Protection, except in Captive Audience Locations, in Delivery Kitchens, and as otherwise provided in this Agreement. “**Captive Audience Locations**” include limited access and captive audience facilities, concession departments, separate areas, and other types of institutional accounts, which may include (i) airports, bus and railroad terminals, and other public transportation facilities, (ii) sports arenas, stadiums, and facilities, (iii) gasoline service stations, highway rest stops, and travel plazas, (iv) amusement parks or centers, zoos, parks, aquariums, museums, art centers, concert venues, theaters, drive-in theaters, movie theaters, amphitheaters, casinos, and other entertainment or tourist facilities, (v) supermarkets, convenience stores, department stores, outlet malls, and enclosed malls, (vi) food courts, (vii) hospitals and other health care facilities, (viii) universities, schools, and education facilities, (ix) convention centers, (x) military bases, and (xi) office buildings, business complexes, condominiums, dormitories, other high-density locations, and other similar non-restaurant locations. “**Delivery Kitchens**” include kitchens devoted to the preparation of products or Approved Products (often referred to as ghost, dark, or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

(iii) **Our Reserved Rights.** We reserve all rights that we do not expressly grant you in this Agreement. For example, without limitation, we have the following rights, without providing any rights or compensation to you:

(a) We and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Marks or any other marks anywhere outside of the Area of Protection or in Captive Audience Locations inside or outside the Area of Protection.

(b) We and/or our affiliates may produce and/or sell Approved Products or any other products or services, and authorize others to produce and/or sell Approved Products or any other products or services, using the Marks, the System, and any other marks and/or systems we desire through any alternative channel of distribution located anywhere, including to and through (a) supermarkets, convenience stores, club stores, and other retail facilities not dedicated to the sale of the Approved Products, (b) mail order and e-commerce channels, and (c) Delivery Kitchens.

(c) We and/or our affiliates may advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside any Area of Protection.

(d) We and/or our affiliates may acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Businesses anywhere (including inside and outside the Area of Protection (if any)) and (i) convert the other businesses to be Businesses operating under the Marks and the System (except inside your Area of Protection (if any)), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Area of Protection (if any)), and/or (iii) permit the businesses to operate under another name and convert your Franchised Business and existing Businesses to such other name.

(iv) **Acknowledgements.** You acknowledge that we, our affiliates, and our and their other franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including locations within your Area of Protection, and that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services within your Area of Protection.

(v) **Modification of Area of Protection.** If you (i) commit a default that cannot be cured as specified in Section 17.2 (Our Termination: No Opportunity to Cure) or if you fail to cure a default within the cure period specified in Section 17.3 (Our Termination: Opportunity to Cure Within Cure Period) and (ii) we do not exercise our right to terminate the Agreement, we may, at our sole election and upon delivery of written notice to you, temporarily or permanently eliminate or reduce the size of your Area of Protection, in addition to any other remedies specified in Section 17.5 (Our Remedies After Your Default).

B. **For Express Restaurants.** The following applies to Express Restaurants only:

(i) **No Protected Rights.** You do not have any protected or exclusive rights under this Agreement.

(ii) **Our Reserved Rights.** We reserve all rights that we do not expressly grant you in this Agreement. We and our affiliates have the right to conduct, or authorize third parties to conduct, any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Franchised Business. For example, without limitation, we have the following rights, without providing any rights or compensation to you:

(a) We and/or our affiliates may establish or license franchises and/or company-owned businesses offering products or services that are similar or identical to the Approved Products using the System or elements of the System under the Marks or any other marks anywhere, including near your Accepted Location.

(b) We and/or our affiliates may produce and/or sell Approved Products or any other products or services, and authorize others to produce and/or sell Approved Products or any other products or services, using the Marks, the System, and any other marks and/or systems we desire through any alternative channel of

distribution, including to and through (i) supermarkets, convenience stores, club stores, and other retail facilities not dedicated to the sale of the Approved Products, (ii) mail order and e-commerce channels, and (iii) kitchens devoted to the preparation of Products or Approved Products (often referred to as ghost, dark or cloud kitchens), which may use the Marks and may deliver to customers located anywhere.

(c) We and/or our affiliates may advertise, or authorize others to advertise, using the Marks anywhere.

(d) We and/or our affiliates may acquire, be acquired by, or merge with another entity with existing businesses or franchises that are similar to or competitive with the Businesses anywhere and (i) convert the other businesses to be Businesses operating under the Marks and the System, (ii) permit the other businesses to continue to operate under another name anywhere, and/or (iii) permit the businesses to operate under another name and convert your Franchised Business and existing Businesses to such other name.

(iii) Acknowledgements. You acknowledge that we, our affiliates, and our and their other franchisees may solicit customers in, and service customers who are from, any geographic location we or they desire, including locations within your Area of Protection, and that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services within your Area of Protection.

(iv) Modification of Area of Protection. If you (a) commit a default that cannot be cured as specified in Section 17.2 (Our Termination: No Opportunity to Cure) or if you fail to cure a default within the cure period specified in Section 17.3 (Our Termination: Opportunity to Cure Within Cure Period) and (b) we do not exercise our right to terminate the Agreement, we may, at our sole election and upon delivery of written notice to you, temporarily or permanently eliminate or reduce the size of your Area of Protection, in addition to any other remedies specified in Section 17.5 (Our Remedies After Your Default).

12. Section 6.5 (Opening and Development Deadlines):

EVENT	COMPLETION DEADLINE
Site Approval Deadline (Section 6.5.A.)	Within 150 days after the Effective Date
Construction Start Deadline (Section 6.5.B.)	Within 270 days after the Effective Date
Opening Deadline (Section 6.5.C.)	Within 360 days after the Effective Date

13. Section 10.1.C. (Grand Opening Advertising):

Your Grand Opening Obligation is that you must spend the following amounts on grand opening advertising promoting the opening of your Franchised Business within the period beginning 4 weeks before the Opening Date and ending 8 weeks after the Opening Date: \$25,000 for a Traditional Restaurant and \$5,000 for an Express Restaurant. The Grand Opening Obligation is not required if your Franchised Business is located in a Captive

Audience Location. We may delay the Opening Date if you have not obtained our written approval of your grand opening advertising plan at least 30 days prior to the Opening Date.

14. Section 10.1.E. (Local Marketing Obligation):

Your Local Marketing Obligation shall be equal to 1% of the Net Sales of your Franchised Business per calendar quarter.

15. Section 11.1.A (Required Trainees):

The Required Trainees shall consist of four Managers for a Traditional Restaurant (two Managers for an Express Restaurant) and any other persons that we designate.

16. Section 11.1.B (Training Fees):

We will provide the Initial Training Program at no additional charge for any Required Trainees for the first two Franchised Businesses that you or your affiliates operate. For the third and subsequent Franchised Businesses that you or your affiliates operate, if we require you or you elect to receive the Initial Training Program from us or our designee, you must pay us our then-current initial training fee for all of your Required Trainees to attend in a single training session.

17. Section 11.1.D (Completion of Training):

All of your Required Trainees must successfully complete the Initial Training Program at least one week before you are scheduled to open your Franchised Business.

18. Section 11.2 (On-Site Training):

Approximately seven days after you obtain the Certificate of Occupancy for your first three Franchised Businesses (including Franchised Businesses owned by your affiliates), we will provide you, at the Franchised Business and at our cost, one or more of our representatives to facilitate the opening of such Franchised Businesses.

19. Section 12.7 (Your Participation; Manager):

Your Franchised Business must employ at least four Managers (two Managers if it is an Express Restaurant) who have successfully completed the Initial Training Program and are dedicated to the Franchised Business.

20. Section 13.2 (Required Insurance)

Currently, you must obtain and maintain the following coverage:

- A. Comprehensive General Liability Insurance, including Products & Completed Operations coverage with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate with a maximum \$5,000 deductible per occurrence;
- B. If we authorize you to serve alcohol and you do so, Dram Shop Liability Insurance with limits not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate;

- C. Statutory Workers' Compensation insurance, including employer's liability insurance, with limits not less than \$500,000;
- D. Automobile Liability insurance with a combined single limit of \$1,000,000 for any owned, hired, or non-owned automobile used in connection with the Franchised Business;
- E. "Follow Form" Umbrella/Excess Liability Policy with limits not less than \$2,000,000 per occurrence and in the aggregate that is in excess of items 1, 2, 3 (employer's liability insurance only), and 4 above;
- F. Business Property Insurance that extends coverage on a replacement cost basis for business personal property including electronic equipment, tenant improvements and betterments, and business income and extra expense, with covered causes of loss as "Special" or "All Risk" with coinsurance conditions not less than 80%, and further, if you are in a location that resides in FEMA Flood Zones beginning with the letters "A" or "V", coverage for Flood;
- G. Employment Practices Liability insurance, including third-party coverage, with limits not less than \$1,000,000 per employee and \$1,000,000 per accident;
- H. Cyber Liability insurance with limits not less than \$1,000,000; and
- I. Other insurance required by an applicable state or local authority.

If you obtain a claims made policy, you must provide a tail coverage policy for no less than one year after the expiration or termination of this Agreement or the closure of the Franchised Business, whichever occurs first. The tail coverage limits must be equal to, or greater than, the limits provided in the prior policy.

21. Section 15.4 (Restrictive Covenants):

A "Competing Product" includes any products or services that are the same as or similar to any of the Approved Products.

22. Section 20.5 (Notices):

The notice address for the Franchisor shall be:

McAlister's Franchisor SPV LLC, 5620 Glenridge Drive, Atlanta, Georgia 30342, Attention: Legal Department

The notice address for the Franchisee shall be: «C1_contact_street», «C1_contact_city», «C1_contact_state» «C1_contact_zip».

23. Section 22.11 (Additional Terms; Inconsistent Terms): The following additional terms amend the applicable Sections of the Agreement:

A. Section 1.4.B. (Primary Contact) is deleted and replaced with the following:

1.4.B. **Primary Contact**. Franchisee will designate and retain an individual to serve as its Director of Operations (referred to herein as the "**Primary Contact**"). The

Primary Contact will: (i) directly supervise the operations of the Franchised Business and the other Franchised Businesses operated by you; (ii) hold a direct or indirect, legal, or beneficial interest of 5% or more in your Entity; and (iii) be accepted by us. We reserve the right, in our sole discretion, to accept a Primary Contact proposed by you who does not satisfy (ii) in the previous sentence if such proposed Primary Contact (a) holds some direct or indirect, legal or beneficial interest in your Entity, and (b) you have a written agreement that provides for a means that such Primary Contact will increase such interest to 5% or more in your Entity to satisfy the requirements in (ii) in the previous sentence. If the Primary Contact no longer qualifies as such or leaves the employ of you, you must designate another person, acceptable to us, to act as the Primary Contact within 60 days of such date.

- B. **Section 1 (Grant of Franchise)** is amended by adding the following as Section 1.5:

1.5 License Type. If the license type specified on the cover of this Agreement is a “Full” license, your Franchised Business will be a traditional McAlister’s Deli (a “Traditional Restaurant”). If the license type specified on the cover of this Agreement is an “Express” license, your Franchised Business will be a McAlister’s Express (an “Express Restaurant”). If your Franchised Business is an Express Restaurant, your Franchised Business shall operate under the McAlister’s Express® mark and shall sell a limited selection of Approved Products designated by us, which we may modify from time to time.

- C. **Section 2.1 (Initial Term)** is amended by adding the following sentence:

Notwithstanding the foregoing, if your Franchised Business is an Express Restaurant, the Initial Term will begin on the Effective Date and will end 10 years from the Opening Date, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

- D. **Section 2.2.A. (Grant of Renewal Term)** is hereby amended by adding the following sentence:

Notwithstanding the foregoing, if your Franchised Business is an Express Restaurant, the length of the Renewal Term shall be one 5-year term.

- E. **Section 11.1.A (Required Trainees)** is amended by deleting the last sentence of Section 11.1.A. We will not require your Primary Contact to complete an internship.

- F. **Section 11.1.C (Attending Trainees)** is amended by adding the following:

Your Required Trainees must attend the Initial Training Program within twelve weeks of the scheduled Opening Date. If your Franchised Business opens more than twelve weeks after your Required Trainees complete the Initial Training Program, we may require them to attend an additional training course.

- G. **Section 12 (Your Obligations)** is amended by adding the following as Section 12.13:

12.13 **Trademarked Product Lines.** We have developed certain trademarked product lines consisting of t-shirts, apparel, mugs and other merchandise and products bearing the Marks (“**Trademarked Product Lines**”). From time to time, McAlister’s may require that one or more Trademarked Product Lines be sold in Franchised Businesses. You acknowledge and agree that you will be required to carry an adequate supply and maintain a representative inventory of such Trademarked Product Lines as required by the Manuals, and you will maintain, carry and promote such Trademarked Product Lines in order to meet customer demand as designated by us. You will purchase Trademarked Product Lines from us, our affiliates, or other Approved Suppliers.

[SCHEDULE A SIGNATURE PAGE FOLLOWS]

Signature Page for Schedule A (Franchise Specific Terms)

FRANCHISOR:

McAlister's Franchisor SPV LLC
a Delaware limited liability company

By: _____
Name: **Tim Goodman**
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_ofFormation»
«Z1_Entity_Type»

By: _____
Name: «Signee_1_name»
Title: «Signee_1_title»

Date: _____

By: _____
Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____
Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By: _____
Name: «Signee_4_name»
Title: «Signee_4_title»

Date: _____

By: _____
Name: «Signee_5_name»
Title: «Signee_5_title»

Date: _____

«Z2_First_Name» «Z2_Last_Name»
a «Z2_State_ofFormation»
«Z2_Entity_Type»

By: _____
Name:
Title:
Date: _____

SCHEDULE B

PERSONAL COVENANTS

*All Persons Having an Equity Interest in Franchisee;
and All of Franchisee's Directors and Officers Must Sign*

Each undersigned ("you") agrees that:

1. All capitalized terms used but not defined in these Personal Covenants will have the meaning stated in the Franchise Agreement between McAlister's Franchisor SPV LLC, a Delaware limited liability company ("we," "us," or "our"), and «Z1_First_Name» «Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», «Z2_First_Name» «Z2_Last_Name», a «Z2_State_of_Formation» «Z2_Entity_Type», «Z3_First_Name» «Z3_Last_Name», a «Z3_State_of_Formation» «Z3_Entity_Type», «Z4_First_Name» «Z4_Last_Name», a «Z4_State_of_Formation» «Z4_Entity_Type», «Z5_First_Name» «Z5_Last_Name», a «Z5_State_of_Formation» «Z5_Entity_Type», jointly and severally ("Franchisee") (the "Franchise Agreement").
2. You are the owner of an equity interest in Franchisee, or you are a director or officer, and as such you expect to or will gain a direct personal benefit from the Franchise Agreement. You acknowledge that you have read and understand your obligations under the Franchise Agreement.
3. As an inducement to us to enter into the Franchise Agreement, and in consideration of the direct and personal benefits you will derive from the Franchise Agreement, you agree that: (i) you have read and understand all the provisions of Section 15 (Confidential Information; Restrictive Covenants) of the Franchise Agreement; (ii) you will be personally bound by all of the obligations and covenants of Franchisee in Section 15 of the Franchise Agreement as if the obligations and covenants were made and given personally by you directly to us; and (iii) the obligations and covenants are fair and reasonable and will not deprive you of your livelihood.
4. If any term in these Personal Covenants or in Section 15 of the Franchise Agreement must be interpreted by a court or an arbitrator of competent jurisdiction, you agree that: (i) these Personal Covenants are made freely and voluntarily by you and us, as 2 experienced businesspeople, in an arms-length commercial transaction; (ii) these Personal Covenants or Section 15 of the Franchise Agreement should not be construed in the same manner or under the same body of law as analogous terms in a contract of employment; (iii) if a court or arbitrator finds that any term in these Personal Covenants or Section 15 of the Franchise Agreement is invalid or unenforceable for any reason, that term will automatically be modified to the minimum extent necessary to make it valid and enforceable, and the modification will be deemed to have been a part of these Personal Covenants or Section 15 of the Franchise Agreement as of the date you sign these Personal Covenants or the Effective Date of the Franchise Agreement, whichever is later; (iv) the court or arbitrator should strictly construe these terms in favor of enforcement; and (v) if any term could be construed two ways, one of which would render the term valid and the other of which would render the term invalid, the court or arbitrator will construe the term in the manner that renders it valid.

5. These Personal Covenants will be governed by the choice of law provisions set forth in Sections 15.6 (Modifications) and 22.5 (Applicable Law) of the Franchise Agreement.

The undersigned sign and deliver these Personal Covenants as of the date stated below their signatures:

**«C1_contact_first_name»
«C1_contact_last_name»
a «C1_contact_state» resident**

X _____

Date: _____

**«G1_first_name»
«G1_last_name»
a «G1_state» resident**

X _____

Date: _____

**«G2_first_name»
«G2_last_name»
a «G2_state» resident**

X _____

Date: _____

**«G3_first_name»
«G3_last_name»
a «G3_state» resident**

X _____

Date: _____

**«G4_first_name» «G4_last_name»
a «G4_state» resident**

X _____

Date: _____

SCHEDULE C

GUARANTY OF PAYMENT AND PERFORMANCE

THIS GUARANTY (the “**Guaranty**”) is made by the undersigned individuals (whether one or more, jointly and severally, the “**Guarantor**”), in favor of McAlister’s Franchisor SPV LLC, a Delaware limited liability company (“**Franchisor**”).

A. Franchisor and «Z1_First_Name» «Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», «Z2_First_Name» «Z2_Last_Name», a «Z2_State_of_Formation» «Z2_Entity_Type», «Z3_First_Name» «Z3_Last_Name», a «Z3_State_of_Formation» «Z3_Entity_Type», «Z4_First_Name» «Z4_Last_Name», a «Z4_State_of_Formation» «Z4_Entity_Type», «Z5_First_Name» «Z5_Last_Name», a «Z5_State_of_Formation» «Z5_Entity_Type», jointly and severally (“**Franchisee**”) are parties to a Franchise Agreement (the “**Franchise Agreement**”).

B. Guarantor is an owner of Franchisee and anticipates benefit from the transactions evidenced by the Franchise Agreement and is therefore willing to sign this Guaranty. Guarantor acknowledges having read and understood the terms and conditions of the Franchise Agreement.

C. Franchisor would not have agreed to enter into the Franchise Agreement without this Guaranty.

Guarantor and Franchisor agree as follows:

1. **Guaranty.** Guarantor guarantees to Franchisor and its successors and assigns the following obligations (collectively, the “**Obligations**”): (i) the full and prompt payment and performance of all Franchisee’s and its owners’, officers’, directors’, agents’ and employees’ obligations to Franchisor under the Franchise Agreement, any amendment to the Franchise Agreement or any other agreement between Franchisee and Franchisor; and (ii) the full and prompt payment or reimbursement of all amounts, costs, expenses, claims, liabilities, or obligations Franchisor incurs under the Franchise Agreement. Guarantor agrees that if Franchisee does not make payments under the Franchise Agreement when due or perform any obligations required of it in accordance with the Franchise Agreement or satisfy any Obligations Franchisor incurs related to any of them, Guarantor will make the payments and reimbursements and cause the obligations to be performed within 5 days of Franchisor’s notice to Guarantor. If there is more than one Guarantor, all the terms in this Guaranty are joint and several.

2. **Payment.** If Franchisee defaults under the Franchise Agreement, Franchisor may proceed directly against any or each Guarantor without first proceeding against or notifying Franchisee and without proceeding against any other Guarantor.

3. **Waivers by Guarantor.** Guarantor waives (i) all rights to payments and claims for reimbursement or subrogation that each Guarantor may have against Franchisee arising as a result of the Guarantor’s execution of and performance under this Guaranty, for the express purpose that no Guarantor shall be deemed a “creditor” of Franchisee under any applicable bankruptcy law with respect to Franchisee’s obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any Obligation, proceed against or exhaust any security from Franchisee, take any action to assist any Guarantor in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any

security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of the Guarantor's Obligations under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any Obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any Obligations guaranteed by Guarantors, and any other notices and legal or equitable defenses to which a Guarantor may be entitled. Franchisor shall have no present or future duty or obligation to the Guarantors under this Guaranty, and each Guarantor waives any right to claim or assert any such duty or obligation, to discover or disclose to any Guarantor any information, financial or otherwise, concerning Franchisee, any Guarantor, or any collateral securing any Obligations of Franchisee to Franchisor. Without affecting the Obligations of Guarantor under this Guaranty, Franchisor may, without notice to any Guarantor, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or Obligation, or settle, adjust, release, or compromise (including if made in or out of court on receivership, liquidation, bankruptcy, reorganization, arrangement, or assignment for the benefit of creditors) any claims against Franchisee or any Guarantor, make advances for the purpose of performing any Obligations, assign the Franchise Agreement or the right to receive any sum payable under the Franchise Agreement, and the Guarantors each hereby jointly and severally waive notice of same. Guarantors expressly acknowledge that the Obligations survive the expiration or termination of the Franchise Agreement.

4. No Waiver By Franchisor. Franchisor's delay or failure to exercise of any right or remedy will not operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude any further exercise thereof or the exercise of any other right or remedy.

5. Consent to Jurisdiction. Guarantor: (i) submits to personal jurisdiction in Georgia for the enforcement of this Guaranty; and (ii) waives all personal rights under the laws of Georgia or of any state to object to jurisdiction within Georgia for litigation related to this Guaranty, regardless of any present or future domicile of Guarantor, Franchisee, or Franchisor.

6. Governing Law. This Guaranty is to be construed under and governed by the law of the State of Georgia without regard to Georgia, or any other, choice of law or conflicts of law principles. If any provision of this Guaranty would not be enforceable under the laws of Georgia, and if the business franchised under the Franchise Agreement is located outside of Georgia and the provision would be enforceable under the laws of the state in which the franchised business is located, then that provision, and only that provision, will be interpreted and construed under the laws of that state. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary, or other doctrine of law of Georgia or any other state.

7. Dispute Resolution. Section 19 (Dispute Resolution) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

8. Notices. Any notice under this Agreement must be in writing and is deemed delivered: (i) 1 business day after being sent by commercial courier service for next business day delivery; or (ii) 5 days after being deposited in the United States mail for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor will be addressed to: Legal Department, 5620 Glenridge Drive, Atlanta, Georgia 30342. Notice to Guarantor will be

addressed to the address stated below his or her signature at the end of this Guaranty. The addresses for notices may be changed at any time by either party by written notice given to the other party as provided in this Section.

9. Successors and Assigns. The provisions of this Guaranty will bind Guarantor and Guarantor's respective heirs and personal representatives and will benefit Franchisor and its respective successors and assigns. Guarantor will not assign this Guaranty without Franchisor's prior written consent. Guarantor's death will not terminate this Guaranty and the same will be enforceable against Guarantor's estate.

10. Severability. To the extent that any provision of this Guaranty would violate any applicable usury statute or any other applicable law, the Obligations will be reduced to the limit legally permitted, but the Obligation will be fulfilled to the limit of its legal validity. The provisions of this Section will control every other provision of this Guaranty.

11. No Release. The cessation of or release from liability of any Guarantor will not relieve any other Guarantor from liability under this Guaranty or the Franchise Agreement, except to the extent that the default has been remedied or monies owed have been paid.

12. Survival. Guarantor agrees that the Obligations survive the termination of the Franchise Agreement.

IN WITNESS WHEREOF, Guarantor has signed and delivered this Guaranty as of the date stated below Guarantor's signature.

X _____
«C1_contact_first_name» «C1_contact_last_name»
a «C1_contact_state» resident

Date: _____

Address:

X _____
«G1_first_name» «G1_last_name»
a «G1_state» resident

Date: _____

Address:

X _____
«G2_first_name» «G2_last_name»
a «G2_state» resident

Date: _____

Address:

X _____
«G3_first_name» «G3_last_name»
a «G3_state» resident

Date: _____

Address:

X _____
«G4_first_name» «G4_last_name»
a «G4_state» resident

Date: _____

Address:

SCHEDULE D

STATE LAW ADDENDUM

(If Required)

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Franchise Agreement, for franchises offered and sold in the State of California or to California residents, is amended to include the following:

1. Section 16.3.l. of the Franchise Agreement is amended by adding the following punctuation and language at the end of such sections, before the period: “; provided, however, this release will not apply to claims as you may have under the California Franchise Investment Law and the California Franchise Relations Act.”
2. Section 22.2 (Entire Agreement; Amendments) of the Franchise Agreement is amended by adding the following: “Nothing in this Section will disclaim any of the information in the FDD (or its attachments/addenda) delivered to you immediately before you signed this Agreement.”
3. If any of the provisions of the Franchise Agreement concerning termination are inconsistent with either the California Franchise Relations Act or the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then the Federal Bankruptcy Code applies.
4. The Franchise Agreement is governed by Georgia law. This requirement may be unenforceable under California law.
5. The Franchise Agreement requires binding arbitration. The arbitration will occur at the offices of our principal place of business or another suitable location chosen by us in the city where our headquarters is then located, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. This provision may not be enforceable under California law.
6. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
7. You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

8. The Franchise Agreement requires that any litigation be conducted in the state of our principal place of business. This provision may not be enforceable under California law.

[Copy Signature Block From Franchise Agreement]

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Agreement, for franchises offered and sold in the State of Hawaii or to Hawaii residents, is amended to include the following:

1. Section 16.3.l. of the Franchise Agreement is amended by adding the following punctuation and language at the end of the section, before the period: “; provided, however, this release will not apply to claims as you may have under the Hawaii Franchise Investment Law.”
2. Section 20 (Miscellaneous) of the Franchise Agreement is supplemented by the addition of the following Section, which is considered an integral part of the Agreement:

20.8 The general release language in this Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Hawaii Franchise Investment Law.

3. The Hawaii Franchise Investment Law provides rights to you on nonrenewal, termination and transfer of the Agreement. If any of the provisions of the Franchise Agreement on termination are inconsistent with the Hawaii Franchise Investment Law, then this will apply.

[Copy Signature Block From Franchise Agreement]

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Franchise Agreement, for franchises offered and sold in the State of Illinois or to Illinois residents, is amended to include the following:

1. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to Illinois franchisees. Consistent with the foregoing, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois.
2. 815 ILCS § 705/41 (Illinois Franchise Disclosure Act) states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."
3. Section 21.1 (Your Acknowledgements) is deleted from all Illinois Franchise Agreements.

[Copy Signature Block From Franchise Agreement]

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51, the Franchise Agreement, for franchises offered and sold in the State of Indiana or to Indiana residents, is amended to include the following:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, or Georgia law if these provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than Georgia law as stated in Section 22.5 (Applicable Law) of the Franchise Agreement.
2. Venue for litigation will not be limited to Georgia, as specified in Section 19.1 (Dispute Resolution) of the Franchise Agreement.
3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as "a material breach of the franchise agreement," will supersede the provisions of Section 17 (Default and Termination) of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with this prohibition.
4. No release language stated in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws on franchising of the State of Indiana.
5. Section 15.4.B. (Post-Term) of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to an area of reasonable size for all franchises sold in the State of Indiana.
6. Section 15.5 (Remedies) of the Franchise Agreement will not apply to franchises offered and sold in the State of Indiana.
7. Notwithstanding the terms of Section 4 (Territorial Rights) of the Franchise Agreement, we will not compete unfairly with you within a reasonable area.

[Copy Signature Block From Franchise Agreement]

**INDIANA ADDENDUM
TO PERSONAL COVENANTS AGREEMENT**

Notwithstanding anything to the contrary stated in the Personal Covenants Agreement, the following provisions will supersede and apply:

1. The Personal Covenants Agreement is revised to limit the geographical extent of the covenant not to compete to an area of reasonable size for all franchises sold in the State of Indiana.

