FRANCHISE DISCLOSURE DOCUMENT

(MULTI-UNIT MASTER FRANCHISE)

BHC USA LLC, a California limited liability company
3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010
323-424-3733
contact@bhc-usa.com

BHC USA LLC is offering master franchising opportunities for the operation of franchised BHC restaurants. As a BHC USA LLC master franchisee, you will grant affiliate franchise to affiliates and subfranchises to independent third-party entities to allow them to establish and operate BHC restaurant(s) that showcase the flavors of Korean style fried chicken, sandwiches, and other authorized food and beverages.

Under this disclosure document, we are granting you a right to open at minimum five (5) or more BHC restaurants, through an affiliate or subfranchisee, for an additional investment that will depend on the development area, the number of restaurants and other special circumstances. The total initial investment necessary to begin operation of your master franchise business as a Master Franchisee under a Multi-Unit Master Franchise Agreement is from $405,000 to $533,000 (assuming a minimum of five (5) restaurants). The total initial investment necessary for your first affiliate franchisee and subsequent subfranchisee to begin operation of a BHC restaurant ranges from $488,100 to $1,523,100.

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Brian Shin at 3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010, contact@bhc-usa.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's homepage at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 26, 2025.

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 BHC Restaurant 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 Exhibit C.
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 B 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 BHC Restaurants.
Will my business be the only BHC USA LLC master franchise business in my area?	Item 12 and the "territory" provisions in the master 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 has been involved in material litigation or bankruptcy proceedings.
What's it like to be a BHC master franchisee?	Item 20 or Exhibits C and D list current and former franchisees.
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 risks be highlighted:

1. **Out-of-state dispute resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in California than in your own state.

2. **Spousal liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

Certain states may require other risks to be highlighted. Check the "state specific addenda" (if any) to see whether your state requires other risks to be highlighted

BHC USA LLC MASTER FRANCHISE DISCLOSURE DOCUMENT

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"A" Multi-Unit Master Franchise Agreement

"B" Franchise Agreement

"C" Financial Statements

"D" List of Franchised BHC Store

"E" List of Terminated Franchises

"F" State Franchise Administrators and Agents for Service of Process

"F" State Specific Addenda

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"I" List of Approved Supplies

"J" Acknowledgment and Authorization for Background Check

"K" Receipt

Item 1: The Franchisor, And Any Parents, Predecessors, And Affiliates

To simplify the language, this disclosure document uses "we", "us" or "BHC" to mean BHC USA LLC, the franchisor. "You" means the individual, corporation, partnership, limited liability company, or other entity buying the BHC franchise. All persons who own not less than 5% of the voting right or equity interest in the master franchisee are "Principal Equity Operators".

(1) **The Franchisor, Parents and Affiliates.**

We are the franchisor. We were incorporated in California on 01/06/2022. Our principal business address is 3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010. We are wholly owned by our parent entity, Dining Brands Group Co, Ltd. (formerly known as BHC F&B Co., Ltd.), a South Korea corporation ("**BHC Korea**"). Its principal place of business is 19F, Lotte World Tower, 300, Olympic-ro, Songpa-gu, Seoul, Republic of Korea. BHC Korea owns the trademarks and the BHC USA LLC system. We are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or offers franchises in any line of business.

(2) **Predecessors.**

We have no predecessor.

(3) **Name the Franchisor Used or Intends to Use**.

We conduct business under the name "BHC USA", "BHC Chicken", or "BHC". We do not intend to use any other names to conduct business.

(4) **Agent for Service of Process**.

Our agent for service of process is Peter M. Sohn at 3435 Wilshire Blvd, Suite 460, Los Angeles, CA 90010, 213-487-3690, petersohncpa@gmail.com, and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin) the state office or official listed in Exhibit F of this disclosure document.

(5) **Type of Business Organization Used by the Franchisor**.

We are a California Limited Liability Company organized in California.

(6) **The Franchisor's Business and Franchises Offered.**

(i) **Franchisor Operation of the Type Being Franchised**.

BHC operates two (2) BHC Restaurants ("BHC-Owned Restaurants") of the type being franchised.

(ii) **Franchisor's Other Business Activities.**

Other than being the BHC franchisor, we do not engage in other business activities.

(iii) **The Business the Master Franchisee Will Conduct.**

We offer to qualified entities (each, a "Master Franchisee") the right to enter into a master franchise agreement with us ("MFA" or "Master Franchise Agreement") for the operation of a BHC master franchise business ("Master Franchise Business") within a specific geographic territory or territories (the "Development Area") using the Trademarks, System, and IP Rights (as these terms are defined below).

Under the MFA, you will be granted the right and license: (i) to grant subfranchises for the establishment and operation of BHC Restaurants, as defined below, within the Development Area ("Development Rights") to third party subfranchisees that meet our requirements ("Subfranchisees") by entering into Subfranchise Agreements (as defined below) ("Subfranchised BHC Restaurants"); and (ii) to directly own and operate through an affiliate of the Master Franchisee ("Affiliate Franchisee") ("Affiliate Franchised BHC Restaurants") within the Development Area once opened, and to support, and receive fees from, as applicable, all Master Franchised BHC Restaurants within the Development Area once opened ("Operating Rights").

"BHC Restaurant(s)" means a single retail dine-in, carry-out, drive-thru, and delivery restaurant, serving classic Korean flavor fried chicken (e.g., Korean cheese seasoning, Korean soy sauce, sweet & spicy sauce), sandwiches, wraps, Korean cuisines and other beverages, food, and related merchandise, products, and accessories, using designated concepts, designs, recipes, authorized equipment, and techniques.

"BHC Products" mean any product or service we authorize to be provided at BHC Restaurants under the System, as we may amend from time to time, with the understanding that any such products and services, including pre-packaged or ready-to-drink products and/or related merchandise or services, may only be offered to Affiliate Franchisees and Subfranchisees located within the Development Area, and not through any other distribution channels.

"Master Franchised BHC Restaurants" means Affiliate Franchised BHC Restaurants and Subfranchised BHC Restaurants opened and operated by Affiliate Franchisee or Subfranchisee respectively pursuant the Master Franchisee's Development Rights and Operating Rights.

You will be granted the right to use the "BHC CHICKEN" mark and "BHC" name, as well as such other trademarks, service marks, tradenames logos, designs and identifying slogans, whether registered or not registered, that we specifically designate, in the MFA or otherwise in writing, for use by Master Franchisee from time to time (collectively, the "Trademarks"). In addition, under the MFA, you will be granted the right to use the System and our "IP Rights" in accordance with our manuals and other requirements for the operation of Master Franchise Businesses.

The "System" is characterized by a distinctive layout, service style, design, signs, décor, furnishings, recipes, procedures, and techniques that is an unique system for the sourcing, distribution, offer and sale of Korea style fried chicken and sandwich, beverage products, other foods, certain complementary products, accessories, and services under the Trademarks, which includes operating and service procedures, management practices, techniques, methods, knowledge, expertise, skill and proprietary information relating to the operation of a food and beverage business, layout and other systems and procedures in relation to the Master Franchise Business and the operation of BHC Restaurants, as well as any amendments, and improvements we or our affiliates make to such System or any of the foregoing from time to time.

You will be required to conduct an approval process, including a background check, to confirm that each potential subfranchisee and each potential BHC Restaurant meet all of our then current minimum requirements for new subfranchisees and new BHC Restaurants, as the same may be amended, replaced or supplemented by us from time to time. We also have the right, upon written notice to you, at our sole discretion, to approve or disapprove any or all potential subfranchisees and potential BHC Restaurants. You may not directly operate any BHC Restaurant under the MFA, but may only do so through an affiliate that enters into a Franchise Agreement with BHC. A "Affiliate Franchised BHC Restaurant" means a BHC Restaurant that is or will be established and operated by an affiliate of the Master Franchisee, and a "Subfranchised BHC Restaurant" means a BHC Restaurant that is or will be established and operated by a Subfranchisee that is a third party and not your affiliate.

In order to maintain your Development Rights under the MFA, you must establish and operate the cumulative number of Master Franchised BHC Restaurants (including Affiliate Franchised BHC Restaurants and Subfranchised BHC Restaurants) in the Development Area by the dates specified in the applicable development schedule, as further described in Item 12. In addition, you must establish and operate at least one (1) Affiliate Franchised BHC Restaurant within the Development Area pursuant to a separate then-current Franchise Agreement before you may grant subfranchises to third parties for the establishment and operation of Subfranchised BHC Restaurants within the Development Area.

You are responsible for preparing and seeking our prior written approval of the form subfranchise agreement ("Subfranchise Agreement") and any other form agreements, including an area development agreement or lease addendum (collectively, "Other Agreements"), you intend to use with your prospective subfranchisees or Subfranchisees. In addition, once we have approved a form Subfranchise Agreement or Other Agreement, you may not modify the terms of such form documents without submitting to and receiving our prior written approval. Your form Subfranchise Agreement and Other Agreements must include terms and conditions consistent with your MFA and as we prescribed from time to time, including the maximum size of the territory granted under any Subfranchise Agreement or Other Agreement.

This disclosure document describes the Master Franchise Business. As further described below and in section 3.2(d)(vi) of the MFA, you are required to prepare and disclose to your prospective subfranchisees, including your affiliates, a separate disclosure document that details your offer of unit franchises for BHC Restaurants.

A form the current Master Franchise Agreement is attached as Exhibit A.

(iv) **General Market for BHC Products and Services.**

The general market in which you will operate the business involves the operation of a master franchise business, which will be to operate a master franchise business offering and selling franchise through an affiliate and subfranchises of dine-in, carry-out and delivery fried chicken and sandwiches and other full service and quick serve restaurants that serve fried chicken and/or sandwiches. The BHC Restaurant will offer BHC Products and services to the general public throughout the year and compete with other fried chicken chains (local, regional, and national), restaurants, grocery Restaurants, and food service businesses. The market for BHC Products is all individuals within a reasonable proximity to the BHC Restaurant. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal.

(v) **Industry Specific Laws or Regulations**

We know of no trade or license regulations which specifically affect the fried chicken and sandwiches industry. Laws exist in every state that govern the food-service industry (including health, sanitation, and safety regulations regarding food storage, preparation, and safety). You, your Affiliated Franchisee, and your Subfranchisees must comply with all local, state, and federal laws that apply to a BHC Restaurant's operation, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction. You must obtain real estate permits (such as zoning permits), and operational licenses. You, your Affiliated Franchisee, and your Subfranchisees also must comply with all PCI Data Security Standards. There are also regulations that pertain to sanitation, labeling, food preparation, food handling, and food service.

In addition, you, your Affiliated Franchisee, and your Subfranchisees are responsible for complying with all applicable federal and state laws relating to the offer, sale, maintenance, default, termination and non-renewal of franchises and subfranchises, including the FTC Franchise Rule, state franchise registration and disclosure laws, state relationship laws and state business opportunity laws (collectively, "Franchise Laws"). Further, you are solely responsible for preparing, amending and annually updating a franchise disclosure document ("Subfranchise FDD") to use in offering and selling subfranchises for BHC Restaurants to prospective subfranchisees in accordance with all Franchise Laws (although, upon your request, we will provide relevant information about ourselves and our business to include in your Subfranchise FDD), registering your Subfranchise FDD with the states, as applicable, properly providing your Subfranchise FDD to us and to prospective subfranchisees and complying with all applicable waiting periods before a prospective subfranchisee pays any consideration to you or your Affiliates or signs a binding agreement, and requesting information from us to allow you to prepare, amend, update and register your FDD in a timely manner. Further, you also will be responsible for complying with all applicable federal, state and local laws and regulations relating to your importation, storage, sale and delivery of the Approved Supplies (as defined in Item 8), including the Products.

(vi) **Competition**

The general market for unit franchisees is well developed. You will have to compete with brokers, franchisors, national chains and independently owned companies for prospective BHC franchisees.

The fried chicken and sandwich restaurant market is very well developed and highly competitive. You, your Affiliate Franchisee, and your Subfranchisees will compete with many other fried chicken and sandwich chains and individual fried chicken and sandwich restaurants.

(7) Prior Experience of Franchisor, Predecessors and Affiliates

The original System was founded in Korea, in 2004 by the principal owner of BHC Korea. BHC stands for "Better, Happier & Choice" and holds three guiding principles "Cleaner, Friendlier, and Tastier" to achieve our mission of offering flavors that bring happiness, no matter where or when. BHC also operates two (2) BHC-owned Restaurants of the type being franchised at Los Angeles, California. We have sold franchises providing the type of business you will operate. We do not offer franchises in other lines of business or engage in other business activities.

Item 2: Business Experience

The individuals at BHC who has management responsibility are as follows:

Chief Executive Officer: David Hosup Song

Mr. David Hosup Song has been BHC's Chief Executive Officer since December 2023 to current. Mr. Song has been with BHC Korea since 2023 where he served as the CEO of the overseas business department.

Managing Director / Head of US: Brian Shin.

Mr. Brian Shin has been BHC's Managing Director / Head of US since August 2024 to current. Prior to this, he was with Restaurant Brands International since 2017 and served in numerous roles, including Head of Franchising and Franchise Business Partner for Popeyes Louisiana Kitchen.

Item 3: Litigation

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

You will pay us a non-refundable development/license fee (**"MF Development Fee"**). The MF Development Fee will vary depending on the development area, the number of BHC Restaurants, and other special circumstances. However, the MF Development Fee for each Restaurant to be opened under the MFA shall not exceed $40,000 for each BHC Restaurant ("Initial Franchise Fee"). Upon signing the MFA, you pay a lump sum, non-refundable MF Development Fee for the total number of BHC Restaurants to be opened under the MFA. The MF Development Fee is non-refundable under any circumstances, even if you fail to open a BHC Restaurant.

In addition, the Initial Deposit for a Master Franchise Business is $20,000 for each BHC Restaurant in your Development Schedule ("Initial Deposit"). The Deposit is due and payable in full when you sign the MFA. The purpose of the Deposit is to secure against non-payment of your obligations under the MFA, and we reserve the right to use the Deposit to compensate ourselves for certain damages and expenses during the term of the MFA, and you must replenish the Deposit to its original amount if we make any deductions. Upon the expiration or termination of the MFA, we will return to you the remaining amount of the Initial Deposit, if any, without interest, after offsetting any sums owed you owe to us as soon as reasonably practicable.

For each Subfranchised BHC Restaurant that you subfranchise to third parties, you will cause the Subfranchisees to pay us four and one-half percent (4.5%) of Gross Revenues of the Master Franchised BHC Restaurants. The royalty you charge to Subfranchisees shall not exceed seven percent (7%) of Gross Revenues of the Subfranchised BHC Restaurants.

Before you open your first Affiliate Franchised BHC Restaurant or your Subfranchisee open their Subfranchised BHC Restaurant, as applicable, you, your Affiliate Franchisee or your Subfranchisees, as applicable, must purchase opening inventory of merchandise and supplies that includes certain proprietary products that you, your Affiliate Franchisee, or your Subfranchisees, as applicable, must purchase from us and our affiliates. We estimate that your, your Affiliate Franchisee's, or your Subfranchisees', as applicable, cost of pre-opening inventory for each Affiliate Franchised BHC Restaurant or Subfranchised BHC Restaurant will be between $10,000 to $20,000. You, your Affiliate Franchisee, and your Subfranchisees must also pay for Site Design Review Fee and Site Review Fee, as applicable.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Restaurant opens.

Item 6: Other Fees

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee from Affiliate Franchised BHC Restaurants	4.5% of Gross Revenue (2)(3)	Payable monthly on the following 5th days for the previous month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during every two (2) weeks.	Paid to us. We require payment by electronic funds transfer ("EFT"). We reserve the right, upon 90 days' written notice to you, to require you to pay Royalty Fees on a more frequent basis, including monthly or weekly
Royalty Fee from Subfranchised BHC Restaurants	4.5% Gross Revenues of Subfranchised BHC Restaurants. (3)	Same date as the Royalty Fee from Affiliate Franchised BHC Restaurants	Paid to us. We require payment by electronic funds transfer ("EFT"). We reserve the right, upon 90 days' written notice to you, to require you to pay Royalty Fees on a more frequent basis, including monthly or weekly The maximum royalty you can charge Subfranchisee is 7% of Gross Revenues.

Type of Fee	Amount	Due Date	Remarks
Marketing and Promotion Fees	2.5% of Gross Revenue	Same date as the Royalty Fee	Paid to BHC. However, we are not requiring this contribution at this time because we do not anticipate brand marketing until we have at least 50 BHC Restaurants in operation. Any expenses for local marketing must be paid by you directly to the vendors. We reserve the right to require payment of this fee (2.5% of Gross Revenue) once we have more than 50 BHC Restaurants in operation.
Product Purchases	Will vary depending on BHC Products purchased and then-current pricing.	As incurred	You must purchase all BHC Products from us.
Compensation for Development Delays	An amount up to the then-current BHC Initial Franchise Fee you are required to pay us for each Master Franchised BHC Restaurant multiplied by the number of Master Franchised BHC Restaurants short of the applicable Initial Development Quota	7 days after receipt of our request for payment	If you fail to meet any of the Initial Development Quotas by the date specified in the Initial Development Schedule (as these terms are defined in Item 12 and section 3.6 of the MFA), we have the right to collect from you this amount to compensate us for you delay in development
Site Design Review Fee	$2,500	Upon Submission of floor plan	Paid to Franchisor/Vendor. We will provide floor plan after we approve the site that you select.
Architectural Design Development and Permitting	$15,000 to $30,000	As arranged	Paid to vendors.
Leasehold improvement	$200,000 to $1,000,000	As arranged	Paid to vendors / Suppliers / Architect / Engineer

Type of Fee	Amount	Due Date	Remarks
Inspection Fee	$600	Immediately upon our demand after leasehold improvement	We will make three (3) on-site visits to the BHC Restaurant before opening for inspection, which include a complete a final "walk through" inspection of the BHC Restaurant without you incurring additional fees. Any deficiencies noted by us because of our inspection must be corrected by you within 30 days or this Agreement may be terminated without any liability to us. If we provide any additional on-site visits after the third (3rd) time, you must reimburse us for the Actual Costs of each individual on-site visit. (5)
Franchise Ad Co-op Fee	None	Not applicable	At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for BHC Restaurants generally. We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time.
Post-Opening Training	$4,000 per person	After the training	We provide our training program after opening upon Master Franchisee's request.
Transfer Review Fee	A non-refundable fee of $3,500, or such greater amount as is necessary to reimburse Franchisor's out of pocket costs associated with the transfer / assignment, including attorneys' fees	Upon submission of your request to transfer	Franchise Agreement defines what events constitute "transfer" requiring payment of a fee.
Transfer Fee	$40,000 (100% of our then-current Initial Franchise Fee per BHC Restaurant)	Upon our approval of your transfer request	MFA defines what events constitute "transfer" requiring payment of a fee.
Alternative Supplier Testing Fee	$500 to $1,000	When approval of an alternate supplier is	This covers the Actual Costs plus the costs of testing new products or inspecting new suppliers you propose.

Type of Fee	Amount	Due Date	Remarks
		requested by you.	
Audit	$10,000 to $20,000	On receipt of invoice	You will pay us the costs of an audit to be performed if you fail to provide monthly financial statements, or if a random audit shows an understatement of Gross Revenue in excess of 2%. (6)
Late payment	$100 per occurrence, plus, the lesser of the daily equivalent of 10% per year ("Interest").	Upon demand	Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.
Failure to Submit Required Report Fee (7)	$200 per week	Your bank account will be debited for failure to submit any requested report within ten (10) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Marketing and Promotion Fees contribution, if established, or us. You will continue to incur this fee until you submit the required reports. (7)
Dishonored Item Fee	The lesser of $100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Site Review Fee	$2,000 to $4,000	As incurred	You, your Affiliate Franchisee, and your Subfranchisees are solely responsible for selecting the site of your BHC Restaurant, which will be subject to our review and acceptance. We do not locate sites for you. However, we may, without obligation, assist you, your Affiliate Franchisee and your Subfranchisees in locating or evaluating a site for a reasonable fee, including Actual Costs.
Indemnification	Will vary under circumstances	As incurred	You reimburse losses we suffer from the operation of your business. (9)
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for arbitration proceedings.

Type of Fee	Amount	Due Date	Remarks
Insurance (8)	Will vary under circumstances	As incurred	You must be fully covered in all areas of operating a business. If you do not procure and maintain the required insurance coverage we may, but are not required to, procure insurance coverage on your behalf and to charge the costs to you together with a reasonable fee for the expenses we incur. (8)
Management Fee	Reimbursement of our costs, plus a 15% administration charge	As incurred.	Payable if we manage the Master Franchised BHC Restaurant because of death or incapacity.
Liquidated Damages Upon Termination for Your Default	See Note (10) for formula	Effective date of termination	Payable in lieu of any damages for our lost future revenue as a result of your default; but this is in addition to any other damages, costs, and expenses to which we may be entitled.

Notes:

(1) All fees are payable to us and are non-refundable. At this time, we impose fees uniformly, unless otherwise indicated. However, we retain discretion to reduce fees in individual cases in our discretion.

(2) "Gross Revenue" means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the BHC Restaurant or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source, including but not limited to sales from delivery or deliver services such as Door Dash, Uber Eats, Postmates, etc. Gross Revenue also includes any amount received from business insurance proceeds. "Gross Revenue" does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; and (iii) tips or gratuities paid or payable to your employees.

(3) Subfranchisees must pay us a Royalty Fee of 4.5% from Gross Revenues derived from the Subfranchised BHC Restaurants. The royalty you charge to Subfranchisees shall not exceed seven percent (7%) of Gross Revenues of Subfranchised BHC Restaurants.

(4) Because your failure to comply with the obligations under your MFA may cause immediate and substantial damage to our interests and cause us to incur administrative and other expenses, we reserve the right to use the Deposit to compensate ourselves for such damage and expenses in certain situations. If we deduct any amount from the Deposit, you must replenish the Deposit to its original amount within 10 business days of each deduction.

(5) "Actual Costs", as used in this Disclosure Document, include our then-current daily allowance, travel, meals, and boarding expenses for our staff per our then-current daily allowance policy. Actual Costs will

vary for each franchise and each location depending on several factors. Payments to us are not refundable. We are not able to represent whether amounts that you may pay to third parties are refundable. Further, we do not offer direct or indirect financing to franchisees for any items.

(6) We and our designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the Master Franchised BHC Restaurant and your operation of the Business. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which Franchisee's Master Franchised BHC Restaurant is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due us by 2% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, or it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit, you must reimburse us for the cost of having your books and records examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate the Franchise Agreement).

(7) Not later than ten (10) business days after our request, you must submit to us financial or statistical reports, records, statements, or information as required in the Operations Manual or otherwise by us in writing. All financial or statistical information you provide to us must be accurate and correct in all material respects. Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to Franchisor a copy of the Schedule C (Form 1040 Profit or Loss From Business) or equivalent portion of your federal tax return that relates to the Master Franchised BHC Restaurant and your operation of the Business.

(8) Insurance includes all risk or all peril coverage, business interruption insurance, comprehensive general liability insurance and other forms of insurance we require. You pay insurance merchandise directly to our required third-party insurer. You must deliver to us upon commencing leasehold improvement of your Master Franchised BHC Restaurant, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to you and us.