[Copy Signature Block From Franchise Agreement]

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the Franchise Agreement, for franchises offered and sold in the State of Maryland or to Maryland residents, is amended to include the following:

1. No release language required by Section 2.2.B(iii) of the Franchise Agreement (concerning conditions precedent to renewal), or Section 16.3.I. of the Franchise Agreement (concerning conditions precedent to transfer), will relieve us or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law.
2. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Section 20.3 (General Release) of the Franchise Agreement is amended to include the following:

The general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. 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 Maryland Franchise Registration and Disclosure Law.
5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

[Copy Signature Block From Franchise Agreement]

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Agreement, for franchises offered and sold in the State of Minnesota or to Minnesota residents, is amended to include the following:

1. Section 9 (Intellectual Property) of the Franchise Agreement is amended by adding the following language:

9.8. The Minnesota Department of Commerce requires that we indemnify you against liability to third parties resulting from claims by third parties that your use of our trademark infringes trademark rights of the third party. We do not indemnify against the consequences of your use of our trademark except in accordance with the requirements of the Agreement, and, as a condition to indemnification, you must provide notice to us of any claim within 10 days and tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Any general release language contained in the Franchise Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Minnesota Franchises Law.
3. Section 16.3.l. of the Franchise Agreement is amended by adding the following punctuation and language at the end of this section, before the period: “; provided, however, this release will not apply to claims as you may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.”
4. Section 16 (Transfer) of the Franchise Agreement will be supplemented by adding of the following as Section 16.11 of the Franchise Agreement, which will be considered an integral part of the Franchise Agreement:

Minnesota law provides you with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) currently requires, except in certain specified cases, that consent to the transfer of the Franchise not be unreasonably withheld.

5. Section 17 (Default and Termination) of the Franchise Agreement will be supplemented by adding the following as Section 17.6 of the Franchise Agreement, which will be considered an integral part of the Franchise Agreement:

Minnesota law provides you with certain termination rights. In sum, Minn. Stat. § 80C.14 (subds. 3 and 5) currently requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of this Agreement, and that consent to the transfer of the Franchise not be unreasonably withheld.

6. Section 19.4 (Limitation of Claims) of the Franchise Agreement is amended by adding the following language:

Notwithstanding the foregoing, any and all claims arising under the Minnesota Franchises Law may be brought within 3 years from the date on which the cause of action accrues.

7. Section 20 (Miscellaneous) of the Franchise Agreement will be supplemented by the addition of the following Sections, which will be considered an integral part of the Agreement:

20.8 The general release language contained in this Agreement will not relieve us or any other person, directly or indirectly, from liability imposed by the Minnesota Franchise Investment Law.

20.9 Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. Nothing in the Franchise Disclosure Document or this Agreement can abrogate or reduce any of your rights provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

[Copy Signature Block From Franchise Agreement]

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Franchise Agreement, for franchises offered and sold in the State of New York or to New York residents, is amended to include the following:

1. Sections 2.2.B(iii) (Conditions for Renewal Term), 16.3.I. (Control Transfer), and 20.3 (General Release) of the Franchise Agreement, are amended to add the following language immediately following the requirement that you sign a General Release:

Provided, however, that 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 will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL, Section 687.4 and 687.5 be satisfied.

2. Section 17.1 (Your Termination and Notice of Our Breach) is amended to add the following sentence at the end of the Section:

Notwithstanding the foregoing, you may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. Section 22.5 (Applicable Law) of the Franchise Agreement is amended to add the following sentence at the end of the Section:

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.

[Copy Signature Block From Franchise Agreement]

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement, for franchises offered and sold in the State of North Dakota or to North Dakota residents, is amended to include the following:

1. Any general release language contained in the Franchise Agreement will not relieve us or any other person, directly or indirectly, from any liability imposed by the North Dakota Franchise Investment Law.
2. Section 15.4 (Restrictive Covenants) of the Franchise Agreement is amended by adding the following: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."
3. Section 16.3.l. of the Franchise Agreement is amended by adding the following punctuation and language at the end of this section, before the period: ";" provided, however, this release will not apply to claims as you may have under the North Dakota Franchise Investment Law."
4. The third sentence of Section 19.1.A. (Arbitration) is deleted.
5. Section 19.4 (Limitation of Claims) of the Franchise Agreement is modified to state that the statute of limitations under North Dakota Law will apply.
6. Section 19.5 (Waiver of Jury Trial) of the Franchise Agreement is deleted.
7. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

[Copy Signature Block From Franchise Agreement]

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Franchise Agreement, for franchises offered and sold in the State of Rhode Island or to Rhode Island residents, is amended to include the following:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

[Copy Signature Block From Franchise Agreement]

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Franchise Agreement, for franchises offered and sold in the State of Washington, is amended to include the following:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, prevails.
2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington State.

[Copy Signature Block From Franchise Agreement]

SCHEDULE E

MULTI-UNIT ADDENDUM

(If Offered)

MULTI-UNIT ADDENDUM

This Multi-Unit Addendum (the “**MU Addendum**”) is signed as of _____ between McAlister’s Franchisor SPV LLC (“we” or “us”) and «Z1_First_Name» «Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», «Z2_First_Name» «Z2_Last_Name», a «Z2_State_of_Formation» «Z2_Entity_Type», «Z3_First_Name» «Z3_Last_Name», a «Z3_State_of_Formation» «Z3_Entity_Type», «Z4_First_Name» «Z4_Last_Name», a «Z4_State_of_Formation» «Z4_Entity_Type», «Z5_First_Name» «Z5_Last_Name», a «Z5_State_of_Formation» «Z5_Entity_Type», jointly and severally (“you”).

BACKGROUND:

A. We and you entered into franchise agreements of even date with this MU Addendum listed in Appendix A attached hereto, whereby we granted and you accepted licenses to operate Franchised Businesses to be located within the Site Selection Areas listed in Appendix A (the “**MUA Franchise Agreements**”). (All capitalized terms in this MU Addendum shall have the meaning assigned to them in the MUA Franchise Agreements, unless otherwise defined in this MU Addendum.)

B. It is intended that you will develop and open the Franchised Businesses licensed under the MUA Franchise Agreements (the “**MUA Businesses**”) in accordance with the terms of the MUA Franchise Agreements as amended by this MU Addendum.

NOW THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the parties agree as follows:

A. Initial Franchise Fees. You must pay us all of the Initial Franchise Fees under each of the MUA Franchise Agreements in a lump sum upon execution of the MUA Franchise Agreements. We have no obligation to refund any portion of the Initial Franchise Fees to you, even if this Addendum or any of the MUA Franchise Agreements are terminated and/or you fail to develop one or more of the MUA Businesses.

B. Site Selection Areas. You acknowledge that you do not have any exclusive or protected rights with respect to the Site Selection Areas listed on Appendix A. Among other rights that we reserve, we may open and operate, or license third parties to open and operate, Businesses using the Marks and the System anywhere.

C. Opening and Development Deadlines. The Site Approval Deadline, the Construction Start Deadline, and the Opening Deadline set forth in Section 15 of Schedule A of each MUA Franchise Agreements is hereby amended by deleting such deadlines and replacing them with the deadlines set forth in Appendix B attached hereto. The amended schedule of deadlines shall be referred to herein as the “**Development Schedule**.”

D. Requests for Extensions. If you are diligently working to comply with the Development Schedule and are still unable to meet one or more deadline therein, you may request an extension before the expiration of such applicable deadline(s). We have the right to require you to pay a \$2,500 extension fee for each extended deadline, if we agree to modify (or if you miss) any of the deadlines. We are not obligated to extend any deadlines.

E. Termination of MUA Franchise Agreements. If you (i) fail to comply with any of the deadlines set forth in the Development Schedule and we have not granted an extension of such

deadline(s) or (ii) any other agreement between you and us or our affiliates is terminated, we may, in our sole discretion, terminate this Addendum and/or any or all of the remaining MUA Franchise Agreements for which you have not yet opened a MUA Business. For the avoidance of doubt, if you fail to comply with any of the deadlines set forth in the Development Schedule, such default shall not be grounds for us to terminate any MUA Franchise Agreements that are in effect for Franchised Businesses that are already open and operating at the time of such default.

F. Confidential Information. This MU Addendum and the terms contained herein are deemed Confidential Information under the terms of the MUA Franchise Agreements.

G. Effect of MU Addendum. In the event of any inconsistency between the terms of the MUA Franchise Agreements and the terms of this MU Addendum, the terms of this MU Addendum will supersede and control. In all other respects, the terms of the MUA Franchise Agreements are ratified and confirmed.

IN WITNESS WHEREOF, each of the undersigned has executed this MU Addendum under seal as of the date listed above.

FRANCHISOR:

McAlister's Franchisor SPV LLC
a Delaware limited liability company

By: _____
Name: Tim Goodman
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_ofFormation»
«Z1_Entity_Type»

By: _____
Name: «Signee_1_name»
Title: «Signee_1_title»

Date: _____

By: _____
Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____
Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By: _____
Name: «Signee_4_name»
Title: «Signee_4_title»

Date: _____

By: _____
Name: «Signee_5_name»
Title: «Signee_5_title»

Date: _____

**Appendix A
To the Multi-Unit Addendum**

MUA Franchise Agreements

Unit Number	Site Selection Area

Appendix B
To the Multi-Unit Addendum

DEVELOPMENT SCHEDULE

The first MUA Business to satisfy the requirements of the Site Approval Deadline shall be subject to the deadlines listed below for the 1st MUA Business. The second MUA Business to satisfy the requirements of the Site Approval Deadline shall be subject to the deadlines listed below for the 2nd MUA Business, and so on. If you fail to satisfy any of the required development milestones by a specified deadline (including having the minimum number of Sites for MUA Businesses approved by each Site Approval Deadline), we shall have the right to terminate the MU Addendum and the related MUA Franchise Agreements for unopened Franchised Businesses in accordance with Section 5 of the MU Addendum.

MUA Business Under Development	Site Approval Deadline (Section 6.5.A. of the MUA Agreements)	Construction Start Deadline (Section 6.5.B. of the MUA Agreements)	Opening Deadline (Section 6.5.C. of the MUA Agreements)
1 st MUA Business			
2 nd MUA Business			
3 rd MUA Business			
4 th MUA Business			
5 th MUA Business			
6 th MUA Business			
7 th MUA Business			
8 th MUA Business			
9 th MUA Business			
10 th MUA Business			

EXHIBIT C

OTHER AGREEMENTS

GENERAL RELEASE – ASSIGNMENT/RENEWAL

To all to whom these Presents shall come or may Concern, Know «Seller1_Name»«Seller2_Name»«Seller3_Name», an individual(s) domiciled in the State of «Store_State» as RELEASOR, in consideration of the consent of MCALISTER'S FRANCHISOR SPV LLC to the Assignment or Renewal of the McAlister's Franchise Agreement between RELEASOR and MCALISTER'S FRANCHISOR SPV LLC (the "Franchise Agreement") to «Combined_All_Franchise_Names», and other good and valuable consideration, hereby releases and discharges MCALISTER'S FRANCHISOR SPV LLC and its affiliates and its and their respective parents, subsidiaries officers, directors, shareholders, members, managers, agents, attorneys, representatives, contractors and employees, and the respective successors, assign, executors, administrators and heirs of the foregoing (collectively, the "RELEASEE PARTIES") from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the RELEASEE PARTIES or any of them, the RELEASOR and/or its affiliates and its and/or their successors and assigns ever had, now have or hereafter can, shall or may have, on or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve MCALISTER'S FRANCHISOR SPV LLC or any of the RELEASEE PARTIES, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall survive the assignment or renewal of the McAlister's Franchise Agreement or any other documents entered into by and between MCALISTER'S FRANCHISOR SPV LLC and any of the undersigned in connection with the franchise relationship.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE*, and (if a corporation) *has caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on _____, _____.*

RELEASOR

[SEAL]

By _____
«Seller1_Name»

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF _____

ss.:

COUNTY OF _____

On _____, before me _____,

personally came «Seller1_Name»«Seller2_Name»«Seller3_Name», to me known, who, by me
duly sworn, did depose and say that deponent(s) reside(s) at
«Seller1_Address»«Seller2_Address»«Seller3_Address», and known to me to be the same
person whose name(s) is signed to the foregoing RELEASE, and acknowledged the execution
thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

My Commission expires: _____

(NOTARIAL SEAL)

BY: _____ L.S.

NAME: «SIGNEE_2_NAME»

TITLE: «SIGNEE_2_TITLE»

DATE: _____

**THE COCA-COLA COMPANY
MCALISTER'S FRANCHISEE PARTICIPATION AGREEMENT**

1. PARTIES

The parties to this Agreement are Customer and Company.

2. DEFINITIONS

Capitalized terms are defined in **Exhibit 2**.

3. COVERED OUTLETS

The Agreement will apply to all Covered Outlets. If any Covered Outlet is eligible for an alternate marketing or funding program offered directly or indirectly by Company or any of its subsidiaries or authorized bottlers, Company in its sole discretion will determine which marketing or funding program will be made available to that Covered Outlet. In no event will any Covered Outlet be eligible for more than one marketing or funding program offered by Company or any of its subsidiaries or authorized bottlers. Customer agrees to provide Company with prompt written notice of the opening, acquisition, transfer or closing of any Covered Outlet.

4. EFFECTIVE DATE AND TERM

This Agreement will become effective when signed by Customer and an authorized representative of Company and will be in effect throughout the Term. The Term of this Agreement will start on January 1, 2017 if this Agreement is signed by Customer on or before April 21, 2017. The Term of this Agreement will start on the first day of the month in which it is signed by Customer if this Agreement is signed by Customer after April 21, 2017. The Term will continue until the termination or expiration of the January 1, 2017 Beverage Marketing Agreement between Company and McAlister's Corporation. The prior McAlister's Corporation franchisee participation agreement between Customer and Company, if any, will govern the relationship between the parties until the beginning of the Term at which time it will be superseded by this Agreement and be of no further force or effect with the exception of any obligations thereunder with respect to the time period prior to such franchisee participation agreement being superseded by this Agreement.

5. EXHIBITS

This Agreement also consists of the following:

- i. **Exhibits 1-1 through 1-3** Program Terms and Conditions
- ii. **Exhibit 2** Definitions
- iii. **Exhibit 3** Standard Terms and Conditions
- iv. **Exhibit 4** Dispensing Equipment Lease
- v. **Exhibit 5** Coca-Cola Freestyle
- vi. Any other terms and conditions referenced herein

COMPANY:

**THE COCA-COLA COMPANY, acting by and through
COCA-COLA NORTH AMERICA**

Agreed to this ____ day of _____, 20____

Signature: _____

Print Name: _____

Title: _____

CUSTOMER:

[INSERT NAME OF FRANCHISEE]

Agreed to this ____ day of _____, 20____

Signature: _____

Print Name: _____

Title: _____

Customer Initials _____

EXHIBIT 1-1
FOUNTAIN PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

Each Covered Outlet will serve a core brand set of Company Fountain Beverages that consists of (i) Coca-Cola®, Diet Coke® and Sprite® on Legacy Dispensers with the remaining Company Fountain Beverages being jointly selected by Customer and Company and (ii) the standard Freestyle brand set on Freestyle Dispensers, which is subject to change from time to time. All Fountain Beverages served in the Covered Outlets will be Company Fountain Beverages; provided, however, that each Covered Outlet may serve (i) subject to the Fair Share section of this Agreement, the Fountain Beverage Permitted Exceptions but only one Fountain Beverage Permitted Exception may be served on each Dispenser on 1 valve and (ii) any Competitive Beverages that are included in the standard Freestyle brand set on Freestyle Dispensers. Customer may not dedicate any valve on a Dispenser leased from Company to dispense tap water.

2. PRICING

Covered Outlets will have the right during the Term to purchase Company Fountain Syrups from Company at Company's then-current published chain account prices, which prices are subject to change from time to time in accordance with this Agreement.

3. EQUIPMENT PROGRAM

3.1. Equipment

The use of Legacy Dispensers or Freestyle Dispensers in each Covered Outlet will be determined by McAlister's Corporation or as mutually agreed to by the parties. The terms for each Dispenser are set forth below.

3.2. Legacy Dispensers

Where permitted by law, Company will lease to Customer without any additional charge during the Term the Company approved Legacy Dispensers reasonably necessary to enable Customer to dispense a quality Fountain Beverage which will consist of 1 Dispenser per Covered Outlet (or 2 if mutually agreed upon). No ice makers or water filters will be provided.

In any state where a lease without any additional charge is not permitted (e.g., Wisconsin) or Customer elects to lease additional Dispensers beyond the 1 Dispenser (or 2 if mutually agreed upon) provided to Customer by Company free of charge as described in the first paragraph of this Section 4, such Dispensers will be leased to Customer at an annual lease rate calculated by multiplying the total installed cost of the additional Dispensers by the then-current lease factor. The lease factor currently in effect for Dispensers is 0.24. Should the lease factor change during the Term, any Dispenser installed after the change goes into effect will be subject to the new lease factor. Lease charges, if any, will be deducted from earned funding. Charges in excess of earned funding will be invoiced.

All Dispensers provided by Company will at all times remain the property of Company and are subject to the terms and conditions of the Lease except as specifically changed by the Program Terms and Conditions or the Standard Terms and Conditions.

If Customer elects to purchase additional Dispensers beyond the 1 Dispenser (or 2 if mutually agreed upon) provided to Customer by Company free of charge as described in the first paragraph of this Section 4.2, Customer will be responsible for purchasing any such other Dispensers and agrees to purchase only Fountain Beverage Dispensers authorized by Company. Customer may elect to purchase Fountain Beverage Dispensers through Company, subject to Company's standard terms and conditions.

3.3. Freestyle Dispensers

The terms for Freestyle Dispensers are set forth in **Exhibit 5**.

4. SERVICE PROGRAM

4.1. Legacy Service

Customer may use Company's service network without any additional charge for 3 regular mechanical repair call per Covered Outlet each calendar year (prorated for each calendar year during the Term that is less than 12 months). These calls may be aggregated. Parts required for these regular mechanical repair calls will also be provided without any additional charge. Any Special Service Calls are not considered regular service and will not be provided free of charge. Charges for Special Service Calls or for regular mechanical repair calls in excess of those available without any additional charge under

Customer Initials _____

this program will be charged at Company's then-current rates, and will be deducted from earned funding. Charges will include labor, travel time, parts, and administrative costs. Charges in excess of earned funding will be invoiced.

4.2. Freestyle Service

The terms for Freestyle Dispensers are set forth in **Exhibit 5**.

5. FAIR SHARE

If a Covered Outlet desires to use a Legacy Dispenser provided by Company in any calendar year to dispense the Fountain Beverage Permitted Exception of regular or diet Dr Pepper on only one valve per Legacy Dispenser as stated in Section 12 above, an additional fair share lease and service charge of \$0.05 for each gallon of Company Fountain Syrups such Covered Outlet purchased for that calendar year for each one of those valves will be incurred. Fair share charges will be deducted from earned funding. Customer will annually provide Company with a list of all Covered Outlets that serve a Fountain Beverage Permitted Exception.

EXHIBIT 1-2
JUICE PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

Each Covered Outlet (except as mutually agreed to by the parties) a core brand set of Juice that consists of Minute Maid® Lemonade (or such substitute products that may become available) in frozen concentrate form for dispensing on the premises. All Juice served in the Covered Outlets will be Company Beverages.

2. PRICING

Company agrees that during the Term, Customer will have the right to purchase Juice from Company at Company's then-current published chain account prices, which prices are subject to change from time to time.

3. MARKETING PROGRAM

In consideration of the Beverage availability rights granted to Company above, the marketing programs outlined below will be provided to assist Customer in maximizing the sale of Company Juice in the Covered Outlets.

3.1. Marketing Support Fund

Item	Packages per Physical Case	Funding per Physical Case
Minute Maid® Lemonade Original	Minute-Pak 6/64 oz.	\$8.00
Minute Maid® Country Style Lemonade	Minute-Pak 6/64 oz.	\$8.00
Minute Maid® Limeade	Minute-Pak 6/64 oz.	\$8.00
Minute Maid Classic Style Lemonade	Minute-Pak 6/64 oz.	\$11.00

Company will provide a Marketing Support Fund in the amounts shown in the table above which will be paid on each physical case described in the table above that Covered Outlets purchase. Funding will be deducted from pricing on Customer's invoices.

3.2. Performance Criteria

To qualify for the funding set forth above, Customer and each Covered Outlet must comply with all of the following performance criteria and all other obligations under this Agreement:

- i. Prominently display approved renditions of Company Juice brands, trademarks and products and the availability of Company Juice.
- ii. Execute a minimum of 1 limited time Company Juice offer per calendar year.
- iii. Perform those additional Juice marketing activities the parties mutually agree upon.

Customer agrees that Company will have the right to audit compliance with the performance criteria outlined herein at all reasonable times and places. Customer will provide proof of compliance with the performance criteria upon request.

4. EQUIPMENT PROGRAM

Company will deliver to each Covered Outlet 1 dual-bubbler Juice dispenser. Company will also provide as needed 1 additional bubbler to Covered Outlets that require 2 dual-bubbler Juice dispensers provided, however, that the number of these additional bubblers will not exceed a total of 50. Upon installation, ownership of the bubblers will transfer to Customer according to the Equipment Sale Agreement. These bubblers are provided in return for the Covered Outlets' commitment to serve Company Juice in the Covered Outlets throughout the Term. The total installed value of the bubblers will be earned by Customer over the Term at the rate of \$2.94 per standard physical case of Company Juice the Covered Outlets purchase. Upon expiration or termination, any unearned amount of the value of the Dispensers will be considered unearned funding. For additional juice dispensers that the Covered Outlets may require, Customer has option to either purchase such dispensers directly from the manufacturer or Company will purchase such dispensers on behalf of Customer and deduct the full purchase amount from any funding owed to Customer.

5. SERVICE PROGRAM

Customer Initials _____

Company will not provide, and Customer will have the responsibility to provide, service (including installation) on any Juice bubbler or dispenser. Customer may have the option to participate in service program provided by the Juice bubbler or dispenser manufacturer.

Customer Initials _____

EXHIBIT 1-3
BOTTLE/CAN PROGRAM TERMS AND CONDITIONS

1. AVAILABILITY

A line of Bottler Bottle/Can Beverages as mutually agreed to by the parties will be made available for sale at each Covered Outlet, subject to availability from Bottler. All Bottle/Can Beverages served in the Covered Outlets will be Bottler Bottle/Can Beverages; provided, however, that the Bottle/Can Beverage Permitted Exceptions may be served in each Covered Outlet. Company will have the right of first negotiation and refusal with respect to the sale of Bottle/Can Beverages to the Covered Outlets. This right of first negotiation and refusal will mean that if Customer wishes to serve Bottle/Can Beverages in the Covered Outlets, Customer will offer Company the opportunity to present a Bottle/Can Beverage marketing program to Customer, and the parties will have a period of 60 days to negotiate the terms of the program. If the parties fail to reach an agreement on a Bottle/Can Beverage program within such 60 day period, Customer shall be free to negotiate with other parties representing other brands. If, however, Customer receives a bona fide offer from another party regarding a Bottle/Can Beverage program, which program the Customer intends to accept, then Customer shall be obligated to communicate such offer to Company, whereupon Company shall have 60 days from the date of such communication to offer Customer a competitive Bottle/Can Beverage program and if the parties fail to reach an agreement on a Bottle/Can Beverage program within a following 60 day period, Customer shall be free to accept the offer of the other party.

2. PRICING

The prices for Bottler Bottle/Can Beverages are set at the sole discretion of Bottler. Bottler will charge no more than price ceilings for Bottler Bottle/Can Beverages to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

3. EQUIPMENT

Bottler will provide Customer with Cold Drink Equipment to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

4. SERVICE

Bottler will provide Customer with service to Cold Drink Equipment to be negotiated by the parties and if mutually agreed added to this Agreement through amendment.

EXHIBIT 2

DEFINITIONS

Capitalized words or phrases used throughout this Agreement have the following meanings:

1. **"Agreement"** means this agreement and all exhibits and attachments thereto.
2. **"Beverage"** means all soft drinks and other non-alcoholic beverages excluding brewed coffee and tea.
3. **"Bottle/Can Beverage"** mean any Beverage, including a pre-mix Beverage, in pre-packaged, ready-to-drink form in bottles, cans or other factory-sealed containers.
4. **"Bottle/Can Beverage Permitted Exceptions"** means Competitive Beverages that are Bottle/Can Beverages and are not (i) cola Bottle/Can Beverages or (ii) Products of PepsiCo.
5. **"Bottler"** means authorized bottlers of Company that elect to participate under this Agreement.
6. **"Bottler Bottle/Can Beverage"** means a Bottle/Can Beverage that is purchased by Customer directly from Bottler for sale at the Covered Outlets.
7. **"Cold Drink Equipment"** means a cooler.
8. **"Company"** means The Coca-Cola Company, acting by and through Coca-Cola North America. When the term Company is applied to a term (such as Beverage as in "Company Beverage") it means such term as marketed under (i) trademarks owned by Company and (ii) trademarks licensed by Company that are designated as a Company product by Company.
9. **"Competitive Beverage"** means any Beverage that is not a Company Beverage.
10. **"Covered Outlets"** means outlets, properties and facilities located in the 50 United States and the District of Columbia where Beverages are served that are owned or operated by Customer under the McAlister's brand, including any such outlets, properties and facilities that are (i) opened after the Agreement is signed, (ii) co-branded or (iii) acquired during the Term of the Agreement (unless those outlets, properties and facilities are already governed by an agreement with Company and that agreement is validly assigned to Customer as part of the acquisition); provided, however, that if the acquired outlets are currently under a pre-existing agreement with a Competitive Beverage supplier, the acquired outlets will come under this Agreement after the applicable agreement with the Competitive Beverage supplier is terminated or expires. With respect to those provisions relating to Bottler Bottle/Can Beverages, this Agreement will only apply to those Covered Outlets that are located in the geographic territory in which Bottler is authorized to distribute, promote, market, and sell Company Bottle/Can Beverages. The term "Covered Outlets" includes all Customer locations within such outlets, properties and facilities where Beverages are or can be served. The term Covered Outlets does not include any Covered Outlet located in non-traditional venues or such other venues in which the lessor or property owner controls the fountain beverage decision and will not allow the Covered Outlet to fully comply with the terms of this Agreement after the Covered Outlet has had good faith discussions with the lessor or property owner to allow the Covered Outlet to comply with this Agreement and then only to the extent that the lessor's or property owner's agreement with the Covered Outlet will not allow the Covered Outlet to comply with the terms of this Agreement. Notwithstanding the preceding sentence, the Covered Outlet is not required to undertake any such discussions if it reasonably believes that such discussions will not alter the lessor's or property owner's position and attempting to do so could adversely affect Customer's relationship with the lessor or property owner, as the case may be.
11. **"Customer"** means the above-signed franchisee of McAlister's Corporation.
12. **"Dispenser"** means a piece of equipment that dispenses Beverages through a valve.
13. **"Equipment Sale Agreement"** means the terms and conditions set forth in the Equipment Sale Agreement found at: www.cokesolutions.com/Pages/DownLoadFile.aspx?DocID=2435.
14. **"Fountain Beverages"** are those Beverages that are served through Dispensers and any carbonated Beverages that are not Bottle/Can Beverages.

Customer Initials _____

15. "**Fountain Beverage Permitted Exceptions**" means (i) regular unflavored Dr. Pepper® and diet unflavored Dr Pepper in Fountain Beverage form and (ii) Customer's proprietary tea products. If any Fountain Beverage Permitted Exception becomes a Product of PepsiCo at a later date, that competitive Beverage will no longer be deemed a Fountain Beverage Permitted Exception.
16. "**Fountain Syrup**" means traditional bag-in-box Fountain Beverage syrup used to prepare Fountain Beverages, but does not include syrup use to prepare frozen or partially frozen Fountain Beverages or other forms of concentrate, such as frozen concentrates used to prepare juices, or liquid coffee concentrate.
17. "**Freestyle**" means Coca-Cola Freestyle®.
18. "**Juice**" means juice and juice drink products.
19. "**Lease**" means the terms and conditions set forth in the Dispensing Equipment Lease attached as **Exhibit 4**.
20. "**Legacy Dispensers**" means traditional Fountain Syrup Dispensers.
21. "**Product of PepsiCo**" means any Beverage which has a trademark owned by, licensed to, controlled by or distributed by PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, or any entity or joint venture in which PepsiCo, Inc. or any of its subsidiaries, affiliates or bottlers, has at least a 50% ownership interest.
22. "**Product Warranty and Indemnity**" means the terms and conditions set forth in the Product Warranty and Indemnity found at: www.cokesolutions.com/Pages/DownLoadFile.aspx?DocID=2436.
23. "**Quality Beverage Standards**" means the Quality Beverage Standards found at:
<https://www.cokesolutions.com/content/dam/cokesolutions/us/documents/foodservice-quality/Quality-Beverage-Standards.pdf>.
24. "**Special Service Calls**" means any removal, remodel, relocation or reinstallation of Dispensers, installation or removal of ice makers, service caused by non-approved ice, flavor changes, summerize/winterize, line changes, or service necessitated by damage or adjustments to the equipment resulting from exposure to the elements, misuse, abuse, failure to follow operating instructions or service by unauthorized personnel, unnecessary calls (equipment was not plugged in, CO2 or Fountain Syrup container was empty), or calls that are not the result of mechanical failure.
25. "**Term**" is defined in the Effective Date and Term section.
26. "**Weighted Average List Price**" means the average list price (i.e., without taking into consideration any funding, rebates, allowances or other discounts) for Company Fountain Syrups on a per gallon basis.

EXHIBIT 3

STANDARD TERMS AND CONDITIONS

1. TERMINATION AND DAMAGES

1.1 Once both parties sign the Agreement, it may be terminated before the scheduled expiration date only in the following circumstance: either party may terminate the Agreement if the other party fails to comply with a material term or condition of the Agreement and does not remedy the failure within 90 days after receiving written notice specifying the non-compliance. For purposes hereof, non-payment of earned funding by Company shall be a material breach of the Agreement.

1.2 Upon expiration or termination, Customer must return any dispensing equipment owned by Company and the marketing program(s) will no longer be made available to Customer. In addition, if any piece of equipment is removed from a Covered Outlet prior to 100 months from the installation date for that piece of equipment, Customer will pay Company the actual cost of removal of the equipment (including standard shipping and handling charges) and remanufacturing of the equipment, as well as the unamortized portion of the costs of (i) installation and (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment. Collectively, removal costs and items (i) and (ii) are referred to as "**unbundling costs**." Upon termination, Customer must also pay the following amounts: (a) All paid but unearned funding; plus (b) interest on the unearned prepaid funding at the annual rate of 6% rate, accrued from the date funds were paid through the date of repayment. Notwithstanding the foregoing, the unamortized portion of such items shall not be owed in the event that the equipment is returned to Company due to the equipment's failure to dispense Fountain Beverage after Company's failure to cure such failure within 30 days following its receipt from Customer of written notice detailing such failure.

1.3 The parties acknowledge that either party may pursue other remedies if the other party breaches the terms of the Agreement.

1.4 Notwithstanding anything to the contrary in the Agreement, Company will pay all earned but unpaid funding notwithstanding the termination or expiration of the Agreement.

1.5 IN NO EVENT WILL EITHER PARTY, OR ANY AFFILIATES OR SUBSIDIARIES OR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, MEMBERS OR REPRESENTATIVES BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS OF ANY NATURE, INCLUDING, BUT NOT LIMITED TO, DAMAGES RESULTING FROM DELAY OR LOSS OF GOODWILL THAT MAY ARISE IN CONNECTION WITH THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING, AND WHETHER SUCH LIABILITY IS BASED ON CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. THE PARTIES AGREE THAT THIS LIMITATION OF LIABILITY SHALL SURVIVE IN FULL FORCE AND EFFECT DESPITE ANY FAILURE OF ANY EXCLUSIVE REMEDY (COLLECTIVELY, "SPECIAL DAMAGES"). THIS PROVISION SHALL APPLY TO THE DISPENSING EQUIPMENT LEASE AND COCA-COLA FREESTYLE AGREEMENT ATTACHED TO THE AGREEMENT AS EXHIBIT 5.

1.6 The parties acknowledge that either party may pursue other remedies or direct damages (but not Special Damages) if the other party breaches the terms of the Agreement. The prevailing party shall be entitled to all costs and expenses incurred to collect the amounts due including without limitation reasonable attorneys' fees.

2. NON-COMPLYING OUTLETS

If any Covered Outlet fails to comply with this Agreement, Customer will forfeit all funding earned by such Covered Outlet for the period of non-compliance.

3. GOVERNING LAW/ DISPUTE RESOLUTION

This Agreement shall at all times be governed by the laws of the State of Georgia. Should there be a dispute between Company and Customer relating in any way to the Agreement, the breach of the Agreement, or the business relationship of the parties, the parties agree that they will make a good faith effort to settle the dispute in an amicable manner. If the parties are unable to settle the dispute through direct discussions, at that time they will attempt to settle the dispute by mediation administered by the American Arbitration Association (the "AAA"). If the parties do not agree to pursue mediation or if that procedure is unsuccessful, the dispute will be resolved by binding arbitration administered by AAA in accordance with its Commercial Arbitration Rules using a single arbitrator, at a location selected by AAA based on the convenience of the parties and the location of potential witnesses. The arbitrator shall have the authority to award specific performance and any other appropriate remedies including interim injunctive relief to maintain the status quo pending the conclusion of arbitration. The prevailing party shall also be entitled to recover its reasonable attorneys' fees and other costs and expenses of litigation. A judgment on the award of the arbitrator may be entered in any court with jurisdiction. The foregoing will not preclude any party from bringing an action for injunction in a court of competent jurisdiction for breach of the other party's confidentiality obligations.

4. TRANSFERS AND ASSIGNMENTS

4.1 If at any time during the Term or over the course of the Term there is a transfer (other than to McAlister's Corporation or another franchisee of McAlister's Corporation or an affiliate of Customer) or closing of, 50% or more of the Covered Outlets, Customer shall use commercially reasonable efforts to cause the acquiring, surviving or newly created business (collectively, the "Acquirer") to assume all of Customer's obligations under the Agreement with regard to the acquired assets or business, provided Company does not otherwise modify the Agreement to the detriment of the Acquirer, except as permitted herein. If the Acquirer assumes the Agreement and the Acquirer is not affiliated with Customer, then Customer shall have no further liability under the Agreement and will not pay a fee or penalty in connection with the sale. The Agreement shall not be otherwise assignable without Customer Initials _____

the express written consent of Company, which consent shall not be unreasonably withheld, delayed or conditioned. Nothing contained herein shall be construed as a waiver of Company's termination rights pursuant to this Agreement. Notwithstanding the foregoing terms of this Section 4.1, this Agreement may be assigned by Customer to an affiliate in connection with a securitized financing transaction without the consent of Company. This Agreement shall inure to the benefit of and be binding upon the parties hereof and their respective successors and assigns.

4.2 If any Covered Outlet is transferred or closed, Customer shall pay Company's actual cost of removal of the equipment, as well as the unamortized portion of the cost of (i) installation, (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment, and (iii) standard shipping and handling charges for equipment in such outlet installed less than 100 months prior to the transfer or closure, unless Customer causes the new owner or operator at the location to assume the lease of the equipment on the same terms that applied to Customer or unless the equipment is relocated to another Covered Outlet in which case Customer shall be responsible for the service costs for such relocation.

5. TRADEMARKS

Neither Customer nor Company shall make use of any of the other party's trademarks or logos (either alone or in conjunction with its or another party's trademarks or logos) without the prior written consent of that party, and all use of the other party's trademarks shall inure to the benefit of trademark owner. For purposes of this Agreement, Company's trademarks include trademarks owned, licensed to or controlled by an entity in which Company has a 50% or more ownership interest.

6. CONFIDENTIALITY

Neither party shall disclose to any third party without the prior written consent of the other party, any information concerning this Agreement or the transactions contemplated hereby, except for disclosure (1) to any attorneys, accountants and consultants involved in assisting with the negotiation and closing of the contemplated transactions, or (2) to affiliates of Company including Bottler, or (3) to other franchisees of McAlister's Corporation, or (4) as required by law. A party that makes a permitted disclosure must obtain assurances from the party to whom disclosure is made that such party will keep confidential the information disclosed. Customer agrees that it will not permit any third party to inspect, analyze or reverse engineer any Freestyle Dispenser. Without limiting the generality of the previous sentence, Customer agrees that it will only open the Freestyle Dispenser to change cartridges and will not permit (a) any photograph or other images to be taken of the inside of the Freestyle Dispenser or (b) any inspection or analysis of the interior portions of the Freestyle Dispenser by third parties. Notwithstanding anything to the contrary in this Section 6, Customer may disclose the terms and conditions of this Agreement to potential acquirers, buyers, merger or other potential business combination transaction counterparties, investors and their personnel, in-house and outside legal counsel, insurers, lenders, auditors, investment bankers and the limited partners of the private equity funds that have invested in Customer solely for the purpose of evaluating a purchase, merger or potential business combination of or with Customer, provided that such entities and individuals are required to comply with confidentiality terms no less restrictive than the Customer uses to protect its own confidential information in similar circumstances.

7. NO COMPETITIVE ADVERTISING

Except with respect to any Competitive Beverages that are allowed to be served in the Covered Outlets under this Agreement and any Competitive Beverages permitted on Freestyle Dispensers (i) Customer will not depict, advertise, promote or merchandise any Competitive Beverages anywhere in or in association with the Covered Outlets and (ii) Customer will not enter into any agreement or relationship whereby any Competitive Beverages are associated in any advertising or promotional activity of any kind with Customer, the Covered Outlets, or any of the trademarks of Customer. Notwithstanding this Section 7, nothing shall preclude Customer from participating in promotional advertising and marketing with a brand affiliated with Customer through common management, common control and/or common ownership which offers a Competitive Beverages, as long as such promotional advertising and marketing does not depict the Competitive Beverages and the Covered Outlets operate co-branded retail operations bearing the marks of the Customer and the affiliate. Further, Company acknowledges Customer licenses other brands, both affiliated and un-affiliated, to market and sell Customer's branded products and such other brands may advertise and promote their brands and in doing so, may include Customer's branded products in such advertising and promotional activities.

8. PRICING AND PAYMENTS

All prices quoted in this Agreement do not include, and Customer will be responsible for the payment of all taxes, deposits, handling fees and recycling fees and any government related fees or costs and governmental taxes, excises and/or other charges (except taxes on or measure by net income) that Company may be require to pay with respect to the production, sale or transportation of the Products except where the law otherwise provides. Company will not be required to make any payments to Customer until Customer provides Company with documentation required to release payment (such as a W-9 and ACH form) and any delay in obtaining such documentation will correspondingly delay any of Company's payment deadlines. All payments due from Company will be made within 60 days from the period in which they are earned.

9. OFFSET

If Customer defaults on any obligation to Company under this or any other agreement, in addition to any other remedies it may have, Company may use funds due Customer to offset amounts due to Company under this Agreement. Excess service costs and fair share charges, if any, will be deducted from earned funding.

10. FORCE MAJEURE

Either party is excused from performance under this Agreement for so long as such nonperformance results from any act of God, strikes, war, terrorism, riots, acts of governmental authorities, shortage of raw materials or any other cause outside the reasonable control of the nonperforming party.

11. WAIVER

The failure of either party to seek redress for the breach of, or to insist upon the strict performance of any term, clause or provision of the Agreement, shall not constitute a waiver, unless the waiver is in writing and signed by the party waiving performance.

12. WARRANTIES

Customer and Company each represent and warrant that they have the unrestricted right to enter into this Agreement and to make the commitments contained in this Agreement. In addition, each party represents that the person whose signature appears on the Agreement has the right to execute this Agreement on behalf of the party indicated. Customer represents and warrants that it will comply with all applicable laws and regulations and all appropriate practices with respect to food safety including the storing, preparation and serving of food and potability of water. Furthermore, if applicable, Customer will comply with all equipment manufacturers' specifications and product dispensing and preparation instructions and specifications. Finally, Customer will comply with Company's Quality Beverage standards, provided a copy of same is provided to Customer. Company provides the Product Warranty and Indemnity to Customer.

13. RESALE AND PACKAGING

Customer represents and warrants that it will

- (i) not transfer or resell Company Beverages or Company Beverage packages to any other entity (other than Customer's own retail outlets or for the purpose of environmentally safe disposal) or for residential or home use;
- (ii) only allow Company Fountain Beverages to be used with cups, glasses or other containers designed for reasonably immediate consumption and not for extended storage or with returnable bottles or similar containers;
- (iii) not tamper with any Company Beverage or Company Beverage package;
- (iv) not repackaging or transfer any Company Beverage into other containers without Company authorization;
- (v) not refill or reuse any Company Beverage container;
- (vi) notify Company promptly of any quality problem related to Company Beverages at 1-800-241-2653;
- (vii) rotate stock of Company Beverages to ensure that they are used before their shelf life date;
- (viii) not export Company Beverages or Company Beverage packaging without Company's expressed written consent; and
- (ix) not directly or indirectly ship, distribute or sell any Bottler Bottle/Can Beverages outside of the geographic scope of the Company's internally defined market unit in which such Beverages were sold to Customer (Company will make the geographic scope of any such market unit available to Customer upon request).

14. CONSTRUCTION/ SEVERABILITY

This Agreement and any accompanying documents constitute negotiated agreements between the parties, and the fact that one party or his or its counsel, or the other, shall have drafted this Agreement, any document or particular provision hereof shall not be considered in the construction or interpretation of this Agreement, the documents or any provision hereof. If any term or provision of this Agreement is found to be void or contrary to law, such term or provision will be deemed severable, but only to the extent necessary to bring this Agreement within the requirements of law, from the other terms and provisions hereof, and the remainder of this Agreement will be given effect as if the parties had not included the severed term herein.

15. AUDIT

Customer will have the right, upon reasonable notice, at its own expense to examine Company's volume and distributor reports, payments and records up to two times per Year during Company's normal business hours to verify the product sold and monies paid hereunder.

16. CLAIMS FOR REBATE, DISCOUNT OR ALLOWANCE DISCREPANCIES

In no event will Company accept any claims of discrepancies or errors in pricing or funding hereunder more than 1 year from the date of invoice with respect to pricing or payment with respect to funding. In support of any such claim, Customer will provide a detailed, written request specifying the particular product, the amount in dispute and reason for dispute, along with a true copy of the original invoice or payment and all other documents in support of the claim. Company will review each such claim in good faith and provide prompt responses to each properly made claim. Customer will not withhold payments owing to Company regardless of the pendency of such a claim. If Customer withholds any payments, Company reserves the right to withhold funding due Customer. Company will work directly with the Customer to resolve any such claims, but will not interact with third-party auditors or contractors.

17. THIRD PARTY BENEFICIARIES

Except with respect to Customer Indemnified Parties and Company Indemnified Parties, Customer and Company hereby expressly acknowledge and agree that this Agreement is for the sole exclusive benefit of the parties hereto, and no other third party is intended to or will have any rights hereunder. Customer Indemnified Parties and Company Indemnified Parties shall be deemed third party beneficiaries of this Agreement, with all legal rights, benefits or remedies of any nature whatsoever, available under or by reason of the provisions of this Agreement.

18. INDEMNITY

Customer will defend and indemnify Company and its affiliates and each of their officers, agents, employees, directors, shareholders, affiliates, successors, and assigns (hereinafter the "Company Indemnified Parties") against, and hold Company Indemnified Parties wholly harmless from, any and all claims, actions, suits, proceedings, demands, damages, and liabilities of whatever nature, and all costs and expenses, including without limitation Company Indemnified Parties' reasonable attorneys' fees and expenses, relating to or in any way arising out of (i) the ordering, delivery, rejection, installation, purchase, leasing, maintenance, possession, use, operation, control or disposition of, or any tort liability relating to, any equipment provided by any of the Company Indemnified Parties or Bottler or any portion thereof or (ii) any act or omission of Customer, including but not limited to any loss or damage to or sustained by the Company Indemnified Parties arising out of Customer's failure to comply with all the obligations, representations and warranties of this Agreement or; excepting only to the degree such claims are the result of the Indemnified Parties' negligent or willful acts. Except with respect to claims for Company Beverages for which Product Warranty and Indemnity provides the Customer Indemnified Parties with their sole and exclusive remedy, Company will defend and indemnify Customer and its direct and indirect parent companies, subsidiaries and affiliates and each of their respective officers, agents, employees, directors, shareholders, members, managers owners, affiliates, successors, and assigns (hereinafter, collectively, the "Customer Indemnified Parties") against, and hold the Customer Indemnified Parties wholly harmless from any and all claims, actions, suits, proceedings, demands, damages and liability of whatever nature, and all costs and expenses, including without limitation Customer Indemnified Parties' reasonable attorneys' fees and expenses, relating to or in any way arising out of (i) any alleged violation of the Americans with Disabilities Act that results solely from the Equipment provided by Company (e.g., the violation is unrelated to how the Equipment is installed or the alleged violation can be avoided by Customer providing accommodations permitted under the American with Disabilities Act) or (ii) any act or omission of Company, including but not limited to any loss or damage to or sustained by the Customer Indemnified Parties arising out of Company's failure to comply with all the obligations, representations and warranties of this Agreement; excepting only to the degree such claims are the result of the Customer Indemnified Parties' negligent or willful acts. The provisions of this Section 18 will survive termination and expiration of this Agreement.

19. LIMITED REOURSE

The parties agree that any remedy or recourse available under or related to this Agreement is strictly limited to the parties to this Agreement. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, or attorney of either party shall have any liability under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby. The foregoing is not intended to discharge either party from its liability for any breach of this Agreement by its representatives.

20. ADDITIONAL TERMS

The terms and conditions of this Agreement will supersede all prior agreements between the parties relating to the subject matter of this Agreement. No supplement, modification, or amendment of this Agreement will be binding unless executed in writing by authorized representatives of both parties. Company will not be bound by any standard or preprinted terms or conditions contained in Customer's purchase orders, acknowledgements, invoices, vendor allowance forms or other Customer or forms, or counteroffers, that propose terms or conditions in addition to or differing from the terms and conditions set forth in this Agreement with respect to its subject matter. In addition, any terms and conditions on Customer's internet site to which agreement by Company is deemed or required in any manner, whether through an online electronic agreement, site use, or otherwise, will be null and void and of no legal effect on Company.

Customer Initials _____

EXHIBIT 4

DISPENSING EQUIPMENT LEASE

- 1. LEASE AGREEMENT AND TERM.** Company hereby leases to Customer all beverage dispensers provided to Customer ("Equipment"), subject to the terms and conditions set forth in this Lease. Unless otherwise agreed in writing, the Equipment will also include, where applicable, all permanent merchandising, menu boards, refrigeration units, ice makers and water filtration equipment provided by Company. Each piece of Equipment is leased commencing on its installation date (the "Commencement Date"). Customer may request the removal of any Equipment upon thirty (30) days prior written notice to Company. Removal of Equipment will not affect the term of any agreement between the parties. If this Lease is terminated with respect to any piece of Equipment for any reason prior to 100 months from the Commencement Date for that piece of Equipment, Customer will pay Company the actual cost of removal (including standard shipping and handling charges) and remanufacturing of that Equipment, as well as the unamortized portion of the costs of (i) installation and (ii) non-serialized parts (e.g., pumps, racks and regulators) and other ancillary equipment. Collectively, removal costs and items (i) and (ii) are referred to as "unbundling costs." The terms of this Lease will continue in effect with respect to each piece of Equipment until the Equipment has been returned to Company and will survive the expiration or termination of any agreement into which this Lease is incorporated.

- 2. RENT FOR EQUIPMENT.** All rent due for Legacy Dispensers will be due monthly. At Company's discretion, Company may utilize funds due Customer to offset amounts due Company under this Lease. Rent for Freestyle Dispensers is included in the Program Fee (see Exhibit 5).

- 3. TITLE TO THE EQUIPMENT.** Title to the Equipment is, and will at all times remain, vested in Company. Customer will have no right, title, or interest in or to the Equipment, except the right to quiet use of the Equipment in the ordinary course of its business as provided in this Lease. Customer will execute such title documents, financing statements, fixture filings, certificates and such other instruments and documents as Company will reasonably request to ensure to Company's satisfaction the protection of Company's title to the Equipment and Company's interests and benefits under this Lease. Customer will not transfer, pledge, lease, sell, hypothecate, mortgage, assign or in any other way encumber or dispose of any of the Equipment. **THE PARTIES AGREE, AND CUSTOMER WARRANTS, THAT THE EQUIPMENT IS, AND WILL AT ALL TIMES REMAIN, PERSONAL PROPERTY OF COMPANY NOTWITHSTANDING THAT THE EQUIPMENT OR ANY PART THEREOF MAY NOW BE, OR HERAFTER BECOME, IN ANY MANNER AFFIXED OR ATTACHED TO, OR EMBEDDED IN, OR PERMANENTLY RESTING UPON, REAL PROPERTY OR IMPROVEMENTS ON REAL PROPERTY.** Customer may perform ordinary maintenance and repairs to the Equipment as required by this Lease, but will not make any alterations, additions, or improvements to the Equipment without the prior written consent of Company (including using Equipment for merchandising not approved by Company). All parts added to the Equipment through alterations, repairs, additions or improvements will constitute accessions to, and will be considered an item of the Equipment and title to such will immediately vest in Company. Customer agrees that Company may transfer or assign all or any part of Company's right, title and interest in or to any Equipment (in whole or in part) and this Lease, and any amounts due or to become due, to any third party ("Assignee") for any reason. Upon receipt of written notice from Company of such assignment, Customer will perform all its obligations with respect to any such Equipment for the benefit of the applicable Assignee, and, if so directed, will pay all amounts due or to become due hereunder directly to the applicable Assignee or to any other party designated by such Assignee.

- 4. USE OF EQUIPMENT.** Customer acknowledges that the rent does not fully compensate Company for its expenses concerning its research and development efforts designed to improve fountain equipment or in providing the Equipment to Customer, and that Company provides the Equipment to Customer for the purpose of dispensing products of The Coca-Cola Company. Therefore, Customer agrees that if the Equipment is a dispenser, then the Equipment will be used only for the purpose of dispensing fountain beverage products of The Coca-Cola Company, such as Coca-Cola®, diet Coke® and Sprite®, with the exception of any competitive beverages permitted on Freestyle Dispensers and Legacy Dispenser. If the Equipment is a pump for bag-in-box or similar container, such pump may be used only to dispense products of The Coca-Cola Company. If the Equipment is other than a dispenser or a pump, then it will be used only in a location where fountain beverage products of The Coca-Cola Company are served and where no fountain beverage is served that is a Product of PepsiCo. This Section 4 will not apply within the State of Wisconsin.

- 5. INSPECTION AND NOTIFICATION.** Company will have the right during Customer's regular business hours to inspect the Equipment wherever the Equipment may be located and to review all records that relate to the Equipment. Customer will promptly notify Company of all details arising out of any change in location of the Equipment, any alleged encumbrances thereon or any accident allegedly resulting from the use or operation thereof.

- 6. WARRANTY DISCLAIMER:** CUSTOMER ACKNOWLEDGES THAT COMPANY IS NOT A MANUFACTURER OF THE EQUIPMENT AND THAT COMPANY HAS MADE NO REPRESENTATIONS OF ANY NATURE WHATSOEVER PERTAINING TO THE EQUIPMENT OR ITS PERFORMANCE, WHETHER EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES RELATING TO THE DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR ITS PERFORMANCE, OR ANY WARRANTY AGAINST INTERFERENCE OR INFRINGEMENT, OR ANY WARRANTY WITH RESPECT TO PATENT RIGHTS, IF ANY, PERTAINING TO THE EQUIPMENT.

- 7. TAXES.** Customer will pay all assessments, license fees, taxes (including sales, use, excise, personal property, ad valorem, stamp, documentary and other taxes) and all other governmental charges, fees, fines or penalties whatsoever, whether payable by Company or Customer, on or relating to the Equipment or the use, registration, rental, shipment, transportation, delivery, or operation thereof, and on or relating to this Lease.

- 8. MAINTENANCE AND REPAIRS.** Except as expressly provided for herein, Customer will, at its expense, keep the Equipment in good condition, repair, and working order. Except as otherwise provided for herein, Customer will pay all costs incurred in connection with the shipment, use, operation, ownership, or possession of the Equipment during the term of this Lease. Customer's recourse against Company with respect to service provided by Company or its agents to the Equipment is that Company will correct any defective workmanship at no additional charge to Customer, provided that Company is given prompt notification of any defective workmanship. Company will not be otherwise liable for negligent acts or omissions committed in regard to maintenance or repair of the Equipment and assumes no responsibility for incidental, consequential or special damages occasioned by such negligent acts or omissions.

- 9. RISK OF LOSS.** All risk of loss, including damage, theft or destruction, to each item of Equipment will be borne by Customer. No such loss, damage, theft or destruction of Equipment, in whole or in part, will impair the obligations of Customer under this Lease, all of which will continue in full force and effect.

- 10. DEFAULT.** The occurrence of any of the following will constitute a "Default" by Customer (i) nonpayment by Customer when due of any amount due and payable under this Lease, (ii) failure of Customer to comply with any provision of this Lease, and failure of Customer to remedy, cure, or remove such failure within ten (10) days after receipt of written notice thereof from Company, (iii) any statement, representation, or warranty of Customer to Company, at any time, that is untrue as of the date made, (iv) Customer's becoming insolvent or unable to pay its debts as they mature, or Customer making an assignment for the benefit of creditors, or any proceeding, whether voluntary or involuntary, being instituted by or against Customer alleging that Customer is insolvent or unable to pay its debts as they mature, (v) appointment of a receiver, liquidator, trustee, custodian or other similar official for any of the Equipment or for any property in which Customer has an interest, (vi) seizure of any of the Equipment, (vii) default by Customer under the terms of any note, document, agreement or instrument evidencing an obligation of Customer to Company or to any affiliate of The Coca-Cola Company, whether now existing or hereafter arising, (viii) Customer taking any action with respect to the liquidation, dissolution, winding up or otherwise discontinuing the conduct of its business, (ix) Customer transferring all or substantially all of its assets to a third party or (x) the transfer, conveyance, assignment or pledge of a controlling interest or ownership of Customer to a third party without Company's prior written consent.

- 11. REMEDIES.** Upon the occurrence of any Default or at any time thereafter, Company may terminate this Lease as to any or all items of Equipment, may enter the premises where the Equipment is located and retake possession of the Equipment at Customer's expense, and will have all other remedies at law or in equity for breach of the Lease. Customer acknowledges that in the event of a breach of Sections 4 or 5 or a failure or refusal of Customer to relinquish possession of the Equipment in breach of this section following termination or Default, Company's damages would be difficult or impossible to ascertain, and Customer therefore agrees that Company will have the right to an injunction in any court of competent jurisdiction restraining said breach and granting Company the right to immediate possession of the Equipment.

- 12. LIQUIDATED DAMAGES.** If Customer acts in violation of the prohibitions described in Section 3 of this Lease, or is unable or unwilling to return the Equipment to Company in good working order, normal usage wear and tear excepted, at the expiration or termination of the Lease, Customer will pay as liquidated damages the total of (i) the amount of past-due lease payments, discounted accelerated future lease payments, and the value of Company's residual interest in the Equipment, plus (ii) all tax indemnities associated with the Equipment to which Company would have been entitled if Customer had fully

Customer Initials _____

performed this Lease, plus (iii) costs, interest, and attorneys' fees incurred by Company due to Customer's violation of Section 3 or its failure to return the Equipment to Company, minus (iv) any proceeds or offset from the release or sale of the Equipment by Company.