(9) You must indemnify and hold harmless us and our affiliates, and each of our and their respective directors, officers, employees, shareholders, agents, successors and assigns from any liability or damage any of them may incur, including reasonable attorney fees, as a result of claims, demands, costs, or judgments of any kind or nature, by anyone whomsoever, for bodily injury or property damage arising out of or otherwise connected with your or your Subfranchisee(s)' negligent performance or actions with respect to the MFA, any Subfranchise Agreements, Trademarks, IP Rights, Confidential Information, maintenance or operation of Master Franchised BHC Restaurants, or any act of omission or commission by you, Franchisee or your Subfranchisee(s), officers, directors, shareholders or agents, except in cases of gross negligence or willful misconduct by us.

(10) Liquidated damages are calculated as follows: (a) your average royalty fees, advertising fees, and technology fees payable each month over the 12-month period immediately preceding the date of termination (or, if the Master Franchised BHC Restaurant has been open less than 12 months, the average monthly royalty fees and advertising fees payable for the period the Master Franchised BHC Restaurant was open); (b) multiplied by the lesser of (i) 36 months, or (ii) the number of months then remaining in the then-current term of the Franchise Agreement. If no Master Franchised BHC Restaurant has been opened at the time of termination, Franchisor's lost future revenues as a result of Master Franchisee's breach shall be an amount equal to the average monthly royalty fees, advertising fees, and additional fees

payable by other similar franchisees within twenty-five (25) miles of any of Master Franchisee's proposed locations multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement.

Item 7: Estimated Initial Investment:

The first table in this Item 7 describes your estimated initial investment to commence operation of your Master Franchise Business in the Development Area. In addition, (i) given that you must establish and operate through an affiliate at least one (1) Affiliate Franchised BHC Restaurant within the Development Area pursuant to separate Franchise Agreement before you may grant subfranchises to third parties, and (ii) a second table in this Item 7 that describes your affiliate's estimated initial investment to establish and begin operation of the first Affiliate Franchised BHC Restaurant within the Development Area.

YOUR ESTIMATED INITIAL INVESTMENT:
(Master Franchise Business)

Type of Expenditure (1)	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
MF Development Fee (2)	$200,000	Lump sum; non-refundable	At signing of MFA	Franchisor
Initial Deposit (3)	$100,000	Lump sum; refundable at expiration of MFA	At signing of MFA	Franchisor
Office Equipment and Supplies (4)	$0 to $5,000	As Incurred	When Incurred	Various Suppliers
Business Office (5)	$0 to $15,000	As Incurred	As Incurred	Lessor and Various Suppliers
Storage and Product Delivery Expenses (6)	$0 to $5,000	As Incurred	As Incurred	Various Suppliers
Initial Training Fee (7)	$8,000	Lump sum; non-refundable	As Incurred	Franchisor
Opening Inventory and Supplies, Uniforms for First Affiliate Franchised BHC Restaurant (8)	$0 to $20,000	Lump Sum	Prior to the opening of the first Affiliate Franchised BHC Restaurant by your Franchisee	Franchisor and Approved Suppliers
Insurance (9)	$7,000 to $10,000	As Incurred	As Incurred	Insurance Provider
Utility Deposit, Business licenses	$5,000 to $10,000	As Incurred	As Incurred	Government and agencies

Type of Expenditure (1)	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Professional Fees	$5,000 to $10,000	As Incurred	As Incurred	Attorneys and accountants
Additional Funds – 3 months (10)	$60,000 to $150,000	As Incurred	As Incurred	Employees and Approved Suppliers, etc.
TOTAL (11)	$405,000 to $553,000			

Notes:

(1) General. As further explained above, this table describes your estimated initial investment to commence operation of your Master Franchise Business in the Development Area. Except where otherwise noted, all payments to us or our affiliates are nonrefundable. Whether payments made to others will be refundable will depend on your arrangements with them. As of the issuance date of this disclosure document, we do not offer any direct or indirect financing.

(2) MF Development Fee. This amount reflects the total estimated initial investment needed to become a Master Franchisee to open a minimum of five (5). The MF Development Fee will vary depending on the Development Area, the number of Master Franchised BHC Restaurants, and other special circumstances provided the MF Development Fee for each BHC Restaurants to be opened under the MFA shall not exceed then current Initial Franchise Fee. Upon signing the MFA, you pay a lump sum, non-refundable MF Development Fee for each Master Franchised BHC Restaurant to be opened under the MFA. The MF Development Fee is non-refundable under any circumstances, even if you fail to open a Master Franchised BHC Restaurant.

(3) Deposit. As further described in Item 5, you must pay us a Deposit in the amount of $100,000 for five (5) Master Franchised BHC Restaurants. The Deposit will vary depending on the number of Master Franchised BHC Restaurants.

(4) Office Equipment and Supplies. This range estimates the cost of the office equipment, set-up and supplies necessary to begin operation of your Master Franchise Business, which may include computer hardware and software, printers, website development and launch, business cards, and other paper products and office supplies. The low end of this range assumes that you already have access to some of these items, while the high end assumes that you are leasing or purchasing most of the items.

(5) Business Office. While you are required to have access to space from which to communicate with us and operate your Master Franchise Business, you are not obligated to open and maintain a separate business office within the Development Area. The low end of this range assumes that you already have a space from which to operate your Master Franchise Business. The high end of this range assumes that you elect to open and maintain a small office of 1,000 square feet, pay a deposit and rent for the first 3 months, and incur costs for office fixtures and furniture. The cost of your office, however, will vary greatly depending on its size, location, and the fixtures and furniture you choose, if the space is not already built out and furnished.

(6) Product Storage and Delivery Expenses. As further described in Item 8, because you will be purchasing Products from us and distributing them to the Master Franchised BHC Restaurants operated

by your Affiliate Franchisee and your Subfranchisees in the Development Area, you will eventually incur expenses relating to the storage and the delivery of the Products from port of entry to the Master Franchised BHC Restaurants. The low end of this range assumes that you do not incur any storage or delivery expenses during your first 3 months of operation because you do not purchase any Products from us during this period, or you purchase Products, but already have a storage facility you can use and you take care of Product delivery yourself. The high end of this range assumes that you purchase Products from us during your first 3 months of operation, and incur up to $4,000 per month to rent warehouse space or pay a third party storage facility, and $1,000 per month to cover delivery fees.

(7) Travel and Living Expenses while Training. You are responsible for each trainee's transportation, wages, and benefits during training. See Item 11 for more information regarding training.

(8) Initial Inventory of Products for first Affiliate Franchised BHC Restaurant. The low end of this range assumes that you do not purchase an initial inventory of BHC Products for the first Affiliate Franchised BHC Restaurant during your first 3 months of operation, and the high end assumes that you purchase such initial inventory during this period.

(9) Insurance. As further described in Item 8, you are required to purchase and maintain all of the insurance coverage, as well as any other insurance coverage required by law. This estimate represents the initial deposit for such insurance and approximately 3 months of premiums. However, the cost of this insurance will vary significantly depending on a number of factors, including the size and location of your Development Area, the levels and type of insurance you purchase, whether to open a business office and past claims.

(10) Additional Funds. This amount estimates the expenses you will incur during the first 3 months of the operation of your Master Franchise Business, including without limitation employee salaries and benefits, telephone and internet access fees, subscription fees, taxes, miscellaneous supplies and interest payments on any business loans. It does not include your compensation during this 3-month period. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the Master Franchise Business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, applicable economic conditions, the market for the Products and subfranchises within the Development Area, competition, the amount of the initial investment you decide to finance, interest rates/inflation rates, and any revenues received during the initial period.

(11) Total. This total is an estimate of your initial investment and the estimated expenses you may incur during the first 3 months of the operation of your Master Franchise Business.

YOUR ESTIMATED INITIAL INVESTMENT: First Affiliate Franchised BHC Restaurant

Type of Expenditure (1)	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (2)	$40,000	Lump sum; non-refundable	At signing of MFA	Franchisor
Initial Deposit	$20,000	Lump sum; refundable at expiration of Franchise Agreement	At signing of MFA.	Franchisor

Type of Expenditure (1)	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Inspection Fee	$600	Immediately upon our demand after leasehold improvement	We will make three (3) on-site visits to the Master Franchised BHC Restaurant before opening for inspection, which include a complete a final "walk through" inspection of the Master Franchised BHC Restaurant without you incurring additional fees. Any deficiencies noted by us because of our inspection must be corrected by you within 30 days or this Agreement may be terminated without any liability to us. If we provide any additional on-site visits after the third (3rd) time, you must reimburse us for the Actual Costs of each individual on-site visit.	Franchisor
Grand Opening Marketing	$10,000 to $13,000	Lump sum; non-refundable	During the first 60 days of opening	Advertisers and Vendors
Site Design Review Fee	$2,500	Lump sum; non-refundable	Upon Submission of floor plan	Paid to Franchisor /vendors.
Site Review Fee	$2,000 to $4,000	Lump sum; non-refundable	When Incurred	Franchisor
Architectural Design Development and Permitting	$15,000 to $30,000	As arranged	When Incurred	Approved Architect / Designer/Engineer
Lease: Initial Rent / Deposits (3)	$7,000 to $20,000	As arranged	When Incurred	Landlord
Leasehold improvement, remodeling (4)	$200,000 to $1,000,000	As arranged	When Incurred	General Contractor / Suppliers / Architect / Engineer

Type of Expenditure (1)	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Furniture, Equipment and Fixtures (5)	$75,000 to $150,000	As arranged	When Incurred	Franchisor and/or Approved Suppliers
Initial Training Fee (6)	$8,000	Lump sum; non-refundable	When Incurred	Franchisor
Opening Inventory and Supplies, Uniforms (7)	$10,000 to $20,000	As arranged	When Incurred	Franchisor or Approved Suppliers
Insurance (8)	$7,000 to $10,000	As arranged	When Incurred	Insurance Provider
Computer System (POS) (9)	$7,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Computer System Service Fees	$4,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Signage (10)	$10,000 to $15,000	As arranged	When Incurred	Approved Suppliers
Utility Deposit, Business licenses (11)	$5,000 to $10,000	As arranged	When Incurred	Government and agencies
Professional Fees	$5,000 to $10,000	As arranged	When Incurred	Attorneys and accountants
Additional Funds – 3 months (12)	$60,000 to $150,000	As arranged	When Incurred	Employees and Approved Suppliers, etc.
TOTAL (13)	**$488,100 to $1,523,100**			

Notes:

** The amount of payments will vary for each franchise and each location depending on a number of factors. Payments to us are non-refundable. We are not able to represent whether amounts that you may pay to third parties are refundable. Further, we do not offer direct or indirect financing to franchisees for any items.

(1) As further explained above, this table describes the estimated initial investment for your Affiliate Franchisee will incur to establish and begin operating the first Affiliate Franchised BHC Restaurant you are required to develop under the MFA within the Development Area. This Item 7 assumes that you will enter into a Franchise Agreement with BHC for this first Master Franchised BHC Restaurant consistent with the then current form of the Franchise Agreement described in section 3.2 of the MFA. As a result, none of the fees or costs included in this table are directly payable to us (except for training fees and expenses), some of the fees and costs are payable to you or your affiliates, and the rest of the costs and

fees are payable to third party suppliers, government agencies or other providers. Except where otherwise noted, we have assumed that all payments to you or your affiliates are non-refundable. Whether payments made to others will be refundable will depend on the Affiliate Franchisee's arrangements with them. We also have assumed that you and your affiliates do not offer the Affiliate Franchisee any direct or indirect financing.

(2) Real Estate. A BHC Restaurant occupies about 1,500 to 3,500 square feet of space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas than in more suburban or small-town areas. BHC Restaurants can be located in strip shopping centers, shopping malls, free-standing units, and other venues in commercial areas and in residential areas. We anticipate that the Affiliate Franchisee will rent the Master Franchised BHC Restaurant's premises. Costs may vary considerably depending on such factors as material and labor costs in the Affiliate Franchisee's area. These estimates are for new leasehold improvement and do not include tenant improvement allowances, if any. If the Affiliate Franchisee remodels an existing facility, we expect the Affiliate Franchisee's remodeling costs to be lower depending on the condition of the premises. If the Affiliate Franchisee chooses to purchase the land or building, the Affiliate Franchisee will incur substantial additional costs and expenses, which we cannot meaningfully estimate.

(3) Leasehold improvement / Remodeling. Leasehold improvement / remodeling costs, including floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and contractor's fees depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for the Affiliate Franchisee's Franchised BHC Restaurant; and any leasehold improvement or other allowances the landlord grants. The lower figure assumes that the Affiliate Franchisee has a unique real estate model; the higher figure assumes a high square footage model. The estimates included in the table above reflect the average deduction provided by landlords for tenant improvements and other allowances. These figures presume that the Affiliate Franchisee will lease the Master Franchised BHC Restaurant premises; if the Affiliate Franchisee choose to purchase the land or building, the Affiliate Franchisee will incur substantial additional costs and expenses, which we cannot meaningfully estimate. Costs may vary considerably depending on such factors as material and labor costs in your area. These estimates are for new leasehold improvement and do not include tenant improvement allowances, if any. If the Affiliate Franchisee remodels an existing facility, we expect the Affiliate Franchisee's remodeling costs to be lower depending on the condition of the premises. The Affiliate Franchisee must, at the Affiliate Franchisee's expense, employ a leasehold improvement company, architect, kitchen designer, interior designer, and signage company reasonably acceptable to us as may be necessary to complete, adapt, or modify the sample plans and specifications for the Affiliate Franchisee's Franchised BHC Restaurant.

(4) Furniture, Fixtures and Equipment. These amounts include the fried chicken making machines that the Affiliate Franchisee must purchase and the cost for refrigerators, freezers, and other equipment, such as office equipment and furniture and a telephone system.

(5) Training Fee. the Affiliate Franchisee is responsible for all accommodation, transportation, meals, daily allowances and other costs and expenses for the Franchisor's trainer(s) to train the Affiliate Franchisee personnel at the Master Franchised BHC Restaurant or other location designated by us. The amount in the table represents the estimated costs and expenses for our trainer(s) and additional expenses that the Affiliate Franchisee will incur for the Affiliate Franchisee and one additional person to attend our initial training program.

(6) Opening Inventory. This includes food and beverage products, paper products, cleaning supplies, promotional material, and other supplies.

(7) Insurance. The Affiliate Franchisee must carry insurance policies protecting you, us, and our affiliates. The insurance policy or policies must meet the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Affiliate Franchised BHC Restaurant, Restaurant improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Affiliate Franchised BHC Restaurant, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operations timeframe for the Affiliate Franchised BHC Restaurant) during the rebuilding process); (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance; (iv) workers' compensation covering all of Affiliate Franchisee employees; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple Restaurant locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) we must be named as an additional insured on all liability policies; (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and (x) any other such insurance coverages or amounts as required by law or other agreement related to the Affiliate Franchised BHC Restaurant. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the System, standards of liability and higher damage awards. The insurance coverages referenced above must commence as of the date the Affiliate Franchisee signs a lease or purchase agreement for the Affiliate Franchised BHC Restaurant. The Affiliate Franchisee must deliver to us upon execution of the lease for the Affiliate Franchised BHC Restaurant, but before commencing leasehold improvement of the Affiliate Franchised BHC Restaurant, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that the certificate cannot be canceled, terminated, or materially changed without 30-day prior written notice to you and us. The Affiliate Franchisee must also notify us in writing immediately regarding any cancellation, non-renewal or reduction in insurance coverage or limits. If the Affiliate Franchisee does not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for the Affiliate Franchisee and the Affiliate Franchised BHC Restaurant.

(8) Computer System (POS) and Computer System Service Fee. The Affiliate Franchisee must purchase a Computer System that meets our specifications and requirements. As more fully described in Item 11, the Affiliate Franchisee must obtain the "POS System" as detailed in the Operation Manual. The POS System must be connected via a high-speed connection at all times and be capable of accessing the Internet. The Affiliate Franchisee must obtain certain Information Systems that we specify. The Affiliate Franchisee must also obtain related service contracts, support contracts and other similar arrangements. We have not included the costs of required hardware and software maintenance agreements, if any. This figure does not include any technical support costs associated with operating the hardware or software.

(9) Signage. This includes inside and outside signage.

(10) Utility Deposits and Business Licenses. The Affiliate Franchisee must obtain business licenses as dictated by local regulations. The Affiliate Franchisee will need to provide monies for deposits for utilities.

(11) Additional Funds. This item estimates the Affiliate Franchisee minimum expenses during the initial period (first three months) of operation of the Affiliate Franchised BHC Restaurant (other than the items identified separately in the table). In compiling these estimates, we rely on the experience of our affiliate in the leasehold improvement and development of BHC Restaurants. These amounts are the minimum recommended levels to cover the Affiliate Franchisee's operating expenses for 3 months, including rent, utilities, wages, and payroll expenses for a minimum staff. However, we cannot guarantee that such an amount will be sufficient. The estimate of additional funds does not include an owner's salary or draw, or any financing costs if the Affiliate Franchisee has borrowed any funds to begin the Affiliate Franchisee's business. The additional funds required will vary by the Affiliate Franchisee's area; how much the Affiliate Franchisee follows our methods and procedures; the Affiliate Franchisee's management skills, experience, and business acumen; the relative effectiveness of the Affiliate Franchisee's staff; local economic conditions; the local market for the Affiliate Franchisee's products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. The Affiliate Franchisee must provide security deposits for utilities and rent (and possibly for other items).

(12) Total. This total is an estimate of the initial investment and the estimated expenses that the Affiliate Franchisee will incur during the first 3 months of its operation of the first Affiliate Franchised BHC Restaurant with the Development Area.

Item 8: Restrictions on Sources of Products and Services

You must, and ensure that your Affiliate Franchisee and your Subfranchisees: (i) advertise, sell, and serve all and only the products we authorize; (ii) purchase, and maintain inventory as needed to meet reasonably anticipated consumer demand of the BHC Products; and purchase and sell ancillary products, which may include books, specialty foods, packaged foods, books, hats, t-shirts, and novelty items, as we periodically specify, for sale at a Master Franchised BHC Restaurant ("**Ancillary Products**"). To ensure highest degree of consistency, service, and quality, you must practice and conform to, and ensure that your Affiliate Franchisee and your Subfranchisees maintain and comply with, the standards, operating procedures, specifications, and rules we have established for the operation of a Master Franchised BHC Restaurant, as modified by us from time to time including specifications as to ingredients, brand names, preparation, and presentation ("**Standards**"). You and your Affiliate Franchise must purchase, and must ensure that your Subfranchisees only purchase, all products that your Affiliate Franchise and your Subfranchisee offer from a Master Franchised BHC Restaurant, including products which bear any of our trademarks, solely and exclusively from BHC, or our designated supplier.

For purposes of clarification, except as otherwise provided in the MFA or in writing by us, you and your Affiliate Franchisee must purchase all BHC Products from BHC, and your Subfranchisees shall purchase all BHC Products to be used and sold from their Master Franchised BHC Restaurants from BHC or our affiliates. You may not, and must ensure that your Subfranchisees do not, distribute, sell, resell, supply, license, sublicense, lease, rent, loan, market, provide access to, make available or transfer any Supplies to any third party.

Required Purchases of Goods or Services, including Computer and Point of Sale System

In order to ensure a uniform image and uniform quality of products and services throughout the System, you and your Affiliate Franchisee must maintain and comply with and must ensure that your Subfranchisees maintain and comply with our Standards.

From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products.

As of the date of this Disclosure Document, there are designated suppliers who are the only source for equipment, gift cards and merchandising materials, sauce mix, inventory items, signage, Computer System, and uniforms.

Franchisor or its Affiliates Acting as Approved Suppliers

As of the date of this Disclosure Document, we are not the only approved supplier for any goods or services.

Approved Suppliers and Approval of Alternative Suppliers

We provide you with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Master Franchised BHC Restaurant ("**Approved Supplies List**"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source. The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. A copy of the current list of Approved Supplies List is attached as Exhibit H. The Approved Suppliers and Approved Supplies List are not specific to the operation of a Subfranchise. We may revise the Approved Suppliers List and Approved Supplies List. We and the Approved Suppliers may make changes to the prices, delivery terms, and other terms relating to their respective sale of Approved Supplies to you, your Affiliate Franchisee and/or your Subfranchisees on 30 days' notice to you. We and the Approved Suppliers reserve the right to discontinue the sale of any Approved Supplies (or any part thereof) at any time we or the Approved Suppliers determine, in our or their sole judgment, that the continued sale of such item has become unfeasible, unprofitable, or otherwise undesirable. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will provide contact information for your distributors and/or manufacturers of all products offered at the Master Franchised BHC Restaurant. Except where we identify a sole single source, if you, your Affiliate Franchisee and/or your Subfranchisees propose to use in the operation of your Affiliate Franchisee and/or your Subfranchisee's BHC Restaurant any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards ("**Alternative Supplies**") and/or from a supplier not yet approved in writing by us ("**Alternative Supplier**"), you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days).

You may not, and must ensure that your Affiliate Franchisee your Subfranchisees not, use any product, supply, material, furnishing or equipment that we have not approved. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer

relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications.

As a condition of approval, you, your Affiliate Franchisee and your Subfranchisees, and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses together with daily allowance incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in the MFA requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We and our affiliates have the right to receive payments, rebates, and other forms of consideration from suppliers based upon your, your Affiliate Franchisee and your Subfranchisees (and other franchisees') purchases of goods, products, and services as described in this Item 8, as well as in connection with any future purchases of any goods, products, and services. Most of these payments are calculated as an amount based on products sold to you, your Affiliate Franchisee and your Subfranchisees. We will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you, Franchisee or your Subfranchisees because of your, your Affiliate Franchisee's, or your Subfranchisees' use of approved suppliers.

Issuance of Specifications and Standards

We issue specifications and Standards regarding authorized BHC Products and services to its franchisees through the Operations Manual and other communications in writing or by email. We also issue specifications and Standards regarding authorized BHC Products to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

In 2024, we did not derive revenue, rebates, or other material consideration as a result of required purchases or leases by BHC franchisees or as rebates.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do not negotiate purchase arrangements or price terms with suppliers for the benefit of franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

We do not provide material benefits to you, your Affiliate Franchisee, or your Subfranchisees based on your, your Affiliate Franchisee's, or your Subfranchisees' use of designated Approved Suppliers but doing so is one of your obligations under the MFA and we may either require you, your Affiliate Franchisee and your Subfranchisees to purchase replacement products from a designated Approved Supplier or terminate your MFA if you purchase from unapproved sources in violation of your MFA.

Ownership Interest By an Officer of the Franchisor

None of our officers owns an interest in any supplier.