- 13. OTHER TERMS.** Customer represents and warrants that it complies with (i) all applicable laws and regulations and (ii) all appropriate practices with respect to food safety including the storing, preparation and serving of food. Furthermore, Customer acknowledges and agrees to comply with all Equipment manufacturer's specifications and product dispensing and preparation instructions and specifications. No failure by Company to exercise and no delay in exercising any of Company's rights hereunder will operate as a waiver thereof; nor will any single or partial exercise of any right hereunder preclude any other or further exercise thereof or of any other rights. This Lease constitutes the entire agreement of the parties and supersedes all prior oral and written agreements between the parties governing the subject matter of this Lease; provided, however, that if Company and Customer have entered

into an agreement into which this Lease is incorporated, to the extent that any of the terms in this Lease conflict with the terms set forth in that agreement, the terms of that agreement will control. No agreement will be effective to amend this Lease unless such agreement is in writing and signed by the party to be charged thereby. Any notices permitted or required by this Lease will be in writing and mailed by certified mail or hand delivered, addressed to the respective addresses of the parties. All claims, actions or suits arising out of the Lease will be litigated in courts in either the State of Georgia or in the state of Customer's principal place of business. Each party hereby consents to the jurisdiction of any local, state or federal court located within the State of Georgia and/or the state of Customer's principal place of business, and designates the Secretary of State of the State as its agent for service of process. THIS LEASE WILL BE GOVERNED BY THE LAWS OF THE STATE OF GEORGIA. Time is of the essence to each and all of the provisions of this Lease.

Customer Initials _____

EXHIBIT 5

COCA-COLA FREESTYLE

1. FREESTYLE: Freestyle Dispensers combine ingredients (microdosed beverage components, beverage mixes and flavors stored in cartridges and nutritive and non-nutritive sweeteners stored in bag-in-boxes and/or cartridges) to create a wide variety of branded fountain beverages.

2. PRICING AND ORDERING OF INGREDIENTS:

a. Customer will purchase the ingredients for the Freestyle Dispensers from Company or its authorized distributors, at Company's then-current chain account prices, which are subject to change from time to time.

b. Company agrees that the over-all pricing for the ingredients available for purchase in the 48 contiguous United States and the District of Columbia in a given calendar year except for HFCS Sweetener will not increase in the next calendar year by more than the pricing at the end of the given year increased by the greater of: (i) 4%; or (ii) a percentage determined for that calendar year by the following calculation based upon changes to the Consumer Price Index for Food Away From Home as published by the Department of Labor ("CPI"). See Note in **Exhibit 5-2**. Company will calculate the difference between (i) the monthly average of the CPI for the most recent prior October through September period ("CPI Most Recent Average") and (ii) the second most recent October through September period ("CPI Second Most Recent Average"). Company will then calculate what the percentage of this difference is as compared to the CPI Second Most Recent Average. See Example 1 in **Exhibit 5-2**. The published CPI can be found at: <http://www.bls.gov/cpi/tables.htm>. If the Department of Labor discontinues publishing the CPI or materially changes the CPI, then Company will establish a different price ceiling methodology to be determined in its sole discretion.

c. Company agrees that the pricing for HFCS Sweetener purchased in the 48 contiguous United States and the District of Columbia in any given calendar year will be determined as follows. Company will calculate the difference between the monthly average of the Producer Price Index for Corn Sweetener as published by the Department of Labor ("PPI") for (i) the most recent prior October through September period ("PPI Most Recent Average") and (ii) the second most recent October through September period ("PPI Second Most Recent Average"). Company will then calculate what the percentage of this difference is as compared to the PPI Second Most Recent Average. If the percentage is positive (i.e., the PPI Most Recent Average was greater than the PPI Second Most Recent Average), then Company will not increase its HFCS Sweetener pricing in the given calendar year over the prior calendar year's most recent pricing by more than this percentage. If the percentage is negative (i.e., the PPI Most Recent Average was less than the PPI Second Most Recent Average), then Company will decrease its HFCS Sweetener pricing in the given calendar year by this percentage compared to the prior calendar year's most recent pricing. See Example 2 in **Exhibit 5-2**. The published PPI can be found at: http://www.bls.gov/ppi/ppi_dr.htm. If the Department of Labor discontinues publishing the PPI or materially changes the PPI, or if Company uses a different nutritive sweetener than HFCS, then Company will establish a different pricing methodology for its nutritive sweetener to be determined in its sole discretion.

d. Company will make available one or more means of ordering ingredients, subject to the Company's terms for each such means of ordering. The means of ordering may include: (i) placing orders on-line using Company approved forms of payment (currently via credit card or auto draft) at <http://cokesmart.com> (ii) an automated ordering system or (iii) ordering through distributors. Shipping

charges may apply. Freestyle orders fulfilled directly by Company are subject to the terms attached as **Exhibit 5-1**. Orders fulfilled by distributors are also subject to additional terms offered by each distributor. The means and terms of ordering ingredients are subject to change from time to time.

3. FUNDING: If Customer receives equipment leased without charge or free service under the Agreement, Company will create a fund ("Freestyle Operations Fund") for each installed Freestyle Dispenser. The amount of the Freestyle Operations Fund is set forth in **Exhibit 5-2**. The Freestyle Operations Fund (a) will be controlled by Company, (b) will be earned on a pro rata basis; and (c) will only be applied against any Program Fees that may be due but not as a discount off the Program Fee and will not reduce any sales tax associated with the Program Fee.

4. PROGRAM FEE: Customer will pay Company its then current chain account monthly program fee per Freestyle Dispenser ("Program Fee") plus applicable sales tax. The base Program Fee for any particular type of Freestyle Dispenser will not increase during the term of the Agreement above the then current amount for that particular type of Freestyle Dispenser. The base Program Fee includes the rent for the Freestyle equipment and mechanical reactive service (including parts and, if a Freestyle Dispenser cannot be repaired in the reasonable judgment of Company, the replacement of the Freestyle Dispenser), standard wireless connectivity and standard consumption data. Company agrees that it will offer a base Program Fee throughout the Term and that the base Program Fee will provide the basic functionality to operate a Freestyle Dispenser. The Program Fee will be deducted from earned funding or paid using Company approved forms of payment. If Program Fees are deducted from earned funding, Program Fees in excess of earned funding will be invoiced or paid using Company approved forms of payment. Customer may be eligible for a tax exemption in certain states. **Tax exemption certificates are available for Texas, Ohio and Indiana at http://www.cokesmart.com/forms_unlogged.htm.**

5. COOPERATION: Customer agrees to implement mutually agreed upon merchandising. Customer will make available the Company's then current standard Freestyle brand set and digital content on all Freestyle Dispensers.

6. EQUIPMENT: Customer will lease the Freestyle Dispensers from Company subject to the terms of the Lease. Rent is included in the Program Fee. Customer must have and maintain a water filtration system that meets Company's water treatment standards. Company may install and maintain such a filtration system, at Customer's expense, if Customer fails to do so. Customer will not change or alter the appearance of the Freestyle Dispensers (including placing decals on the Freestyle Dispensers).

7. SERVICE: Customer agrees to use the Company Service Network for any mechanical reactive service required for the Freestyle Dispensers and to first attempt to solve any equipment service related issues by using Company's Phone Fix® service. There will be no charge for mechanical reactive or reasonable preventative service, which is included in the Program Fee. Special Service Calls will be charged at Company's then-current service rate. If Customer elects to use soft ice (i) Customer will be responsible for addressing any soft ice dispensability issues such as bridging and clumping (ii) Company may change its recipes for some or all Freestyle brands to address the faster product dilution caused by soft ice and (iii) Customer acknowledges that these recipe changes may increase Customer's cost of goods.

Customer Initials _____

8. EQUIPMENT INSTALLATION AND REMOVAL: The number of Freestyle Dispensers and the outlets where they will be installed will be mutually agreed to by the parties. Company will be responsible for installing the Freestyle Dispensers. Customer will be responsible for modifying the site (e.g., cabinetry, countertop, walls, flooring, plumbing and electrical work) as required to accommodate (a) the installation of the Freestyle Dispenser and (b) if necessary, the removal of that Freestyle Dispenser and reinstallation of Legacy Dispensers. Customer will also be responsible for any additional equipment (e.g., ice makers and water filtration) that may be required. Only ice makers approved by Company may be used. Company may require Customer, at its expense, to apply approved shrouding to certain ice makers with a footprint larger than the Freestyle Dispenser to improve aesthetics. If (i) this Agreement is signed on or before December 31, 2017 (ii) Customer converts an existing outlet with a legacy dispenser (new outlets, outlets that were not previously pouring fountain beverages and outlets converting from other Freestyle dispensers are ineligible) to a Freestyle dispenser on or before March 31, 2018 (iii) funding is still available from Company at that time on a first come first serve basis and (iv) the parties mutually agreed to do so: Company will provide Customer with an "**Conversion Fund**" of \$1,000 for each such outlet in which 7000 Freestyle dispensers are installed, and \$2,000 for each such outlet in which 8000/9000 Freestyle dispensers are installed, between the start of the Term and March 31, 2018. Company is willing to provide the Conversion Fund in anticipation of the Customer continuing to use Freestyle Dispensers in the outlets for

a total of at least 3 years. Therefore, if the lease on any Freestyle Dispenser in an outlet receiving such funding expires or is terminated prior to 3 years from the installation of such Freestyle Dispenser, Customer will pay Company a pro rata portion (based on the days remaining in such 3 year period divided by 1095 days) of the Conversion Fund provided by the Company for that outlet.

9. ACCESS TO COMPUTER SYSTEMS: The Freestyle Dispensers connects and sends reports to computer systems at Company. Customer will not take any actions to disable or interfere with these connection and reporting features. Any Use of Company's computer systems is subject to the terms attached as **Exhibit 5-3**. Company will be using wireless communications to establish this connection and the fee for this, where available through Company's provider, is included in the Program Fee. Customer is responsible for providing comparable connectivity if wireless communications are not available through Company's provider and Customer bears all risks associated with Company's use of any such connectivity.

10. PRIOR FREESTYLE AGREEMENTS: The terms of this Agreement will supersede any prior agreement between the parties concerning Freestyle and all Freestyle Dispensers installed in the Customer's outlets in the past, present and future will be governed by the terms of this Agreement.

EXHIBIT 5-1
TERMS OF SALE

The following are the terms between Company and Customer relating to the products or services (collectively "Products") provided in connection with Freestyle. These terms prevail over terms contained in Customer's purchase order or other communications from Customer that are not accepted in writing by Company as provided herein. No modification, waiver or discharge of these terms or of any of its terms will bind either party unless in writing and signed by officers of both parties.

1. CONSENT TO ELECTRONIC TRANSACTION AND

COMMUNICATIONS. By virtue of placing orders for Products, Customer agrees to conduct business electronically, where applicable, and to be bound by these terms. Customer agrees that all agreements, notices, disclosures and other communications that Company provides electronically, whether in website content or e-mail, satisfy any and all legal requirements that such communications be in writing.

2. PAYMENT, INTEREST AND FEES. Unless otherwise agreed in writing, payment in full for Products is due at the time of ordering. Company will submit such payments for processing at the time Products are shipped. All payments must be made by their due date as a condition precedent to future orders or deliveries.

3. PRICES. Orders are filled at prices prevailing at time of shipment.

Company is not responsible for pricing or typographical errors related to Customer's purchase and Company reserves the right to cancel any orders resulting from or including such errors.

4. TRANSFER OF TITLE. Title to the Products will pass when delivered to Customer at the "ship to" address stated on the front of each invoice ("Customer's Address"). Delivery will be acknowledged by a signed and dated bill of lading.

5. DELIVERY. Unless otherwise agreed in writing, delivery of Products will be handled as set forth at <http://cokesmart.com>. Company reserves the right to require specific order quantities (e.g., full case orders) and make delivery in severable lots, and all such lots will be separately invoiced and paid for when due, without regard to subsequent deliveries. Delay in delivery of any lot will not relieve Customer of its obligation to accept remaining deliveries. The acceptance by Customer of shipment upon arrival of the Products at Customer's Address will constitute delivery to Customer.

6. INSPECTION. Customer must inspect the Products immediately on its delivery to Customer's location, and within 2 business days after delivery, give notice to Company if Customer believes that the Products is not in accordance with these terms. If Customer fails to give such notice, the Products will be deemed to be in all respects in accordance with these terms, and Customer will be bound to accept and pay for the Products in accordance with these terms. Customer may reject the Products only if any variance from these terms is material. All claims are deemed waived unless made in writing and received by Company within 15 days after Customer discovers the alleged defect.

7. TAXES. Customer may be eligible for a tax exemption. **Tax exemption certificates are available at http://www.cokesmart.com/forms_unlogged.htm.** A tax exemption certificate must be submitted to Company for all purchases delivered by Company (e.g., not by a distributor).

EXHIBIT 5-2
PRICING EXAMPLES AND FUNDING

1. NOTE

Compliance with the price assurance provisions of Section 2(b) will be determined for each model of Freestyle Dispenser separately (but combining models that in the reasonable opinion of Company are similar, such as the self-serve and crew serve versions of the same Freestyle Dispenser, e.g., 8000 and 9000) and will be based on average consumption data of all ingredients across all of Company's customers in the 48 contiguous United States and the District of Columbia for the most recent prior October through September period. Accordingly, it is theoretically possible that, based on its particular consumption patterns, an individual customer's price increase could slightly exceed the higher of 4% or CPI for Food Away from Home.

2. PRICING EXAMPLES

Example 1

For example, to determine this percentage for 2016, Company would determine the monthly average of the CPI for October 2014 through September 2015 (by adding the CPI for each of the 12 months and dividing by 12). For this example, assume this average is 235.07. Company would do the same for the period from October 2013 through September 2014. Assume for this example this average is 232.49. Company would then take the difference between these two averages and divide by 232.49 to calculate this percentage for 2016. In this example, the percentage would be positive 1.1% and therefore Company would not increase 2016 pricing for the ingredients other than HFCS Sweetener by more than 4% over the most recent pricing in 2015 (since 4% is greater than 1.1%).

Example 2

For example, to determine HFCS Sweetener pricing for 2016, Company would determine the monthly average of the PPI for October 2014 through September 2015 (by adding the PPI for each of the 12 months and dividing by 12). For this example, assume this average is 202.73. Company would do the same for the period from October 2013 through September 2014. Assume for this example this average is 197.78. Company would then take the difference between these two averages and divide by 197.78 to calculate the percentage price increase or decrease applicable in 2016. In this example, the percentage would be positive 2.5% and therefore Company would not increase 2016 pricing for HFCS Sweetener by more than 2.5% over the most recent HFCS Sweetener pricing in 2015.

3. FUNDING

The Freestyle Operations Fund is \$69.84 per month per Freestyle Dispenser.

EXHIBIT 5-3
ACCESS AND USE TERMS

1. GENERAL. Customer agrees that access and use of Company's proprietary network of websites ("Computer Systems") by Customer, including any individuals that are granted access through or by Customer, are subject to these terms and all applicable laws.

2. COMPUTER SYSTEMS SECURITY

- a. Customer represents that it has read and agrees to ensure that its employees, and anyone else granted access to the Computer Systems, will comply with these terms. Customer will ensure that each workstation that is used to access the Computer Systems has a configuration that meets the following conditions: (i) current commercial anti-virus software is installed and a full system scan is performed; (ii) current operating system patch levels are applied; and, (iii) malicious software and hacker tools are removed or disabled.
- b. Customer will not allow any third parties to access the Computer Systems without the written consent of Company.
- c. Customer's access is provided solely for the legitimate business purposes of Company and Customer. Access to Company's Computer Systems is monitored and recorded. Company will maintain a database that catalogs the duration and scope of the access granted to Customer and the business purpose for such grant. Customer may only access those Computer Systems that Customer is approved by Company to access. Company may terminate Customer's access to the Computer Systems for any misuse of such Computer Systems by Customer or by individuals provided access by or through Customer. Customer is liable for all damages caused by any individual obtaining access to the Computer Systems through the Customer.

3. INFORMATION CONTAINED IN THE COMPUTER SYSTEMS

a. Customer will keep confidential all passwords, user IDs, all data and software programs and any other accessible materials contained in the Computer Systems. These obligations will continue in perpetuity but will not apply to Information that is, or subsequently becomes, available to the public through no breach of Customer's obligations hereunder.

b. Customer will read and comply with the terms and policies that are posted on the Computer Systems from time to time and as they may be amended from time to time. If Customer does not agree to the applicable terms and policies posted on the Computer Systems, Customer will immediately exit the Computer Systems and will not use the Computer Systems. Customer will not transmit any unlawful, threatening, libelous, defamatory, obscene, scandalous, inflammatory, pornographic, or profane material or any material that could constitute or encourage conduct that would be considered a criminal offense, give rise to civil liability, or otherwise violate any law.

4. PASSWORDS AND SECURITY. Customer agrees that it is solely and completely responsible for maintaining the confidentiality of Customer logins and passwords. Customer agrees to notify Company immediately of any unauthorized use of its account or other breach of security. Customer agrees that it will be responsible for all activity on its account, whether such activity was initiated by it, by others on its behalf, or by any other means or manner.

5. DISCLAIMERS. Customer uses the Computer Systems at its own risk. In no event will Company, and its subsidiaries, affiliates, officers and directors, be liable for any loss, liability, damages, costs or expenses that may arise out of Customer's access to the Computer Systems. ACCESS TO THE COMPUTER SYSTEMS (AND ANY AND ALL HARDWARE, SOFTWARE AND OTHER COMPONENTS THEREOF) IS PROVIDED TO CUSTOMER "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT.

6. DUTY TO REPORT USE AND VIOLATIONS. Customer will immediately notify Company of any material violation of these terms by anyone granted access through Customer. Upon Company's request, Customer will promptly provide Company with a list of all individuals granted access to the Computer Systems through Customer. Company will have the right to conduct an audit of Customer to confirm Customer's compliance with these terms.

7. TERMINATION; MODIFICATION. Company has the right to immediately terminate access granted to any individual through Customer at any time with or without cause. Company may modify these terms at any time upon notice to Customer. If Customer does not wish to continue its access to the Computer Systems under such modified terms, Customer may terminate access by written notice delivered to Company prior to the effective date of the modification.

POS SYSTEM SUPPORT SERVICES AGREEMENT

THIS SERVICE LEVEL AGREEMENT (this “**Agreement**”) is made and entered into as of

_____ (“**Effective Date**”) by and between «Z1_First_Name»
«Z1_Last_Name», a «Z1_State_of_Formation» «Z1_Entity_Type», «Z2_First_Name»
«Z2_Last_Name», a «Z2_State_of_Formation» «Z2_Entity_Type», «Z3_First_Name»
«Z3_Last_Name», a «Z3_State_of_Formation» «Z3_Entity_Type», «Z4_First_Name»
«Z4_Last_Name», a «Z4_State_of_Formation» «Z4_Entity_Type», «Z5_First_Name»
«Z5_Last_Name» (“**Franchisee**”) and McAlister’s LLC (“**Company**”).

BACKGROUND:

A. McAlister’s Franchisor SPV LLC (“**Franchisor**”) and Franchisee are parties to that certain Franchise Agreement dated as of the Effective Date for the operation of the Franchised Business (“**Franchise Agreement**”).

B. Franchisee is required to have a point of sale system (“**POS System**”) for the Franchised Business that satisfies Franchisor’s Minimum Specifications.

C. Franchisee is required to obtain support for the POS System from an approved supplier, which may include Franchisor or its affiliates.

D. Franchisee desires to obtain from Company, an affiliate of Franchisor, certain support for the POS System as detailed in this Agreement and Company agrees to provide such support under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined in this Agreement shall have the meaning ascribed to such term in the Franchise Agreement or below:
 - a. “**Designated Personnel**” means the person(s) who request and receive Support Services under this Agreement. As a prerequisite for Company to provide the Support Services, such person(s) should be trained and competent in the general operation of the POS System and may include, for example, a cashier, shift lead, general manager, area manager, director or internal information technology (“**IT**”) staff. Company shall not be responsible for determining whether Franchisee has authorized Designated Personnel to request Support Services.
 - b. “**Service Start Date**” shall mean the date that Company begins providing the Services, which is estimated to be approximately twelve (12) weeks prior to the anticipated Opening Date of the Franchised Business, as determined and approved by Company.
 - c. “**Minimum Specifications**” shall have the meaning set forth in the Manuals, which Franchisor, in its sole discretion, may update from time to time.
 - d. “**Support Services Team**” means the person(s) authorized by Company to provide Support Services under this Agreement. Such persons may be contractors or employees of Company or its affiliates.

2. **Support Services.** Franchisee hereby engages Company to provide help desk services for the POS System and other related support services in accordance with and as more fully described below and in **Schedule A** (collectively, the “**Support Services**”). The Support Services may only be used for the POS System at the Franchised Business. Franchisee agrees to follow the procedures and processes for requesting and receiving Support Services, as set forth in this Agreement, including **Schedule A**. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of **Schedule A**, the terms and conditions of this Agreement shall control. The Support Services will be provided during the hours and days specified in **Schedule A**.
 - a. **Comprehensive Support.** Franchisee shall receive Comprehensive Support (as more fully described in **Schedule A**), which shall be subject to the Comprehensive Support Fee (as defined in **Schedule A**).
 - b. **Billable Support.** Franchisee may request, and Company may, in its sole discretion, provide Billable Support (as more fully described in **Schedule A**), which shall be subject to the Billable Support Fee.
3. **POS System.** As a prerequisite for Company to provide the Support Services, the POS System must be in good operating condition and meet the Minimum Specifications (including, without limitation, the standard hardware and software requirements set forth therein). The Support Services do not include support for hardware and software that is not part of the Minimum Specifications. Company will provide Support Services in connection with specific versions of the software identified in the Minimum Specifications, and will not provide Support Services in connection with software that is no longer supported by the software licensor. Franchisee is responsible for implementing temporary procedures or workarounds as necessary to ensure continuous operation of the Franchised Business while Company is providing Support Services. Franchisee is responsible for backing up its files, data and programs and for reconstructing corrupted, lost or altered Franchisee files, data and programs. Company reserves the right, at any time and from time to time during the Term, to make the final judgment, in its sole discretion, as to whether the POS System and Franchisee adequately meet the Minimum Specifications and other prerequisites for Support Services required under this Agreement.
4. **Service Fees.** Franchisee shall pay Company the Comprehensive Support Fee and/or Billable Support Fee (collectively, the “**Service Fees**”), as applicable, for the Support Services provided by Company. Service Fees are exclusive of, and Franchisee will pay, any applicable sales, use, service, value added or like taxes. In the event of a Franchisee Default (as defined below), Company reserves the right, but not the obligation, to suspend part or all of the Support Services until such Franchisee Default is cured; provided however, that Franchisee shall continue to pay Service Fees, during the Term of the Agreement notwithstanding any suspension of Support Services due to a Franchisee Default.
5. **Amendments to Schedule A.** Company reserves the right, but not the obligation, from time to time, to review the Support Services and Service Fees provided under this Agreement and, in its sole discretion, to amend **Schedule A** to reflect a change in Support Services or Service Fees. Company shall provide Franchisee with notice of any amendment to **Schedule A** via e-mail or update to the Manuals at least ninety (90) days prior to such amendment taking effect.
6. **Payment.**
 - a. **Electronic Funds Transfer; Payment Date.** Payments of Comprehensive Support Fees will be drafted by Franchisor on behalf of Company from Franchisee’s Designated Bank Account under Franchisor’s electronic funds transfer or draft system (“**EFT**”) one time per month on the same day that royalties and other fees due under the Franchise Agreement are first drafted for each month (the “**Payment Date**”). Payments shall commence on the Payment Date of the first (1st) full month following the Opening Date. Time is of the essence in the performance of all payment obligations by Franchisee. Company may change credit or payment terms at any

- time when, in Company's opinion, Franchisee's financial condition, previous payment record, or the nature of Franchisee's relationship with Company so warrants.
- b. **Temporary Closure.** In the event that the Franchised Business is temporarily closed (as determined and approved by Company), payments of Comprehensive Support Fees for the closed Franchised Business shall be suspended by Company commencing on the Payment Date of the first (1st) full month following the date such closure begins (as determined and approved by Franchisor) and payment of Monthly Fees shall be reinstated commencing on the Payment Date of the first (1st) full month following the date such closure ends (as determined and approved by Franchisor); provided however, that Company reserves the right to reinstate payments of Monthly Fees during the time of such closure if Franchisee requests and Company provides Support Services during the time of such closure. Franchisee shall be responsible for notifying and receiving Franchisor's approval of any temporary closure.
 - c. **Designated Bank Account.** As used herein, the term "**Designated Bank Account**" means the bank account on file with Franchisor for EFT payments required under the Franchise Agreement or Manuals. Franchisee is responsible for maintaining sufficient funds in the Designated Bank Account for all Comprehensive Support Fees due under this Agreement, in addition to any amounts drafted by EFT under the Franchise Agreement and the Manuals. In the event there are insufficient funds in the Designated Bank Account to cover the draft of a payment due hereunder, Company reserves the right to charge Franchisee the return costs charged by Franchisor's bank and an administrative fee to cover Franchisor's and/or Company's cost of addressing the nonpayment. Such administrative fee is in addition to any interest on the amount due.
 - d. **Payment of Billable Support Fees; Interest on Past Due Amounts.** Billable Support Fees shall be paid by Franchisee within thirty (30) days of being invoiced by Company. Franchisee must pay Company interest on any amounts past due at the rate of 1.5% per month or portion of month, but not more than the maximum interest rate permitted by applicable law.
7. **Franchisee Default.** Each of the following shall constitute a default under this Agreement, if not cured within ten (10) days following Franchisee's receipt of a written notice of such default (each a "**Franchisee Default**"):
(i) Franchisee fails to pay, when due, any Service Fees;
(ii) Franchisee fails to perform its obligations under this Agreement or defaults under any other agreement with Company, Franchisor, and/or each of their respective affiliates, or
(iii) Franchisee fails to satisfy and maintain the Minimum Specifications and other pre-requisites for Support Services under this Agreement.
 8. **Remote-Access Support.** Company will provide the Support Services by a support technician over the telephone and remote access to the POS System through Company's or its affiliate's virtual private network or land line phones. Company may install, remove and run diagnostic programs and support tools on the POS System.
 9. **Exclusions.** Support Services provided to Franchisee under this Agreement do not include program development, coding, isolation of coding problems, implementation assistance, data recovery (regardless of the cause of data loss or hardware malfunctions), or any of the exclusions set forth on **Schedule A**.
 10. **Telecommunication Charges.** Franchisee is responsible for all telecommunication charges associated with obtaining the Support Services and obtaining and maintaining contact with Company in order to receive Support Services.
 11. **LIMITATION OF LIABILITY AND REMEDIES.**
 - a. COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, HEREBY

DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, (I) ANY WARRANTY OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SUPPORT SERVICES; (II) THAT THE SUPPORT SERVICES WILL BE UNINTERRUPTED, AND/OR BE FREE FROM ERRORS, INACCURACIES, OR DELAYS; AND (III) THAT COMPANY WILL BE RESPONSIBLE FOR THE ACTS OR OMISSIONS OF ANY SUBCONTRACTORS OR THIRD PARTIES. USE OF THE SUPPORT SERVICES IS AT FRANCHISEE'S OWN RISK.

- b. TO THE EXTENT COMPANY IS HELD LEGALLY LIABLE TO FRANCHISEE, COMPANY'S LIABILITY IS LIMITED TO ACTUAL LOSSES OR DIRECT DAMAGES FOR ANY CLAIM BASED ON A MATERIAL BREACH OF SUPPORT SERVICES, UP TO A MAXIMUM OF SIX (6) MONTHS OF THE SERVICE FEES PAID BY FRANCHISEE FOR THE APPLICABLE SUPPORT SERVICES DURING THE PERIOD OF MATERIAL BREACH.
- c. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT WILL COMPANY OR ITS AFFILIATES BE LIABLE FOR (I) ACTUAL LOSSES OR DIRECT DAMAGES IN EXCESS OF THE AMOUNTS SET FORTH IN **SECTION 11.b.** ABOVE; (II) DAMAGES RELATED TO LOST REVENUE, SALES OR PROFIT; (III) DAMAGES FOR LOSS OF DATA OR SOFTWARE RESTORATION; (IV) DAMAGES RELATING TO FRANCHISEE'S PROCUREMENT OF SUBSTITUTE SUPPORT SERVICES (I.E., "COST OF COVER"); OR (V) INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE OR CONTINGENT DAMAGES (INCLUDING DOWNTIME COSTS OR LOST PROFITS); IN EACH EVENT EVEN IF COMPANY OR ITS AFFILIATES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGE.
- d. THE REMEDIES IN THIS AGREEMENT ARE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDIES RELATED TO THE SUPPORT SERVICES AND THIS AGREEMENT.
- e. THE PROVISIONS OF THIS SECTION 11 SHALL SURVIVE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

12. Term and Termination.

- a. The initial term of this Agreement shall commence on the Effective Date and end on the last day of the same calendar year as the Effective Date (the "**Initial Term**"). Thereafter, this Agreement shall renew automatically for successive one-year terms, commencing on January 1 of each calendar year (each, a "**Renewal Term**"), unless earlier terminated as provided in this Agreement.
- b. This Agreement shall terminate immediately with respect to the Franchised Business upon the effective date of the termination or expiration of the Franchise Agreement for the Franchised Business.
- c. Company may terminate this Agreement for any reason or for no reason by giving written notice of such termination to Franchisee at least sixty (60) day prior to the effective date of such termination.
- d. In the event this Agreement is terminated for any reason or expires, Franchisee shall pay Company for all of the Support Services performed prior to the effective date of the termination or expiration to the extent not already paid.
- e. In the event Company ceases to offer or provide Support Services to franchisees in the System, on or before the Service Start Date, this Agreement shall automatically terminate.

13. **Subcontractors.** Notwithstanding anything to the contrary, Company reserves the right and Franchisee consents to Company's use of subcontractors, including Company's affiliates, to assist in the provision of Support Services as Company deems appropriate, without notice to Franchisee.
14. **Privacy and Electronic Payment Laws.** Franchisee acknowledges that this Agreement shall not reduce or diminish Franchisee's obligations and responsibilities for compliance with (i) privacy laws, standards, rules regulations, or any equivalent thereof relating to personal information, data privacy and data protection; (ii) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (iii) the Fair and Accurate Credit Transactions Act; and (iv) all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments.
15. **Notices.** Except as otherwise provided herein, all notices, statements, requests and demands given to or made upon any party hereto in accordance with the provisions of this Agreement will be given in the manner specified in the Franchise Agreement.
16. **Miscellaneous.**
 - a. **Schedules.** All appendices and schedules attached to this Agreement are hereby incorporated herein by this reference.
 - b. **Transfer or Assignment.** Except as expressly provided herein, this Agreement may not be assigned by Franchisee without Company's prior written consent including assignment by operation of law and change of control. Any attempted assignment of this Agreement in violation of the preceding sentence will be null and void ab initio. In the event Franchisee sells or transfers the Franchised Business, this Agreement shall terminate and the transferee shall be required to execute Company's then-current form of Service Level Agreement. In the event of an assignment of the Franchise Agreement which has been approved by Franchisor, this Agreement shall be deemed to be assigned to the assignee of the Franchise Agreement and such assignee shall be deemed to have assumed all rights and obligations of Franchisee under this Agreement. Company may assign this Agreement to any person or entity without Franchisee consent. This Agreement will be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.
 - c. **Company's Independent Obligations.** Company's obligations and duties under this Agreement are independent of Franchisor's obligations and duties under the Franchise Agreement. Franchisor shall not be in default of the Franchise Agreement for any breach of this Agreement by Company and any default of Company under this Agreement will not excuse Franchisee's performance of Franchisee's obligations hereunder or under the Franchise Agreement.
 - d. **Force Majeure.** Each party to this Agreement shall be excused from performance of its obligations pursuant to this Agreement (other than the performance of the payment obligations) for any period and to the extent that such party is prevented from performing pursuant hereto, in whole or in part, as a result of delays caused by the other party or an act of God, war, civil disturbance, court order, labor dispute, third party non-performance or other cause beyond its reasonable control, including failures, fluctuations or non-availability of electric power, heat, light, air-conditioning or telecommunications equipment, and such non-performance shall not be a default hereunder. A force majeure event does not include, whether directly or indirectly, economic hardship, changes in market conditions, or insufficiency of funds.
 - e. **No Waivers.** No failure by either party to exercise any power given to it under this Agreement, or to insist upon strict compliance by the other party of any obligation hereunder, and no custom or practice of the parties at variance with the terms of this Agreement will constitute a waiver of the party's right to demand exact compliance with the terms hereof.

- f. **Remedies Non-Exclusive.** No remedy made available to any party by any of the provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and in addition to every other available remedy.
- g. **Severability.** Should any provision of this Agreement be declared invalid for any reason, such invalid provisions shall not affect the validity of any other provisions, which other provisions shall remain in force and effect as if this Agreement had been executed with the invalid provisions eliminated.
- h. **Independent Contractors.** Company's relationship to Franchisee with respect to the Support Services shall be that of an independent contractor. Nothing herein shall be construed as creating or implying any partnership, joint venture, or similar relationship between Company and Franchisee. Person(s) providing Support Services under the Agreement shall not, for any purpose, be considered employees or agents of Franchisee. Company will be solely responsible for the supervision, daily direction and control of its employees while such employees are performing Support Services under this Agreement. Neither party hereto has any authority of any kind to bind the other party in any respect whatsoever, nor shall either party hereto act or attempt to act, or represent itself, directly or by implication, as an agent of the other party hereto or in any manner assume or create, or attempt to assume or create, any obligation on behalf of or in the name of the other party hereto.
- i. **Law; Arbitration; Venue; Jurisdiction.** The parties agree that all provisions of this Agreement and any questions concerning its interpretation and enforcement shall be governed by the laws of the State of Georgia, without giving effect to the State's choice or conflicts of law provisions. The execution and delivery of this Agreement shall be deemed to be the transaction of business within the State of Georgia for purposes of conferring jurisdiction upon courts located within the State of Georgia. Unless specifically stated otherwise, this Agreement shall be subject to dispute resolution provisions in the Franchise Agreement and limited liability provisions in the Franchise Agreement; provided, however, for the avoidance of doubt, the limitation of liability provisions in **Section 11** hereof shall also apply.
- j. **Prior Agreements.** This Agreement supersedes any prior agreements, commitments and obligations between the respective parties to this Agreement and related to the subject matter hereof, and any such prior agreement, commitment or obligation is hereby canceled and of no further force or effect; provided, for the avoidance of doubt, the Franchise Agreement shall in no way be deemed superseded or canceled hereby.
- k. **Modification; Headings.** This Agreement may not be altered or modified except by a writing signed by both parties. The Background is a part of this Agreement. Captions used herein are for convenience only, are not a part of this Agreement, and shall not be used in construing this Agreement.
- l. **Survival.** All representations, warranties, covenants and indemnities made herein, and any provisions of this Agreement which by their express terms or very nature should survive expiration or termination of this Agreement shall survive and shall remain in full force and effect following expiration or termination of this Agreement. All of a party's rights and privileges, to the extent they are attributable to events or conditions occurring or existing on or prior to the termination of this Agreement, shall survive the termination of this Agreement and shall be enforceable by such party and its successors and assigns.
- m. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.
- n. **Limited Recourse.** The parties agree that any remedy or recourse available under or related to this Agreement is strictly limited to the parties to this Agreement. No past, present or future

director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent or attorney of either party shall have any liability under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby. The foregoing is not intended to discharge either party from its liability for any breach of this Agreement by its directors, officers, employees, consultants and agents.

- o. **Entire Agreement.** Except as provided in **Section 16.j.**, this Agreement constitutes the entire understanding and agreement of the parties, and no representations, documents, promises or agreements, oral or otherwise, trade usage, or course of conduct between the parties not embodied herein will be of any force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Agreement as of the date first stated above.

COMPANY:

MCALISTER'S LLC

By: _____

Name: **Tim Goodman**
Title: Senior Vice President
Franchise Administration

Date: _____

FRANCHISEE:

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_ofFormation»
«Z1_Entity_Type»

By: _____

Name: «Signee_1_name»
Title: «Signee_1_title»

Date: _____

By: _____

Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____

Name: «Signee_3_name»
Title: «Signee_3_title»

Restaurant No. «Store_Number»

Date: _____

By: _____

Name: «Signee_4_name»

Title: «Signee_4_title»

Date: _____

By: _____

Name: «Signee_5_name»

Title: «Signee_5_title»

Date: _____

Schedule A

A. SUPPORT SERVICES

1. Comprehensive Support

a. **Scope of Support Services:** The Support Services Team will make Franchisor-approved, enterprise-level database changes (e.g., limited time offers, new menu items, and price changes) to the POS System and maintain synchronization between the POS System and any third-party services providers integrated with the POS System, including, for example, providers of online ordering, catering, mobile applications, loyalty programs and delivery services. Additionally, the Support Services Team will provide remote technical support services, including troubleshooting, assistance with resolving acute or chronic technical issues, assistance with configuration issues, correcting database or file corruption issues, restoring functionality, providing consultation, escalating unresolved issues to the appropriate third-party vendor, coordinating field service visits by third party vendors, facilitating introductions to third-party vendors and providing consultation regarding the scope of work of third-party vendors for services beyond the scope of this Agreement. Such Support Services are provided in connection with the Franchised Business' back office system and POS System consisting of Franchisor-required and Franchisor-approved hardware and software including, for example, fileservers, manager workstations, POS terminals, payment processing terminals, routers, kitchen printers and kitchen display systems, digital menu boards, and firewalls.

Comprehensive Support includes access to the ServiceNow Customer Service Portal, which allows the Franchisee to research common issues and self-help solutions, request Support Services and track the status of such requests.

Prior to requesting Comprehensive Support Services, Franchisee and Designated Personnel shall use best efforts to resolve the issue using internal resources and the Service-Now Knowledge Base. Further, Designated Personnel calling for support services should be trained in the general operation of the POS System.

Comprehensive Support does not include: Billable Support, training on use of the POS System or back office system; troubleshooting internet service; hardware maintenance or replacement; support of non-approved software, non-instructional games, audio and video, non-standard screensavers, or internet messaging; and/or assistance with operations or balancing (i.e., over/short, pullback, data entry, etc.).

b. **Service Fee:** \$_____ per month ("Comprehensive Support Fee").

B. BILLABLE SUPPORT

1. **Scope of Support Services.** Billable Support consists of Support Services that are (i) outside the scope of Comprehensive Support; and (ii) Support Services requested and provided outside of the Hours of Availability set forth in **Section C** of this **Schedule A**. Upon Franchisee's request, Company may, in its sole discretion, provide Billable Support Services.
2. **Service Fee.** \$_____ per hour, or any part thereof (4 hour minimum required) ("Billable Support Fee").

C. HOW TO REQUEST SUPPORT SERVICES

Method of Contact	Types of Issues or Requests	Hours of Availability ¹	Response Time
Service-Now Self Service Portal (Log in and submit request electronically.) Or submit an email to support (poshelp@mcalistersdeli.com)	Low/Medium Severity	24 hours per day, 7 days per week	Within 8 hours
Telephone Phone: 844-577-7423	High Severity; Critical	24 hours per day, 7 days per week, excluding Thanksgiving Day and Christmas Day	Calls answered live

¹ Hours of availability may be altered at Company's sole discretion.

D. Prioritizing Requests; Target Resolution Timeframe

The Support Services Team will use the following guidelines in prioritizing requests and will strive to provide a work around or resolution to the problem within the target resolution timeframe. The target resolution timeframes shown below are intended as a guideline and not a guarantee of service. Severity level is determined by the impact of the problem to management or business function. Severity governs the resources committed, and time required, to resolve the request. Actual resolutions times may vary depending on the volume and severity of requests received by the Support Services Team at any one time. Once a request or issue is escalated to a vendor, the Support Services Team is waiting on a response, or the resolution is determined to be outside of the Support Services Team control (including replacement of hardware), the request will be considered to be "escalated" and will no longer impact the target resolution timeframes below.

Severity Level	Example of Issue or Request	Target Resolution Timeframe
Critical	All terminals or scanners down; unable to process credit; or online ordering down	4 hours (response within 15 minutes of request)
High Severity	One terminal or scanner down; credit spooling offline; firewall issue; or VoIP phones (for supported stores)	1-2 business days
Medium Severity	Front Counter POS peripherals down; third party printer down; sales or labor reports unavailable; or end-of-day issues	2-3 business days
Low Severity	Additional hardware request; menu maintenance; or general technology inquiries	3-5 business days

EXHIBIT D

INFORMATION ON FRANCHISEES

The names, addresses and telephone numbers of our franchisees and their Restaurants as of December 31, 2020 are as follows:

#	Franchisee	Address	City	State	Zip	Telephone
1312	DMAC81, LLC	4977 Promenade Parkway	Bessemer	Alabama	35022	(205) 426-0387
1023	DMAC81, LLC	1801 4th Avenue South, Suite 111	Birmingham	Alabama	35233	(205) 933-2828
1075	DMAC81, LLC	350 State Farm Parkway, Suite 104	Homewood	Alabama	35209	(205) 944-0060
1080	DMAC81, LLC	1480 Perimeter Parkway NW	Huntsville	Alabama	35806	(256) 425-0034
1287	Air Host, Inc.	C/O Air Host Inc. @ Huntsville Airport 1000 Glenn Heam Blvd Box 20155	Huntsville	Alabama	35821	(256) 464-3303
1052	DMAC81, LLC	1200 Satchel Paige Drive	Mobile	Alabama	36606	(251) 478-1011
1071	DMAC81, LLC	6750 Airport Boulevard	Mobile	Alabama	36608	(251) 342-7707
1101	DMAC81, LLC	3021 Tyler Road	Northport	Alabama	35476	(205) 330-7940
1032	DMAC81, LLC	152 Bowling Lane	Pelham	Alabama	35124	(205) 985-9797
1009	DMAC81, LLC	101 15th Street	Tuscaloosa	Alabama	35401	(205) 758-0039
1401	MR Franchises, LLC	8215 West Bell Road	Peoria	Arizona	85382	(623) 979-3354
100926	TRIO FOODS LLC	715 S. Rural Rd	Tempe	Arizona	85281	480-699-3600
1172	Sweet Tea LLLP	900 SE Walton Blvd	Bentonville	Arkansas	72712	(479) 271-6263
1280	Sweet Tea LLLP	7401 Alcoa Road	Byrant	Arkansas	72022	(501) 860-7016
1025	C&S Deli, Inc.	2465 Sanders Road	Conway	Arkansas	72032	(501) 513-1311
1096	Sweet Tea LLLP	4055 North Steele Boulevard	Fayetteville	Arkansas	72703	(479) 521-7900
1370	Sweet Tea LLLP	7110 Rogers Avenue	Ft. Smith	Arkansas	72903	(479) 452-2622
1184	C&S Deli, Inc.	3954 Central Ave., Suite A	Hot Springs	Arkansas	71901	(501) 525-5000
1011	C&S Deli, Inc.	12019 Westhaven Drive	Little Rock	Arkansas	72211	(501) 228-7727
1063	C&S Deli, Inc.	4842 North Hills Boulevard	North Little Rock	Arkansas	72116	(501) 812-6920
1337	Sweet Tea LLLP	319 Weir Road	Russellville	Arkansas	72802	(479) 967-2209
1306	Sweet Tea LLLP	3512 East Race	Searcy	Arkansas	72143	(501) 279-7770
1323	MR Franchises, LLC	480 West Park Drive	Grand Junction	Colorado	81505	(970) 245-3354
1351	Mile High Delis LLC	1425 Hwy 50 West	Pueblo	Colorado	81008	(719) 546-3354
1444	BEST CHOICE RESTAURANTS, LLC	2420 East Hwy 50	Clermont	Florida	34711	352-404-8128
101016	BEST CHOICE RESTAURANTS, LLC	2100 S. Ferdon Blvd	Crestview	Florida	32536	850-398-8400
100808	Marcelo and Berna Montalvan	2000 NW 87 Avenue	Doral	Florida	33172	305-477-5574
101117	McDELI.2 LLC	3401 Forum Blvd.	Fort Meyers	Florida	33905	239-208-5295

#	Franchisee	Address	City	State	Zip	Telephone
100976	BEST CHOICE RESTAURANTS, LLC	99 Eglin Pkwy.	Ft. Walton Bch	Florida	32548	850-226-7131
1013	BEST CHOICE RESTAURANTS, LLC	618 Northwest 60th Street	Gainesville	Florida	32607	(352) 331-8900
1019	BEST CHOICE RESTAURANTS, LLC	3236 Southwest 35th Boulevard	Gainesville	Florida	32608	(352) 373-6364
101003	McDELI.1 LLC	1514 Immokalee Road	Naples	Florida	34110	239-596-3832
101017	BEST CHOICE RESTAURANTS, LLC	1154 E. Johns Sims Parkway	Niceville	Florida	32578	850-389-8668
1319	BEST CHOICE RESTAURANTS, LLC	3930 SW 42nd Street	Ocala	Florida	34474	(352) 690-7783
100807	Brian Moore, Kristi Moore		Pembroke Pines	Florida	33028	(954) 417-7585
100803	Brian Moore, Kristi Moore	8000 W. Sunrise Blvd. @University Drive	Plantation	Florida	33322	754-551-6360
101053	BEST CHOICE RESTAURANTS, LLC	3425 Thomasville Road	Tallahassee	Florida	32309	850-329-7645
1377	McKnotts Enterprise, LLC	4410 Boy Scout Blvd.	Tampa	Florida	33607	(813) 876-3354
100951	McKnotts Enterprise, LLC	14444 N. Dale Mabry Blvd.	Tampa	Florida	33618	(813) 513-4871
1405	Abundant Endeavors, Inc	3630 Kiessel Road	The Villages	Florida	32163	(352) 399-5934
101331	DMAC81, LLC	615 Mullins Colony Drive	Evans	Georgia	30809	(706) 364-6431
103152	Michael Hayes	2675 Battlefield Pkwy	Ft. Oglethorpe	Georgia	30742	706-841-0061
100975	DMAC81, LLC	230 Meridian Drive	Grovetown	Georgia	30813	(706) 305-1191
101055	DMAC81, LLC	632 W. Oglethorpe Hwy	Hinesville	Georgia	31313	912-332-5666
102157	Atlanta Restaurant Group, LLC	5608 Wendy Bagwell Parkway	Hiram	Georgia	30141	678-401-6542
1106	DMAC81, LLC	2950 Busbee Parkway, Suite 102	Kennesaw	Georgia	30144	(770) 499-1581
1116	Atlanta Restaurant Group, LLC	1030 Old Peachtree Rd NW, Ste 106	Lawrenceville	Georgia	30043	(678) 407-0818
1157	DMAC81, LLC	4641 Presidential Pkwy	Macon	Georgia	31206	(478) 474-7783
1185	DMAC81, LLC	6255 Zebulon Road, Suite 370	Macon	Georgia	31210	(478) 405-6825
102262	Kennestone Deli, Inc.	789 Church St.	Marietta	Georgia	30060	770-514-9494
101056	DMAC81, LLC	114 Roberson Mill Road	Milledgeville	Georgia	31061	706-623-8700
102152	Atlanta Restaurant Group, LLC	2025 North Commerce Drive	Peachtree city	Georgia	30269	770-274-4241
1389	DMAC81, LLC	405 Pooler Parkway	Pooler	Georgia	31322	(912) 330-2636
1234	DMAC81, LLC	1100 Brampton Avenue	Statesboro	Georgia	30458	(912) 681-3354
102150	Atlanta Restaurant Group, LLC	2012 Eagle Drive	Woodstock	Georgia	30189	770-672-0584
1419	BEST CHOICE RESTAURANTS, LLC	1720 Pole Line Road	Twin Falls	Idaho	83303	208-963-5892
101345	Mahati Devabhaktuni	238 South Randall Road	Algonquin	Illinois	60102	224-678-9337

#	Franchisee	Address	City	State	Zip	Telephone
101437	Aggressive Developments of Missouri, LLC	5534 Pryor Drive	Belleville	Illinois	62225	618-416-9599
1442	MCA Bloomingdale, Inc.	440-450 W. Army Trail Road	Bloomingdale	Illinois	60108	630-283-0452
101639	Aggressive Developments of Missouri, LLC	2136 Village Lane	Bloomington	Illinois	61704	(309) 288-9499
1378	Aggressive Developments of Missouri, LLC	1382 East Main Street	Carbondale	Illinois	62903	(618) 319-4028
1241	Aggressive Developments of Missouri, LLC	421 Town Center Road	Champaign	Illinois	61820	(217) 355-6480
101129	ANUSHA DELI, INC.	663 Lake Cook Road	Deerfield	Illinois	60015	847-272-8004
101641	Aggressive Developments of Missouri, LLC	312 Great Place Drive	Edwardsville	Illinois	62025	618-372-9599
101560	Aggressive Developments of Missouri, LLC	1507 Hampton Dr.	Effingham	Illinois	62401	217-240-7175
1345	Aggressive Developments of Missouri, LLC	101 Frey Lane	Fairview Heights	Illinois	62208	(618) 622-8590
101561	Aggressive Developments of Missouri, LLC	850 S. Route 51	Forsyth	Illinois	62535	217-210-9499
103372	Aggressive Developments of Missouri, LLC	2701 Gale Village Drive	Galesburg	Illinois	61401	309-315-6022
1430	MCA GENEVA INC.	1492 S. Randall Rd.	Geneva	Illinois	60134	630-402-0340
101128	SYAM DELI INC.	6557 Grand Ave.	Gurnee	Illinois	60031	847-274-4368
103938	Aggressive Developments of Missouri, LLC	1233B W. Morton Ave.	Jacksonville	Illinois	62650	217-461-4999
101346	Mahati Devabhaktuni	690 S. Rand Road	Lake Zurich	Illinois	60047	224-677-6920
102356	Aggressive Developments of Missouri, LLC	1635 East Jackson Street	Macomb	Illinois	61455	309-326-1326
1244	Southern Rock Restaurants, LLC	2704 17th Street	Marion	Illinois	62959	(618) 997-1300
101111	Ravi Patel, Raj Patel	11215 W. Lincoln Highway	Mokena	Illinois	60448	(779) 324-5766
101637	Aggressive Developments of Missouri, LLC	3929 41st Avenue Drive	Moline	Illinois	61265	309-524-5100
101113	Ravi Patel, Raj Patel	1240 Ogden Avenue	Montgomery	Illinois	60538	630-340-5590
102678	Randhurst Deli, Inc.	1109 N. Elmhurst Rd	Mt Prospect	Illinois	60056	847-873-0472
101640	Aggressive Developments of Missouri, LLC	134 N. 44th Street	Mt. Vernon	Illinois	62864	618-472-9499
1436	Ravi Patel, Raj Patel	2911 95th St., Suite 107	Naperville	Illinois	60564	630-548-0056
102690	EMAAR MANAGEMENT GROUP, INC.	9465 N. Milwaukee Avenue	Niles	Illinois	60714	847-423-2607
1159	Illinois State University	Campus Box 2610	Normal	Illinois	61790	(309) 438-3452
101108	Ravi Patel, Raj Patel	14309 S. LaGrange Road	Orland Park	Illinois	60462	708-966-0941
1289	Aggressive Developments of Missouri, LLC	4810 North University Street	Peoria	Illinois	61614	(309) 689-0805
102239	A & S Group LLC	6124 Broadway Street	Quincy	Illinois	62305	(913) 755-8054
1290	Aggressive Developments of Missouri, LLC	3234 Green Mount Crossing Drive	Shiloh	Illinois	62269	(618) 622-9310
101109	Mahati Devabhaktuni	1120 S. Randall Road	South Elgin	Illinois	60124	630-883-8928

#	Franchisee	Address	City	State	Zip	Telephone
1443	Aggressive Developments of Missouri, LLC	2917 W. Isles Ave.	Springfield	Illinois	62704	217-210-0695
101642	Aggressive Developments of Missouri, LLC	3130 S. Dirksen Parkway	Springfield	Illinois	62701	217-210-0780
101127	Geeta Deli, Inc.	99 W Townline Road	Vernon Hills	Illinois	60061	224-433-6979
101114	Mahati Devabhaktuni	1901 S. Naperville Road	Wheaton	Illinois	60187	630-480-0865
101231	Southern Rock Restaurants, LLC	3301-B W. 16th Street	Bedford	Indiana	47421	765-566-7038
1272	Southern Rock Restaurants, LLC	2510 East 3rd Street	Bloomington	Indiana	47401	(812) 333-4800
1441	Southern Rock Restaurants, LLC	211 W. Northfield Drive, Suite A	Brownsburg	Indiana	46112	317-939-3500
1095	Southern Rock Restaurants, LLC	2355 East 116th Street	Carmel	Indiana	46032	(317) 817-8000
1364	Southern Rock Restaurants, LLC	2550 East 146th Street	Carmel	Indiana	46033	(317) 816-9128
1161	Heritage Enterprises Inc.	1305 Veterans Parkway	Clarksville	Indiana	47129	(812) 282-3354
101024	Southern Rock Restaurants, LLC	2025 West Jonathan Moore Pike	Columbus	Indiana	47201	(812) 657-8501
101022	Southern Rock Restaurants, LLC	285 County Raod 6 East	Elkhart	Indiana	46514	(574) 621-3280
1387	LLD Investments, Inc	2220 North Green River Road	Evansville	Indiana	47715	(812) 618-2050
100954	LLD Investments, Inc	5301 Pearl Drive	Evansville	Indiana	47712	812-228-4222
1133	Southern Rock Restaurants, LLC	8355 East 116th Street	Fishers	Indiana	46038	(317) 842-9400
100966	Southern Rock Restaurants, LLC	6709 Lima Road	Fort Wayne	Indiana	46818	260-451-8007
101026	Southern Rock Restaurants, LLC	2378 North Morton St.	Franklin	Indiana	46131	317-739-8828
1336	Southern Rock Restaurants, LLC	1310 South Illinois Road	Ft. Wayne	Indiana	46804	(260) 432-0200
1347	Southern Rock Restaurants, LLC	1011 N. State Road 135	Greenwood	Indiana	46142	(317) 300-8064
1150	Southern Rock Restaurants, LLC	9140 Rockville Road	Indianapolis	Indiana	46234	(317) 273-9400
1174	Southern Rock Restaurants, LLC	8487 Union Chapel Road	Indianapolis	Indiana	46240	(317) 259-4000
1230	Southern Rock Restaurants, LLC	9702 E. Washington Street	Indianapolis	Indiana	46229	(317) 890-0500
1273	Southern Rock Restaurants, LLC	7711 Shelby Street	Indianapolis	Indiana	46227	(317) 889-7500
1275	Southern Rock Restaurants, LLC	9450 N. Meridian Street	Indianapolis	Indiana	46260	(317) 569-8900
1286	Southern Rock Restaurants, LLC	8840 N. Michigan Road	Indianapolis	Indiana	46268	(317) 872-6500
1354	ARAMARK Entertainment, LLC	501 West Maryland Street	Indianapolis	Indiana	46225	(317) 693-0329
1396	Southern Rock Restaurants, LLC	6020 East 82nd Street	Indianapolis	Indiana	46250	(317) 813-9000
101030	Southern Rock Restaurants, LLC	8860 South Emerson Ave.	Indianapolis	Indiana	46237	(463) 999-0190
102221	Heritage Enterprises Inc.	3552 East 10th Street	Jeffersonville	Indiana	47130	812-288-1336
1220	Southern Rock Restaurants, LLC	2020 South Reed Road	Kokomo	Indiana	46902	(765) 868-4700