Required Purchases

The estimated proportion of your required purchases from Approved Suppliers and leases by you to all purchases from Approved Suppliers and lease by you of goods and services in establishing your Master Franchise Business is 4% to 5% and operating your Master Franchise Business is 20% to 35%**.**

Item 9: Franchisee's Obligations

MASTER FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Multi-Unit Master Franchise Agreement and Other Agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in MFA	Disclosure Document Item
a. Site selection and acquisition/lease	7.1, 7.2, 8.6, , Exhibit 1	7.2, 11
b. Pre-opening purchases/leases	7.1, 7.3,	8
c. Site development and other pre-opening requirements	3.4, 3.6	6, 7, 11
d. Initial and ongoing training	6.1 – 6.3	11
e. Opening	7.1, Exhibit 1	11
f. Fees	4.1, 4.2, 4.3	5, 6, 7
g. Compliance with standards and policies/ operating	3.4, 3.9	11
h. Trademarks and proprietary information	9.1 – 9.5	13,14
i. Restrictions on products/services offered	3.5 – 3.7	16
j. Warranty and customer service requirements	Not applicable	11
k. Territorial development and sales quotas	3.1, 3.4, Exhibit 1	12
l. Ongoing product/service purchases	7.3	8
m. Maintenance, appearance, and remodeling	8.5	11
n. Insurance	8.9	6, 8
o. Advertising	10.1, 10.2	6,11
p. Indemnification	11,16.2	6
q. Owner's participation/management/ staffing	18.1	11,15
r. Records and reports	5.2, 8.7	6

s. Inspections and audits	8.10	6,11
t. Transfer	12.1 – 12.6	17
u. Renewal	5.2	17
v. Post-termination obligations	6.2, 6.3, 6.4, 11.2	17
w. Non-competition covenants	11.1 – 11.3	17
x. Dispute resolution	14.1 – 14.5	17
y. Compliance with anti-terrorism and other federal laws	16.12	9

Item 10: Financing

We do not offer any direct or indirect financing in connection with a Master Franchise Business. We do not guarantee your notes, leases, or any obligation. We are unable to estimate if you will be able to obtain financing from third parties and, if so, the terms and conditions of financing.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, And Training

Except as listed below, BHC is not required to provide you with any assistance.

(1) Before you commence operations of your Master Franchise Business, we will:

(i) Provide the initial training program described in the MFA.

(ii) Provide on loan to you one copy of, or allow electronic access to, our Manuals, including our Master Franchise Operations Manual, Operations Manual, as described below.

(iii) Provide you with lists of Supplies, including the Products, and Designated Suppliers, and sell Supplies to you.

(2) <u>After you commence operations of your Master Franchisee Business, we will:</u>

(i) Provide opening support services to you immediately before the opening of your first Affiliate Franchised BHC Restaurant in the Development Area as described below.

(ii) Provide the initial training program described below to additional and replacement trainees for a fee.

(iii) Provide the Re-training Program described below to training supervisor or district manager of your Subfranchisees for a fee.

(iv) Review and discuss with you the annual business plan you submit.

(v) Provide periodic updates to the Manuals.

(vi) Provide you with updated lists of Approved Supplies and Designated Suppliers, and continue to sell Approved Supplies to you.

(vii) Evaluate your requests to approve Alternative Supplies and Alternative Suppliers.

(3) Pre-Opening Assistance for Affiliate Franchised BHC Restaurant

Before you open your Affiliate Franchised BHC Restaurant, we will:

(i) Not assist your Affiliate Franchisee in locating a site and negotiating the purchase or lease of the site.

(ii) Not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits.

(iii) Provide you with a general plan for the layout, constructing, remodeling, and furnishing your Affiliate Franchised BHC Restaurant. You are responsible for the costs of preparing architectural, engineering and leasehold improvement drawings and site plans, which you must submit to us for our review and approval before you begin leasehold improvement of your Affiliate Franchised BHC Restaurant. You are responsible for the costs of leasehold improvement and remodeling. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. You may not open your Affiliate Franchised BHC Restaurant until you receive written authorization from us to do so, which may be subject to our satisfactory inspection of your Affiliate Franchised BHC Restaurant.

(iv) Train your Principal Equity Operators, General Manager (both as defined in the Franchise Agreement), and your manager-level employees to operate an Affiliate Franchised BHC Restaurant. We will provide approximately ten (10) days of training (although the specific number of days depends on our opinion of your experience and needs) at your Affiliate Franchised BHC Restaurant or another location we designate. The below training instructors we provide are starting their initial year with the Franchisor but will have had approximately 7-10 years of experience in the field with regard to each subject being taught. You must attend the entire training program. You also must pay for all daily allowance, travel, meals, and living expenses that we incur for training. These costs will vary for each franchise and each location depending on a number of factors. Training will occur after you sign the Franchise Agreement and while you are developing the Affiliate Franchised BHC Restaurant. You and your attendees must complete the entire training program to our satisfaction at least one (1) day before you may open your Affiliate Franchised BHC Restaurant. If you or your attendees do not successfully graduate our training program, you will have to attend the entire program again at your cost prior to the opening of your Affiliate Franchised Affiliate Franchised BHC Restaurant (see section 6.1 of the MFA). You are responsible for hiring and training your employees.

(v) Training Instructor: Brian Shin has been with BHC USA LLC since 2024 where he served as the Head of US for BHC-owned Restaurants.

(vi) Provide you with a written specification of necessary equipment, fixtures, opening inventory, supplies, list of all BHC Products, and other foods, food items and beverages that must be sold at your Affiliate Franchised BHC Restaurant and a list of approved and designated suppliers (see section 7.3(a) of the MFA). We do not deliver or install the necessary equipment and fixtures.

(4) Length of Time to Commence Master Franchise Business and Master Franchised BHC Restaurant

We estimate that one (1) to three (3) months will elapse from the time you signed the MFA to when you commence operating your Master Franchise Business. Factors that may affect this time include your ability to obtain any required business license and permits, obtain any necessary financing, conduct pre-commencement purchases and setup, and hire employees.

We estimate the typical length of time between the signing of the MFA (when you make your first payment to us for the Development Rights), and the opening of your Affiliate Franchised BHC Restaurant will be fourteen (14) months. Factors that may affect this time period include the ability to obtain an appropriate lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, delayed installation of equipment, fixtures and signs, or satisfactory completion of initial training by your designated attendees. If we consent to the site for your Affiliate Franchised BHC Restaurant but you do not begin operating your Affiliate Franchised BHC Restaurant within fourteen (14) months after you sign the MFA, we can cancel the MFA (see section 7.2(b) of the MFA). We are not obligated to refund your Initial Franchise Fee under the MFA or MF Development Fee under the MFA.

(5) Advertising Program for the Franchise System

(i) We have no obligation to conduct advertising. If we conduct advertising, you must pay us a Marketing and Promotion Fee of 2.5% of your monthly Gross Revenue (section 4.4(a) of the MFA). However, we are not requiring this contribution at this time because we do not anticipate brand marketing until we have at least 50 BHC Restaurants in operation. Once BHC starts to require payment, Marketing and Promotion Fees collected from BHC franchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the BHC trademarks and their general public recognition and acceptance. We need not ensure that any particular franchisee benefits directly or proportionately from the Marketing and Promotion Fee.

(ii) We will provide general advertising programs and sales promotion, campaign, and sample advertising materials. You may develop advertising materials for your Affiliate Franchisee's and Subfranchisees' use, at your own cost. But we must approve all advertising materials in advance and in writing. You grant us the right to use the name, image and likeness of you, your Affiliate Franchisee and your Subfranchisees, all Principal Equity Operators and any affected employees, for commercial purposes in connection with the marketing and promotion of the Marks, BHC Products, and the System. (See section 9.1(d) of the MFA.)

(iii) You, Affiliate Franchisee or your Subfranchisees may not maintain your own website, otherwise maintain a presence, or advertise on the internet or any other mode of electronic commerce in connection with a Master Franchised BHC Restaurant, establish a link to any website we establish at or from any other website or page, or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates "BHC" name or any name confusingly similar to the Proprietary Marks.

(iv) You, your Affiliate Franchisee, and your Subfranchisees are not permitted to promote a Master Franchised BHC Restaurant or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, or Twitter, without our prior written consent. We will control all social media initiatives. You, your Affiliate Franchisee, and your Subfranchisees must comply with our System standards regarding the use of social media in your Master Franchised BHC Restaurant's operation, including prohibitions on your and the Master Franchised BHC Restaurant's employees posting or blogging comments about the Master Franchised BHC Restaurant or the System, other than on a website established or authorized by us. "Social media" includes personal blogs, common social networks like Facebook, Instagram, Tik Tok, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

(v) We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you,

your Affiliate Franchisee, and your Subfranchisees may furnish to us for you and your Subfranchisees "click through" subpage.

(vi) At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for BHC Restaurants generally.

(vii) We do not currently require franchisees or Subfranchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time. We may establish advertising cooperatives comprised of groups of franchisees within regions or areas we designate and may modify boundaries of these groups in our discretion, effective on written notice. You, your Affiliate Franchisee, and your Subfranchisees must participate in any advertising cooperative which encompasses your, your Affiliate Franchisee's, or your Subfranchisees' territory. The members of each cooperative will adopt governing rules and voting procedures and determine procedures for assessing members; however, we have the right to attend any meetings and approve these rules and procedures and any amendments. If any of our affiliates owns a BHC Restaurant within the boundaries of a cooperative, it will contribute to the cooperative at the lowest percentage contribution rate that any BHC franchisee in the same cooperative then pays and will have the same voting rights as franchisee members.

(viii) We may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. We may dissolve a cooperative when we simultaneously dissolve all advertising cooperatives. For example, we may determine it is preferable to centralize all group advertising activities under the Marketing and Promotion Fee. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and us. We have no present plan to sell goods or services to any advertising cooperative.

(ix) The Marketing and Promotion Fee may be used to meet all costs of administering, directing, preparing, placing, and paying for national, regional, or local advertising to promote and enhance the image, identify or patronage of BHC Restaurants owned by us or our affiliates and by franchisees. We will either transfer such Marketing and Promotion Fee to a separate entity to which we have delegated the responsibility to operate and maintain it or administratively segregate on our books and records the fees we receive from franchisees ("Fund"). However, we are not required to maintain the fees paid by you or other franchises to the Fund and income earned by the Fund in a separate account.

(x) We may not use this money principally to solicit new franchise sales for any purposes other than those provided for in the MFA. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing and Promotion Fee.

(xi) We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing and Promotion Fee in that year and may cause it to borrow funds to cover deficits or invest in surplus funds. If we spend less than the total of all contributions to the fund during any fiscal year, we may accumulate those sums for use in later years. If we or an affiliate advances money to the Fund beyond what it contributes on account of our company or affiliate-owned BHC Restaurant, we will be entitled to reimbursement. Any interest earned on monies held in the Fund may be retained by us for our own use, in our discretion.

(xii) Although we intend the Fund to be perpetual, we can terminate the Fund for the Marketing and Promotion Fee. We will not terminate the Fund until it has spent all money in the fund for advertising and promotional purposes.

(xiii) In 2024, we neither collected nor expended any Marketing and Promotion Fees.

(xiv) We require you, your Affiliate Franchisee, or your Subfranchisees to spend at least $10,000 to $13,000 on the initial opening advertising and promotion event in connection with the opening of a Master Franchised BHC Restaurant sometime during the first 60 days after a Master Franchised BHC Restaurant opens (see section 4.4(c) of the MFA). Not later than 75 days after the Opening Date, you and your Subfranchisees must provide us with a report itemizing your expenditures on the initial opening advertising and promotion of a Master Franchised BHC Restaurant. If you fail to meet the initial opening advertising and promotion, you will be required to add the shortage toward the Marketing and Promotion Fee.

(xv) Also, beginning the 3rd full calendar month after a Master Franchised BHC Restaurant opens for business, we require that you, your Affiliate Franchisee, and your Subfranchisees spend at least 1% of your, your Affiliate Franchisee's, or your Subfranchisees' annual Gross Revenue during the periods of January 1 through December 31 on the local advertising and promotion of your or your Subfranchisee's BHC Restaurant using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("**Local Advertising**") (see section 4.4(d)) of the MFA). You must submit to us a Local Advertising plan which details the Local Advertising for the next 12-month period for our approval. Within thirty (30) days after the end of each of the above-mentioned periods, we will provide a template to you and you must submit to us, a fully completed marketing report for the immediately preceding concluded period in form and substance specified by us, including evidence to verify such expenditure during such period.

(xvi) On a regional and system-wide basis, we may impose an assessment on all affected BHC franchisees for special advertising or promotional activities if franchisees owning two-thirds of all affected franchised BHC Restaurants agree to this assessment, confirmed in writing by each franchisee (see section 4.4(e) of the MFA).

(xvii) You are obligated to maintain and occasionally refurbish the Master Franchised BHC Restaurant to conform to our currently effective "Trade Dress" (as defined in the MFA) and color standards for BHC Restaurants. This maintenance and refurbishment may require expenditures by you, your Affiliate Franchisee, and your Subfranchisees on structural changes, installing new equipment, remodeling, redecoration, and modifications, or to accommodate new BHC Products. You must, and ensure that your Affiliate Franchisee and Subfranchisees, maintain all equipment and furnishings used at the Master Franchised BHC Restaurant in good working order and make repairs or perform maintenance as needed. You also must make all upgrades to equipment and any technology used in the Master Franchised BHC Restaurant that we may require, and we may periodically require you, your Affiliate Franchisee, and your Subfranchisees to update the Trade Dress (possibly including installation of new color schemes, logos, signage, or other visual elements) used at the Master Franchised BHC Restaurant. Details on Trade Dress updates will be contained in the Operations Manual or as otherwise provided to you in writing. We anticipate that Trade Dress updates will be required no more frequently than once every five years.

(6) Electronic Cash Registers and Computer Requirements

You must purchase and use a technology system necessary for the operation of your Master Franchise Business and in the Master Franchised BHC Restaurants, and ensure your Affiliate Franchisee your Subfranchisees purchase and use the specified Computer System for the Master Franchised BHC Restaurants we require (see section 8.4 of the MFA).

(i) The Computer System will generate reports on the sales and expenses of the BHC Restaurants, and it currently costs between $7,000 and $10,000.

(ii) You, your Affiliate Franchisee, and your Subfranchisees will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the Computer System.

(iii) We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the Computer System, but we reserve the right to do so in the future.

(iv) The current annual cost of a service contract is approximately $4,000 to $10,000 per year. We reserve the right to change the point-of-sale cash register system and back-of-office computer at any time but will not require you to replace these items more than three times during the initial term of the MFA. We reserve the right to change the software each year. At such time as we designate the change or enhancement to the Computer System you, your Affiliate Franchisee, and your Subfranchisees may be required to make certain payments to us or our designated suppliers. You, your Affiliate Franchisee, and your Subfranchisees must install and commence using the changed or enhanced Computer System within such time as stated in our notice to you. You, your Affiliate Franchisee, and your Subfranchisees must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed, or enhanced Computer System all at your cost. There are no contractual limitations on the frequency and cost of this obligation. We reserve the right to develop proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. We may independently access the Computer System and retrieve, analyze, download, and use all software, data and files stored or used on the Computer System.

(v) We may access the Computer System through our intranet, in your, your Affiliated Franchisee's and your Subfranchisees' BHC Restaurant or from other locations. You must, and ensure that your Affiliated Franchisee and Subfranchisee, Restaurant all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must, and ensure that your Affiliated Franchisee and Subfranchisees, maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your Computer System and you may need to, and ensure that your Affiliated Franchisee and Subfranchisees, purchase software designated by us for this to occur. You also must, and ensure that your Affiliated Franchisee and Subfranchisees, have your BHC Restaurant connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must, and ensure that your Affiliated Franchisee and Subfranchisees, have a permanent Internet email account. You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your, your Affiliate Franchisee's and you Subfranchisees' cost. The Computer System will allow us to communicate with you, your Franchisee, and your Subfranchisees, and poll and review the results of the BHC Restaurants' operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. You must, and ensure that your Affiliated Franchisee and Subfranchisees, provide accurate, complete, and full disclosure of the books and accounts and give us direct access to any third parties through which revenue is generated, including but not limited to, Uber Eats, Postmates, Eat24, and Door Dash. We may distribute the collected data on a confidential basis to our network of franchisees. We reserve the right to replace our designated supplier(s) for the Computer System as we deem necessary at our discretion.

(7) Operations Manual

We will loan you one copy of our Operations Manual ("Operations Manual") (containing a total of 145 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the MFA). The Operations Manual contains mandatory and suggested specifications, standards, and procedures for operation of the Affiliate Franchised BHC Restaurant.

We will modify the Operations Manual, and you must comply with, and ensure that your Subfranchisees comply with, these changes when you receive them. This Operations Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the MFA) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Operations Manual as of the date of this disclosure document:

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Currently, we have no policy under which we will render services to you, Affiliate Franchisee or your Subfranchisees not required by your MFA (or other agreements with us) or the Operations Manual.

(8) Training Program

As of the date of this Disclosure Document, we provide the following training:

Item 11 Table

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location
Starting a Master Franchise Business	1	0	Franchisor Facility
Master Franchisee Roles and Responsibilities	1	0	Franchisor Facility
New Subfranchisee Sales and Development	4	0	Franchisor Facility
System Support Services, Subfranchisee Compliance, Activity Reporting	3	0	Franchisor Facility
Administration, Marketing, Food Safety, Hygiene, Product List	27	0	Franchisor Facility
Franchise Operations (Kitchen & Hall / Open & Close / Menu Selection. Etc.)	0	27	Franchisor Facility and Franchised BHC Restaurant
TOTALS	**36**	**27**	

In connection with your Master Franchise Business, you will attend Master Franchisee training program, which includes training to operate a BHC Restaurant. We will provide approximately nine (9) additional hours of training for the Master Franchisee program. Before you open your Affiliate Franchised BHC Restaurant, we will train you and your manager-level employees to operate a BHC Restaurant. We will provide approximately six (6) days to seven (7) days (e.g., 54 hours to 63 hours) of training (although the

specific number of days depends on our opinion of your experience and needs) at your first Affiliate Franchised BHC Restaurant or another location we designate ("Initial Training" specified in Section 6.1 of the MFA). You must attend the entire Initial Training. You must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training and any other training, conferences, conventions, or other meetings your trainees attend, including, for example, their daily allowance, transportation costs, and other living expenses (section 6.1(e) of the MFA).

Training will occur after you sign the MFA and while you are developing the first Affiliate Franchised BHC Restaurant. You and your attendees must complete the entire Initial Training to our satisfaction before you may open your Affiliate Franchised BHC Restaurant. If you or your attendees do not successfully graduate our Initial Training, you will have to attend the entire program again at your cost prior the opening of your Affiliate Franchised BHC Restaurant. We reserve the right to vary the length and content of the Initial Training based upon the experience and skill level of the individual attending the Initial Training. Franchisor is not obligated to renew Master Franchisee's rights granted under the MFA for an additional term if one or more of the following applies or occurs.

No additional training programs or refresher courses are required but may be provided by us. However, you can request additional on-site training or assistance at any time. We may provide this training or assistance at our option, but the MFA does not require us to do so.

We may periodically conduct an annual conference, convention, or training session, and if we do, we will determine its duration, curriculum, and location (section 6.2 of the MFA). Attendance of at least one Principal Equity Operator at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Operators).

You will implement a training program for your Master Franchising Business employees in compliance with our requirements. You also shall ensure that all of your Affiliate Franchisee and your Subfranchisees implement a training program for the employees of their Master Franchised BHC Restaurants in compliance with our requirements.

Site Selection and Approval

We use available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility, and other related, relevant circumstances. Premises acceptable to us where the Affiliate Franchised BHC Restaurant will be operated must be located and secured by you and reviewed and consented to by us within four (4) months after the signing of the MFA. If we do not approve the proposed site within 30 days after you complete submission of the requested information (or 15 days after you provide any supplemental information we request), the site will be deemed rejected. If we disapprove, you must promptly propose an alternative location. If you do not locate a site for your Affiliate Franchised BHC Restaurant that is acceptable to us within four (4) months after signing the MFA, we may cancel the MFA based on your failing to find an acceptable site.

Neither you, your Affiliate Franchisee nor your Subfranchisees are required to purchase or lease real estate from us or our affiliates. While you are required to have access to space from which to communicate with us and operate your Master Franchise Business, you are not obligated to open and maintain a separate business office within the Territory. If you elect, however, to open and maintain a separate business office for your Master Franchise Business, we do not need to consent to its location or lease. We also do not have requirements on how you must construct and equip your business office, however, it is solely your responsibility to ensure that your business office complies with all applicable federal, state and local laws, statutes, codes, rules, regulations and standards.

Prior to appointing any Affiliate Franchisee or Subfranchisee or agreeing to the development of a potential BHC Restaurant, you must conduct an approval process, including background checks, to confirm that each potential Affiliate Franchisee and Subfranchisee and each potential BHC Restaurant meets all of our then-current minimum requirements for new subfranchisees and new BHC Restaurants, as the same may be amended, replaced or supplemented by us from time to time. We also reserve the right to approve any or all potential subfranchisees and potential BHC Restaurants.

In addition, prior to the commitment of your Affiliate Franchisee or one of your Subfranchisees to lease or purchase the potential premises for the development and operation of a Master Franchise BHC Restaurant within the Territory, you must conduct an approval process to confirm that the potential premises meets all of our then-current minimum requirements for the premises of new BHC Restaurants, as the same may be amended, replaced or supplemented by us from time to time. We also reserve the right to approve any or all potential premises for the development and operation of BHC Restaurants. To the extent we exercise our approval right, you must provide to us any preliminary document, proposal, plan, report, accounts and other information as we may require relating to the potential premises.

Item 12: Territory

We will grant you the right to operate a Master Franchise Business within a specific Development Area described in Appendix I of the MFA. In establishing the geographic territory or territories that will make up your Development Area, we will analyze the size, population and number of DMAs located within the proposed geographic territory or territories. We grant you a franchise for a specific location, which we must approve according to site selection procedures described in Item 11 of this Disclosure Document. You may face competition from other franchisees, from BHC Restaurants that we own, or from other channels of distribution or competitive brands that we control. All territories granted by us are subject to exceptions and reservations.

As further described in Item 1, under the MFA, we grant to you within the Development Area both Development Rights (the right to grant subfranchises to Subfranchisees for the establishment and operation of Master Franchised BHC Restaurants) and Operating Rights (the right to own and operate (through Affiliate Franchisee) Master Franchised BHC Restaurants once opened, and to support, and receive fees from, as applicable, all existing Master Franchised BHC Restaurants within the Development once opened). You may not directly operate Master Franchised BHC Restaurants under the MFA, but may only do so through an affiliate that enters into a then-current Franchise Agreement with us. In addition, you must establish and operate at least one (1) Affiliate Franchised BHC Restaurants within the Development Area pursuant to separate Subfranchise Agreements before you may grant subfranchises to third parties for the establishment and operation of Subfranchised BHC Restaurants within the Development Area.

If you enter into an MFA with us, we will not establish or franchise anyone else to establish any BHC Restaurant in the Development Area up to the earlier of: (i) the expiration or termination of the MFA. The Development Area generally consists of a city or a portion of a city. Captive locations will be excluded from your Designated Area, and we have the right to develop or franchise the following captive locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls; (7) special events; (8) hospitals; (9) hotel, resort, or other lodging facility; (10) state or national parks; (11) exhibition hall; conference facility or convention center; (12) casino or gambling establishment; (13) esports events and venues; (14) street fairs; (15) delivery facilities (e.g.,, ghost kitchens) or (16) any similar area to the sites referenced herein (individually and collectively, “Captive Location(s)).We may not alter the Development Area without your written agreement. However, we may

terminate the MFA if you (i) fail to meet the Development Schedule; (ii) fail to comply with any other terms and conditions of the MFA; (iii) make or attempt to make a transfer or assignment in violation of the MFA; or (iv) fail to comply with the terms and conditions of any individual MFA or of any other agreement to which you and we or our affiliates are parties.

We do not currently, nor do we have any plans in the future to operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell BHC Products and Ancillary Products under our Proprietary Trademarks or different trademarks at venues other than Master Franchise BHC Restaurants and through other channels of distribution (including the Internet), within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory at venues other than Master Franchise BHC Restaurants or through other channels of distribution.