#	Franchisee	Address	City	State	Zip	Telephone
1222	Southern Rock Restaurants, LLC	100 South Creasy Lane	Lafayette	Indiana	47905	(765) 449-2300
1445	MCA Merrillville Deli Inc.	8217 Broadway	Merrillville	Indiana	46410	219-472-0663
101023	Southern Rock Restaurants, LLC	5758 N. Grape Rd.	Mishawaka	Indiana	46545	574-243-9870
1397	Southern Rock Restaurants, LLC	600E McGulliard Road	Muncie	Indiana	47303	(765) 372-5100
1304	Southern Rock Restaurants, LLC	14191 Town Center Blvd.	Noblesville	Indiana	46060	(317) 770-8200
100910	Southern Rock Restaurants, LLC	1410 E. Main Street	Plainfield	Indiana	46168	317-203-6649
101029	Southern Rock Restaurants, LLC	4343 National Rd. East	Richmond	Indiana	47374	765-373-3165
101102	MCA Schererville Deli Inc.	328 US Hwy 41	Schererville	Indiana	46375	(219) 440-7681
1352	Southern Rock Restaurants, LLC	1130 East Angela Blvd.	South Bend	Indiana	46617	(574) 232-8560
103190	Southern Rock Restaurants, LLC	5822 Crawfordsville Rd	Speedway	Indiana	46224	317-610-0510
101028	Southern Rock Restaurants, LLC	3830 South US 41	Terre Haute	Indiana	47802	812-645-7730
1434	MCA Valparaiso Deli Inc.	300 Porter's Vale Boulevard	Valparaiso	Indiana	46383	219-476-4089
101233	Southern Rock Restaurants, LLC	2720 N 6th Street	Vincennes	Indiana	47591	(812) 286-0870
101025	Southern Rock Restaurants, LLC	1130 Lake City Highway	Warsaw	Indiana	46582	(574) 376-2407
101027	Southern Rock Restaurants, LLC	6161 S. Main St.	Whitestown	Indiana	46075	317-769-4281
103747	A & S Group LLC	3180 E. Agency St.	Burlington	Iowa	52601	319.576.5511
102185	The Saxton Group, LLC	3808 Metro Drive	Council Bluffs	Iowa	51501	712-435-3197
101636	Aggressive Developments of Missouri, LLC	2198 East Kimberly Road	Davenport	Iowa	52807	563-322-0001
101357	The Saxton Group, LLC	5910 Douglas Ave.	Des Moines	Iowa	50322	515-331-7804
101032	The Saxton Group, LLC	455 S. 64th St.	West Des Moines	Iowa	50266	(515) 223-4404
1308	The Saxton Group, LLC	2108 W. 27th Street	Lawrence	Kansas	66047	(785) 749-3354
1263	The Saxton Group, LLC	421 Tuttle Creek	Manhattan	Kansas	66502	(785) 539-0610
1425	The Saxton Group, LLC	11330 Shawnee Mission Parkway	Shawnee	Kansas	66203	913-268-3354
1403	The Saxton Group, LLC	1129 SW Wannamaker Road	Topeka	Kansas	66605	(785) 273-2200
1212	The Saxton Group, LLC	7130 W Maple Street	Wichita	Kansas	67209	(316) 440-4450
1224	The Saxton Group, LLC	2222 N. Greenwich Rd.	Wichita	Kansas	67226	(316) 869-2141
1192	Southern Rock Restaurants, LLC	2865 Dixie Highway	Crestview Hills	Kentucky	41017	(859) 341-4184
1371	Heritage Enterprises Inc.	4031 N Dixie Highway (US31)	Elizabethtown	Kentucky	42701	(270) 234-8716
102426	Bluegrass Hospitality, LLC	118 Marketplace Circle	Georgetown	Kentucky	40324	(502) 215-5021

#	Franchisee	Address	City	State	Zip	Telephone
1361	Bluegrass Hospitality, LLC	836 Euclid Avenue, Suite 105	Lexington	Kentucky	40502	(859) 368-9880
1078	Heritage Enterprises Inc.	601 S. Hurstbourne Pkwy.	Louisville	Kentucky	40222	(502) 425-8900
1079	Heritage Enterprises Inc.	2721 South Hurstbourne Parkway	Louisville	Kentucky	40220	(502) 671-2424
1135	Heritage Enterprises Inc.	2400 Lime Kiln Lane	Louisville	Kentucky	40222	(502) 339-8544
1149	Heritage Enterprises Inc.	6510 Bardstown Road	Louisville	Kentucky	40291	(502) 239-9997
1258	Heritage Enterprises Inc.	12911 Shelbyville Road	Louisville	Kentucky	40243	(502) 244-5113
1325	ARAMARK Food and Support Services Group, Inc.	2100 South Floyd Street	Louisville	Kentucky	40280	(502) 852-2285
1338	Heritage Enterprises Inc.	4675 Outer Loop	Louisville	Kentucky	40219	(502) 969-3328
1350	Heritage Enterprises Inc.	980 Breckenridge Lane	Louisville	Kentucky	40205	(502) 895-1698
102220	Heritage Enterprises Inc.	4002 Towne Center Drive	Louisville	Kentucky	40241	(502) 384-7312
101360	LLD Investments, Inc	2065 East Parrish Ave.	Owensboro	Kentucky	42303	270-228-4198
1320	Southern Rock Restaurants, LLC	5021 Hinkleville Road	Paducah	Kentucky	42001	(270) 442-0203
1373	Bluegrass Hospitality, LLC	620 Eastern Bypass, Suite 620	Richmond	Kentucky	40475	(859) 624-9880
1311	Best Choice Florida, LLC	3601 Masonic Drive	Alexandria	Louisiana	71301	(318) 448-0946
1199	Best Choice Florida, LLC	2511 Beene Blvd.	Bossier City	Louisiana	71111	(318) 550-0367
1179	BEAD TREE RESTAURANT GROUP LLC	206 Lake Drive	Covington	Louisiana	70433	(985) 898-2800
1151	BEAD TREE RESTAURANT GROUP LLC	1000 West Esplanade	Kenner	Louisiana	70065	(504) 466-1500
1411	Sodexo Operations, LLC	600 McKinley Street	Lafayette	Louisiana	70904	(337) 482-6179
1099	BEAD TREE RESTAURANT GROUP LLC	2701 Airline Highway	Metairie	Louisiana	70001	(504) 830-4030
102430	BEAD TREE RESTAURANT GROUP LLC	8859 Veterans Memorial Blvd	Metairie	Louisiana	70003	504-618-7108
1144	BTRG Harrah's LLC	4 Canal Street	New Orleans	Louisiana	70130	(504) 598-1930
1349	Aramark Educational Services, LLC	100 Wisteria Drive	Ruston	Louisiana	71272	(318) 257-2327
1117	Best Choice Florida, LLC	1671 E 70th Street	Shreveport	Louisiana	71105	(318) 797-1232
1255	BEAD TREE RESTAURANT GROUP LLC	796 E I-10 Service Road	Slidell	Louisiana	70461	(985) 641-2511
103363	S & S FOODS, LLC	2380 Health Dr. SW	Wyoming	Michigan	49519	616-551-0321
1076	Mississippi Deli, Ltd.	2422 Pass Road	Biloxi	Mississippi	39531	(228) 388-9393
1322	Triple A Delis, LLC	1723 HWY 45 North	Columbus	Mississippi	39705	(662) 328-3600
1026	Southern Rock Restaurants, LLC	1510 South Harper Road	Corinth	Mississippi	38834	(662) 286-9007
1033	Southern Rock Restaurants, LLC	1650 Sunset Drive	Grenada	Mississippi	38901	(662) 229-9920

#	Franchisee	Address	City	State	Zip	Telephone
1048	Mississippi Deli, Ltd.	15140 Creosote Road	Gulfport	Mississippi	39503	(228) 822-0550
103313	RDG, LLC	110 East Frontage Road	Lucedale	Mississippi	39452	601-530-0706
1018	Southern Rock Restaurants, LLC	217 State Highway 30 West	New Albany	Mississippi	38652	(662) 534-2700
1103	Mississippi Deli, Ltd.	1530 Bienville Blvd.	Ocean Springs	Mississippi	39564	(228) 818-9998
1168	Southern Rock Restaurants, LLC	8120 Camp Creek Blvd.	Olive Branch	Mississippi	38654	(662) 893-4120
101124	Kingdom Foods, LLC	1140 Evelyn Gandy Parkway	Petal	Mississippi	39465	601-402-7103
102787	Ronnie Jones, William T. Smith	50 Canal Place	Philadelphia	Mississippi	39350	601-389-8001
1021	Southern Rock Restaurants, LLC	975 East Goodman Road, Suite 21	Southaven	Mississippi	38671	(662) 349-3354
1200	Southern Rock Restaurants, LLC	500 Russell Street	Starkville	Mississippi	39759	(662) 324-2565
1003	Southern Rock Restaurants, LLC	312 South Gloster St.	Tupelo	Mississippi	38801	(662) 680-3354
101595	ARAMARK Food and Support Services Group, Inc.	1 Student Union Drive	University	Mississippi	38677	(215) 238-4013
1431	Kingdom Foods, LLC	1050 Frontage Drive West, Suite D	Wiggins	Mississippi	39577	601-928-3880
1416	Southern Rock Restaurants, LLC	2249 Michigan Avenue	Arnold	Missouri	63010	636-321-2627
1093	Southern Rock Restaurants, LLC	14848 Manchester Road	Ballwin	Missouri	63011	(636) 230-3354
101052	Southern Rock Restaurants, LLC	11969 Saint Charles Rock Road	Bridgeton	Missouri	63114	314-279-8520
1155	Southern Rock Restaurants, LLC	244 S. Mt. Auburn	Cape Girardeau	Missouri	63701	(573) 332-7300
1277	Southern Rock Restaurants, LLC	1205 Grindstone Parkway	Columbia	Missouri	65201	(573) 256-7783
1198	Southern Rock Restaurants, LLC	12515 Olive Blvd	Creve Coeur	Missouri	63141	(314) 985-3280
1256	Southern Rock Restaurants, LLC	12101-A Manchester Road	Des Peres	Missouri	63131	(314) 238-3354
1292	Southern Rock Restaurants, LLC	170 Gravois Bluffs Circle Drive	Fenton	Missouri	63026	(636) 680-5300
101341	Southern Rock Restaurants, LLC	Lindbergh (Highway 67) & Waterford Rd., 2180 N. US Highway 67	Florissant	Missouri	63080	314-839-7703
100968	The Saxton Group, LLC	12406 S. US 71 Hwy	Grandview	Missouri	64030	816-765-3354
100989	The Saxton Group, LLC	19130 E. 39th Street South	Independence	Missouri	64057	816-373-1600
1254	Southern Rock Restaurants, LLC	2323 Missouri Blvd	Jefferson City	Missouri	65109	(573) 659-7783
1301	Southern Rock Restaurants, LLC	2330 S. Range Line	Joplin	Missouri	64804	(417) 624-3354
1332	The Saxton Group, LLC	910-C NW Blue Parkway	Lee's Summit	Missouri	64086	(816) 524-3354
100967	The Saxton Group, LLC	127 S Stewart Rd	Liberty	Missouri	64068	816-781-8215
1379	Southern Rock Restaurants, LLC	3200B Laclede Station Road	Maplewood	Missouri	63143	(314) 338-2800

#	Franchisee	Address	City	State	Zip	Telephone
1211	Southern Rock Restaurants, LLC	703 N. McCroskey	Nixa	Missouri	65714	(417) 725-9299
100974	Southern Rock Restaurants, LLC	86701 Veterans Memorial Pkwy	O'Fallon	Missouri	63366	(636) 542-8200
103017	DAK Restaurants, LLC	2865 Tucker Rd.	Poplar Bluff	Missouri	63901	573-727-8034
1328	Southern Rock Restaurants, LLC	586 East Harrison Street	Republic	Missouri	65738	(417) 732-4747
1030	Southern Rock Restaurants, LLC	1460 East Primrose Street	Springfield	Missouri	65804	(417) 890-5250
1060	Southern Rock Restaurants, LLC	210 West Sunshine, Suite A	Springfield	Missouri	65807	(417) 831-4450
1186	Southern Rock Restaurants, LLC	2445 N. Kansas Expwy, Suite A	Springfield	Missouri	65803	(417) 866-2331
1242	Southern Rock Restaurants, LLC	1711 West Battlefield, Suite M	Springfield	Missouri	65807	(417) 888-0899
1326	Air Host Ozark, Inc.	C/O Air Host Inc. @ Branson Nat'l Airport, 2300 North Airport Blvd	Springfield	Missouri	65802	(417) 862-7295
1132	Southern Rock Restaurants, LLC	1598 Country Club Plaza Drive	St. Charles	Missouri	63303	(636) 946-8772
1348	The Saxton Group, LLC	3815 Frederick Blvd	St. Joseph	Missouri	64506	(816) 279-3354
1293	Southern Rock Restaurants, LLC	4000 Lemay Ferry Road	St. Louis	Missouri	63125	(314) 714-7400
1422	Southern Rock Restaurants, LLC	7106 Mexico Road	St. Peters	Missouri	63376	636-875-5890
101339	Southern Rock Restaurants, LLC	1772 Wentzville Pkwy	Wentzville	Missouri	63385	636-445-5770
102186	The Saxton Group, LLC	500 N. 48th St.	Lincoln	Nebraska	68504	402-465-4575
102187	The Saxton Group, LLC	603 S 72nd St.	Omaha	Nebraska	68106	(402) 403-3207
1288	BEST CHOICE RESTAURANTS, LLC	2200 A Louisiana Blvd. NE	Albuquerque	New Mexico	87110	(505) 884-5004
1424	BEST CHOICE RESTAURANTS, LLC	112 N. 1st Street	Artesia	New Mexico	88210	575-347-1642
1392	BEST CHOICE RESTAURANTS, LLC	2304 West Pierce Street	Carlsbad	New Mexico	88220	(575) 308-5052
100993	BEST CHOICE RESTAURANTS, LLC	3619 Industrial Dr.	Hobbs	New Mexico	88240	(575) 265-4265
1318	BEST CHOICE RESTAURANTS, LLC	2800 Mall Drive	Las Cruces	New Mexico	88011	(575) 522-3287
100958	SD-2, LLC	1061 Pine Plaza Drive	Apex	North Carolina	27523	919-962-6518
1285	DMAC81, LLC	3 South Tunnel Road, Suite F5	Asheville	North Carolina	28805	(828) 298-4699
1084	Appalachian State University	221 College Street	Boone	North Carolina	28608	(828) 262-2213
1307	Appalachian State University	170 Stadium Drive	Boone	North Carolina	28609	(828) 262-7980
1045	SD-2, LLC	8046-D Providence Road	Charlotte	North Carolina	28227	(704) 752-9665
1072	SD-2, LLC	2706 W Mallard Creek Church Road	Charlotte	North Carolina	28262	(704) 595-9993
1122	SD-2, LLC	8943 South Tryon Street	Charlotte	North Carolina	28273	(704) 714-5300
1209	SD-2, LLC	4805 Park Road	Charlotte	North Carolina	28209	(704) 295-9090

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1237	SD-2, LLC	9864 Rea Road	Charlotte	North Carolina	28227	(704) 295-9100
1409	SD-2, LLC	101 South Tyron Street, Suite 7	Charlotte	North Carolina	28280	980-215-8975
100957	DMAC81, LLC	4830 Berewick Town Center Drive	Charlotte	North Carolina	28273	980-500-8220
100961	DMAC81, LLC	15127 Ballancroft Parkway	Charlotte	North Carolina	28277	980-859-5613
1148	SD-2, LLC	8657 Concord Mills Blvd	Concord	North Carolina	28027	(704) 979-0600
1067	SD-2, LLC	19930 West Catawba Ave., Suite 150	Cornelius	North Carolina	28031	(704) 896-3354
1353	SD-2, LLC	6807 Fayetteville Road # 117	Durham	North Carolina	27713-8299	(919) 806-3354
1414	SD-2, LLC	1940 Skibo Road	Fayetteville	North Carolina	28134	910-354-1030
1296	SD-2, LLC	411 Cox Rd., Suite 110	Gastonia	North Carolina	28054	(704) 884-0084
1407	SD-2, LLC	431 North Berkley Blvd.	Goldsboro	North Carolina	27534	919-759-7401
1245	SD-2, LLC	1603 Highwoods Blvd.	Greensboro	North Carolina	27410	(336) 252-1000
1356	Sodexo Operations, LLC	1601 East Market Street	Greensboro	North Carolina	27411	(336) 334-7560
1056	SD-2, LLC	740 Southeast Greenville Blvd., Suite 600	Greenville	North Carolina	27858	(252) 353-8000
1206	SD-2, LLC	5870 Samet Drive	High Point	North Carolina	27265	(336) 887-1300
1085	SD-2, LLC	2217-A Matthews Township Pkwy	Matthews	North Carolina	28105	(704) 846-1711
1203	SD-2, LLC	2803 West Highway 74	Monroe	North Carolina	28110	(704) 283-4700
1278	SD-2, LLC	601 River Highway	Mooresville	North Carolina	28117	(704) 664-2444
100959	SD-2, LLC	2004 S. Glenburnie Road	New Bern	North Carolina	28562	252-633-3154
1257	SD-2, LLC	11025 Carolina Place Parkway	Pineville	North Carolina	28134	(704) 714-8880
100956	SD-2, LLC	5505 Capital Blvd.	Raleigh	North Carolina	27616	919-900-7846
1438	SD-2, LLC	43C Pinecrest Plaza	Southern Pines	North Carolina	28387	910-725-2125
1037	Coastal Deli, LLC	740 South College Road	Wilmington	North Carolina	28403	(910) 799-1229
1187	SD-2, LLC	368 East Hanes Mill Road	Winston Salem	North Carolina	27105	(336) 377-3005
101301	Southern Rock Restaurants, LLC	7636 Beechmont Ave.	Anderson	Ohio	45255	513-909-2901
1394	Midwest Roots, LLC	3310 Pentagon Blvd. - Unit B	Beavercreek	Ohio	45431	(937) 429-4880
1113	Southern Rock Restaurants, LLC	7720 Montgomery Road	Cincinnati	Ohio	45236	(513) 792-0600
1139	Southern Rock Restaurants, LLC	4560 Cornell Road	Cincinnati	Ohio	45241	(513) 247-0222
101302	Southern Rock Restaurants, LLC	6139 Harrison Avenue	Cincinnati	Ohio	45247	(513) 914-0771
102343	Southern Rock Restaurants, LLC	3372 Madison Road, Building #2	Cincinnati	Ohio	45209	513-401-9200

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1402	Midwest Roots, LLC	6685 Miller Lane	Dayton	Ohio	45414	937-890-0026
1390	COLUMBUS MC DELI, LLC	7664 Sawmill Road	Dublin	Ohio	43016	(614) 889-1400
102342	Southern Rock Restaurants, LLC	3169 Princeton Road	Hamilton	Ohio	45011	513.275.9220
103093	Capital Roots, LLC	1593 Hilliard Rome Road	Hilliard	Ohio	43026	614-742-7211
1145	Southern Rock Restaurants, LLC	5040 Deerfield Blvd	Mason	Ohio	45040	(513) 770-0050
1426	Gary Master	356 Great Northern Mall	North Olmstead	Ohio	44070	440-734-4440
1140	Southern Rock Restaurants, LLC	7622 Cox Lane	West Chester	Ohio	45069	(513) 755-6888
102191	The Saxton Group, LLC	2401 12th Ave. NW	Ardmore	Oklahoma	73401	580-798-3946
1214	The Saxton Group, LLC	2330 S. E. Washington Blvd.	Bartlesville	Oklahoma	74006	(918) 333-6614
1124	The Saxton Group, LLC	720 North Aspen	Broken Arrow	Oklahoma	74012	(918) 258-3354
1119	The Saxton Group, LLC	1021 E. 2nd Street	Edmond	Oklahoma	73034	(405) 340-3354
1435	The Saxton Group, LLC	1515 West Owen K Garriott Road	Enid	Oklahoma	73703	580-234-3322
1384	The Saxton Group, LLC	2910 NW Cache Road	Lawton	Oklahoma	73505	(580) 248-3354
1375	The Saxton Group, LLC	2600 South Air Depot Blvd.	Midwest City	Oklahoma	73110	(405) 733-3354
1250	The Saxton Group, LLC	931 SW 25th St.	Moore	Oklahoma	73160	(405) 790-1140
101037	The Saxton Group, LLC	605 W. Shawnee St.	Muskogee	Oklahoma	74401	918.816.4003
100973	The Saxton Group, LLC	2010 24th Ave. NW	Norman	Oklahoma	73069	405-253-2397
1324	The Saxton Group, LLC	3525 West Memorial Road	Oklahoma City	Oklahoma	73134	(405) 748-3351
1335	The Saxton Group, LLC	10440 South Western	Oklahoma City	Oklahoma	73139	(405) 691-3354
101035	The Saxton Group, LLC	6224 SW 3rd Street	Oklahoma City	Oklahoma	73128	405-653-9460
101036	The Saxton Group, LLC	3221 Northwest Expressway	Oklahoma City	Oklahoma	73112	405-832-0999
1105	The Saxton Group, LLC	8529 N. 129th E. Avenue	Owasso	Oklahoma	74055	(918) 376-9000
1299	The Saxton Group, LLC	4605 Kickapoo Street	Shawnee	Oklahoma	74804	(405) 273-3200
1109	The Saxton Group, LLC	205 East Hall of Fame	Stillwater	Oklahoma	74075	(405) 743-3700
1176	The Saxton Group, LLC	8955 S. Memorial Drive	Tulsa	Oklahoma	74133	918-392-0770
1247	The Saxton Group, LLC	8102-B S. Lewis Avenue	Tulsa	Oklahoma	74137	(918) 392-3354
1298	The Saxton Group, LLC	4951 East 21st Street	Tulsa	Oklahoma	74112	(918) 392-3373
1406	The Saxton Group, LLC	1612 Garth Brooks Blvd.	Yukon	Oklahoma	73099	(405) 350-3364
1398	The Pennsylvania State University	28 - HUB Robeson Center	University Park	Pennsylvania	16802	(814) 865-3869
1270	DMAC81, LLC	4950 Centre Pointe Drive	Charleston	South Carolina	29418	(843) 725-3344

#	Franchisee	Address	City	State	Zip	Telephone
1372	DMAC81, LLC	1390 Tiger Blvd., Suite 306	Clemson	South Carolina	29631	(864) 654-0400
1022	DMAC81, LLC	300 Columbian Drive	Columbia	South Carolina	29212	(803) 781-4550
1041	DMAC81, LLC	4710-A Forest Drive	Columbia	South Carolina	29206	(803) 790-5995
1061	DMAC81, LLC	10254 Two Notch Road	Columbia	South Carolina	29229	(803) 788-7600
103072	Keith Benton	1202 Highway 544	Conway	South Carolina	29526	843-349-0141
1391	DMAC81, LLC	1970 W. Palmetto Street	Florence	South Carolina	29501	(843) 679-0011
1368	SD-2, LLC	936 Market Street	Fort Mill	South Carolina	29708	(803) 548-5080
1046	DMAC81, LLC	1708 B Augusta Street	Greenville	South Carolina	29605	(864) 232-8933
1062	DMAC81, LLC	1401-A Woodruff Road	Greenville	South Carolina	29607	(864) 286-8680
1165	DMAC81, LLC	535-A Congaree Road	Greenville	South Carolina	29607	(864) 679-3354
1128	DMAC81, LLC	529 Bypass 72 NW	Greenwood	South Carolina	29649	(864) 943-3354
1082	DMAC81, LLC	5175 Sunset Blvd.	Lexington	South Carolina	29072	(803) 951-3332
1171	DMAC81, LLC	644-A Long Point Road	Mt. Pleasant	South Carolina	29464	(843) 284-2288
1195	DMAC81, LLC	1760 Pine Island Road	Myrtle Beach	South Carolina	29577	(843) 286-1400
1210	DMAC81, LLC	1000 South Commons Road	Myrtle Beach	South Carolina	29588	(843) 286-2222
1217	DMAC81, LLC	10736 Kings Road	Myrtle Beach	South Carolina	29572	(843) 286-0300
			North Myrtle Beach			
1408	DMAC81, LLC	1502 Hwy 17 North, Unit # 6	South Carolina	29582	843-417-1037	
1066	SD-2, LLC	735 Addison Ave	Rock Hill	South Carolina	29730	(803) 329-0042
1177	SD-2, LLC	335 Herlong Avenue	Rock Hill	South Carolina	29732	(803) 980-1717
1129	DMAC81, LLC	150 Dorman Centre Road, Suite B	Spartanburg	South Carolina	29301	(864) 595-0550
1136	DMAC81, LLC	400-A Azalea Square Blvd	Summerville	South Carolina	29483	(843) 376-0116
101015	DMAC81, LLC	1177 Broad Street	Sumter	South Carolina	29150	803-607-9033
101054	DMAC81, LLC	2400 Augusta Road	West Columbia	South Carolina	29169	(803) 661-7161
1225	Peak Restaurants, LLC	465 Marilyn Lane	Alcoa	Tennessee	37701	(865) 380-0012
1069	Southern Rock Restaurants, LLC	6600 Stage Road	Bartlett	Tennessee	38134	(901) 213-3311
1193	Southern Rock Restaurants, LLC	330 Franklin Road	Brentwood	Tennessee	37027	(615) 221-4680
1152	Southern Rock Restaurants, LLC	2288 Gunbarrel Road	Chattanooga	Tennessee	37421	(423) 510-8299
1248	Southern Rock Restaurants, LLC	541 Signal Mountain Road	Chattanooga	Tennessee	37405	(423) 265-2003
102751	Southern Rock Restaurants, LLC	708 Paul Huff Parkway NW	Cleveland	Tennessee	37312	217-210-9499