Although we have no current plans to do so, we and our affiliated companies reserve the right to offer and sell other types of franchises that are not directly competitive with the Master Franchised BHC Restaurant

The continuation of your franchise rights to the Development Area does not depend on your attaining a minimum level of sales, revenues or market penetration or another contingency. The continuation of your exclusive rights to develop Master Franchised BHC Restaurants under the MFA does depend on your meeting the development schedule described in the MFA. Neither the Development Area granted by the MFA, nor the development area described in the MFA may be altered except if you and we mutually agree. You will maintain rights to your Territory and the Development Area described in the MFA even if the population in those geographic areas increases.

Item 13: Trademarks

The MFA will grant you the non-exclusive rights to use the Trademarks in connection with your Master Franchise Business. BHC Korea has registered the following Trademarks, along with all required affidavits, on the Principal Register of the United States Patent and Trademark Office (USPTO) and/or the World International Property Organization:

Mark	Registration / Serial No.	International Class of Goods/Services	Date Registration or Application
bhc CHICKEN	79346992 1676892 (International Registration No.)	029 Chicken; chicken nuggets; canned chicken; croquettes 043 Restaurants; cafes; self-service restaurants	October 31, 2023 (Registration)

Mark	Registration / Serial No.	International Class of Goods/Services	Date Registration or Application
	5993339 1284544 (International Registration No.)	029 Fruit salads; Chicken; chicken nuggets; canned chicken; chicken croquettes; pickles 043 Restaurants; cafes; self-service restaurants	February 25, 2020 (Registration)

BHC Korea owns the Trademarks and as described in Item 1, has licensed them to BHC so that we may sublicense them to our franchisees in the United States. The license is in perpetuity. Your use of the mark identified above as well as other trademarks, service marks, trade names and commercial symbols we may authorize in the future (collectively, the "Marks" or "Proprietary Marks"), and any goodwill is pursuant to a license granted to you under the MFA and you retain no further rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your MFA. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new equipment or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise, except for the trademark License Agreement between us and BHC Korea.

You must use, and shall ensure that your Affiliate Franchisee and your Subfranchisees use, reasonable efforts to protect the IP Rights (as defined below), including the Marks, by (i) promptly notifying us of any known or suspected infringement of the Marks, including trademarks that are identical to or confusingly similar to the Marks, and other IP Rights, (ii) rendering necessary assistance during relevant proceedings, and (iii) providing any other assistance we deem necessary.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

The license to use the Marks granted in the MFA is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

Item 14: Patents, Copyrights, And Proprietary Information

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the MFA, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright. We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; recipes; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating BHC Restaurants; marketing and advertising programs for BHC Restaurants; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies; knowledge of the operating results and financial performance of BHC Restaurants other than a BHC Restaurant; and graphic designs and related intellectual property. All ideas, concepts, techniques, or materials concerning a BHC Restaurant, whether protectable intellectual property and whether created by or for you or your owners or employees, 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 item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, without compensation, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and noncompetition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal

trademark. You must sign all documents, render assistance, and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks.

While we are not required to defend you against a claim against your use of our Marks, we will reimburse you for your liability and reasonable costs in connection with defending our Marks. To receive reimbursement, you must have notified us immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a principal trademark if we modify or discontinues it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

Item 15: Obligation to Participate in The Actual Operation of The Franchise Business

You will maintain at all times a staff of trained employees sufficient to operate the Master Franchise Business in compliance with our required standards and specifications, and must ensure that all of your Affiliate Franchisee and your Subfranchisees maintain at all times a staff of trained employees sufficient to operate their BHC Restaurants in compliance with our required standards.

Each Principal Equity Operator (and their spouse if applicable) signs a Guarantee of MFA (attached as Exhibit 3 of the MFA) requiring them to ensure that all obligations of the franchisee under the MFA (including provisions related to payments to franchisor, confidentiality, and non-competition) are fulfilled.

The day-to-day operations of your Master Franchise Business and Master Franchise BHC Restaurant must be always managed by you or a full-time "General Manager" who has satisfactorily completed our training program. Your General Manager's responsibilities will be to (i) establish, implement and monitor food safety and quality policies, (ii) establish measurable food safety and quality objectives, (iii) ensure compliance with quality and food safety policies and procedures at all Master Franchise BHC Restaurants with the Development Area, and (iv) develop and implement business continuity policies. Your General Manager need not have an equity interest in the business but must agree in writing not to compete against us and to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

You are required to inform us immediately of a change of the General Manager of your business operation.

You or your General Manager must attend any annual meeting, convention or conference of franchisees and all meetings related to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. As of the date of this Disclosure Document, we do not anticipate requiring franchisees to attend meetings for more than ten days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions, or conferences.

As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions, or conferences we require you and/or your General Manager to attend is

unknown and will depend on the frequency with which new products or services are introduced to the System.

Item 16: Restrictions on What the Franchisee May Sell

You must offer and sell all BHC Products and perform all services that we require for a BHC Restaurant. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer. You also may not offer for sale any BHC Products or other products through the Internet or other online programming or marketing. You are not otherwise limited in the customers to whom you may sell products or services.

In sum, you may purchase and otherwise use in the operation of your Master Franchise Business, only those products and services that we periodically require or approve, and you may not purchase, sell or use any unapproved products or services. In addition, you must ensure that your Affiliate Franchisee and your Subfranchisees offer and sell from their BHC Restaurants all of the products and services that we periodically require or approve, and ensure that they do not offer or sell from their BHC Restaurants any unapproved products or services. You also must ensure that your Affiliate Franchisee and your Subfranchisees do not use the premises of their BHC Restaurants for any purpose other than the operation of a BHC Restaurant. We have the unlimited right to change the System and other items, equipment and related accessories and other products and services you, your Affiliate Franchisee and your Subfranchisee may purchase, and otherwise use in the operation of your Master Franchise Business, and your Affiliate Franchisee and your Subfranchisees may offer and sell from or use at their BHC Restaurants.

You also may not offer for sale, and must ensure that your Affiliate Franchisee and your Subfranchisees do not offer for sale, any Supplies, including the Products, through any other channels of distribution, including grocery and convenience BHC Restaurants and other retail BHC Restaurants and locations, the Internet (or any other existing or future form of electronic commerce), and other types of resale, wholesale and distribution arrangements, without our prior written consent. Except as described above, you are not otherwise limited in the customers to whom you, your Franchisee, and your Subfranchisees may offer and sell products or services.

We may add to, modify, or discontinue the approved list of BHC Products, ingredients, preparation processes, or other goods and services you must offer. We communicate changes by written bulletin or revisions to the Operations Manual. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular items which we delete from the approved list.

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the BHC Franchise, us, or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products or services through other Alternative Distribution Channels

Item 17: Renewal, Termination, Transfer, And Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document. You should refer to your state's specific addenda attached to this Disclosure document for exceptions to this Item 17.

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
a. Length of the Master Franchise term	5.1	The term of the MFA is (Ten) 10 years from the Effective Date.
b. Renewal or extension of the term	5.2	If you are in good standing, you can add additional 10-year terms upon written notice delivered to us not less than 120 days before the end of the existing MFA term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the MFA apply to you.
c. Requirements for franchisee to renew or extend	5.2	(i) Not later than 120 days before the expiration of the Term, sign our then current MFA modified for renewal ("Renewal MFA") or an addendum to your existing MFA extending its term, (ii) you and your affiliates are not in default of any material provision of the MFA or any other agreement with us or our affiliates and, and you and your affiliates have generally complied with all material provisions in these agreements, (iii) you successfully complete or agree to successfully complete any additional training we require, (iv) you pay the $40,000 renewal fee per Master Franchise BHC Restaurant, (v) ~~at our request, you sign our then-current MFA, the terms of which may differ materially from the MFA~~you remodel and sign or extend the lease, (vi) you and your owners sign a general release, and (vii) you comply with any other reasonable conditions we prescribes. You will only be able to renew your Operating Rights if you previously lost your Development Rights or if we and you cannot agree on a development schedule and corresponding development quotas for the first 5 years of the potential renewal term.
d. Termination by franchisee	13.1	If we are in material breach (beyond any applicable cure periods), you can terminate your MFA. Under the MFA, you may terminate this Agreement upon 30 days written notice to us. Upon termination you will no longer have the exclusive right to open future Master Franchise BHC

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
		Restaurants in the Development Area under the Development Schedule.
e. Termination by franchisor without cause	13.1	We can terminate the MFA if you are in breach of that agreement (This provision is subject to state law.)
f. Termination by franchisor with cause	13.2	We can terminate the MFA if you are in material breach of that agreement (This provision is subject to state law.)
g. "Cause" defined – curable defaults	13.1	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Master Franchise BHC Restaurants) that can be cured. (This provision is subject to state law.)
h. "Cause" defined – non-curable defaults	13.2	Non-curable defaults: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Master Franchised Business or the BHC System; you and us agree in writing to terminate the Franchise; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the MFA, whether or not corrected after notice; the Franchised Business or your Master Franchise BHC Restaurant is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; an audit or investigation conducted by us reveals that you knowingly maintained false books or records; or submitted false reports to us, or knowingly understated your Gross Revenue or withheld the reporting of any of your Gross Revenue (see further information in Section 13.2(a)(x)); we make a reasonable determination that your continued operation

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
		of the Franchise will result in an imminent danger to public health or safety (This provision is subject to state law).
i. Franchisee's obligations on termination or non- renewal	15.1	Obligations include removal of our Marks and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information and payment of amounts due (also see section "s" in this Table, below).
j. Cross-Default	15.3	Any default by you shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, including, but not limited to, a MFA, between the parties hereto, Franchisor may, at its option, terminate any and all said agreements. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.
k. Assignment of contract by franchisor	12.1	No restriction on our right to assign.
l. "Transfer" by Master Franchisee – defined	12.2	Means "voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the Master Franchise BHC Restaurant, substantial assets of the Master Franchise BHC Restaurant, of this Agreement or any interest in the legal entity which owns the Master Franchise BHC Restaurant, by operation of law or otherwise". No transfer is permitted except to an entity formed by an individual multi-unit owner to operate Master Franchise BHC Restaurants under the MFA provided the entity is owned 100% by the individual multi-unit owner.

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
m. Franchisor's approval of transfer by Master Franchisee	12.1, 12.2	The MFA may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner.
n. Conditions for franchisor approval of transfer	12.1, 12.2	Existing Master Franchisee's full compliance with the obligations set forth in the MFA, new franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current MFA signed by new master franchisee. Within 60 days after our receipt of all necessary information and documentation required under the MFA, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. The MFA may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner.
o. Franchisor's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) made to your heir, personal representatives, or conservators in case of your death or legal incapacity as provided in Section 12.4 of the MFA. The MFA may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner and no right of first refusal exists.
p. Franchisor's option to purchase master franchisee's business	12.3	Within 30 days after the termination, expiration or non-renewal of the MFA, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures, and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.)
q. Death or disability of franchisee	12.4	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can operate the Master Franchised BHC Restaurant on your behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year, we can place an interim manager in your Master Franchised BHC Restaurant, and you must pay us the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
r. Non-competition covenants during the term of the franchise	5.1	No involvement in competing business anywhere.
s. Non-competition covenants after the franchise is terminated or expires	11.1	No competing business for two years within 25 miles of your Master Franchised BHC Restaurant or any other Master Franchised BHC Restaurant or other retail location (this obligation also applies to you if you assign your franchise). The MFA refers to the confidentiality and non-competition covenant in the last MFA you sign. (This provision is subject to state law.)
t. Modification of the agreement	8.2	No modifications generally, but the Operations Manual subject to change. (This provision is subject to state law.)
u. Integration/merger clause	16.14	Only the Franchise Agreement, MFA, and other agreements you sign with us and the requirements, procedures, and policies in the Operations Manual are binding (subject to state law). Any representations or promises outside of the Disclosure Document, Franchise Agreement and MFA may not be enforceable. Nothing in the Franchise Agreement, MFA or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.
v. Dispute resolution by arbitration or mediation	14.1, 14.2	Except for certain claims, the parties agree in the MFA to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the MFA) initially to a meeting in person of our executive officers and your Principal Equity Operators at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc., in accordance with its Streamlined Arbitration Rules and Procedures

Provision	Section in Multi-Unit Master Franchise Agreement	Summary
		(if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/). Or, if the parties mutually agree, the dispute may be submitted to arbitration conducted by and before another mutually acceptable arbitrator.
w. Choice of forum	14.1, 14.2	Mediation and arbitration proceedings will take place in Los Angeles County, California. Any litigation proceedings will take place in an appropriate court in California.
x. Choice of law	16.13	California law governs the arbitration of disputes under the MFA.

Item 18: Public Figures

We do not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the sale of BHC 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 BHC Restaurants, if there is a reasonable basis for the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing BHC 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.

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised BHC Restaurants. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing BHC Restaurant, however, we may provide you with the actual records of that BHC Restaurant. 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 Franchise Development Department at 3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010, 323-424-3733, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: BHC Restaurants and Franchisee Information

No franchisees had a BHC Restaurant terminated, canceled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement, and no franchisee has failed to communicate with us within ten weeks prior to the application date.

Table No. 1
System Wide BHC Restaurants Summary
(Master Franchise Business)

SYSTEMWIDE BHC RESTAURANT SUMMARY For year 2022 to 2024				
BHC Restaurant Type	**Year**	**BHC Restaurants at the Start of the Year**	**BHC Restaurants at the End of the Year**	**Net Change**
Franchised	2024	0	1	1
	2023	0	0	0
	2022	0	0	0
Company Owned	2024	1	2	1
	2023	0	1	1
	2022	0	0	0
Total BHC Restaurants	2024	1	3	2
	2023	0	1	1
	2022	0	0	0

Table No. 2
Transfer of BHC Restaurants from Franchisees to New Owners
(Master Franchise Business)

State	Year	Number of Transfers
California	2024	0
	2023	0
	2022	0
Total	2024	0
	2023	0
	2022	0

Table No. 3
Status of BHC Restaurants Franchised
(Master Franchise Business)

State	Year	BHC Restaurants Franchised at Start of the Year	BHC Restaurants Franchised Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	BHC Restaurants Franchised at End of the Year
CA	2024	0	1	0	0	0	0	1
	2023	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Totals		0	1	0	0	0	0	1

Table No. 4
Status of Company-Owned BHC Restaurants
(Master Franchise Business)

State	Year	BHC Restaurants at Start of the Year	BHC Restaurants Opened	BHC Restaurants Reacquired from Franchisee	BHC Restaurants Closed	BHC Restaurants Sold to Franchisee	BHC Restaurants at End of the Year
CA	2024	1	1	0	0	0	2
	2023	0	1	0	0	0	1
	2022	0	0	0	0	0	0
Totals		1	2	0	0	0	2

A list of the names of all franchisees and the addresses and telephone numbers of the franchises will be provided in Exhibit C to this disclosure document when applicable. The name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this disclosure document when applicable. **If you buy a BHC Restaurant, your contact information may be disclosed to other buyers when you leave the franchise system.** Because BHC Restaurant franchise has yet to be offered, there is no available list of current franchisees or any franchisee who had a BHC Restaurant terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

Table No. 5
Projected New BHC Restaurants Franchised as of December 31, 2024
(Master Franchise Business)

PROJECTED OPENINGS AS OF DECEMBER 31, 2025			
State	**Franchise Agreements Signed but BHC Restaurants Not Yet Opened**	**Projected New franchised BHC Restaurants in The Next Fiscal Year**	**Projected New BHC-owned BHC Restaurants in the Next Fiscal Year**
California	1	4	1
Total	1	4	1

Item 21: Financial Statements

Exhibit C to the disclosure document contains our unaudited opening balance sheet, BHC USA LLC's audited financial statements for the fiscal years ended as of December 31, 2024, with an independent accountant's compilation report. Our fiscal year-end is December 31st.

Item 22: Contracts

The following agreements and other required exhibits are attached to this disclosure document as listed below:

Exhibit A – Multi-Unit Master Franchise Agreement
Exhibit B - Franchise Agreement
Exhibit C – Financial Statements
Exhibit D - List of Franchised BHC Restaurants
Exhibit E - List of Terminated Franchises
Exhibit F - State Franchise Administrators and Agents for Service of Process
Exhibit G - State Specific Addenda
Exhibit H - State Effective Dates
Exhibit I - List of Approved Supplies
Exhibit J – Acknowledgment and Authorization for Background Check
Exhibit K – Receipts

Item 23: Receipts

You will find copies of a detachable receipt in Exhibit K at the very end of this disclosure document.

EXHIBIT “A”

BHC USA LLC

MULTI-UNIT MASTER FRANCHISE AGREEMENT

EXHIBIT "A"

MULTI-UNIT MASTER FRANCHISE AGREEMENT

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Exhibit 1 – Territory and Location of Master Franchise BHC Restaurant

Exhibit 2 – Names and Addresses of Principal Equity Operators

Exhibit 3 – Guarantee of Franchise Agreement

Exhibit 4 – Confidentiality and Non-Competition Agreement

Exhibit 5 – Addendum to Lease

MULTI-UNIT MASTER FRANCHISE AGREEMENT

This Multi-Unit Master Franchise Agreement ("MFA" or "Master Franchise Agreement") is made and entered into as of _____, _____ (the "Effective Date"), by and among BHC USA LLC, a California limited liability company, doing business as "BHC", and "BHC Chicken" ("Franchisor"), and _ _____("Master Franchisee"), with reference to the following facts:

RECITALS

WHEREAS, Franchisor is the licensor of a food establishment operation system referred to as the "BHC System" or "System," which Franchisor may change from time to time. The System includes, without limitation, distinctive signs, recipes, uniforms, various trade secrets and other confidential information, equipment specifications, layout plans, inventory, marketing techniques, a special design and color scheme of building, methods of inventory and operation control, bookkeeping and accounting procedures, and a manual of business practices and policies.

WHEREAS, Franchisor controls the proprietary and other property rights and interests in and to the trade names and/or trademarks "BHC" and "BHC Chicken" and all other trademarks and service marks used in connection with this System, including but not limited to those trademarks, service marks, and rights residing in the appearance of buildings, signs, and portions thereof by which the franchise and the products are known and identified (collectively, the "Marks").

WHEREAS, Master Franchisee desires to obtain the rights to establish and operate, through an affiliate of Master Franchisee ("Affiliate Franchisee"), multiple BHC restaurants in the Development Area, as described in Schedule "1" hereto, under the System and Marks ("Affiliate Franchised BHC Restaurants") and to license affiliated and unaffiliated third parties ("Subfranchisees") to establish and operate restaurants in the Development Area under the System and Marks ("Subfranchised BHC Restaurants"). The Affiliate Franchised BHC Restaurants and**/or** Subfranchised BHC Restaurants shall be referred to collectively in the Agreement as "BHC Restaurants".

In consideration of the mutual promises, covenants, agreements, and conditions contained in this Agreement, and other good and valuable consideration, Master Franchisee and Franchisor hereby agree as follows.

1. DEFINITIONS

"Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without Franchisor's prior written consent. A repeated pattern of inactivity at Master Franchised BHC Restaurant for periods of less than five consecutive business days may result in the Franchised Business being deemed Abandoned by Master Franchisee if in Franchisor's judgment such inactivity adversely impacts the Franchised Business. However, Master Franchised BHC Restaurant will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Master Franchisee's control, provided that Master Franchisee gives Franchisor notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Master Franchisee acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Master Franchisee re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Franchisor may permit.

"Affiliate" means in relation to a party, any Person Controlling, Controlled by or under common Control with such party, either directly or indirectly through one or more intermediaries.

"Franchised BHC Restaurant" means a BHC Restaurant that is or will be established and operated by an Affiliate of Master Franchisee.

"**Agreement**" means this Multi-Unit Master Franchise Agreement and all instruments amending this Multi-Unit Master Franchise Agreement.

"**Competitive Business**" shall mean any business deriving more than 10% of its gross sales receipts from the sale, processing or manufacturing of fried chicken, sandwich, and other products offered in BHC Restaurants and which constitute 10% or more of the gross retail sales of any BHC Restaurant.

"Confidential Information" means information, know-how, and materials that are of value to Franchisor (or other third party, as applicable) and treated as confidential by Franchisor and is disclosed or made known or available to Master Franchisee or its employees or agents. Without limiting the generality of the foregoing, the term "Confidential Information" includes, without limitation: (i) the Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) "Intellectual Property" (as defined in this Article 1), the Marks, BHC Products, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon the proprietary information; (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Force Majeure." means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; pandemic (e.g., COVID-19), or other similar force which Master Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non- performance or exercise of rights under any agreement with Master Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Master Franchisee's financial inability to perform or insolvency will not be a Force Majeure.

"Franchised Business" or "Business" means the sale to retail customers at or delivered from the BHC Restaurant of items from a proprietary menu featuring BHC Products, as well as a selection of other authorized goods and services pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business, using the recipes, packaging techniques, Marks, operational techniques, service concepts and Proprietary Information owned or authorized to be used by and identified with Franchisor and its affiliated companies.

"General Manager" means the individual who has been designated by Master Franchisee as the person responsible for the day-to-day operation of the BHC Restaurant, and who has successfully completed "Initial Training" (as defined in this Article 1).

"Gross Revenue" means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the BHC Restaurant or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source, including but not limited to sales from delivery or deliver services such as Door Dash, Uber Eats, Postmates, etc. Gross Revenue also includes any amount received from business insurance proceeds. "Gross Revenue" does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; and (iii) tips or gratuities paid or payable to your employees.

"Subfranchised BHC Restaurant" means a BHC Restaurant that is or will be established and operated by a Subfranchisee that is a third-party and unrelated to Master Franchisee.

"**Initial Franchise Fee**" means the fee for a single Master Franchised BHC Restaurant ($40,000) that Master Franchisee must pay to Franchisor in a lump sum when Master Franchisee signs this Agreement.

"Initial Training" means training in the System provided by Franchisor, as described in, and required by section 6.1 hereof.

"Intellectual Property" means creations of the mind, including inventions, literary and artistic works, designs, symbols, names, and images owned by Franchisor and used in the Franchised Business or at the BHC Restaurant.

"IP Rights" means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this paragraph.

"BHC Products" means the Korean flavor of fried chicken, side menus, beverages and other products prepared according to Franchisor's specified recipes and procedures, as Franchisor may modify and change from time to time.

"Marks" means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos,

insignias, designs, and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Franchised Business. Franchisor will provide Master Franchisee with a schedule of Marks Master Franchisee is required or authorized to use under this Agreement and update this schedule as necessary.

Master Franchised BHC Restaurant" means both Affiliate Franchised BHC Restaurants and a Subfranchised BHC Restaurants.

"Opening Date" means the day Subfranchisee opens a Master Franchised BHC Restaurant, furnished, inventoried, and equipped in accordance with Franchisor's requirements, and Subfranchisee begins operating the Franchised Business at Master Franchised BHC Restaurant.

"Operations Manual" means the manual or manuals (regardless of title) containing Franchisor's trade secrets and the policies and procedures to be adhered to by Master Franchisee in performing under this Agreement, including any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

"Principal Equity Operator" means each person who owns not less than 5% of the voting right or equity interest in Master Franchisee and the individual who will be responsible for the development and operation of the Franchised Business. All communication with Master Franchisee shall be through the Principal Equity Operator.

"**Royalty**" or "**Royalties**" means the ongoing fee (calculated as a percentage of Master Franchisee's Gross Revenues) that Master Franchisee must pay Franchisor on a monthly basis as described in and required by MFA 4.3 hereof.

"BHC Restaurant" means a full fast casual Korea-style fried chicken and sandwich restaurant at a location Franchisor consents to and includes Franchised BHC Restaurant, Subfranchised BHC Restaurant, and other BHC Restaurants owned, operated, or licensed by Franchisor and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

"System" means, collectively, the valuable operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Operations Manual. The System includes (i) the Marks, (ii) know-how relating to BHC Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text, and other Intellectual Property that Franchisor makes available to Master Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time. All such modifications and improvements become Franchisor's property and a part of Franchisor's Intellectual Property and System.

"Territory" means the designated and agreed geographical area surrounding Master Franchised BHC Restaurant as set forth in Exhibit 1 attached hereto.

"Trade Dress" means the unique and distinctive layout, design and color schemes relating to the BHC Restaurant, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to BHC Products.

"Trade Secret" The term "Trade Secret" means information constituting a trade secret within the meaning of the Defend Trade Secrets Act, as amended from time to time.

"Transfer" means to voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the BHC Restaurant, substantial assets of the BHC Restaurant, of this Agreement or any interest in the legal entity which owns the BHC Restaurant, by operation of law or otherwise.

2. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.

Franchisor is engaged in the administration, development, operation, and licensing of businesses that operate BHC Restaurants offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the BHC Restaurants; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.

Franchisor has developed and supervises the System and all BHC retail locations to be operated under the Marks operated in accordance with the provisions of BHC franchise agreements and Franchisor's Operations Manual, as periodically amended.

3. GRANT OF MASTER FRANCHISE

3.1 Grant of Master Franchise.

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Master Franchisee:

(a) the exclusive, non-transferable right and license to, (a) establish and operate at least one (1) Franchised BHC Restaurant through Master Franchisee's Affiliate, and (b) after opening at least one (1) Affiliate Franchised BHC Restaurant, to grant subfranchises to Subfranchisees to establish and operate Subfranchised BHC Restaurants in accordance by entering Subfranchise Agreements to establish and operate BHC Restaurants using the BHC System and IP Rights, and in accordance with the Operating Manuals ("Development Rights") with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule") and within the geographical area (the "Development Area") indicated in the Development Schedule.

(b) So long as Master Franchisee's obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, Franchisor will not itself operate a BHC Restaurant within the Development Area, nor allow any of its affiliates or other BHC franchisees to do so. Captive locations will be excluded from Master Franchisee's Development Area and Franchisor has the right to develop or franchise the following Captive location locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls; (7) special events; (8) hospitals; (9) hotel, resort, or other lodging facility; (10) state or national parks; (11) exhibition hall; conference facility or convention center; (12) casino or gambling establishment; (13) esports events and venues; (14) street fairs; (15) delivery facilities (e.g.,, ghost kitchens) or (16) any similar area to the sites referenced herein n (collectively, "Captive locations"). Franchisor may not alter the Development

Area without Franchisee's written agreement. However, Franchisor may terminate the MFA if Master Franchisee (i) fails to meet the Development Schedule; (ii) fail to comply with any other terms and conditions of this Agreement; (iii) make or attempt to make a transfer or assignment in violation of this Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which Master Franchisee and Franchisor or its affiliates are parties.

3.2 Subfranchise Rights and Obligation.

(a) Prior to appointing any Subfranchisee, including an affiliate of Master Franchisee, Master Franchisee shall conduct an approval process to confirm that each potential Subfranchisee and each potential Subfranchised BHC Restaurants meets all of Franchisor's then current minimum requirements for new subfranchisees and new BHC Restaurants, as the same may be amended, replaced or supplemented by Franchisor from time to time. Franchisor also reserves the right to approve any or all potential Subfranchisees and potential BHC Restaurants. Each potential Subfranchisee that Master Franchisee approves and Franchisor approves, to the extent Franchisor exercises its approval right, shall be referred to herein as a "Subfranchisee." For purposes of clarification, Master Franchisee may not directly operate BHC Restaurants under this Agreement, but may only do so through an Affiliate Franchisee that enters into a then-current Subfranchise Agreement with Master Franchisee. An "Affiliate Franchisee" means in relation to a Master Franchisee, any person controlling, controlled by or under common control with Master Franchisee, either directly or indirectly through one or more intermediaries. In addition, Master Franchisee must establish and operate at least one (1) Affiliate Franchised BHC Restaurants within the Development Area pursuant to separate Subfranchise Agreements before Master Franchisee may grant subfranchises to third parties for the establishment and operation of Subfranchised BHC Restaurants within the Development Area. To the extent Franchisor exercises its approval rights under this paragraph, Franchisor's approval of any potential Subfranchisee or potential BHC Restaurant is in no way a guarantee as to the success of that potential Subfranchisee or potential BHC Restaurant, but only an indication that the potential Subfranchisee or potential BHC Restaurant generally meets Franchisor's then-current minimum requirements.

(b) Once a Subfranchisee and a potential BHC Restaurant have been approved pursuant to the approval process described in paragraph 2(b), Master Franchisee shall enter into a Subfranchise Agreement in relation to the relevant approved BHC Restaurant with the relevant Subfranchisee in the form approved by Franchisor, including only such amendments to such form as approved by Franchisor in writing (such executed agreement, "Subfranchise Agreement"). Prior to entering into any form Subfranchise Agreement or any other form agreements, including an area development agreement or lease addendum (collectively, "Other Agreements"), for the first time with a prospective subfranchisee or Subfranchisee, Master Franchisee shall submit to and receive Franchisor's approval of such proposed form Subfranchise Agreement or Other Agreement. In addition, once a form Subfranchise Agreement or Other Agreement has been approved, Master Franchisee shall not modify the terms of such form documents without submitting to and receiving Franchisor's prior written approval of such modified form documents. Master Franchisee's form Subfranchise Agreement and Other Agreements shall include terms and conditions consistent with this Agreement and as prescribed by Franchisor from time to time, including the maximum size of the territory granted under any Subfranchise Agreement or Other Agreement. Executed copies of each Subfranchise Agreement and any related Other Agreements shall be sent to Franchisor before the opening of the relevant approved BHC Restaurant for Franchisor's records. Executed copies of any Other Agreements Master Franchisee enters into with Subfranchisees shall be sent to Franchisor within thirty (30) days of the date of execution.

(c) Master Franchisee undertakes that:

i. Master Franchisee shall only charge each Subfranchisee such fees, payments and/or other consideration as may be established or approved by Franchisor in writing. Without limiting the forgoing, Master Franchise shall not charge a Subfranchisee a royalty fee of more than seven percent (7%) of Gross Revenue of the Subfranchisee's BHC Restaurant;

ii. except as otherwise provided herein or approved by Franchisor in writing, the Subfranchise Agreements and Other Agreements shall be in compliance with, and no less onerous than, the terms of this Agreement;

iii. the initial term and renewal of any Subfranchise Agreement may extend beyond the Initial Term (if not renewed) and/or the Renewal Term (if applicable) up to the maximum number of years prescribed by Franchisor from time to time, which as of the Effective Date is ten (10) years;

iv. the Subfranchise Agreement for each BHC Restaurant shall contain a term stating that upon the termination or expiration of this Agreement or any MFA Master Franchisee signs upon an extension, the Subfranchise Agreement shall be assigned to Franchisor or its designee, and the terms of that Subfranchise Agreement will be honored by Franchisor or its designee, provided the Subfranchisee remains in compliance with the Subfranchise Agreement;

v. Master Franchisee shall follow all of Franchisor's requirements relating to the amendment, renewal, termination, transfer, assignment or novation of any Subfranchise Agreements or Other Agreements, or any rights thereunder, as the same may be amended, replaced or supplemented by Franchisor from time to time. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all amendments, renewals, terminations, transfers, assignments or novations of any Subfranchise Agreements or Other Agreements, or any rights thereunder; and

vi. Master Franchisee shall ensure that each Subfranchisee shall not use the System and/or the IP Rights in any manner or for any purpose other than as permitted under this Agreement and the Subfranchise Agreement.

(d) Furthermore, Master Franchisee:

i. undertakes to ensure that each Subfranchisee complies with the respective Subfranchise Agreement at all times, and to notify Franchisor promptly in writing if there is any breach of any term of any Subfranchise Agreement and/or this Agreement and, in any event, no later than fourteen (14) days of any such occurrence. Master Franchisee agrees that any act or omission of any Subfranchisee which is inconsistent with the terms of this Agreement or any Subfranchise Agreement will be deemed a breach of this Agreement by Master Franchisee;

ii. is not discharged or relieved from any obligation or liability arising under this Agreement by entering into any Subfranchise Agreement;

iii. is liable to Franchisor for the acts, omissions, defaults and negligence of each Subfranchisee, or each Subfranchisee's personnel, as fully as if they were the acts, defaults or negligence of Master Franchisee or Master Franchisee's personnel.

iv. shall ensure that each Subfranchisee uses its best efforts to include express provisions in any lease agreement it enters into with a landlord for a BHC Restaurant to give Master Franchisee the right to receive notice of any breach of the lease agreement, the right, but not the obligation, to cure any such breach, and the right, but not the obligation, to have the lease agreement

transferred, assigned or novated to Master Franchisee upon a breach of the lease agreement or the expiration or termination of the respective Subfranchise Agreement.

v. shall, and shall ensure the Subfranchisees shall, not relocate any BHC Restaurant or any part thereof, unless Master Franchisee has meets all of Franchisor's then-current minimum requirements for the premises of new BHC Restaurants, as the same may be amended, replaced or supplemented by Franchisor from time to time, and (ii) notified Franchisor in writing at least one (1) month before such proposed relocation. Franchisor also reserves the right, upon written notice to Master Franchisee, to approve any or all potential relocation premises for the development and operation of BHC Restaurants. To the extent Franchisor exercises its approval right under this paragraph, Master Franchisee shall provide to Franchisor any preliminary document, proposal, plan, report, accounts and other information as Franchisor may require relating to the potential relocation premises.

vi. shall prepare, amend and annually update a franchise disclosure document ("Subfranchise FDD") to use in offering and selling subfranchises for BHC Restaurants to prospective subfranchisees in accordance with all Franchise Laws (although, upon Master Franchisee's request, Franchisor will provide relevant information about Franchisor and its business to include in the Subfranchise FDD), register Subfranchise FDD with the states, as applicable, properly provide the Subfranchise FDD to prospective subfranchisees and comply with all applicable waiting periods before a prospective subfranchisee pays any consideration to Master Franchisee or Affiliates or signs a binding agreement.

(e) Removal of Subfranchisee

Franchisor may, by written notice to Master Franchisee require Master Franchisee to cease using any Subfranchisee where Franchisor considers that: (a) such Subfranchisee has or is likely to breach its confidentiality obligations with respect to the Confidential Information; (b)such Subfranchisee has infringed the IP Rights or otherwise used the BHC System and/or the IP Rights in a manner or for a purpose other than as permitted under this Agreement and the Subfranchise Agreement; or (c) such Subfranchisee fails to comply in a material respect with any of its obligations under the Subfranchise Agreement.

Master Franchisee shall notify Franchisor promptly after becoming aware of any of the matters referred to in paragraph (e)(i) above.

3.3 Franchise Agreements.

When Master Franchisee opens an additional BHC Restaurant under the Development Schedule, Master Franchisee must enter into Subfranchise Agreement for that additional BHC Restaurant. So long as Master Franchisee is in good standing under this Agreement, Franchisee will continue to have the right to open and operate, including distribute BHC Products and items authorized under this Agreement, receive fees from, as applicable all BHC Restaurants in the Development Area (including both Franchised BHC Restaurant and Subfranchised BHC Restaurants) in accordance with the Development Schedule ("Operating Rights).

3.4 Development Obligations.

(a) Master Franchisee must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

(d) Master Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. MASTER FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS CONDUCTED BY MASTER FRANCHISEE AT THE BHC RESTAURANT WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

(e) Upon expiration or termination of this Agreement for any reason whatsoever, Master Franchisee shall have no claim whatsoever against Franchisor for compensation for any goodwill associated with the Marks.

3.5 Reserved Rights.

(a) Nothing contained herein accords Master Franchisee any right, title, or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. THIS AGREEMENT GRANTS MASTER FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT MASTER FRANCHISED BHC RESTAURANT AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS MASTER FRANCHISEE TO OFFER BHC PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Master Franchisee any rights in those systems. Franchisor reserves all rights to market and sell BHC Products at venues other than BHC Restaurants and through other channels of distribution anywhere, including within Master Franchisee's Territory.

3.6 Promotion and Development of Master Franchise Business.

Master Franchisee undertakes to and guarantees to secure, establish and operate, through its Subfranchisees under Subfranchise Agreements, not less than the cumulative number of BHC Restaurants (including Franchised BHC Restaurants) in the Development Area by each of the dates specified in the "Initial Development Schedule" (attached hereto as Exhibit 1). The required BHC Restaurant quotas listed in the Initial Development Schedule are each an "Initial Development Quota" and are collectively referred to as the "Initial Development Quotas." As further described in section 3.1, Master Franchisee must establish and operate at least one (1) Franchised BHC Restaurant within the Development Area pursuant to separate Subfranchise Agreements before Master Franchisee may grant subfranchises to third parties for the establishment and operation of Subfranchised BHC Restaurants within the Development Area. If Master Franchisee fails to meet any of the Initial Development Quotas by the date specified in the

Initial Development Schedule, Franchisor shall have the right to collect from Master Franchisee an amount up to the then-current MF Development Fee Master Franchisee is required to pay Franchisor pursuant to section 4.1(b) for each BHC Restaurant short of the applicable Initial Development Quota. Master Franchisee shall pay to Franchisor any such amount within seven (7) days of receipt of Franchisor's request for payment.

3.7 Extent of Grant.

(a) Master Franchisee understands and agrees that Master Franchisee is licensed hereby only for the operation of the Franchised Business and only within Master Franchisee's Development Area. Master Franchisee must conduct its Master Franchise Business in Master Franchisee's Territory only BHC Products and other goods and services that Franchisor designates as required or approved for all Master Franchisees. Franchisor has the right to change and add other authorized goods and services, which Master Franchisee will then be required to offer.

3.8 Electronic Execution and Copies.

(a) Executed counterparts of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.8(a) and the following section 3.8(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Master Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor and Master Franchisee or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software available. Notwithstanding any statute, regulation, or other rule of law to the contrary, Master Franchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.9 Obligations of Entity Master Franchisee.

(a) If Master Franchisee is an entity, Master Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement, or other agreement between the equity owners.

(b) If Master Franchisee is an entity, Master Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, BETWEEN THIS ENTITY AND BHC USA LLC REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

(c) If Master Franchisee is an entity, Master Franchisee warrants that:

(i) it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; and

(ii) it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement.

4. INITIAL AND ON-GOING PAYMENTS BY MASTER FRANCHISEE

4.1 MF Development Fee and Licensing Fee for BHC Restaurants.

When Master Franchisee signs this Agreement, Master Franchisee must pay Franchisor the sum of USD Forty Thousand Dollars (USD $40,000) multiplied by the number single unit BHC Restaurant as a "MF Development Fee" for Franchisor granting Master Franchisee the exclusive right to open the number of BHC Restaurants specified in the Development Schedule. The MF Development Fee is computed by multiplying the number of BHC Restaurants by the Initial Franchisee Fee for a single unit BHC Restaurant of USD Forty-Thousand Dollars ($40,000). The MF Development Fee is not refundable. The MF Development Fee (and all other payments to Franchisor for goods or services received from Franchisor before Master Franchised BHC Restaurant opens for business) is due and payable in full, by cashier's check or money order or wire transfer to Franchisor when Master Franchisee signs this Agreement. The Initial Franchise Fee is fully earned by Franchisor when paid.

4.2 Initial Deposit.

When Master Franchisee signs this Agreement, Master Franchisee must pay Franchisor USD Twenty Thousand (USD $20,000) per BHC Restaurant as a deposit fee (the "Deposit"). Deposit is due and payable in full, by cashier's check or money order or wire transfer to Franchisor when Master Franchisee signs this Agreement. The purpose of the Deposit is to secure against non-payment of Master Franchisee's obligations under this Agreement. The Deposit must be paid in a lump sum and is refundable within sixty (60) days of the expiration or termination of this Agreement if and only if Master Franchisee is in full compliance with Master Franchisee's obligations in this Agreement, including, without limitation, Master Franchisee's post termination obligations set forth in section 11.2 and 15.1 thereof. If any amount is deducted from the Deposit by the Franchisor, Master Franchisee shall be responsible for replenishing the Deposit such that the Deposit is maintained at USD Twenty Thousand (USD $20,000) per BHC Restaurant within ten (10) business days of each deduction.

4.3 Royalty.

(a) Beginning on the Opening Date and during the Master Franchise Term, Master Franchisee must pay Franchisor a "Royalty" of 4.5% of Master Franchisee's Gross Revenues from Master Franchised BHC Restaurant ("Franchise Royalty").

(b) Beginning on the Opening Date and during the Master Franchise Term, Master Franchisee must cause Subfranchisees to pay Franchisor a "Royalty" of 4.5% of Gross Revenues from Subfranchised BHC Restaurants. ("Subfranchise Royalty").

(c) Franchise Royalty and Subfranchise Royalty are collectively referred to as "Royalties". Royalties are due and payable on a monthly basis on the following 5th day for the previous month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during the prior month. Monthly payments of Royalties are to be accompanied by a revenue report in the form prescribed by Franchisor.

(d) Monthly payments of Royalties are to be accompanied by a revenue report in the form prescribed by Franchisor. Notwithstanding the preceding sentence, Franchisor reserves the right, upon ninety (90) days' written notice to Master Franchisee, to require Master Franchisee to pay the Royalty Fee on a more frequent basis, including monthly or weekly. In addition, upon ninety (90) days' written notice to Master Franchisee, Franchisor reserves the right to require Master Franchisee to sign electronic transfer of funds authorizations and other documents as Franchisor periodically designates or approves, to authorize Master Franchisee's bank to transfer, either electronically or through some other method of payment Franchisor or its Affiliates designate or approve, directly to Franchisor's or its Affiliates' account and to charge Master Franchisee's account all amounts due to Franchisor or its Affiliates from Master Franchisee. Master Franchisee's authorization will permit Franchisor or its Affiliates to designate the amount to be transferred from Master Franchisee's account. Master Franchisee must maintain a balance in its account sufficient to allow Franchisor and/or its Affiliates to collect the amounts owed when due. Master Franchise is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this paragraph.

4.4 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, Master Franchisee must pay Franchisor a "Marketing and Promotion Fee" of two and one-half percent (2.5%) of Master Franchisee's Gross Revenues. However, Franchisor is not requiring this contribution at this time because Franchisor does not anticipate brand marketing until Franchisor has at least 50 BHC Restaurants in operation. If established, this fee is due and payable at the same time and in the same manner as Royalty Fee. Franchisor reserves the right to require payment of this fee once Franchisor has more than 50 BHC Restaurants in operation. Once BHC starts to require payment, Marketing and Promotion Fees collected from BHC Master Franchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the BHC trademarks and their general public recognition and acceptance. We need not ensure that any particular Master Franchisee benefits directly or proportionately from the Marketing and Promotion Fee.

(b) When applicable, Marketing and Promotion Fees are due and payable on a monthly basis on the 14th of each month (unless that day is a banking holiday, in which case the Marketing and Promotion Fees are due and payable on the next business day). Marketing and Promotion Fees will be calculated on the Gross Revenues received during the monthly periods ending on the last day of each month.

(c) During the 60 days after the Opening Date, Master Franchisee must spend in Master Franchisee's Territory at least $10,000 to $15,000 on the initial opening advertising and promotion event of Master Franchised BHC Restaurant, using the grand opening advertising and promotional program that Franchisor approves, including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 75 days after the Opening Date, Master Franchisee must provide Franchisor with a report itemizing Master Franchisee's expenditures on the grand opening advertising and promotion of Master Franchised BHC Restaurant.

(d) Commencing with the third full calendar month after the Opening Date, Master Franchisee must (i) spend at least 1% of Master Franchisee's annual (January 1 through December 31) Gross Revenues on the local marketing, advertising, and promotion of Master Franchised BHC Restaurant, using marketing and promotional materials pre-approved or otherwise authorized in writing by Franchisor ("Local Advertising"). Master Franchisee must submit to Franchisor a Local Advertising plan which details the Local Advertising for the next 12-month period for Franchisor's approval. Within thirty (30) days after the end of each of the above-mentioned periods, Franchisor will provide a template to Master Franchisee and Master Franchisee must submit to Franchisor, a fully completed marketing report of Master Franchisee's Local Advertising for the preceding concluded period in form and substance specified by Franchisor, including evidence to verify such expenditure during such period.

(e) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected Master Franchisees for special designated advertising or promotional activities if two-thirds of all affected franchised BHC Restaurants agree to such additional assessment by affirmative vote.

(f) Master Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires, or authorizes BHC Master Franchisees to participate in. Details regarding such contests and promotions will be set forth in the Operations Manual.

(g) Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising (including advertising paid from Marketing and Promotion Fee contributions), public relations and promotional campaigns.

(h) Master Franchisee agrees to participate in all BHC promotions described in Franchisor's website and all Franchisor-authorized charitable fundraising and group discount programs.

4.5 Electronic Funds Transfer.

Franchisor requires payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT"), through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Master Franchisee's account into Franchisor's operating account. Master Franchisee must (i) execute and deliver to Franchisor's bank required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Master Franchisee's bank account all fees payable under the terms of this Agreement and (ii) open and maintain a single bank account for such payments (with overdraft protection from Master Franchisee's operating account) always keeping the minimum balance in such account as Franchisor may reasonably designate. Master Franchisee must not alter or close this account except upon Franchisor's prior written approval. Any failure by Master Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material breach of this Agreement.

4.6 Fees Fully Earned: No Setoff on Payments.

All payments made by Master Franchisee to Franchisor pursuant to this Article 4 are fully earned and non-refundable (except as provided in section 4.2 above) when paid. All payments to be made by Master Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

(a) Any payment of fees, including but not limited to, Royalty and Marketing and Promotion Fees, not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of $100 per occurrence, plus the lesser of the daily equivalent of 10% per year ("Interest") of the amount past due. Franchisor and Master Franchisee agree that the Interest of the amount past due is reasonable because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses (including administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount); and (ii) it would be impractical or extremely difficult to fix in advance the exact amount of costs and expenses Franchisor would incur.

(b) If any payment is not successful due to insufficient funds, stop payment, or any similar event, Master Franchisee agrees to pay a dishonored item fee of the lesser of $100 per occurrence, or the highest amount allowed by law.

4.8 No Accord or Satisfaction.

If Master Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

5. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the BHC Restaurant franchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement. Any failure to comply with the obligations set forth in the Franchise Agreement will result in cross-default in the MFA. If the MFA is terminated prior to its expiration for cause, all Franchise Agreement will be automatically terminated.

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Master Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Master Franchisee must (i) then be solvent (which means that Master Franchisee is able to pay its debts as and when promised by Master Franchisee and that Master Franchisee has assets that are greater than its debts), (ii) not have Abandoned the BHC Restaurant, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the BHC brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) Notwithstanding section 5.2(a) above, Franchisor is not obligated to renew Master Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Master Franchisee gives Franchisor written notice of Master Franchisee's intention not to renew this Agreement at least 120 days before the expiration of the initial term or any successor term;

(ii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof;

(iii) Master Franchisee and Franchisor agree not to renew the Franchise;

(iv) Franchisor withdraws from distributing its products or services through Franchises in the geographic market served by Master Franchisee.