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1102	Southern Rock Restaurants, LLC	336 Market Blvd.	Collierville	Tennessee	38017	(901) 853-0203
102423	MidSouth Hospitality, Inc.	627 S James Campbell Blvd	Columbia	Tennessee	38401	921-981-9182
102395	Southern Rock Restaurants, LLC	1360 Interstate Drive	Cookeville	Tennessee	38501	931-400-5276
1049	Southern Rock Restaurants, LLC	7990 Trinity Road, Suite 129	Cordova	Tennessee	38018	(901) 737-7282
100983	Peak Restaurants, LLC	2885 Tazewell Pike	Fountain City	Tennessee	37918	(865) 337-7146
1141	Southern Rock Restaurants, LLC	401-A Cool Springs Blvd., Suite 100	Franklin	Tennessee	37064	(615) 771-7380
1005	Southern Rock Restaurants, LLC	7710 Poplar Avenue	Germantown	Tennessee	38138	(901) 753-1507
100998	MidSouth Hospitality, Inc.	205 Indian Lake Blvd.	Hendersonville	Tennessee	37075	615-757-3788
1266	Southern Rock Restaurants, LLC	1012 Vann Drive	Jackson	Tennessee	38305	(731) 664-1687
1340	Peak Restaurants, LLC	2111 Roan Street	Johnson City	Tennessee	37601	(423) 631-0606
1169	Peak Restaurants, LLC	2003 N. Eastman Road	Kingsport	Tennessee	37660	(423) 378-3354
1098	Peak Restaurants, LLC	11140 Parkside Drive	Knoxville	Tennessee	37934	(865) 966-1011
1126	Peak Restaurants, LLC	2758 Schaad Road	Knoxville	Tennessee	37921	(865) 938-4300
1156	Peak Restaurants, LLC	232 Morrell Rd	Knoxville	Tennessee	37919	(865) 769-5001
1010	Southern Rock Restaurants, LLC	3482 Plaza Avenue	Memphis	Tennessee	38111	(901) 452-6009
1138	Southern Rock Restaurants, LLC	580 S. Mendenhall	Memphis	Tennessee	38117	(901) 763-2711
1181	Southern Rock Restaurants, LLC	3855 Hacks Cross Road	Memphis	Tennessee	38125	(901) 881-6068
1269	Southern Rock Restaurants, LLC	8385 Stage Road	Memphis	Tennessee	38133	(901) 388-7053
1246	Southern Rock Restaurants, LLC	8390 HWY 51 North, Suite 110	Millington	Tennessee	38053	(901) 872-1983
1036	Southern Rock Restaurants, LLC	1624 Memorial Boulevard	Murfreesboro	Tennessee	37129	(615) 890-0330
102394	Southern Rock Restaurants, LLC	2357 Medical Center Pkwy	Murfreesboro	Tennessee	37129	615-987-0441
1381	Sodexo Operations, LLC	2004 Belmont Blvd.	Nashville	Tennessee	37212	(615) 460-8561
1369	Peak Restaurants, LLC	371 South Illinois Avenue	Oak Ridge	Tennessee	37830	(865) 685-0156
1265	Peak Restaurants, LLC	3784 Parkway	Pigeon Forge	Tennessee	37863	(865) 908-9020
1410	MidSouth Hospitality, Inc.	3015 Belshire Village Drive	Spring Hill	Tennessee	37174	615-302-3354
1365	BEST CHOICE RESTAURANTS, LLC	3318 S Clack Street	Abilene	Texas	79606	(325) 203-4990
1380	BEST CHOICE RESTAURANTS, LLC	849 N Judge Ely Blvd.	Abilene	Texas	79601	(325) 340-1670
1342	BEST CHOICE RESTAURANTS, LLC	8605 SW 34th Avenue	Amarillo	Texas	79119	(806) 355-7500
1400	BEST CHOICE RESTAURANTS, LLC	4104 W Interstate 40	Amarillo	Texas	79102	(806) 352-3354
1382	BEST CHOICE RESTAURANTS, LLC	1200 North Main Street	Andrews	Texas	79714	(432) 242-4900

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1249	The Saxton Group, LLC	137 Merchants Row	Arlington	Texas	76018	(817) 465-3354
1115	The Saxton Group, LLC	220 Crestway Drive	Athens	Texas	75751	(903) 677-0170
1260	The Saxton Group, LLC	3050 Dowlen Road	Beaumont	Texas	77706	(409) 861-3354
1420	BEST CHOICE RESTAURANTS, LLC	1010 Lamesa Highway	Big Springs	Texas	79720	432-364-7161
1428	BEST CHOICE RESTAURANTS, LLC	410 E. Commerce	Brownwood	Texas	76801	325-600-4375
100970	The Saxton Group, LLC	12770 South Fwy	Burleson	Texas	76028	(817) 447-3354
1143	The Saxton Group, LLC	3432 E. Hebron Pkwy	Carrollton	Texas	75007	(972) 248-8288
100990	The Saxton Group, LLC	379 E. FM 1382	Cedar Hill	Texas	75104	469-643-2017
1418	The Saxton Group, LLC	4701B Highway 183A	Cedar Park	Texas	78613	512-260-3354
101038	The Saxton Group, LLC	1307 W. Henderson St.	Cleburne	Texas	76033	817-357-8801
1121	The Saxton Group, LLC	1006 University Dr. East	College Station	Texas	77840	(979) 846-6000
1251	The Saxton Group, LLC	5615 Colleyville Blvd.	Colleyville	Texas	76034	(817) 485-5191
103087	BEST CHOICE RESTAURANTS, LLC	215 S. Loop 336 W. Ste. 800	Conroe	Texas	77304	936-483-8077
100971	The Saxton Group, LLC	232 Robert Griffin III	Copperas Cove	Texas	76522	254-547-4011
1283	BEST CHOICE RESTAURANTS, LLC	5801 Saratoga Blvd.	Corpus Christi	Texas	78414	(361) 991-6000
1218	BEST CHOICE RESTAURANTS, LLC	25672 NW Freeway	Cypress	Texas	77429	(281) 758-1225
1238	The Saxton Group, LLC	15212 Montfort Drive	Dallas	Texas	75248	(469) 374-0495
1374	The Saxton Group, LLC	4235 Northwest Hwy	Dallas	Texas	75220	(214) 357-3354
101358	The Saxton Group, LLC	6168 Retail Road	Dallas	Texas	75231	469-232-9457
1264	The Saxton Group, LLC	1931 South Loop 288	Denton	Texas	76205	(940) 320-7722
101355	The Saxton Group, LLC	2200 W. University Drive	Denton	Texas	76201	(940) 735-3364
101077	BEST CHOICE RESTAURANTS, LLC	3832 S, McColl Road,	Edinburg	Texas	78539	(972) 620-2287
1440	The Saxton Group, LLC	11901 Dallas Parkway	Frisco	Texas	75034	214-872-3354
1363	The Saxton Group, LLC	3053 South University Blvd.	Ft. Worth	Texas	76109	(817) 924-3354
1367	The Saxton Group, LLC	6333 Camp Bowie Blvd.	Ft. Worth	Texas	76116	(817) 732-3354
1399	The Saxton Group, LLC	9604 Old Denton Road	Ft. Worth	Texas	76244	(817) 741-2901
1204	The Saxton Group, LLC	1013 W. University Avenue	Georgetown	Texas	78626	(512) 868-2435
1253	The Saxton Group, LLC	3180 FM 407	Highland Village	Texas	75077	(972) 318-0404
1167	BEST CHOICE RESTAURANTS, LLC	7502 FM 1960 West	Houston	Texas	77070	(281) 897-8777
1232	Jubilee Delis L.P.	4434 University Drive	Houston	Texas	77204	(713) 743-9921

#	Franchisee	Address	City	State	Zip	Telephone
101000	BEST CHOICE RESTAURANTS, LLC	9477 FM 1960 BP	Humble	Texas	77338	281-570-2932
101094	BEST CHOICE RESTAURANTS, LLC	193 Interstate 45	Huntsville	Texas	77340	936-439-6229
1385	The Saxton Group, LLC	3501 Regent Blvd.	Irving	Texas	75063	(972) 929-1790
1439	BEST CHOICE RESTAURANTS, LLC	21768 Katy Freeway	Katy	Texas	77450	281-394-9192
1162	The Saxton Group, LLC	1908-A East Central Texas Expressway	Killeen	Texas	76541	(254) 519-3354
1437	The Saxton Group, LLC	6034 Azle Avenue	Lake Worth	Texas	76135	817-237-3345
101356	The Saxton Group, LLC	500 East Round Grove Road	Lewisville	Texas	75067	972-829-2766
1404	BEST CHOICE RESTAURANTS, LLC	8121 Pat Booker Road	Live Oak	Texas	78233	210-510-4747
1043	The Saxton Group, LLC	2804 Judson Road	Longview	Texas	75605	(903) 663-6868
1191	BEST CHOICE RESTAURANTS, LLC	2415 19th Street	Lubbock	Texas	79401	(806) 740-0022
1310	BEST CHOICE RESTAURANTS, LLC	4210 82nd Street	Lubbock	Texas	79423	(806) 799-5200
101078	BEST CHOICE RESTAURANTS, LLC	6810 Milwaukee Avenue	Lubbock	Texas	79424	(806) 577-4349
101034	The Saxton Group, LLC	2136 S. 1st Street	Lufkin	Texas	75904	409-219-1600
101068	The Saxton Group, LLC	1735 East Broad Street	Mansfield	Texas	76063	682-222-1040
1317	BEST CHOICE RESTAURANTS, LLC	3620 Exp 83	McAllen	Texas	78503	(956) 972-0505
1175	The Saxton Group, LLC	2107 Eldorado Pkwy	McKinney	Texas	75070	(972) 547-3800
1282	The Saxton Group, LLC	1515 N. Town East Blvd.	Mesquite	Texas	75150	(972) 686-2236
1194	BEST CHOICE RESTAURANTS, LLC	2306 Rankin Hwy.	Midland	Texas	79701	(432) 687-0880
1334	BEST CHOICE RESTAURANTS, LLC	4415 Wadley Drive	Midland	Texas	79707	(432) 694-1800
1388	BEST CHOICE RESTAURANTS, LLC	1680 State Hwy 46 W	New Braunfels	Texas	78132	830-358-5166
1243	The Saxton Group, LLC	9143 Boulevard 26	North Richland Hills	Texas	76180	(817) 485-3354
1170	BEST CHOICE RESTAURANTS, LLC	2002 E. 42nd Street	Odessa	Texas	79762	(432) 366-8000
1360	BEST CHOICE RESTAURANTS, LLC	2744 North County Road West	Odessa	Texas	79760	(432) 332-2117
1393	BEST CHOICE RESTAURANTS, LLC	6950 East Highway 191 Frontage	Odessa	Texas	79765	432-789-1110
1346	The Saxton Group, LLC	701 North Central Expressway	Plano	Texas	75075	(469) 467-6400
1417	The Saxton Group, LLC	8245 Preston Rd	Plano	Texas	75024	214-494-4500
1261	The Saxton Group, LLC	8393 Memorial Blvd.	Port Arthur	Texas	77640	(409) 729-3354
1359	BEST CHOICE RESTAURANTS, LLC	1704 US 181	Portland	Texas	78374	(361) 643-1100
1231	Jubilee Delis L.P.	24200 Southwest Freeway	Rosenberg	Texas	77471	(281) 342-8400

#	Franchisee	Address	City	State	Zip	Telephone
1316	The Saxton Group, LLC	4305 Lakeview Parkway	Rowlett	Texas	75088	(972) 475-9944
1219	BEST CHOICE RESTAURANTS, LLC	4525 Sherwood Way	San Angelo	Texas	76901	(325) 944-1000
1395	BEST CHOICE RESTAURANTS, LLC	2952 N Bryant Blvd.	San Angelo	Texas	76903	(325) 939-8442
1153	BEST CHOICE RESTAURANTS, LLC	5880 De Zavala Road	San Antonio	Texas	78249	(210) 694-0060
1197	BEST CHOICE RESTAURANTS, LLC	119 Southwest Loop 410	San Antonio	Texas	78245	(210) 680-1369
101075	BEST CHOICE RESTAURANTS, LLC	2314 SE Military Drive	San Antonio	Texas	78223	210-907-7060
100972	The Saxton Group, LLC	180 Springtown Way	San Marcos	Texas	78666	512-212-4004
1386	BEST CHOICE RESTAURANTS, LLC	16820 NW Military Hwy	Shavano Park	Texas	78231	(210) 424-0601
1376	The Saxton Group, LLC	3801 Highway 75 North	Sherman	Texas	75090	(903) 813-3354
1196	The Saxton Group, LLC	100 North Kimball Avenue	Southlake	Texas	76092	(817) 310-5570
1423	BEST CHOICE RESTAURANTS, LLC	19380 I-45 #100	Spring	Texas	77373	281-288-4800
103085	BEST CHOICE RESTAURANTS, LLC	21460 Kuykendahl Rd	Spring	Texas	77379	281-602-0083
102566	Goldwater Franchise Group LLC	11229 West Airport Blvd Suite 100	Stafford	Texas	77477	281-325-0155
100980	BEST CHOICE RESTAURANTS, LLC	13517 University Boulevard	Sugarland	Texas	77479	281-778-8870
1092	The Saxton Group, LLC	2102 Southwest HK Dodgen Loop	Temple	Texas	76504	(254) 742-1720
1094	The Saxton Group, LLC	5001 Cowhorn Creek Road	Texarkana	Texas	75503	(903) 223-6060
1047	The Saxton Group, LLC	4325 Old Bullard Road	Tyler	Texas	75701	(903) 939-3300
1065	The Saxton Group, LLC	1505 Hewitt Drive	Waco	Texas	76712	(254) 420-3353
1091	The Saxton Group, LLC	812 South 6th Street	Waco	Texas	76706	(254) 296-0380
1262	The Saxton Group, LLC	4551-A W. Waco Drive	Waco	Texas	76710	(254) 776-3354
100969	The Saxton Group, LLC	1620 N. U.S. HWY. 77	Waxahachie	Texas	75165	972-923-1106
1321	The Saxton Group, LLC	215 Adams Drive	Weatherford	Texas	76086	(817) 594-3313
1227	Jubilee Delis L.P.	20911 Gulf Freeway	Webster	Texas	77598	(281) 554-7720
1182	The Saxton Group, LLC	3900 Call Field Road	Wichita Falls	Texas	76308	(940) 689-0800
101359	The Saxton Group, LLC	3440 W. FM 544	Wylie	Texas	75098	972-442-0124
102357	NTZ-1 LLC	7704 Richmond Highway	Alexandria	Virginia	22306	(703) 347-6882
102358	NTZ-3 LLC	44155 Ashbrook Marketplace	Ashburn	Virginia	20147	(202) 445-3160
101063	Peak Restaurants, LLC	884 Prices Fork Road	Blacksburg	Virginia	24060	540-552-0695
101064	Peak Restaurants, LLC	1315 Euclid Avenue	Bristol	Virginia	24201	(276) 644-0695
101001	AliMax Enterprises, LLC	10691 Braddock Road	Fairfax	Virginia	22032	703-278-8117

#	Franchisee	Address	City	State	Zip	Telephone
1331	AliMax Enterprises, LLC	70 Riverton Commons Plaza	Front Royal	Virginia	22630	(540) 631-7277
1415	Peak Restaurants, LLC	717 Wards Ferry Road, Suite 101	Lynchburg	Virginia	24502	434-439-4310
1327	M 2, LLC	15600 WC Commons Ways	Midlothian	Virginia	23113	(804) 378-0110
1315	Peak Restaurants, LLC	2063 Colonial Avenue	Roanoke	Virginia	24015-3210	(540) 204-4407
1413	Air Host/Varona, LLC	5202 Aviation Drive NW	Roanoke	Virginia	24012	540-565-0160
100903	Air Host/Varona, LLC	5202 Aviation Drive NW	Roanoke	Virginia	24012	540-565-0160
1305	M 2, LLC	740 E Town Center Drive	Waynesboro	Virginia	22980-9262	(540) 949-8649
101942	CCBROTT, Inc.	100 Gasser Road	Lake Delton	Wisconsin	53940	608-253-0997
1303	Mile High Delis LLC	2317 Grand Avenue	Laramie	Wyoming	82070	(307) 745-3760

The names and telephone numbers of our franchisees that have not yet opened their Restaurants as of December 31, 2020 are as follows:

Restaurant #	Franchisee	City	State	Telephone
103958	Kingdom Foods, LLC	Daphne	Alabama	(832) 797-4032
103960	Kingdom Foods, LLC	Foley	Alabama	(832) 797-4032
103961	Kingdom Foods, LLC	Saraland	Alabama	(832) 797-4032
104185	RDG, LLC	Troy	Alabama	(832) 797-4032
103728	DAK Restaurants, LLC	Mountain Home	Arkansas	(573) 429-0225
102946	BEST CHOICE RESTAURANTS, LLC	St. Cloud	Florida	(972) 620-2287
102947	BEST CHOICE RESTAURANTS, LLC	Celebration	Florida	(972) 620-2287
102948	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102949	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102950	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102951	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102952	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102953	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102954	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287

Restaurant #	Franchisee	City	State	Telephone
102955	BEST CHOICE RESTAURANTS, LLC	Winter Garden	Florida	(972) 620-2287
102956	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102957	BEST CHOICE RESTAURANTS, LLC	Orlando	Florida	(972) 620-2287
102958	BEST CHOICE RESTAURANTS, LLC	Winter Springs	Florida	(972) 620-2287
103369	Brian Moore, Kristi Moore	Deerfield Beach	Florida	(870) 814-7667
103370	Brian Moore, Kristi Moore	Coral Springs	Florida	(870) 814-7667
103371	Brian Moore, Kristi Moore	Ft. Lauderdale	Florida	(870) 814-7667
103581	Jean Howard, Robert Wortman, Matthew Wortman	Brandon	Florida	(813) 727-3631
103582	Robert Wortman, Jean Howard, Matthew Wortman	Riverview	Florida	(813) 727-3631
103957	Kingdom Foods, LLC	Pensacola	Florida	(832) 797-4032
103959	Kingdom Foods, LLC	Pace	Florida	(832) 797-4032
102151	Atlanta Restaurant Group, LLC	Cumming	Georgia	864-616-0340
102153	Atlanta Restaurant Group, LLC	Buford	Georgia	864-616-0340
102154	Atlanta Restaurant Group, LLC	Canton	Georgia	864-616-0340
102155	Atlanta Restaurant Group, LLC	Braselton	Georgia	864-616-0340
102156	Atlanta Restaurant Group, LLC	Fayetteville	Georgia	864-616-0340
102158	Atlanta Restaurant Group, LLC	Newnan	Georgia	864-616-0340
102159	Atlanta Restaurant Group, LLC	Snellville	Georgia	864-616-0340
102263	SRD Group, LLC	Peachtree Corners	Georgia	(847) 722-2632
102264	SRD Group, LLC	Atlanta	Georgia	(847) 722-2632
102265	SRD Group, LLC	Atlanta	Georgia	(847) 722-2632
102266	SRD Group, LLC	Atlanta	Georgia	(847) 722-2632
102267	SRD Group, LLC	Atlanta	Georgia	(847) 722-2632
103153	Michael Hayes	Ringgold	Georgia	4234883006
103183	SRD Group, LLC	Alpharetta	Georgia	(847) 722-2632
103184	SRD Group, LLC	Marietta	Georgia	(847) 722-2632
103192	Red Hot Stuff, LLC	Carrollton	Georgia	(770) 328-0389
103284	Mangesh Patel, Sagar Patel	Athens	Georgia	(678) 522-5058
103293	Dhyanesh Patel	Johns Creek	Georgia	(646) 578-3709
103294	Dhyanesh Patel	Gainesville	Georgia	(646) 578-3709

Restaurant #	Franchisee	City	State	Telephone
103333	Southern Rock Restaurants, LLC	Dalton	Georgia	(615) 656-7240
103337	Atlanta Restaurant Group, LLC	Conyers	Georgia	864-616-0340
103338	Atlanta Restaurant Group, LLC	Covington	Georgia	864-616-0340
103381	Rome Food LLC	Rome	Georgia	(678) 522-5058
103467	Atlanta Restaurant Group, LLC	McDonough	Georgia	864-616-0340
104197	DMAC-SD, LLC	St Marys	Georgia	(317) 246-8193
104198	DMAC-SD, LLC	Rincon	Georgia	(317) 246-8193
104204	DMAC-SD, LLC	Bonaire	Georgia	(317) 246-8193
101110	Mahati Devabhaktuni	Schaumburg	Illinois	(312) 890-8069
101112	Ravi Patel, Raj Patel	Joliet	Illinois	(630) 788-9200
101562	Aggressive Developments of Missouri, LLC	Champaign	Illinois	(573) 243-8463
101634	Aggressive Developments of Missouri, LLC	Rockford	Illinois	(573) 243-8463
101635	Aggressive Developments of Missouri, LLC	Dekalb	Illinois	(573) 243-8463
101638	Aggressive Developments of Missouri, LLC	Peoria	Illinois	(573) 243-8463
101929	Geeta Deli, Inc.	McHenry	Illinois	(847) 274-4368
102679	EMAAR MANAGEMENT GROUP, INC.	Villa Park	Illinois	(847) 571-1163
102680	EMAAR MANAGEMENT GROUP, INC.	Oak Brook	Illinois	(847) 571-1163
102681	EMAAR MANAGEMENT GROUP, INC.	Westmont	Illinois	(847) 571-1163
102682	Raj Patel, Ravi Patel	Lagrange	Illinois	(630) 788-9200
102683	Raj Patel, Ravi Patel	Forest Park	Illinois	(630) 788-9200
102684	Raj Patel, Ravi Patel	Hometown	Illinois	(630) 788-9200
102685	Raj Patel, Ravi Patel	Bradley	Illinois	(630) 788-9200
102689	EMAAR MANAGEMENT GROUP, INC.	Glenview	Illinois	(847) 571-1163
102691	EMAAR MANAGEMENT GROUP, INC.	Skokie	Illinois	(847) 571-1163
102692	EMAAR MANAGEMENT GROUP, INC.	Harwood Heights	Illinois	(847) 571-1163
103411	Mahati Devabhaktuni	Homewood	Illinois	(312) 890-8069
103416	Mahati Devabhaktuni	Crystal Lake	Illinois	(312) 890-8069
102222	Heritage Enterprises Inc.	Corydon	Indiana	(812) 989-0028
103325	Southern Rock Restaurants, LLC	Fort Wayne	Indiana	(615) 656-7240
103326	Southern Rock Restaurants, LLC	Greenfield	Indiana	(615) 656-7240

Restaurant #	Franchisee	City	State	Telephone
103327	Southern Rock Restaurants, LLC	West Lafayette	Indiana	(615) 656-7240
103328	Southern Rock Restaurants, LLC	Bloomington	Indiana	(615) 656-7240
103329	Southern Rock Restaurants, LLC	Westfield	Indiana	(615) 656-7240
103330	Southern Rock Restaurants, LLC	Goshen	Indiana	(615) 656-7240
103331	Southern Rock Restaurants, LLC	Marion	Indiana	(615) 656-7240
103412	Mahati Devabhaktuni	Portage	Indiana	(312) 890-8069
103413	Mahati Devabhaktuni	Michigan City	Indiana	(312) 890-8069
104183	Indy Canal Lodging Associates LLC	Indianapolis	Indiana	317-247-5500
104184	Printing House Indy LLC	Indianapolis	Indiana	317-247-5500
102223	Heritage Enterprises Inc.	Shelbyville	Kentucky	(812) 989-0028
102341	Southern Rock Restaurants, LLC	Florence	Kentucky	(615) 656-7240
102645	Bluegrass Hospitality, LLC	Nicolasville	Kentucky	(502) 893-4520
102646	Bluegrass Hospitality, LLC	lexington	Kentucky	(502) 893-4520
102647	Bluegrass Hospitality, LLC	lexington	Kentucky	(502) 893-4520
103951	Joseph Bland, Mary Bland	Campbellsville	Kentucky	502-380-6877
102428	BEAD TREE RESTAURANT GROUP LLC	Hammond	Louisiana	504-905-1741
102429	BEAD TREE RESTAURANT GROUP LLC	Houma	Louisiana	504-905-1741
102960	BEST CHOICE RESTAURANTS, LLC	Shreveport	Louisiana	(972) 620-2287
102961	BEST CHOICE RESTAURANTS, LLC	Shreveport	Louisiana	(972) 620-2287
102962	BEST CHOICE RESTAURANTS, LLC	Shreveport	Louisiana	(972) 620-2287
102964	BEST CHOICE RESTAURANTS, LLC	Lake Charles	Louisiana	(972) 620-2287
102966	BEST CHOICE RESTAURANTS, LLC	Natchitoches	Louisiana	(972) 620-2287
102967	BEST CHOICE RESTAURANTS, LLC	Pineville	Louisiana	(972) 620-2287
103364	S & S FOODS, LLC	Kentwoom	Michigan	(219) 608-0031
103365	S & S FOODS, LLC	Grand Rapids	Michigan	(219) 608-0031
104115	EASTLAKE DELI GROUP, LLC	Auburn Hills	Michigan	(734) 589-6868
104116	EASTLAKE DELI GROUP, LLC	Sterling Heights	Michigan	(734) 589-6868
104117	EASTLAKE DELI GROUP, LLC	Southfield	Michigan	(734) 589-6868
104118	EASTLAKE DELI GROUP, LLC	Lansing	Michigan	(734) 589-6868
104119	EASTLAKE DELI GROUP, LLC	Flint	Michigan	(734) 589-6868

Restaurant #	Franchisee	City	State	Telephone
104120	EASTLAKE DELI GROUP, LLC	Owosso	Michigan	(734) 589-6868
104121	EASTLAKE DELI GROUP, LLC	Adrian	Michigan	(734) 589-6868
104167	Robert Thomson, Tracy Crocker	Blaine	Minnesota	(641) 228-3822
104168	Robert Thomson, Tracy Crocker	Brooklyn Center	Minnesota	(641) 228-3822
104169	Robert Thomson, Tracy Crocker	Minnetonka	Minnesota	(641) 228-3822
104170	Robert Thomson, Tracy Crocker	St. Louis Park	Minnesota	(641) 228-3822
104171	Robert Thomson, Tracy Crocker	Eden Prairie	Minnesota	(641) 228-3822
104172	Robert Thomson, Tracy Crocker	Burnsville	Minnesota	(641) 228-3822
104173	Robert Thomson, Tracy Crocker	Edina	Minnesota	(641) 228-3822
104174	Robert Thomson, Tracy Crocker	West St. Paul	Minnesota	(641) 228-3822
104175	Robert Thomson, Tracy Crocker	Roseville	Minnesota	(641) 228-3822
104176	Robert Thomson, Tracy Crocker	Vadnais Heights	Minnesota	(641) 228-3822
104177	Robert Thomson, Tracy Crocker	Woodbury	Minnesota	(641) 228-3822
104178	Robert Thomson, Tracy Crocker	Stillwater	Minnesota	(641) 228-3822
102788	Ronnie Jones, William T. Smith	Brookhaven	Mississippi	(601) 656-2783 ext106
101338	Southern Rock Restaurants, LLC	St Charles	Missouri	(615) 656-7240
101340	Southern Rock Restaurants, LLC	Farmington	Missouri	(615) 656-7240
103726	DAK Restaurants, LLC	Branson	Missouri	(573) 429-0225
103727	DAK Restaurants, LLC	West Plains	Missouri	(573) 429-0225
103729	DAK Restaurants, LLC	Rolla	Missouri	(573) 429-0225
103120	BEST CHOICE RESTAURANTS, LLC	Albuquerque	New Mexico	(972) 620-2287
103121	BEST CHOICE RESTAURANTS, LLC	Albuquerque	New Mexico	(972) 620-2287
103323	ARAMARK Food and Support Services Group, Inc.	Fayetteville	North Carolina	(215) 238-4013
104193	DMAC-SD, LLC	Rocky Mount	North Carolina	(317) 246-8193
104194	DMAC-SD, LLC	Salisbury	North Carolina	(317) 246-8193
104195	DMAC-SD, LLC	Burlington	North Carolina	(317) 246-8193