(v) At the time of renewal, Master Franchisee or any Principal Equity Operator has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System; or

(d) As a condition to renewing Master Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Master Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new Master Franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional 10 year term. IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT. The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Master Franchisee must have satisfied all monetary obligations owed by Master Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Master Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 120 days of Master Franchisee's renewal date.

(f) Before or not later than 90 days after Master Franchisee's execution of a Renewal Franchise Agreement for an additional term, Master Franchisee must make such physical modifications (i.e., remodel) to Master Franchised BHC Restaurant as are reasonably necessary so that they are substantially consistent with the then current Trade Dress and System requirements, and so that they can accommodate new BHC Products, if any. Master Franchisee must also bring Master Franchised BHC Restaurant and equipment, materials, and supplies into compliance with the standards then applicable to new BHC franchises.

(g) When Master Franchisee signs the Renewal Franchise Agreement, Master Franchisee must pay Franchisor a "Renewal Fee" of $40.000.00.

6. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Master Franchisee's General Manager and Principal Equity Operators to understand the Franchised Business and the System, and for Master Franchisee's General Manager and other key employees to have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Master Franchisee's General Manager and at least one of Master Franchisee's Principal Equity Operators, an initial training program prior to the opening of the BHC Restaurant, which lasts for six (6) days (a number of days may vary depending on the Master Franchisee's experience and needs as determined by Franchisor in its sole discretion) ("Initial Training"), providing an orientation to the System and instructions on how to operate the Franchised Business. The fee for the Initial Training is $8,000 up to two (2) persons, excluding travel expenses ("Initial Training Fee"). Unless there are extenuating circumstances which, in Franchisor's reasonable determination, justify a delay (including Force Majeure), Master Franchisee's required trainees must attend the Initial Training offered by Franchisor. Master Franchisee may not open and operate Master Franchised BHC Restaurant until Master Franchisee's General Manager has satisfactorily completed Initial Training. Master Franchisee acknowledges and agrees only Franchisor may determine whether Master Franchisee's General Manager satisfactorily completes Initial Training.

(b) The failure of Master Franchisee's General Manager to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Master Franchisee's General Manager who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or Master Franchisee may send a replacement General Manager, approved by Franchisor, to the next available Initial Training program.

(c) The Initial Training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports, and equipment maintenance. Franchisor will determine the contents and manner of conducting the Initial Training.

(d) The Master Franchisee is responsible for all transportation, daily allowances, and other costs and expenses for the Franchisor's trainer(s) to train the Master Franchisee's personnel at BHC Restaurant or such other location as designated by Franchisor.

6.2 Training and Assistance after Opening.

(a) After Master Franchisee opens and begins operating the Franchised Business at the Franchised BHC Restaurant, Franchisor will provide Master Franchisee with telephone and e-mail assistance at Master Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the Franchised Business. Franchisor's representatives may visit Master Franchised BHC Restaurant from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion.

(b) After Master Franchisee opens and begins operating the Franchised Business at the Franchised BHC Restaurant, and upon reasonable notice, Franchisor may require attendance of Master Franchisee's designated personnel at training courses, seminars, conferences, or other programs other than Initial Training or mandatory meetings that Franchisor deem to be relevant or appropriate to the operation of the Franchised Business. Master Franchisee specifically agrees that only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the BHC

Restaurant and Franchised Business, and that Master Franchisee will send its General Manager, Principal Equity Operators, and other manager-level employees to Franchisor for additional training if Franchisor requests this. Master Franchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's trainer(s) to train the Master Franchisee's personnel at BHC Restaurant or such other location as designated by Franchisor in connection with such additional trainings.

(c) In addition to updates to the Operations Manual, Franchisor may provide Master Franchisee with additional materials relating to the Franchised Business. Franchisor may also from time to time make available to Master Franchisee for purchase other materials relevant to the BHC Restaurant, the Franchised Business, and the System.

(d) All costs and expenses (including travel, hotel, and meal) of Master Franchisee's attendees at any post-opening training, additional training, conferences, or meetings will be Master Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Master Franchisee's behalf must have a demonstrable relationship to the management and operation of Master Franchised BHC Restaurant.

(e) In the event of a Transfer of Master Franchisee's rights, duties, and obligations under this Agreement (which must be done in full compliance with section 12.2 of this Agreement), the transferee's key personnel must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred BHC Restaurant may not be operated by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the BHC Restaurant and the Franchised Business and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Proprietary Materials.

At Initial Training and other training programs and conferences, Franchisor may provide Master Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for Master Franchisee's use in training Master Franchisee's staff. All of these items are and will remain Franchisor's sole and exclusive property. Master Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate, or otherwise reveal to third parties any Proprietary Information and related materials, without Franchisor's express prior written consent.

7. OPENING OF MASTER FRANCHISED BHC RESTAURANT

7.1 Master Franchisee's BHC Restaurant.

Master Franchisee must open at least one (1) Franchised BHC Restaurant before granting rights to third-party Subfranchisees. "Master Franchisee" as used herein shall refer to and include the Master Franchisee and the Affiliate. If the Franchised BHC Restaurant has not been identified when Master Franchisee signs this Agreement, the exact location of the Franchised BHC Restaurant will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined.

7.2 Building Out Master Franchised BHC Restaurant.

(a) Premises acceptable to Franchisor where Master Franchised BHC Restaurant will be operated must be located and secured by Master Franchisee and reviewed and consented to by Franchisor within four (4) months after the Effective Date. Upon signing this Franchise Agreement, Master

Franchisee must promptly locate one or more proposed sites which meet Franchisor's current standards and specifications. For each proposed site, Master Franchisee will submit to Franchisor certain information regarding the site that Franchisor requests. Upon receiving the information regarding a proposed site, Franchisor will review the information and either accept or reject the proposed site. For any site that Franchisor reviews, Master Franchisee must reimburse Franchisor for all costs and expenses that Franchisor incurs in reviewing the site. If Franchisor does not approve the proposed site within 30 days after Master Franchisee's complete submission of the requested information (or 15 days after Master Franchisee provides any supplemental information Franchisor requests), the site will be deemed rejected. If Franchisor disapproves, Master Franchisee must promptly propose an alternative location. Franchisor does not locate sites for Master Franchisee. However, Franchisor may, without, obligation, assist Master Franchisee in locating or evaluating a site for a reasonable fee. If Master Franchisee has not located a site for the Franchised BHC Restaurant that is acceptable to Franchisor within four (4) months after the Effective Date, Franchisor may cancel this Agreement on the basis of Master Franchisee's failing to find an acceptable site.

(b) Master Franchisee must build out the Franchised BHC Restaurant (and commence operation of the Franchised Business there) within ten (10) months after Franchisor approves the BHC Restaurant premises, using architects, project managers, contractors, subcontractors, architectural plans, and key equipment suppliers reasonably acceptable to Franchisor. Master Franchisee must commence operation of the Franchised Business at the Franchised BHC Restaurant as soon as practicable after Master Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Master Franchisee has located and secured suitable premises (that Franchisor consents to) for its BHC Restaurant, Master Franchisee has not commenced operation of the Franchised BHC Restaurant within fourteen (14) months after the Effective Date, Franchisor may terminate this Agreement effective on written notice.

(c) Franchisor may, but is not obligated to, assist Master Franchisee in the site selection process. However, Franchisor reserves the sole right of final review and consent to any location of the Franchised BHC Restaurant. Franchisor uses available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility, and other related, relevant circumstances. Franchisor's final review and consent to the location of the Franchised BHC Restaurant is not a guarantee that a BHC business can be successfully operated there or anywhere else.

(d) Franchisor will provide Master Franchisee with a sample prototype layout for the Franchised BHC Restaurant. Franchisor will provide Master Franchisee a floor plan and Master Franchisee must pay Franchisor for all costs and expenses that Franchisor incurs in providing the site design review of $2,500 ("Site Design Review Fee") and site review fee of $2,000 to $4,000 ("Site Review Fee"). At Master Franchisee's sole expense, Master Franchisee must employ directly architects, designers, engineers, or others as reasonably acceptable to Franchisor to complete, adapt, modify, or substitute the sample plans and specifications for the Franchised BHC Restaurant, and review and monitor all licensing related matters. Master Franchisee shall be solely responsible for acquiring all of the necessary permits and licenses, including but not limited to permits related to structural reinforcement, grease interceptors, and parking. The architect must submit a complete set of final plans and specifications to Franchisor before commencing leasehold improvement of the Franchised BHC Restaurant. Franchisor will review these plans and specifications promptly and accept them as stated or provide Master Franchisee with Franchisor's comments on the plans and specifications. Franchisor will have complete and uncontested control over the design of the Franchised BHC Restaurant and Master Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. Master Franchisee may not commence leasehold improvement of the Franchised BHC Restaurant until Franchisor consents in writing to the final plans, specifications, and contractors to be

used in constructing the Franchised BHC Restaurant. Franchisor will consult with Master Franchisee, to the extent Franchisor deems necessary, on the leasehold improvement and equipping of the Franchised BHC Restaurant (and Franchisor may require the Franchised BHC Restaurant to have a certain color scheme and decorative trade dress), but it is and will remain Master Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Franchised BHC Restaurant. Master Franchisee is responsible, at Master Franchisee's expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

(e) Master Franchisee must use licensed general contractors, designers, vendors, and architects accepted by Franchisor before performing leasehold improvement work at Franchised BHC Restaurant. Franchisor expressly disclaims any representation or warranty of the quality of any goods or services provided by architects, contractors, or any other persons or entities which Franchisor may refer to Master Franchisee, including any warranty as to merchantability or fitness for any particular purpose. Franchisor is not responsible for delays in the leasehold improvement, equipping or decoration of the Franchised BHC Restaurant or for any loss resulting from the Franchised BHC Restaurant design or leasehold improvement since Franchisor has no control over the landlord or developer and numerous leasehold improvement-related problems which could occur, consequently delaying the opening of the Franchised BHC Restaurant. Franchisor must approve in writing any and all changes in the Franchised BHC Restaurant plans prior to leasehold improvement of the Franchised BHC Restaurant or the implementation of such changes.

(f) Franchisor must have access to the Franchised BHC Restaurant while work is in progress. Franchisor may make video records of leasehold improvement in process and may require such reasonable alterations to or modifications in the leasehold improvement of the Franchised BHC Restaurant that Franchisor deems necessary. Master Franchisee's failure to promptly commence and diligently complete the design, leasehold improvement, inventorying, equipping, and opening of the Franchised BHC Restaurant will be a material breach of this Agreement. Before the Franchised BHC Restaurant opens to retail customers and before final inspections by any governmental agency, Franchisor will visit the site of Franchised BHC Restaurant for three (3) on-site visits and complete a final "walk through" inspection of the BHC Restaurant and issue a written consent to open. Any deficiencies noted by Franchisor as a result of this inspection must be corrected by Master Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor. Master Franchisee shall be responsible for such inspection fee of USD$600, all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's personnel in connection with such visits on site but up to three times per Franchised BHC Restaurant only.

(g) Unless otherwise agreed to in writing by Master Franchisee and Franchisor, Master Franchisee has the sole responsibility for locating, securing, and obtaining suitable premises for the Franchised BHC Restaurant. Master Franchisee and Master Franchisee's landlord will be required by Franchisor to execute an addendum to Master Franchisee's lease (or other written agreement or written understanding incorporated in, or attached as a rider to, the lease) that (i) grants Franchisor an option to assume Master Franchisee's position as lessee under the lease for the Franchised BHC Restaurant premises if Master Franchisee is in material breach of either the lease for the Franchised BHC Restaurant premises (including an obligation of the landlord to notify Franchisor if Master Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a bona fide Master Franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Franchised BHC Restaurant if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Franchised BHC Restaurant premises. The Addendum to Lease is attached as Exhibit 5.

(h) Franchisor has the right to regularly inspect Master Franchised BHC Restaurant and any other site where Master Franchisee conducts the Franchised Business.

7.3 Equipment and Inventory.

(a) Throughout the term of this Agreement, Master Franchisee shall, and ensure that Subfranchisees shall, only purchase, and maintain equipment and inventory as needed to meet reasonably anticipated consumer demand of the BHC Products. Master Franchisee shall, and shall ensure that Subfranchisees shall also purchase and sell ancillary products, which may include books, specialty foods, packaged foods, books, hats, t-shirts, and novelty items, as we periodically specify, for sale at your BHC Restaurant ("**Ancillary Products**"). To ensure highest degree of consistency, service, and quality, Master Franchisee must practice and conform to the standards, operating procedures, specifications, and rules Franchisor has established for the operation of a BHC Restaurant, as modified by Franchisor from time to time) including specifications as to ingredients, brand names, preparation, and presentation ("**Standards**"). Master Franchisee must purchase all products that Master Franchisee offers from the Franchised BHC Restaurant, including products which bear any of the Marks, solely and exclusively from Franchisor, or Franchisor's designated supplier.

(b) Before opening a BHC Restaurant, Master Franchisee and Subfranchisees must purchase opening inventory of merchandise and supplies that includes certain proprietary products that Master Franchisee must purchase from Franchisor and Franchisor's affiliates.

(c) Franchisor will provide Master Franchisee with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the BHC Restaurant ("**Approved Supplies List**"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. Franchisor reserves the right to designate a required source of supply for certain products and supplies, and Franchisor or an affiliate may be a required source. The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. Franchisor may revise the Approved Suppliers List and Approved Supplies List. Franchisor gives Master Franchisee the approved lists as Franchisor deems advisable. Franchisor generally does not give these lists to approved suppliers. Franchisor will provide contact information for Master Franchisee's distributors and/or manufacturers of all products offered at the BHC Restaurant. Except where Franchisor identifies a sole single source, if Master Franchisee proposes to use in the operation of a BHC Restaurant any product, supply, material, furnishing or equipment which has not yet been approved by Franchisor as conforming to Franchisor's specifications and quality and system standards ("**Alternative Supplies**") and/or from a supplier not yet approved in writing by Franchisor ("**Alternative Supplier**"), Master Franchisee must first notify Franchisor in writing and must submit to Franchisor, upon request, sufficient information, specifications, and samples so that Franchisor can determine whether the item or service complies with System standards or the supplier meets Franchisor's supplier criteria. Franchisor will provide Master Franchisee with written approval or disapproval within a reasonable time period (typically 30 days).

(d) Master Franchisee may not, and ensure Subfranchisees do not, use any product, supply, material, furnishing or equipment that Franchisor has not approved. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with Franchisor's System.

Franchisor may inspect or re-inspect the facilities and products of any approved supplier and revoke Franchisor's approval if the supplier fails to continue to meet Franchisor's criteria and specifications.

(e) As a condition of approval, Master Franchisee and/or any supplier must reimburse Franchisor for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

(f) Nothing contained in this Disclosure Document or in MFA requires Franchisor to approve an inordinate number of suppliers of a given item or approve suppliers, which, in Franchisor's reasonable judgment, would result in higher costs to Master Franchisees and Subfranchisees or prevent, in Franchisor's sole judgment, our effective and economical supervision of suppliers.

(g) Franchisor and Franchisor's affiliates have the right to receive payments, rebates, and other forms of consideration from suppliers based upon Master Franchisee's, Subfranchisees' (and other Master Franchisees' and Subfranchisees') purchases of goods, products, and services as described in this section, as well as in connection with any future purchases of any goods, products, and services. Most of these payments are calculated as an amount based on products sold to Master Franchisee and Franchisor affiliate-owned BHC Restaurants. Franchisor will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

(h) Franchisor may negotiate prices for numerous products for the benefit of the System but not on behalf of individual Master Franchisees or Subfranchisees. Currently, there is no purchasing or distribution cooperative, but Franchisor reserves the right to create a cooperative and require Master Franchisee and Subfranchisees to participate. Franchisor may receive volume discounts for the System which Franchisor will pass through to the Master Franchisees. Beyond these discounts, Franchisor do not provide material benefits to Master Franchisee because of Master Franchisee's use of approved suppliers.

8. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Master Franchisee must be, or employ, a General Manager who will devote his or her entire time during normal business hours, as defined in the Operations Manual, to the management, operation, and development of the Franchised Business. The General Manager must ensure that Master Franchisee fulfill its obligations to Master Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. At least one Principal Equity Operator, with or through the General Manager, must participate personally in the direct operation of the Master Franchise Business.

(b) Master Franchisee must, and ensure that your Subfranchisees, sell to customers BHC Products and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale at the BHC Restaurants in accordance with this Agreement and the Operations Manual (as periodically amended by Franchisor). Master Franchisee must only operate the Franchised Business at a Franchised BHC Restaurant, and ensure the Subfranchisees only operate their Business, in strict accordance with the procedures set forth in the Operations Manual or otherwise provided to Master Franchisee by Franchisor in writing. Master Franchisee must, and ensure the Subfranchisee, maintain an adequate level of supplies and inventory in order to properly operate the BHC Restaurant. Online ordering by customers of BHC

Products may only be made through the authorized page on Franchisor's website. Master Franchisee must, and ensure the Subfranchisee, use the standard signs and formats that Franchisor prescribes in operating the BHC Restaurant and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires that Master Franchisee comply, and ensure that Subfranchisees comply, with the methodology Franchisor prescribes in providing BHC Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's Master Franchisees and the strength of Franchisor's Marks in inter-brand competition, and subject to applicable federal and state antitrust laws, Franchisor may recommend retail prices for specific BHC Products and other products and services Franchisor authorize for sale at a BHC Restaurant. If Franchisor does so, Master Franchisee may not, and ensure that Subfranchisees do not, advertise or promote (whether by telephone, printed materials, or any other media, including social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the BHC Restaurant, Franchisor may designate maximum and minimum retail prices to be charged for BHC Products.

(d) Master Franchised BHC Restaurant must be open on a full-time basis in accordance with the hours of operation as designated by Franchisor. The obligation to remain open will not apply if Master Franchisee experiences a Force Majeure.

(e) If the BHC Restaurant is configured for the on-premises consumption of beer and wine, Master Franchisee must, and ensure the Subfranchisees do, obtain and maintain the necessary licenses and permits from state or local agency regulating the on- premises sale and consumption of beer and wine to permit Subfranchisees to offer and sell at the BHC Restaurant beer and wine as authorized in the Operations Manual (or otherwise by Franchisor in writing). The costs of these licenses and permits vary, but it is Master Franchisee's responsibility to determine exactly what this liquor license will cost. Master Franchisee must ensure that the Subfranchisees always supervise its employees to make sure Subfranchisee customers are served and consume alcoholic beverages responsibly. Master Franchisee must also ensure that the Sublicensees always employ and maintain enough security personnel on and near the BHC Restaurant premises to provide adequate care and custody of Master Franchisee's customers.

(f) Master Franchisee must promptly satisfy any bona fide indebtedness that Master Franchisee incurs in operating the BHC Restaurant and the Master Franchise Business. Contractors, subcontractors, vendors, and suppliers providing services to Master Franchisee must be paid in accordance with the terms of their agreements with Master Franchisee.

(g) Master Franchisee must notify Franchisor in writing within 10 business days after Master Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the BHC Restaurant or the Franchised Business, or that may adversely affect Master Franchisee's operations at the BHC Restaurant or Master Franchisee's ability to meet its obligations under this Agreement.

(h) If anything occurs at the BHC Restaurant or in the Development Area that causes or may cause harm or injury to retail customers or Master Franchisee's employees, Subfranchisees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or Franchisor's affiliates, Master Franchisee must immediately inform Franchisor's designated contact person by telephone, e-mail, text, or other electronic messaging medium authorized by Franchisor for this purpose. Master Franchisee must cooperate fully with Franchisor in any response to an incident described in this section 8.1(h).

(i) If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, Master Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Master Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the BHC Restaurant or any of its improvements.

(j) Without Franchisor's prior written consent, Master Franchisee may not, and ensure the Subfranchisees to not, engage in any "Co-branding" (as specified below) with other businesses nor allow subtenants in the BHC Restaurant. Franchisor is not required to approve any Co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that Co-branding chain as an approved co-brand for operation within the System. "Co-branding" means the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) featured or incorporated within Master Franchised BHC Restaurant or the Franchised Business operated by Master Franchisee in the Development Area or adjacent to the BHC Restaurant and operated in a manner likely to cause the public to perceive it to be related to the BHC Restaurant and Franchised Business licensed to Master Franchisee hereunder.

(k) Master Franchisee agrees to ensure that the Subfranchisees diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Master Franchisee or Subfranchisees in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Master Franchisee's or Subfranchisee's activities.

8.2 Operations Manual.

(a) Master Franchisee must operate, and ensure the Subfranchisees operate, the Franchised Business in accordance with the Operations Manual, a copy of which will be loaned to Master Franchisee (and Master Franchisee may be given access to a digital copy of the Operations Manual on or through Franchisor's website). Master Franchisee may also be provided with a hard copy of all or portions of the Operations Manual at Initial Training or afterwards. Franchisor has the right to modify the Operations Manual at any time by the addition, deletion, or other modification of the provisions thereof. All such additions, deletions or modifications are effective on such date as designated by Franchisor after delivery to Master Franchisee or the digital copy maintained on Franchisor's website is changed.

(b) All additions, deletions or modifications to the Operations Manual are equally applicable to all similarly situated BHC Master Franchisees. As periodically modified by Franchisor, the Operations Manual will be deemed to be an integral part of this Agreement and references to the Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Operations Manual. If there is any discrepancy or dispute about the version of the Operations Manual that Master Franchisee may have printed and maintain, the master copy of the Operations Manual that Franchisor maintains at its headquarters will be the controlling version and will supersede all prior versions.

(c) If Master Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Master Franchisee by Franchisor, Master Franchisee will be deemed to be in material breach of this Agreement and all other agreements Master Franchisee has with Franchisor and its affiliated entities.

(d) Upon the expiration, termination, or cancellation of this Agreement for any reason, Master Franchisee, the General Manager, and any other employee having possession thereof, must immediately return to Franchisor any printed portions of the Operations Manual then in Master

Franchisee's or their possession. Except as specifically permitted by Franchisor, at no time may Master Franchisee or Master Franchisee's employees or agents (i) make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual, (ii) give online access to the Operations Manual to unauthorized persons, or (iii) disclose any part of the Operations Manual to any other person except Master Franchisee's authorized employees and agents when required in the operation of the BHC Restaurant and the Franchised Business. Master Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Master Franchisee retain after expiration, cancellation, or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format and menu items (including new items) is required by Franchisor and must be used by Master Franchisee and Subfranchisees. Any changes, additions, or deletions in the menu format to be used at the BHC Restaurant must be approved in writing by Franchisor prior to its use by Master Franchisee or Subfranchisees. Master Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees, and agents harmless from and against any and all loss, damage, cost, or expense, including reasonable attorney's fees, resulting from any change Master Franchisee makes in the standard menu or for any deviation of Master Franchisee's products from the descriptions contained in Franchisor's approved menu. Franchisor may change the standard menu format at any time.

(b) To enhance the customer experience at the BHC Restaurant and to protect Franchisor's reputation, Franchisor is entitled to prescribe standard uniforms and attire for all of Master Franchisee's and Subfranchisees' personnel. Master Franchisee is required to, and ensure the Subfranchisees, obtain such uniforms and attire only from an e-BHC Restaurant set up by Franchisor or from other designated or approved manufacturers or distributors.