Restaurant #	Franchisee	City	State	Telephone
104200	DMAC-SD, LLC	Wake Forest	North Carolina	(317) 246-8193
104201	DMAC-SD, LLC	Hickory	North Carolina	(317) 246-8193
104202	DMAC-SD, LLC	Garner	North Carolina	(317) 246-8193
104205	DMAC-SD, LLC	Morrisville	North Carolina	(317) 246-8193
102638	M4 Restaurant Group, LLC	Bismarck	North Dakota	7013710308
102639	M4 Restaurant Group, LLC	Grand Forks	North Dakota	7013710308
102640	M4 Restaurant Group, LLC	Fargo	North Dakota	7013710308
102641	M4 Restaurant Group, LLC	Fargo	North Dakota	7013710308
102344	Southern Rock Restaurants, LLC	Corerain Twp	Ohio	(615) 656-7240
102345	Southern Rock Restaurants, LLC	Cincinnati	Ohio	(615) 656-7240
102733	Midwest Roots, LLC	Sydney	Ohio	513-800-7013
102734	Midwest Roots, LLC	Troy	Ohio	513-800-7013
102735	Midwest Roots, LLC	Centerville	Ohio	513-800-7013
102736	Midwest Roots, LLC	Middletown	Ohio	513-800-7013
103243	Southern Rock Restaurants, LLC	Cleveland	Ohio	(615) 656-7240
103244	Southern Rock Restaurants, LLC	Fairlawn	Ohio	(615) 656-7240
103245	Southern Rock Restaurants, LLC	Highland Hills	Ohio	(615) 656-7240
103246	Southern Rock Restaurants, LLC	Independence	Ohio	(615) 656-7240
103247	Southern Rock Restaurants, LLC	Mentor	Ohio	(615) 656-7240
103248	Southern Rock Restaurants, LLC	Cleveland	Ohio	(615) 656-7240
103249	Southern Rock Restaurants, LLC	Eastlake	Ohio	(615) 656-7240
103250	Southern Rock Restaurants, LLC	North Canton	Ohio	(615) 656-7240
103251	Southern Rock Restaurants, LLC	Cuyahoga Falls	Ohio	(615) 656-7240
103252	Southern Rock Restaurants, LLC	Solon	Ohio	(615) 656-7240
103253	Southern Rock Restaurants, LLC	Kent	Ohio	(615) 656-7240
103254	Southern Rock Restaurants, LLC	Barberton	Ohio	(615) 656-7240

Restaurant #	Franchisee	City	State	Telephone
103255	Southern Rock Restaurants, LLC	Macedonia	Ohio	(615) 656-7240
103256	Southern Rock Restaurants, LLC	Aurora	Ohio	(615) 656-7240
103257	Southern Rock Restaurants, LLC	Canal Winchester	Ohio	(615) 656-7240
103258	Southern Rock Restaurants, LLC	Grove City	Ohio	(615) 656-7240
103259	Southern Rock Restaurants, LLC	Westerville	Ohio	(615) 656-7240
103260	Southern Rock Restaurants, LLC	Columbus	Ohio	(615) 656-7240
103261	Southern Rock Restaurants, LLC	Reynoldburg	Ohio	(615) 656-7240
103262	Southern Rock Restaurants, LLC	New Albany	Ohio	(615) 656-7240
103263	Southern Rock Restaurants, LLC	Columbus	Ohio	(615) 656-7240
103701	CRAVE-REST, LLC	TBD	Ohio	(513) 964-1487
103702	CRAVE-REST, LLC	TBD	Ohio	(513) 964-1487
103705	Capital Roots, LLC	Dublin	Ohio	(419) 771-9573
103753	Jaswinder Sandhu	El Reno	Oklahoma	(405) 410-4341
103296	Maryana Gorivodskaya	King of Prussia	Pennsylvania	(917) 957-7774
103297	Maryana Gorivodskaya	Plymouth Meeting	Pennsylvania	(917) 957-7774
103298	Maryana Gorivodskaya	Strafford	Pennsylvania	(917) 957-7774
103698	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
103699	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
103700	CRAVE-REST, LLC	TBD	Pennsylvania	(513) 964-1487
103982	GR LLC	Mechanicsburg	Pennsylvania	(717) 303-3272
103073	Keith Benton	Conway	South Carolina	(843) 458-3894
104191	DMAC-SD, LLC	Greer	South Carolina	(317) 246-8193
104192	DMAC-SD, LLC	Anderson	South Carolina	(317) 246-8193
104196	DMAC-SD, LLC	Bluffton	South Carolina	(317) 246-8193
104199	DMAC-SD, LLC	Aiken	South Carolina	(317) 246-8193

Restaurant #	Franchisee	City	State	Telephone
104203	DMAC-SD, LLC	Camden	South Carolina	(317) 246-8193
102390	Southern Rock Restaurants, LLC	Hermitage	Tennessee	(615) 656-7240
102391	Southern Rock Restaurants, LLC	Smyrna	Tennessee	(615) 656-7240
102392	Southern Rock Restaurants, LLC	Mt Juliet	Tennessee	(615) 656-7240
102393	Southern Rock Restaurants, LLC	Dickson	Tennessee	(615) 656-7240
102421	MidSouth Hospitality, Inc.	Madison	Tennessee	(502) 893-4520
102422	MidSouth Hospitality, Inc.	Gallatin	Tennessee	(502) 893-4520
102424	MidSouth Hospitality, Inc.	Antioch	Tennessee	(502) 893-4520
102425	MidSouth Hospitality, Inc.	nashville	Tennessee	(502) 893-4520
103332	Southern Rock Restaurants, LLC	Hixson	Tennessee	(615) 656-7240
103542	Peak Restaurants, LLC	Morristown	Tennessee	(865) 300-3476
102563	Goldwater Franchise Group LLC	Baytown	Texas	(713) 302-7666
102564	Goldwater Franchise Group LLC	Pasadena	Texas	(713) 302-7666
102565	Goldwater Franchise Group LLC	Pearland	Texas	(713) 302-7666
102567	Goldwater Franchise Group LLC	Houston	Texas	(713) 302-7666
102568	Goldwater Franchise Group LLC	Houston	Texas	(713) 302-7666
103083	BEST CHOICE RESTAURANTS, LLC	Houston	Texas	(972) 620-2287
103084	BEST CHOICE RESTAURANTS, LLC	Houston	Texas	(972) 620-2287
103086	BEST CHOICE RESTAURANTS, LLC	Tomball	Texas	(972) 620-2287
103088	BEST CHOICE RESTAURANTS, LLC	Houston	Texas	(972) 620-2287
103089	BEST CHOICE RESTAURANTS, LLC	Houston	Texas	(972) 620-2287
103122	BEST CHOICE RESTAURANTS, LLC	Brownsville	Texas	(972) 620-2287
103123	BEST CHOICE RESTAURANTS, LLC	Brownsville	Texas	(972) 620-2287
103124	BEST CHOICE RESTAURANTS, LLC	Harlingen	Texas	(972) 620-2287
103125	BEST CHOICE RESTAURANTS, LLC	San Benito	Texas	(972) 620-2287
103126	BEST CHOICE RESTAURANTS, LLC	Pharr	Texas	(972) 620-2287
103128	BEST CHOICE RESTAURANTS, LLC	Laredo	Texas	(972) 620-2287
103130	BEST CHOICE RESTAURANTS, LLC	El Paso	Texas	(972) 620-2287
103131	BEST CHOICE RESTAURANTS, LLC	El Paso	Texas	(972) 620-2287

Restaurant #	Franchisee	City	State	Telephone
103132	BEST CHOICE RESTAURANTS, LLC	El Paso	Texas	(972) 620-2287
103133	BEST CHOICE RESTAURANTS, LLC	Del Rio	Texas	(972) 620-2287
103135	BEST CHOICE RESTAURANTS, LLC	San Antonio	Texas	(972) 620-2287
103138	BEST CHOICE RESTAURANTS, LLC	San Antonio	Texas	(972) 620-2287
103139	BEST CHOICE RESTAURANTS, LLC	San Antonio	Texas	(972) 620-2287
103140	BEST CHOICE RESTAURANTS, LLC	San Antonio	Texas	(972) 620-2287
103142	BEST CHOICE RESTAURANTS, LLC	Schertz	Texas	(972) 620-2287
103143	BEST CHOICE RESTAURANTS, LLC	Amarillo	Texas	(972) 620-2287
103144	BEST CHOICE RESTAURANTS, LLC	Laredo	Texas	(972) 620-2287
103147	BEST CHOICE RESTAURANTS, LLC	Corpus Christi	Texas	(972) 620-2287
103148	BEST CHOICE RESTAURANTS, LLC	Pleasanton	Texas	(972) 620-2287
102359	NTZ Holdings LLC	Woodbridge	Virginia	(703) 837-6027
103396	Fenil Patel, Binoy Patel	Chesapeake	Virginia	(419) 481-1175
103397	Binoy Patel, Fenil Patel	Suffolk	Virginia	(419) 481-1175
103398	Binoy Patel, Fenil Patel	Virginia Beach	Virginia	(419) 481-1175
103399	Binoy Patel, Fenil Patel	Hampton	Virginia	(419) 481-1175
103541	Peak Restaurants, LLC	Roanoke	Virginia	(865) 300-3476
103543	Peak Restaurants, LLC	Christiansburg	Virginia	(865) 300-3476
101630	Aggressive Developments of Missouri, LLC	Madison	Wisconsin	(573) 243-8463
101631	Aggressive Developments of Missouri, LLC	Madison	Wisconsin	(573) 243-8463
101632	Aggressive Developments of Missouri, LLC	Janesville	Wisconsin	(573) 243-8463
101633	Aggressive Developments of Missouri, LLC	Beloit	Wisconsin	(573) 243-8463
101930	Geeta Deli, Inc.	Kenosha	Wisconsin	(847) 274-4368
101931	Geeta Deli, Inc.	Racine	Wisconsin	(847) 274-4368
101932	Geeta Deli, Inc.	Oak Creek	Wisconsin	(847) 274-4368
101933	Geeta Deli, Inc.	Milwaukee	Wisconsin	(847) 274-4368
101934	Geeta Deli, Inc.	Waukesha	Wisconsin	(847) 274-4368

EXHIBIT E
INFORMATION ON FORMER FRANCHISEES

INFORMATION REGARDING FORMER RESTAURANT FRANCHISEES
(For Year Ending December 31, 2020)

Transfers

Restaurant #	Former Franchisee	City	State	Telephone
101231	SERVUS, INC.	Bedford	Indiana	(812) 482-3212
101233	SERVUS, INC.	Vincennes	Indiana	(812) 482-3212
1144	New Orleans Deli & Dining, LLC	New Orleans	Louisiana	(504) 679-7012

Terminated, Not Renewed or Left The System-Other (Restaurant Previously Opened)

Restaurant #	Former Franchisee	City	State	Zip	Telephone	Category
100641	A.R. Mike Enterprise, Inc.	Cameron	Arizona	86020	(928) 380-6314	Termination
101071	BEST CHOICE RESTAURANTS, LLC	Tucson	Arizona	85705	(972) 620-2287	Termination
1029	C&S Deli, Inc.	Jonesboro	Arkansas	72401	(501) 225-6062	Termination
1429	Abundant Endeavors, Inc	Orlando	Florida	32826	352-278-8286	Termination
1279	DMAC81, LLC	Augusta	Georgia	30909	(317) 246-8193	Termination
103422	Southern Rock Restaurants, LLC	Olive Branch	Mississippi	38654	(615) 656-7240	Termination
1068	SD-2, LLC	Charlotte	North Carolina	28226	(317) 246-8193	Termination
1240	SD-2, LLC	Durham	North Carolina	27707	(317) 246-8193	Termination
1302	M 2, LLC	Harrisonburg	Virginia	22801	(804) 310-3585	Termination
1357	AliMax Enterprises, LLC	Herndon	Virginia	20170	(301) 651-6970	Termination
1343	M 2, LLC	Richmond	Virginia	23238	(804) 310-3585	Termination

Terminated (Restaurant Never Opened)

Restaurant #	Former Franchisee	City	State	Telephone
102542	LB Restaurant Group, LLC	Pensacola	Florida	(813) 394-0514
103661	ARAMARK Food and Support Services Group, Inc.	Ft. Worth	Texas	(215) 238-4013
101946	CCBROTT, Inc.	Eau Claire	Wisconsin	(317) 838-9108
101945	CCBROTT, Inc.	Wausau	Wisconsin	(317) 838-9108

EXHIBIT F
STATE ADMINISTRATORS

CALIFORNIA

Office of the Commissioner
 California Department of Financial Protection and Innovation
 320 West 4th Street, Suite 750
 Los Angeles, California 90013
 (866) 275-2677

FLORIDA

Department of Agriculture and Consumer Services
 Division of Consumer Services
 Mayo Building, Second Floor
 Tallahassee, Florida 32399-0800
 (850) 922-2770

ILLINOIS

Franchise Bureau
 Office of Attorney General
 State of Illinois
 500 South Second Street
 Springfield, Illinois 62706
 (217) 782-4465

MARYLAND

Office of the Attorney General
 Securities Division
 200 St. Paul Place
 Baltimore, Maryland 21202-2020
 (410) 576-7042

MINNESOTA

Minnesota Department of Commerce
 Securities-Franchise Registration
 85 7th Place, Suite 280
 St. Paul, Minnesota 55101
 (651) 539-1500

NEW YORK

NYS Department of Law
 Investor Protection Bureau
 Franchise Section
 28 Liberty Street, 21st Floor
 New York, NY 10005
 (212) 416-8236

CONNECTICUT

Securities and Business Investment Division
 Connecticut Department of Banking
 260 Constitution Plaza
 Hartford, Connecticut 06103
 (860) 240-8233

HAWAII

Hawaii Securities Commissioner
 Department of Commerce and Consumer Affairs
 Business Registration Division
 335 Merchant Street, Room 203
 Honolulu, Hawaii 96813
 (808) 586-2722

INDIANA

Indiana Securities Division
 302 West Washington Street
 Room E-111
 Indianapolis, Indiana 46204
 (317) 232-6681

MICHIGAN

Michigan Department of Attorney General
 Consumer Protection Division
 Antitrust and Franchise Unit
 670 Law Building
 Lansing, Michigan 48913
 (517) 335-7567

NEBRASKA

Department of Banking and Finance
 Commerce Court
 1230 "O" Street, Suite 400
 PO Box 95006
 Lincoln, NE 68509-5006
 (402) 471-3445

NORTH DAKOTA

North Dakota Securities Department
 600 East Boulevard Avenue
 State Capitol - 5th Floor
 Bismarck, North Dakota 58505-0510
 (701) 328-4712

OREGON

Department of Consumer and Business Services
Division of Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid Avenue, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

UTAH

Director, Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
P.O. Box 146704
Salt Lake City, Utah 84114-6704
(801) 530-6601

WASHINGTON

Securities Division
Department of Financial Institutions
150 Israel Road
Tumwater, Washington 98501
(360) 902-8760

RHODE ISLAND

Director of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 462-9527

TEXAS

Secretary of State
Statutory Document Section
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WISCONSIN

Wisconsin Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT G
AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection and Innovation
 California Department of Financial Protection and
 Innovation
 320 West 4th Street, Suite 750
 Los Angeles, California 90013

HAWAII

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

INDIANA

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

MICHIGAN

Michigan Department of Commerce
 Corporations and Securities Bureau
 6546 Mercantile Way
 Lansing, Michigan 48910

NEW YORK

Secretary of State of New York
 New York Department of State
 One Commerce Plaza
 99 Washington Avenue, 6th Floor
 Albany, NY 12231-0001

OREGON

Director
 Department of Insurance and Finance
 700 Summer Street, N.E.
 Suite 120
 Salem, Oregon 97310

SOUTH DAKOTA

Director of the Division of Insurance
 Division of Insurance
 Department of Labor and Regulation
 124 S Euclid Avenue, Suite 104
 Pierre, South Dakota 57501

WASHINGTON

Director of the Securities Division
 Department of Financial Institutions
 State of Washington
 150 Israel Road
 Tumwater, Washington 98501

ILLINOIS

Attorney General of the State of Illinois
 500 South Second Street
 Springfield, Illinois 62706

MARYLAND

Maryland Securities Commissioner
 200 St. Paul Place
 Baltimore, Maryland 21202-2020

MINNESOTA

Minnesota Commissioner of Commerce
 Department of Commerce
 85 7th Place, Suite 280
 St. Paul, Minnesota 55101

NORTH DAKOTA

North Dakota Securities Commissioner
 State Capitol
 Bismarck, North Dakota 58505

RHODE ISLAND

Director of Department of Business Regulation
 1511 Pontiac Avenue
 John O. Pastore Complex – Building 69-1
 Cranston, Rhode Island 02920

VIRGINIA

Clerk of the State Corporation Commission
 1300 East Main Street, 1st Floor
 Richmond, Virginia 23219

WISCONSIN

Wisconsin Commissioner of Securities
 201 W. Washington Avenue, Suite 300
 Madison, Wisconsin 53703

EXHIBIT H

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for McAlister's Franchisor SPV LLC in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code §§ 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement contains provisions requiring application of the laws of Georgia. These provisions may not be enforceable under California law.
3. The Franchise Agreement requires binding arbitration. The arbitration will occur at the offices of our principal place of business (currently Atlanta, Georgia) or another suitable location chosen by us in the city where our headquarters is located, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
4. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision many not be enforceable under California law.
5. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.
6. Neither we nor any person in Item 2 of the Disclosure Document is subject to any currently-effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling us or that person from membership in these associations or exchanges.
7. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document in a form and containing all information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
8. You must sign a general release when you sign your franchise agreement or if you renew or transfer your franchise or sign a superseding agreement. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (see California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 2000 through 20043).
9. The California franchise investment law requires that we deliver a copy of all proposed agreements related to the sale of the franchise, together with the Disclosure Document.

10. Regarding our website, www.mcalisters.com, please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfp.ca.gov.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

1. THESE FRANCHISES WILL BE, OR HAVE BEEN, FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE HAWAII SECURITIES COMMISSIONER, OR A FINDING BY THE HAWAII SECURITIES COMMISSIONER, THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE, AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN HAWAII WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST 7 DAYS BEFORE THE SIGNING BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATED TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. YOU SHOULD REFER TO THE FRANCHISE AGREEMENT ITSELF FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH YOU AND THE FRANCHISOR.
4. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 428E *et seq.*, the Franchise Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Hawaii is amended by adding the following language to Item 20:

As of the dates listed on the State Effective Dates page, this registration/exemption is or will be effective in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin, and exempt from registration in Florida, Kentucky, Nebraska, Texas, and Utah. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Illinois is amended to include the following:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required By Law:

THE TERMS AND CONDITIONS UNDER WHICH WE MAY TERMINATE
YOUR FRANCHISE AND YOUR RIGHTS ON NON-RENEWAL MAY BE
AFFECTED BY ILLINOIS LAW, 815 ILCS §§ 705/19 AND 705/20.

2. The provisions of the Franchise Agreement, and all other agreements concerning governing law, jurisdiction, and choice-of-law, will not constitute a waiver of any right conferred on you by the Illinois Franchise Disclosure Act. Illinois law will govern the Franchise Agreement with respect to franchisees under the jurisdiction of the Illinois Franchise Disclosure Act. Consistent with the foregoing, any provision in the Franchise Agreement that designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action that is otherwise enforceable in Illinois.
3. 815 ILCS § 705/41 (Illinois Franchise Disclosure Act) states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."
4. Section 21.1 (Your Acknowledgements) is deleted from all Illinois Franchise Agreements.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 through 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Indiana is amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement and any other agreements, or Georgia law, if these provisions are in conflict with Indiana law.
2. No release language stated in the Franchise Agreement relieves us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
3. Notwithstanding the terms of Item 12 of the Disclosure Document and Section 4 (Reserved Rights) of the Franchise Agreement (as applicable), we will not compete unfairly with you within a reasonable area.
4. Notwithstanding the terms of Section 13.1 (Indemnification) of the Franchise Agreement, you will not be required to indemnify the Focus Brands Parties for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
5. Section 15.4.B. (Restrictive Covenants: Post Term) of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to an area of reasonable size, for all franchises sold in the State of Indiana.
6. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as ". . . a material breach of the franchise agreement. . . ." supersedes any contrary provisions contained in Section 17 (Default and Termination) of the Franchise Agreement in the State of Indiana.
7. The provisions of the Franchise Agreement relieving both parties from liability for punitive damages will not apply to franchises offered and sold in the State of Indiana.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Maryland is amended as follows:

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION:

1. The general release required as a condition of renewal, transfer, and sale will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Item 17.v. of this Disclosure Document is modified as follows:

A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, as long as the nature of the litigation is not the type of dispute, controversy, claim, action or proceeding which would be subject to arbitration under the Franchise Agreement. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of your franchise.

3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for McAlister's Franchisor SPV LLC for the offer of franchises for use in the State of Minnesota is amended to include the following:

1. Item 6, "Other Fees," shall be amended as follows:

We may be limited in the amount of the insufficient funds fee ("EFT NSF Fee") we may charge you as described in Item 6 of this Disclosure Document. The Minnesota Department of Commerce requires us to disclose to you that, currently, the highest such fee permitted under Minnesota Statute 604.113 is \$30.

2. Item 13, "Trademarks," is amended by the addition of the following paragraph immediately:

The Minnesota Department of Commerce requires us to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of our trademark infringes on trademark rights of the third party. We do not indemnify against the consequences of a franchisee's use of our trademark except in accordance with the requirements of the Franchise Agreement; and, as a condition to indemnification, you must: (i) provide prompt notice to us of any such claim; (ii) tender the defense of the claim to us; and (iii) cooperate with us in the defense against the claim. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraph at the end of the Item:

Pursuant to Minn. Rule 2860.4400D, any general release of claims a transferor may have against us or our directors, officers, shareholders, and employees, including without limitation claims arising under federal, state, and local laws, rules, and ordinances, excludes claims the transferor may have under the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5, that require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that we not unreasonably withhold consent to the transfer of the franchise.
5. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring that litigation be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement abrogates or reduces any of your rights provided for in Minnesota

statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses under Minnesota law. Certain liquidated damages clauses are unenforceable.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the General Business Law of the State of New York, Article 33, §§ 680 through 695, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of New York is amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

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. The following is added at the end of Item 3 of the Disclosure Document:

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. 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.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the Franchise Agreement on any grounds available by law.

5. 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.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the Office of State of North Dakota Securities Commission, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of North Dakota is amended as follows:

1. A contractual requirement that you sign a general release will not apply to claims you may have under the North Dakota Franchise Investment Law.
2. Covenants not to compete such as those contained in the Franchise Agreement are generally considered unenforceable in the State of North Dakota.
3. The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses. Under the North Dakota Franchise Investment Law, certain liquidated damages clauses are unenforceable.
4. The Franchise Agreement requires that you consent to termination. This provision may not be enforceable under the North Dakota Franchise Investment Law.
5. The Franchise Agreement requires you to waive your right to collect exemplary or punitive damages. This provision may not be enforceable under North Dakota law.
6. The Franchise Agreement requires that you consent to the jurisdiction of a court in Georgia. This provision may not be enforceable under North Dakota Law because North Dakota Law precludes you from consenting to jurisdiction of any court outside of North Dakota.
7. Although the Franchise Agreement provides that any arbitration proceeding will be held at the offices of our franchise headquarters, we agree that the place of arbitration will be at a location that is agreeable to you and us.
8. Although the Franchise Agreement provides that the Franchise Agreement will be construed and enforced in accordance with the laws of the State of Georgia, we agree that the laws of the State of North Dakota will govern the Franchise Agreement.
9. The provisions of the Franchise Agreement on governing law, jurisdiction, and choice of law will not be a waiver of any right conferred on you by the North Dakota Franchise Investment Law.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Rhode Island is amended as follows by adding the following language at the end of 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."

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for McAlister's Franchisor SPV LLC for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Disclosure Document for McAlister's Franchisor SPV LLC for use in the State of Washington is amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, prevails.
2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington State.

EXHIBIT I
FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT

As you know, McAlister's Franchisor SPV LLC ("we") and the franchisee identified below ("you") are preparing to enter into a McAlister's® Franchise Agreement (the "**Franchise Agreement**") for the operation of a McAlister's® franchise. The purpose of this Acknowledgement is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Acknowledgement the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.**

Please review each of the following statements carefully and initial by each providing your acknowledgement that the statement is accurate and true. **If you find that a statement is not accurate and true, please cease signing this Acknowledgement and related documents and immediately e-mail Tim Goodman, Senior Vice President of Franchise Administration, at tgoodman@focusbrands.com and provide an explanation of why you believe such statement is not accurate and true.**

- _____ Initial 1. You have received and personally reviewed the Franchise Disclosure Document ("**Disclosure Document**") and the Franchise Agreement and each exhibit and schedule attached to them.
- _____ Initial 2. You understand all the information contained in the Disclosure Document and the Franchise Agreement.
- _____ Initial 3. You understand the success or failure of your franchise will depend in large part on your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- _____ Initial 4. No employee or other person speaking on our behalf has made any statement or promise regarding the costs involved in operating a McAlister's® franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document.
- _____ Initial 5. No employee or other person speaking on our behalf has made any statement or promise or agreement, other than those matters addressed in the Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- _____ Initial 6. No employee or other person speaking on our behalf has made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a McAlister's® franchise will generate, that is not contained in the Disclosure Document or that is

contrary to, or different from, the information contained in the Disclosure Document.

- Initial 7. You understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the McAlister's® franchise, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding.

YOU UNDERSTAND THAT YOUR ACKNOWLEDGEMENT OF THE STATEMENTS ABOVE ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ACKNOWLEDGEMENT, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH STATEMENT CAREFULLY AND THAT EACH STATEMENT IS ACCURATE AND TRUTHFUL.

«Z1_First_Name» «Z1_Last_Name»
a «Z1_State_of_Formation»
«Z1_Entity_Type»

By: _____
Name: «Signee_1_name»
Title: «Signee_1_title»

Date: _____

By: _____
Name: «Signee_2_name»
Title: «Signee_2_title»

Date: _____

By: _____
Name: «Signee_3_name»
Title: «Signee_3_title»

Date: _____

By: _____
Name: «Signee_4_name»
Title: «Signee_4_title»

Date: _____

By: _____
Name: «Signee_5_name»
Title: «Signee_5_title»

Date: _____

«Z5_First_Name» «Z5_Last_Name»
a «Z5_State_ofFormation»
«Z5_Entity_Type»

By: _____
Name: _____
Title: _____
Date: _____

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND RESTAURANTS LOCATED IN MARYLAND: Nothing in this Franchisee Disclosure Acknowledgement will act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER AND USE ADDITIONAL PAPER IF NECESSARY]:

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:

State	Effective Date
California	Exempt
Hawaii	
Illinois	Exempt
Indiana	
Maryland	
Michigan	
Minnesota	
New York	Exempt
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

Your Copy – Keep For Your Records

**ITEM 23
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If McAlister's Franchisor SPV LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If McAlister's Franchisor SPV 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 F.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: _____
Drive NE, Atlanta, Georgia 30342 and its telephone number is (404) 255-3250.

McAlister's Franchisor SPV LLC, the seller of these franchises, authorizes the agencies shown on Exhibit G to receive service of process for it in certain states.

The issuance date of this Disclosure Document is March 25, 2021.

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from McAlister's Franchisor SPV LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated March 25, 2021.

This Disclosure Document included the following exhibits: A – Financial Statements; B – Franchise Agreement and Related Agreements; C – Other Agreements; D – Information on Franchisees; E – Information on Former Franchisees; F – State Administrators; G – Agents for Service of Process; H – State Addenda to Disclosure Document; and I – Franchisee Disclosure Acknowledgement.

Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

If an individual:

(Name of corporation or LLC)

(Signature)

By: _____

(Print Name)

Its _____

(Title)

(Signature)

(Print Name)

(Print Name)

(Signature)

(Print Name)

Address of corporation, LLC, or individual(s): _____

Our Copy – Please Return to Us

**ITEM 23
RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If McAlister's Franchisor SPV LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If McAlister's Franchisor SPV 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 F.

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows: _____
Drive NE, Atlanta, Georgia 30342 and its telephone number is (404) 255-3250. _____
5620 Glenridge

McAlister's Franchisor SPV LLC, the seller of these franchises, authorizes the agencies shown on Exhibit G to receive service of process for it in certain states.

The issuance date of this Disclosure Document is March 25, 2021.

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from McAlister's Franchisor SPV LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated March 25, 2021.

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Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

If an individual:

(Name of corporation or LLC)

(Signature)

By: _____

(Print Name)

Its _____
(Title)

(Signature)

(Print Name)

(Print Name)

(Signature)

(Print Name)

Address of corporation, LLC, or individual(s): _____