(c) Master Franchisee agrees that Franchisor, Subfranchisees, and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance, and prominent display of the Marks at Master Franchised BHC Restaurant and elsewhere in Master Franchisee's Development Area. Therefore, Master Franchisee agrees to, and ensure the Subfranchisees, maintain the uniform standards of quality, appearance, and display of the Marks in strict accordance with this Agreement and the Operations Manual as it may be periodically revised, or as Franchisor may otherwise direct in writing. To assist Franchisor in maintaining consumer brand recognition through advertising and an effective network of Master Franchisees, Master Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Computer System.

(a) Master Franchisee must, and ensure Subfranchisees, purchase, use, and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Operations Manual or otherwise by Franchisor in writing for use at the BHC Restaurant (the "Computer System"). The Computer System must always be powered on and connected to a dedicated high-speed communications medium specified by Franchisor, capable of accessing the Internet for the purpose of implementing software, transmitting, and receiving data, accessing the Internet in the manner designated by Franchisor in the Operations Manual or otherwise in writing. Master Franchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the Computer System. The Computer System must be electronically linked to Franchisor. Franchisor may electronically access the Computer System and any of Master Franchisee's and Subfranchisees' Internet domain names or email addresses on a daily or other basis at such times and

in such manner as determined by Franchisor, with or without notice, to retrieve such transaction information including sales, sales mix, usage, and other operations data as Franchisor deems appropriate. Master Franchisee must ensure that only adequately trained employees and Subfranchisees conduct transactions using the Computer System. Within a reasonable time upon Franchisor's request, Master Franchisee must apply for, and ensure the Subfranchisees apply for, and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase BHC Products via such procedure, as specified by Franchisor. Franchisor may require Master Franchisee to update, upgrade or replace the Computer System, including hardware or software, periodically upon written notice. The Computer System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(b) Franchisor may designate the computer software to be used in the operation of the Computer System ("Designated Software"). If Franchisor does so, Master Franchisee must license or sublicense, and ensure the Sublicensees license or sublicense, such Designated Software from Franchisor's designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. Master Franchisee and Subfranchises may also be required to purchase any upgrades, enhancements, or replacements to the Designated Software. Master Franchisee must incorporate any required modifications or additions within such time as stated in the notice sent by Franchisor.

(c) Master Franchisee may not install, and must prohibit others from installing, unauthorized software on the Computer System. Master Franchisee must take all commercially reasonable measures to ensure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the Computer System. Master Franchisee must always communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the Computer System and obtain the data Franchisor is permitted to obtain under this Agreement, including accounting, sales, marketing, client, and other information to assist in and support the operation of the Franchised Business.

(d) All information on the Computer System, including customer data and contact information, is Franchisor's property and Master Franchisee consents to Franchisor using this information in any way Franchisor sees fit subject to any privacy laws and policies, including to market other products and services not constituting BHC Products or other products and services specifically authorized by Franchisor.

(e) Franchisor may disclose information relating to Master Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective Master Franchisees.

8.5 Maintenance, Upgrades and Refurbishments to the BHC Restaurant.

(a) Franchisor requires Master Franchisee to, and ensure Sublicensees, maintain and periodically refurbish the BHC Restaurant to conform to the then- current building design, Trade Dress, and color schemes then applicable for a BHC Restaurant. Such maintenance and refurbishment may require expenditures by Master Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for BHC Restaurants or to accommodate new BHC Products. Accordingly, Master Franchisee must (i) maintain all equipment used at the BHC Restaurant on an as needed basis, (ii) immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies and (iii) make all upgrades to equipment and any technology used in BHC Restaurant that Franchisor may require.

(b) Franchisor may periodically require Master Franchisee or Sublicensees to update the Trade Dress used at the BHC Restaurant. Such updates will be contained in the Operations Manual or otherwise provided to Master Franchisee in writing. Such updates may require Master Franchisee and Sublicensees to install new color schemes, logos, signage, or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(c) Master Franchisee and Subfranchisees will always be required to make upgrades and refurbishments to the BHC Restaurant before renewing the Franchise pursuant to section 5.2(f) of this Agreement. Otherwise, Franchisor will only require the types of modifications and expenditures described in sections 8.5(a) and 8.5(b) if Franchisor makes a good faith determination that the BHC Restaurant is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the BHC Restaurant, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell BHC Products) and that, as a result of its appearance or condition, the BHC Restaurant is either (i) not adequately positioned to promote and sell BHC Products as then required or (ii) damaging the integrity of the BHC image, brand or Marks.

8.6 Relocation of Master Franchised BHC Restaurant.

(a) If Master Franchisee or a Sublicensee desires to relocate the BHC Restaurant, Master Franchisee or Sublicensee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Master Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Master Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation. If Franchisor disapproves a proposed relocation, Master Franchisee may request an alternative proposed new location for Master Franchised BHC Restaurant pursuant to the provisions of this section 8.6.

(c) Master Franchisee and the landlord may be required to execute a rider to Master Franchisee's lease for the new location for the BHC Restaurant (or other agreement or written understanding) that (i) grants Franchisor an option to assume Master Franchisee's position as lessee under the lease for the relocated BHC Restaurant premises if Master Franchisee is in material breach of either the lease for the relocated BHC Restaurant premises (including an obligation of the landlord to notify Franchisor if Master Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a bona fide Master Franchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated BHC Restaurant in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated BHC Restaurant premises.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Franchisor requests them, Master Franchisee must submit to Franchisor financial or statistical reports, records, statements, or information as required in the Operations Manual or otherwise by Franchisor in writing. All financial or statistical information Master Franchisee provides to Franchisor must be accurate and correct in all material respects.

(b) Within 90 days after the end of each of Master Franchisee's fiscal years (or any permitted extension for filing same), Master Franchisee must submit to Franchisor a copy of the Schedule C (IRS Form 1040 Profit and Loss Statement) or equivalent portion of Master Franchisee's federal tax return that relates to the BHC Restaurant and Master Franchisee's operation of the Franchised Business.

(c) On the Effective Date (and any time thereafter that this date changes), Master Franchisee must notify Franchisor of Master Franchisee's fiscal year end date.

(d) Master Franchisee must maintain and preserve all books, records, and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

(e) Master Franchisee shall pay $100 per occurrence or $100 per week for failure to submit required reports. Master Franchisee's bank account will be debited for failure to submit any reported report within ten (10) days of request. Fines collected are paid the Marketing and Promotion Fees contribution, if established, or to Franchisor. Master Franchisee will continue to incur this fee until Master Franchisee submits the required reports.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Operations Manual. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Master Franchisee agrees to, and ensure Subfranchisees, post and maintain, at the BHC Restaurant, entirely at Master Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor Franchisor designates and manufactured by a vendor Franchisor designates or approves.

8.9 Insurance.

(a) Master Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for Master Franchisee to operate Master Franchisee's business (i.e., workers' compensation insurance) or that is reasonably prudent for Master Franchisee's type of business. Policy coverage requirements and limitations and other terms relating to insurance will be set forth in the Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Master Franchised BHC Restaurant is located, unless otherwise approved in writing by Franchisor. Any policies of insurance that Master Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Master Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self- insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of

Master Franchisee's insurance and will not contribute with it. Master Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Master Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Master Franchisee may acquire against Franchisor by virtue of payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Master Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Master Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Master Franchisee's insurance procurement obligations under this section 8.9 are separate and independent of Master Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Master Franchisee must promptly notify Franchisor of any and all claims against Master Franchisee and/or Franchisor under said policies of insurance and deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to Master Franchisee and to Franchisor. Master Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) Master Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

(d) Master Franchisee must be fully covered in all areas of operating a business. If Master Franchisee does not procure and maintain the required insurance coverage Franchisor may, but are not required to, procure insurance coverage on Master Franchisee's behalf and to charge the costs to Master Franchisee together with a reasonable fee for the expenses Franchisor incurs.

8.10 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours to Master Franchised BHC Restaurant (or any other facility from which Master Franchisee sells BHC Products or any other offices relating to Master Franchisee's operation of the BHC Restaurant or conduct of the Franchised Business) to review and inspect Master Franchisee's operations, business methods, service, management and administration at the BHC Restaurant or relating to the Franchised Business, to determine the quality thereof and the faithfulness of Master Franchisee's compliance with the provisions of this Agreement and the Operations Manual and to ensure Master Franchisee is in compliance with System standards prescribed by Franchisor.

(b) Franchisor and its designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the BHC Restaurant and Master Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Master Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which Master Franchised BHC Restaurant is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 2% or more, or if the examination or audit is made necessary by Master Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Master Franchisee's records for audit, Master Franchisee must reimburse Franchisor for the cost of having

Master Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(c) Master Franchisee must, and ensure Subfranchisees, fully cooperate in permitting Franchisor's representatives to access Master Franchised BHC Restaurant (or any other facility from which Master Franchisee sells BHC Products or any other offices relating to Master Franchisee's conduct of the Master Franchise Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Master Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Franchisor's representatives may re-inspect Master Franchised BHC Restaurant (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, Franchisor's representatives may make additional re-inspections thereafter until noted deficiencies have been corrected or deem the Master Franchisee to be in material breach. Master Franchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's personnel in connection with such re-inspections.

8.11 Compliance with Laws.

(a) Master Franchisee must, and ensure Subfranchisees, always (i) operate the BHC Restaurant and the Franchised Business in compliance with all applicable laws, rules, and regulations of applicable government authorities, (ii) comply with all applicable wage, hour and other laws and regulations of federal, state, or local governments, (iii) prepare and file all necessary tax returns, and (iv) pay promptly all taxes imposed upon Master Franchisee or upon Master Franchisee's business or property. Master Franchisee represents and warrants it will obtain and always maintain the permits, certificates, or licenses necessary to operate the BHC Restaurant and conduct the Franchised Business in the city, county, and state where the BHC Restaurant is located.

(b) Master Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Master Franchisee, or any entity affiliated with Master Franchisee, or any agent, employee, owner, director or partner of Master Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Operations Manual.

8.12 Web Site and Internet Marketing.

(a) During the term of this Agreement, Master Franchisee and Subfranchisees will use the BHC website, and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Operations Manual or otherwise in writing to market the Franchised Business conducted at Master Franchised BHC Restaurant and in the Territory. Master Franchisee or Subfranchises may not during the term of this Agreement (i) establish an independent website or social networking media BHC Restaurant dedicated to marketing the Franchised Business, or (ii) register an Internet domain or social networking media BHC Restaurant name using any of the Marks.

(b) Any alternative distribution methods and programs Master Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, tele sales and telemarketing, or any other non-retail method of distribution, is subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

8.13 Intranet.

(a) Franchisor may, at its option, establish and maintain an "Intranet" through which (i) BHC Master Franchisees may communicate with each other, (ii) Franchisor and Master Franchisee may communicate with each other and (iii) Franchisor may disseminate the Operations Manual, updates thereto and other confidential information. Franchisor has full discretion and control over all aspects of any such Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Master Franchisee.

(b) If establishes an Intranet, Master Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may provide, restrict or otherwise relate to (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among BHC Master Franchisees that disparage Franchisor or endorse or encourage breach of any BHC franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials that Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking a BHC Master Franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that Master Franchisees post to the Intranet. Master Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that any person posts on the Intranet. Master Franchisee further acknowledges that the Intranet facility and all communications posted to it are Franchisor's property, free of any claims of privacy or privilege that Master Franchisee or any other person may assert.

(c) Master Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Operations Manual) with the Intranet that allows Franchisor to send messages to, and receive messages from Master Franchisee, subject to Franchisor's standards and specifications.

8.14 Franchise Advisory Council.

At this time, there is no advertising council of Master Franchisees that advises us regarding advertising and promotional programs or policies for BHC Restaurants generally. Franchisor does not currently require Master Franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in Franchisor's system at this time.

9. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Master Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Operations Manual, solely in connection with Master Franchisee's operation of the Franchised Business at the Master Franchise BHC Restaurant, and in the Territory. Neither Master Franchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use, display, or permit the use or display of trademarks, trade names, service marks, insignias, or logo types other than the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business.

Neither Master Franchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use or display the Marks and Intellectual Property in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. Master Franchisee may only use the Marks and Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Operations Manual or otherwise in writing. Master Franchisee agrees to be responsible for and supervise all its employees and agents to insure the proper use of the Marks and Intellectual Property in compliance with this Agreement.

(b) Master Franchisee acknowledges and agrees (i) Master Franchisee's use of the Marks and Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Master Franchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title, and interest in and to the Marks and Intellectual Property. Master Franchisee agrees that as between Master Franchisee and Franchisor, all rights to use the Marks and Intellectual Property within the franchised System are Franchisor's exclusive property. Master Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof because of Master Franchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Master Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Master Franchisee agrees that during the term of the Franchise, and after any assignment, expiration or termination of the Franchise, Master Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or Intellectual Property, or take any other action in derogation of the Marks or Intellectual Property, and that no monetary amount will be assigned as attributable to any goodwill associated with Master Franchisee's use of the System, the Marks or Intellectual Property.

(d) Master Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Master Franchisee and all Principal Equity Operators for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, BHC Products, any BHC business location and the System, without any form of compensation or remuneration. Master Franchisee also agrees (i) to have any affected employee of Master Franchisee who is not a Principal Equity Operator sign a release in the form contained in the Operations Manual authorizing Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

(e) Master Franchisee acknowledges that Franchisor prescribes uniform standards respecting the nature and quality of BHC Products provided by Master Franchisee in connection with which the Marks are used. Nothing herein gives Master Franchisee any right, title, or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Master Franchisee agrees that all of Master Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Master Franchisee agrees that all materials associated with Franchisor, BHC Products, Ancillary Products, or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Master Franchisee, Master Franchisee's employees, agents and subcontractors and any other party with whom

Master Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Master Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text, or similar materials, whether presently or hereafter existing ("Works"). Furthermore, Master Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom Master Franchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Master Franchisee acknowledges and agrees that as between Master Franchisee and Franchisor, all Works (and all Intellectual Property Rights in and to the Works) are owned exclusively by Franchisor, except as otherwise set forth herein. The Works will not entitle Master Franchisee to any Intellectual Property Rights in and to the System and the System will not become a joint work of authorship as a result of the Works under any circumstances. The Works will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Works will be owned by and for the benefit of Franchisor. To the extent that any such Works may not constitute a work for hire, Master Franchisee hereby grants, assigns, and transfers all right, title and interest in and to such Works, including all rights in and to the Intellectual Property therein, without compensation, to Franchisor and agrees to execute any and all further documents and things reasonably required by Franchisor to effect and record such assignment. If Master Franchisee has any such rights that cannot be assigned to Franchisor, Master Franchisee waives the enforcement of such rights, and if Master Franchisee has any rights which cannot be assigned or waived, Master Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Master Franchisee acknowledges there are, and may be, future rights that Master Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Master Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media, and forms of exploitation throughout the universe.

9.2 Master Franchisee's Business Name.

(a) In connection with Master Franchisee's and Subfranchisees' operation of the BHC Restaurant, Master Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Master Franchisee's letterheads, business forms, and at the BHC Restaurant and other authorized business sites, in all of Master Franchisee's business dealings related thereto and to the general public, Master Franchisee will identify the Franchised Business solely under a trade name containing the Mark "BHC" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Master Franchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Master Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Master Franchisee's Business Name in the county or other designated jurisdiction in which Master Franchisee is conducting business and at such other places as may be required by law. Before Master Franchisee commences engaging in the Franchised Business under the Marks, Master Franchisee must supply evidence satisfactory to Franchisor that Master Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Master Franchisee does not do so, execute in Master Franchisee's name and on Master Franchisee's behalf all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Master Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Master Franchisee's attorney-in-fact to do so.

(d) Master Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other Master Franchisees.

(e) If Master Franchisee is an entity, it cannot use the Marks "BHC" in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is granting Master Franchisee access to the Proprietary Information, and Franchisor's other confidential data and information. Master Franchisee acknowledges that the material and information now and hereafter provided or revealed to Master Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are Franchisor's Trade Secrets and are revealed in confidence, and Master Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Master Franchisee hereby or in the Operations Manual. Franchisor will disclose to Master Franchisee certain Trade Secrets as reasonably needed for the operation by Master Franchisee of the Franchised Business by loaning to Master Franchisee, for the term of this Agreement, the Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Master Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Master Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including the Trade Secrets; that such information is being imparted to Master Franchisee only because of Master Franchisee's special status as a Master Franchisee of the System; and that the Proprietary Information is not generally known to Franchisor's industry or the public at large and is not known to Master Franchisee except by reason of such disclosure. Master Franchisee further acknowledges that Master Franchisee will acquire no interest in the Proprietary Information disclosed to Master Franchisee, other than the right to use it in the development and operation of the BHC Restaurant during the term of this Agreement.

(c) Master Franchisee agrees that Master Franchisee will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and that Master Franchisee will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Master Franchisee and Master Franchisee's employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) Master Franchisee agrees to indemnify and hold harmless Franchisor from all "Losses" (as defined in section 16.2(d) below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Master Franchisee or its employees and agents. Master Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Master Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Master Franchisee hereby consents to

the issuance of such injunction and to the ordering of specific performance. Master Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Master Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Master Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.

Franchisor may add to, substitute, or modify any or all of the Marks or Trade Dress from time to time, by directive in the Operations Manual or otherwise in writing by Franchisor. Master Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Master Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Master Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Master Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Master Franchisee agrees to immediately notify Franchisor of such claim, suit, demand or misuse. Master Franchisee will have no power, right or authority to settle or compromise such claim, suit, or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise, or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Master Franchisee agrees to cooperate fully in such matters.

(b) Franchisor will indemnify Master Franchisee and hold Master Franchisee harmless from and against any and all judgments resulting from any claim, suit or demand arising from Master Franchisee's authorized and use of the Marks or Franchisor's Intellectual Property in accordance with the terms of this Agreement. Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Franchisor's Intellectual Property being used by Master Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Master Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against any and all judgments resulting from any claim, suit or demand arising from Master Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

10. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor will expend, for the purposes of national, regional or local marketing, advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.4 hereof and collected from all of its Master Franchisees less a 15% administration fee. No interest on unexpended Marketing and Promotion Fees will be imputed for Master Franchisee's benefit or payable to Master Franchisee. If requested by Master Franchisee in writing not later than March 31 of any calendar year, Franchisor will provide Master Franchisee no later than May 31 of the same calendar year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of Franchisor's officers.

(b) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor is obligated to spend the Marketing and Promotion Fees collected from Master Franchisee and all other BHC Master Franchisees (less Franchisor's 15% administration fee) on regional, local or national media or other marketing techniques or programs designated to promote the Marks and the retail sale of BHC Products and other aspects of the BHC brand, creative and production costs, and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of BHC franchises. These may include branding and marketing studies, initiatives, and research; test marketing new products or concepts; Master Franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Franchisor's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to local, regional, or system-wide advertising, Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations, and promotional campaigns.

11. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Master Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Master Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee,

officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

(b) It is the intention of both Master Franchisee and Franchisor that Master Franchisee maximizes the Franchised Business within the Territory, and any action of Master Franchisee that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither Master Franchisee nor any Principal Equity Operator may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of two years after the date ("Termination Date") this Agreement is terminated, is canceled, or expires without renewal pursuant to section 5.2 of this Agreement, Master Franchisee agrees that neither Master Franchisee nor any Principal Equity Operator will (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Franchised Business, within a radius of 25 miles of Master Franchisee's Territory or any other authorized retail location selling BHC Products, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Following termination or expiration of this Agreement, Master Franchisee must always refrain from any use, direct or indirect, of any Proprietary Information or Trade Secrets.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then the section will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Master Franchisee acknowledges that the restrictions contained in this Article 11 are reasonable and necessary to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees, Initial Franchise Fee, and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Master Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain as a result of any breach of this Article 11 by Master Franchisee, any Principal Equity Operator, or Master Franchisee's General Manager. Master Franchisee further agrees that a breach of the confidentiality and non-competition covenants set forth above and, in

the Confidentiality, and Non-Competition Agreement (see Exhibit 4 to this Franchise Agreement) will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Master Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Master Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(c) This Article 11 applies to Master Franchisee, all Principal Equity Operators, and Master Franchisee's General Manager.

(d) Each provision of this Article 11 is independent of each other provision of this Agreement. If any provision of this Article 11is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Master Franchisee agrees to be bound to the maximum extent permitted by law with respect to that provision (which will be deemed restated accordingly) and agrees to be bound by all other provisions of this Article 11.

12. ASSIGNMENT

12.1 Assignment by Franchisor.

Franchisor has the right to Transfer this Agreement and all of Franchisor's rights and privileges hereunder ("Assignment by Franchisor") to any other person, firm, or corporation ("Franchisor's Assignee"). Upon the effective date of the Assignment by Franchisor and thereafter, Franchisor will be relieved of all obligations or liabilities under this Agreement.

12.2 Assignment by Master Franchisee.

(a) This Agreement is being executed by Franchisor in reliance upon and in consideration of the unique skills and qualifications of Master Franchisee and the Principal Equity Operators and the trust and confidence reposed in them by Franchisor. Therefore, neither Master Franchisee's interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the BHC Restaurant, nor a controlling or non-controlling interest in Master Franchisee (if an entity), may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Master Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 hereof, and transfer to an Affiliated Entity provided for in section 12.6 hereof. Franchisor's consent to a specific Assignment by Master Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Master Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Master Franchisee, Master Franchisee must notify Franchisor of Master Franchisee's intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the BHC Restaurant, or a controlling or non- controlling interest in Master Franchisee (if an entity). The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include the following:

(i) the proposed transferee's name and address;

(ii) a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the BHC Restaurant, or the controlling interest in Master Franchisee (if an entity); and

(iii) the proposed transferee's application for approval to become the successor Master Franchisee (this application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new Master Franchisees, if Franchisor makes those forms available to Master Franchisee. If the forms are not readily available, Master Franchisee must request that Franchisor deliver the forms to Master Franchisee by business courier in accordance with section 16.1 hereof within 15 calendar days). As soon as practicable after the receipt of the proposed transferee's application, Franchisor will notify, in writing, Master Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing Master Franchisees are not readily available to Master Franchisee when Master Franchisee notifies Franchisor of Master Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the BHC Restaurant, or a controlling or non-controlling interest in Master Franchisee (if an entity), Franchisor will communicate the standards to Master Franchisee within 15 calendar days.

(iv) a non-refundable "Transfer Review Fee" of $5,000.00, or such greater amount as is necessary to reimburse Franchisor's out of pocket costs associated with the transfer/assignment, including attorneys' fees.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Franchisor and Master Franchisee, Franchisor will notify Master Franchisee of the approval or disapproval of the proposed Assignment by Master Franchisee. The notice will be in writing and delivered to Master Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise Franchisor's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to the proposed Assignment by Master Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment, or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Master Franchisee (these conditions are consistently applied to similarly situated Master Franchisees operating under the Franchise brand):

(i) the assignee of Master Franchisee ("Master Franchisee's Assignee") must complete Franchisor's application for a franchise, and in connection therewith, Master Franchisee and Master Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Master Franchisee;

(ii) Master Franchisee's Assignee and the Principal Equity Operators of Master Franchisee's Assignee demonstrate that it or they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Master Franchisee's Assignee and each Principal Equity Operator of Master Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Master Franchisee's obligations under this Agreement;

(iv) Master Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement;

(v) Master Franchisee must have complied fully as of the date of any such Assignment by Master Franchisee with all of Master Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Master Franchisee's Assignee agrees (A) a General Manager successfully trained by Franchisor must at all times be employed to operate the BHC Restaurant and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by other necessary personnel within 30 days after the execution by Master Franchisee's Assignee of a Franchise Agreement, provided, however, Master Franchisee's Assignee must also agree to pay for all expenses related to this training, such as travel (at the rate in effect at the time of transfer); and

(vii) upon approval of the transfer, Master Franchisee pays Franchisor a non-refundable "Transfer Fee" of 100% of Franchisor's then-current Initial Franchise Fee per BHC Restaurant

(d) Master Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Master Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor sub franchise or otherwise transfer, or attempt to sub franchise or otherwise transfer the Franchised Business, or to transfer or sub franchise a portion but not all of Master Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Master Franchisee to assign the Franchise, all (or substantially all) the assets of the BHC Restaurant, or a controlling interest in Master Franchisee (if an entity) in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Master Franchisee and Franchisor, or between Master Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Master Franchisee, Master Franchisee must bring all accounts with Franchisor current and transfer to Master Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Master Franchised BHC Restaurant. Also, Master Franchisee must (i) execute an agreement among Master Franchisee, Franchisor and Master Franchisee's assignee effecting the Assignment by Master Franchisee, which will include a mutual release between Master Franchisee and Franchisor and (ii) enter into an assignment of the lease for the BHC Restaurant premises (including an assignment to the assignee of Master Franchisee's rights, title and interest to telephone numbers and utilities respecting the BHC Restaurant).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Master Franchisee's heirs, personal representatives, or conservators in the case of death or legal incapacity as provided in section 12.4 hereof, Master Franchisee's right to Transfer Master Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Master Franchisee must deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Master Franchisee, and (ii) all available information concerning Master Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new BHC Master Franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Master Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Master Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consent to the Assignment by Master Franchisee, Master Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Master Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers upon the Death or Incapacity of an Individual Master Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Master Franchisee's death or legal incapacity if Master Franchisee is an individual, or the death or legal incapacity of a Principal Equity Operator of Master Franchisee owning a majority equity interest ("Majority Equity Owner") in Master Franchisee (if an entity), the transfer of Master Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Master Franchisee, provided a qualified and trained General Manager remains employed at the BHC Restaurant or another responsible management employee or agent of Master Franchisee satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of an individual Master Franchisee's death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Operator capable of operating the Franchise, Franchisor may

(but is not obligated to) immediately commence operating the BHC Restaurant on Master Franchisee's behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year and Franchisor will periodically discuss the status with the heirs of the decedent. Franchisor can place an interim manager Master Franchised BHC Restaurant, and Master Franchisee must pay Franchisor the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.

(c) No Transfer under this section 12.4 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Master Franchisee's (or a Majority Equity Owner's) heirs, personal representatives, or conservators. However, Master Franchisee must comply with sections 12.2(b)(i) through (iv) and (to the extent applicable) section 12.2(c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Consent of Franchisor to Transfers.

Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Master Franchisee or an Principal Equity Operator may consummate any Transfer of a direct or indirect interest in this Agreement, the BHC Restaurant or the economic benefits derived therefrom, or any equity interest in Master Franchisee's franchised entity, not permitted by the preceding section 12.4, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld.

12.6 Transfers from Master Franchisee to an Affiliated Entity.

(a) Upon not less than 30 days' prior written notice to Franchisor, Master Franchisee may, upon Franchisor's written consent, assign and transfer this Agreement at its entirety to an entity that is (i) organized to operate as a developer of BHC Restaurants and (ii) entirely owned by Master Franchisee ("Affiliated Entity").

(b) Any assignment and transfer by Master Franchisee of the rights, duties and obligations under this Agreement to an Affiliated Entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Master Franchisee's rights, duties, and obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and the assignee agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Master Franchisee is. A copy of said instrument, executed by both Master Franchisee and said business entity must be delivered to Franchisor before the effective date of the transfer. Master Franchisee will not be able to maintain direct ownership and operation of the BHC Restaurants which Master Franchisee (or its Affiliated Entities) has developed after such assignment.

13. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by Franchisor or Master Franchisee only "for cause", which for purposes of this Agreement means a material violation of this Agreement and

includes any failure of a party to substantially comply with any obligation, duty or promise under this Agreement, including those acts or omissions specified in sections 13.2 and 13.3 hereof. If Franchisor is in material breach of this Agreement, Master Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the breach. If Master Franchisee is in material breach of this Agreement, Franchisor may exercise Franchisor's right to terminate this Agreement in accordance with this Article 13. If Franchisor becomes insolvent or declares bankruptcy, Master Franchisee will continue to have the right to operate under this Agreement until and unless a court issues an order otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the breach within 30 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Master Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(b) A "material breach" of this Agreement by Master Franchisee means any action or omission by Master Franchisee seriously impairing or adversely affecting the System, Franchisor or the relationship created by this Agreement, including but not limited to, an event described under 13.2(a) below.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise any and all remedies available to it at law or in equity, including specific performance and damages (including liquidated and punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Master Franchisee without an opportunity to cure if:

(i) Master Franchisee admits its inability to pay its debts as they come due, or Master Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Master Franchisee Abandons the Franchise by failing to operate the BHC Restaurant for five consecutive business days during which Master Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Master Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Master Franchisee's control;

(iii) Franchisor and Master Franchisee agree in writing to terminate the Franchise;

(iv) Master Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Master Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Master Franchisee fails after notification of noncompliance, to comply timely with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) After curing any failure in accordance with section 13.3 below, Master Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Master Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Master Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Master Franchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Master Franchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Franchisor (A) discloses that Master Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Master Franchisee's Gross Revenues or withheld the reporting of any of Master Franchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 2% or more;

(xi) Franchisor makes a reasonable determination that Master Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety; or

(xii) Master Franchisee allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Master Franchisee by Franchisor.

(b) If Master Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Master Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Master Franchisee 30 days in which to cure the breach. Upon receipt of a notice of default, Master Franchisee must immediately commence diligently to cure said breach, and if Master Franchisee cures said breach within 30 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Master Franchisee to be able to cure the breach within 30 days, Master Franchisee will be given additional time (up to 30 additional days) as is reasonably necessary in Franchisor's determination to cure

said breach, upon condition that Master Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Master Franchisee's best efforts to do so.

(b) If Master Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at Franchisor's option, declare Master Franchisee in breach of all franchise agreements and other agreements Master Franchisee has executed with Franchisor, and terminate Master Franchisee's rights under those other agreements as well.

(c) If Master Franchisee's rights under this Agreement are terminated by Franchisor for Master Franchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) If Master Franchisee and Franchisor agree to mutually terminate this Agreement, Master Franchisee must return a signed counterpart of any document Franchisor prepares to affect the termination not later than 10 days after Master Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.

The description of any breach in any notice served by Franchisor hereunder upon Master Franchisee in no way precludes Franchisor from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article 13, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of such law or regulation.

13.6 Extended Cure Period.

Notwithstanding anything contained herein to the contrary, including section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in its sole discretion, to grant to Master Franchisee in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Master Franchisee acknowledges that Franchisor's election to grant an extended cure period to Master Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Master Franchisee's Defaults.

(a) In addition to all other remedies herein granted, if Master Franchisee breaches in the performance of any of Master Franchisee's obligations or breaches any term or condition of this

Agreement or any related agreement involving third parties, Franchisor may, at Franchisor's election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Master Franchisee, cure the breach for Master Franchisee's account and on Master Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof are due and payable by Master Franchisee to Franchisor on demand.

(b) If Franchisor terminates this Agreement for cause, Franchisor has the right (but not the obligation) to assume the lease for the BHC Restaurant premises and to purchase Master Franchisee's assets pursuant to section 15.2(d) below.

13.8 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches in performance by Master Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Master Franchisee's obligations under this Agreement or the Operations Manual, constitutes a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Collection Costs.

Franchisor is entitled to reimbursement from Master Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.10 Continuance of Business Relations.

Any continuance of business relations between Master Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension, or continuation of this Agreement.

14. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Master Franchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire BHC system, as contemplated by this Agreement. To that end, Master Franchisee and Franchisor acknowledge that Master Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Master Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Master Franchisee's Principal Equity Operators meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the

issues with the express intention of arriving at a settlement ("Settlement Conference"). Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Master Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Master Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, then within 10 business days after the date the Settlement Conference took place (or should have taken place), Master Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert, or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(b) and 13.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Master Franchisee (or its Principal Equity Operators or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by both of the parties hereto that (i) no arbitration of any Dispute may be commenced except in accordance with this section 14.2 and (ii) any question regarding this section 14.2, including its existence, validity, scope, or termination will be decided by the arbitrator.

(b) All hearings and other proceedings will take place at the JAMS business location in Los Angeles County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest where Master Franchisee's principal place of business is then located. Absent exceptional circumstances determined by the arbitrator to justify a delay or the agreement of all parties to the Dispute, the arbitration hearings under this section 14.2 must commence within six months of the filing of the demand for arbitration.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories, and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER MASTER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, MASTER FRANCHISEE EXPRESSLY AGREES TO WAIVE ALL SUBSTANTIVE AND PROCEDURAL RIGHTS THAT IT MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non- signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond. If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Master Franchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's

affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable, and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article 14 survive termination, expiration or cancellation of this Agreement.

15. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Master Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Master Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Master Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Master Franchisee may not thereafter operate or do business under the Marks or any other BHC brand or any other name or in any manner that might tend to give the general public the impression that Master Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Master Franchisee must contact online review sites and other online directories and websites which have made reference to Master Franchised BHC Restaurant during the 18 months prior to the date this Agreement terminates, is cancelled, or expires, and request the removal of all use of the trademarks in connection with the former BHC franchised BHC Restaurant (and the physical address of the former BHC Restaurant) and all use of former reviews from the period Master Franchisee was a BHC Master Franchisee. And, Master Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of the Proprietary Information, Trade Secrets, procedures, techniques, or materials acquired by Master Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Master Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) remove at Master Franchisee's expense all signs erected or used by Master Franchisee and bearing the Marks, or any word or mark indicating that Master Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising, or other forms used by Master Franchisee the Marks and all words indicating that Master Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising stating or implying Master Franchisee is associated or affiliated with Franchisor or the System (if Master Franchisee engages in any business thereafter, Master Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Master Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Master Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) assign all interest and right to use all telephone numbers and all telephone and social media listings applicable to the BHC Restaurant in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such telephone and social media listings as soon as possible.

(v) pay to the Franchisor all Royalties, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including subleases and lease assignments, between the parties.

(c) If Master Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) – (v) above, then Franchisor will have the right within 15 days after written notice to enter Master Franchised BHC Restaurant or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Master Franchisee's expense, which expenses Master Franchisee agrees to pay to Franchisor promptly upon demand. Effective on the Termination Date, Master Franchisee hereby irrevocably appoints Franchisor as Master Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating any and all of Master Franchisee's rights in any trade name Master Franchisee have used containing any of the Marks.

(d) If this Agreement is terminated prior to the end of its term due to Master Franchisee's default hereunder, in addition to any amounts set forth in this Agreement, Master Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement and for Franchisor's lost future revenue as a result of such breach in an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by Master Franchisee under Sections 4.3, 4.4 and 10.1 over the twelve (12) month period immediately preceding the date of termination (or, if the Restaurant has been open less than twelve (12) months, the average monthly royalty fees and advertising fees payable by Master Franchisee for the period the BHC Restaurant was open) multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. If no BHC Restaurant has been opened at the time of termination, Franchisor's lost future revenues as a result of Master Franchisee's breach shall be an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by other similarly situated franchisees within twenty-five (25) miles of any of Master Franchisee's proposed locations multiplied by

the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. Master Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Master Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Master Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages for Franchisor's lost future revenue that Franchisor may incur as a result of Master Franchisee's default, but it shall be in addition to all amounts owed to Franchisor and other costs and expenses to which Franchisor is entitled under the terms of this Agreement. Master Franchisee's payment of this lump sum shall not affect Franchisor's right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to enforce this Section 15, its trademark rights, and the covenants set forth in this Agreement.

15.2 Franchisor's Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of Franchisor's rights against Master Franchisee and such termination, cancellation, expiration or assignment will not relieve Master Franchisee of any of Master Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisor which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) As soon as practicable after the termination, expiration or non-renewal of this Agreement, Franchisor may direct all applicable vendors and suppliers to immediately cease providing Master Franchisee with inventory, supplies, equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide BHC Products.

(c) On or immediately after the Termination Date, Master Franchisee is obligated to return, at no expense to Franchisor, all copies of the Operations Manual, all other BHC proprietary materials and any other items that were supplied by Franchisor for Master Franchisee's use in connection with the operation of the Franchised Business. Master Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Master Franchisee retains after expiration, cancellation, or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, Franchisor will have the option, but not the obligation, to purchase all or any portion of Master Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, supplies, fixtures, and furnishings owned and used by Master Franchisee in Master Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Master Franchisee all sums then due and owing to Franchisor. The purchase price for Master Franchisee's reusable inventory and apparel containing the Marks will be at Master Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures, and furnishings will be the fair market value thereof. In determining the fair market value of such items Master Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Master Franchisee will be paid in cash at the closing of any purchase which will occur no less than 30 days from the date Franchisor exercise Franchisor's option unless Master Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Master Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Master Franchisee and Franchisor will jointly designate an

independent appraiser, and the appraiser's determination will be binding. Master Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

(e) Franchisor may deduct from the Initial Deposit all fees owed to Franchisor, including but not limited to, amounts under section 15.1(b)(v).

15.3 Cross-Defaults.

Any default by Master Franchisee (or any person/company or Affiliated Entity) under the terms and conditions of this Agreement or any lease or sublease, or any other agreement between Franchisor or its affiliate, and Master Franchisee, shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, including, but not limited to, the MFA, between the parties hereto, Franchisor may, at its option, terminate any and all said agreements. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

16. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor:

BHC USA LLC
c/o David Hosup Song
3435 Wilshire Blvd. Suite 460
Los Angeles, CA 90010

(ii) If to Master Franchisee:

_____
_____

(b) Notices between Master Franchisee and Franchisor will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day, or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Master Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Master Franchisee and its Principal Equity Operators, jointly and severally, hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Master Franchisee's intentional tort or negligence, or the intentional tort or negligence of Master Franchisee's agents, servants or representatives, relating to Master Franchisee's development, maintenance or operation of the BHC Restaurant and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material breach of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Master Franchisee, its Principal Equity Operators, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Master Franchisee (or any of its Principal Equity Operators, or other owners, affiliates, officers, directors, employees or attorneys of Master Franchisee) of any terms of, or Master Franchisee's obligations arising under, this Agreement.

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that:
(i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements

or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the person being indemnified as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Master Franchisee's Relationship to Franchisor as Master Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of Master Franchisee and franchisor. It is further agreed neither Master Franchisee nor any Principal Equity Operator has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Master Franchisee (nor any Principal Equity Operator) nor Franchisor is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Master Franchisee and all Principal Equity Operators jointly and severally agree none will hold itself out as Franchisor's agent, employee, partner or co-venturer or the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Master Franchisee will be only the employees or agents of Master Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Master Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Master Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

16.4 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration, termination, cancellation, or assignment of this Agreement will be enforceable notwithstanding said expiration, termination, cancellation, or assignment.

16.6 Successors and Assigns.

Subject to restrictions on Assignment by Master Franchisee contained herein, this Agreement is binding upon Franchisor and Master Franchisee and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.

If Master Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

16.9 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Operations Manual and (ii) any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Operations Manual is held to be indefinite, invalid, or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Master Franchisee certifies that neither it nor any Principal Equity Operators or employees of Master Franchisee, or anyone else who is associated with Master Franchisee is not listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Master Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Master Franchisee certifies that it has no knowledge or information that, if generally known, would result in Master Franchisee, the Principal

Equity Operators, employees, or anyone associated with Master Franchisee being listed in the Annex to Executive Order 13224. Master Franchisee and each of the Principal Equity Operators will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti- Terrorism Laws (as defined below). In connection with such compliance, Master Franchisee certifies, represents, and warrants that none of Master Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Master Franchisee and the Principal Equity Operators are not otherwise in violation of any of the Anti-Terrorism Laws. Master Franchisee is solely responsible for ascertaining what actions must be taken by Master Franchisee to comply with all such Anti-Terrorism Laws. Master Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Master Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Master Franchisee, any of the Principal Equity Operators, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Master Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Master Franchisee nor any Principal Equity Operator conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Master Franchisee nor any Principal Equity Operator nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Master Franchisee acknowledges that Master Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Master Franchisee or any Principal Equity Operator act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Master Franchisee agrees that Master Franchisee will notify Franchisor in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

16.13 Governing Law.

This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to

this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Master Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

17. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon its execution by Master Franchisee and Franchisor. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

18. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Master Franchisee hereby represents and warrants that all statements in this section 18.1 are true and accurate.

(b) Master Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Master Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Operations Manual. Master Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with Franchisor's standards.

(d) If Master Franchisee is an entity, Master Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the BHC Restaurant is located.

(e) Master Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Master Franchisee is a party.

(f) Any individual executing this Agreement on Master Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Master Franchisee and all of Master Franchisee's Principal Equity Operators.

(g) Master Franchisee and its Principal Equity Operators (i) understand the nature of this Agreement, and (ii) intend to comply with the terms hereof and be bound hereby.

(i) Master Franchisee agrees that complete and detailed uniformity among Franchisor's Master Franchisees under varying conditions may be inadvisable, impractical, or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any Master Franchisee or group of Master Franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Master Franchisee is aware that other BHC Master Franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those Master Franchisees may differ materially in certain circumstances.

(l) Master Franchisee and each Principal Equity Operator acknowledge that in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Master Franchisee's individual interests as a Master Franchisee.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

MASTER FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

List of Exhibits to Multi-Unit Master Franchise Agreement:

Exhibit 1 – Development Schedule

Exhibit 2 – Development Area - Map

Exhibit 3 – Guarantee of Multi-Unit Master Franchise Agreement

Exhibit 4 – Confidentiality and Non-Competition Agreement

Exhibit 5 –Addendum to Lease

EXHIBIT 1
TO MULTI-UNIT MASTER FRANCHISE AGREEMENT

DEVELOPMENT SCHEDULE

The initial Master Franchised BHC Restaurant is to be opened and operated under the concurrently signed Franchise Agreement. After opening the first Master Franchised BHC Restaurant, additional Master BHC Restaurants will be opened at other sites Franchisor reviews and consents to, all of which will be located in the "Development Area" described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows: _____

_____

You acknowledge and agree that a material provision of the Multi-Unit Master Franchise Agreement is that the following number of Master Franchised BHC Restaurants must be opened and continuously operating in the Development Area in accordance with the following Development Schedule:

BHC Restaurant Number	Date by Which Lease Must Be Signed	Date by Which Franchise Agreement Must be Signed	Date by Which the Master Franchised BHC Restaurant Must be Opened and Continuously Operating	Cumulative Number of Master Franchised BHC Restaurants Required to be Open and Continuously Operating as of the Date in Preceding Column

For purposes of determining compliance with the above Development Schedule, only the Master Franchised BHC Restaurants actually open and continuously operating for business as of a given date will be counted toward the number of Master Franchised BHC Restaurants required to be open and continuously operating for business.

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its sole discretion, that Master Franchisee (or its Affiliated Entity) made a diligent effort to open a Master Franchised BHC Restaurant according to the schedule but was unable to do so for reasons beyond Master Franchisee's (or its Affiliated Entity's) reasonable control.

FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

EXHIBIT 2
TO MULTI-UNIT MASTER FRANCHISE AGREEMENT

DEVELOPMENT AREA - MAP

EXHIBIT 3

GUARANTEE OF MASTER FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Multi-Unit Master Franchise Agreement (the "Master Franchise Agreement") dated _____ between BHC USA LLC ("Franchisor") and _____("Master Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Operators" (as defined in the Master Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Master Franchise Agreement and in any other agreement(s) by and between Master Franchisee and Franchisor.

If more than one person has executed this Guarantee of Master Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement, and undertaking contained and set forth in said Master Franchise Agreement and any other agreement(s) by and between Master Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Master Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Master Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Master Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Master Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Master Franchise Agreement, this Guarantee or any other instrument or agreement between Franchisor and Master Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Master Franchisee, any of the undersigned, any party to the Master Franchise Agreement or any other person.

Should Master Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Master Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Master Franchisee and without proceeding against or naming in such suit any other Master Franchisee, signatory to the Master Franchise Agreement or any others of the undersigned.

Notice to or demand upon Master Franchisee or any of the undersigned will be deemed notice to or demand upon Master Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Master Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Master Franchise Agreement, or under any other agreement(s) between Franchisor and Master Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors, or assigns, related to the Master Franchise Agreement or any other agreement(s) by and between Master Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional, and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee inure to the benefit of the Franchisor, its successors, and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Master Franchised BHC Restaurant is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary, or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of Los Angeles, or the United States District Court for the Central District of California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.
Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OPERATOR:	SPOUSE OF PRINCIPAL EQUITY OPERATOR:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

EXHIBIT 4

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS AGREEMENT, dated _____, by and between BHC USA LLC ("**Franchisor**") and __ _____ of _____ (the "**Master Franchisee**"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement, defined below.

The Franchisor has granted to the Master Franchisee, pursuant to that certain Multi-Unit Master Franchise Agreement dated _____ (the "Master **Franchise Agreement**"), the right to develop and operate a BHC Restaurant. The undersigned, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to the Franchisor, including but not limited to methods, strategies and techniques developed by the Franchisor or its affiliate relating to operations, marketing, training, advertising, trade secrets, recipes and other confidential data (collectively referred to as "**Proprietary Information**"), agrees with the Franchisor as follows:

(1) The undersigned acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Master Franchisee by the Franchisor is proprietary to the Franchisor and must be held in the utmost and strictest confidence.

(2) The undersigned represents and agrees that the undersigned will not, without the prior written consent of the Franchisor, either:

a. Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information;

b. Deliver or make available the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor;

c. Discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor; or

d. Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Franchise Agreement.

(3) While the Master Franchise Agreement is in effect, neither the undersigned, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any other Competitive Business without having first obtained the Franchisor's written consent. For the purposes of this Agreement,

(4) The undersigned has acquired from the Franchisor confidential information regarding Franchisor's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement, could be used to injure the Franchisor. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of two (2) years from the date of termination, transfer or expiration of the Master Franchise Agreement, without having first obtained the Franchisor's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any Competitive Business which is located or operating, as of the date of such termination,

transfer or expiration, within a 25-mile radius of the Master Franchisee's former Franchised Location as defined in the Master Franchise Agreement, or within a 10-mile radius of any other franchised or company-owned BHC Restaurant, unless such right is granted pursuant to a separate agreement with the Franchisor.

(5) The undersigned agrees that during the term of the Master Franchise Agreement, and for a period of two (2) years thereafter, it shall in no way divert or attempt to divert the business of customers or interfere with the business relationship established with customers of the Master Franchised BHC Restaurant or of any Competitive Business.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

MASTER FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Dated: _____	Dated: _____

EXHIBIT 5

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum"), dated _____, is entered into between _____("Landlord") and _____("Tenant").

RECITALS:

The parties have entered into a Lease Agreement, dated _____ (the "Lease), pertaining to the premises located at _____(the "Premises").

The Landlord acknowledges that Tenant intends to operate a BHC Restaurant ("BHC Restaurant") from the Premises pursuant to Tenant's Franchise Agreement with BHC USA LLC ("Franchisor") dated _____ _____(the "Franchise Agreement"), whereby Tenant will utilize the BHC name and the BHC Marks as Franchisor may designate in the operation of the BHC Restaurant at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its BHC Restaurant on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a BHC Restaurant on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

2. Assignment By Tenant.

A. Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

B. So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment. If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Franchisor. Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate

designee ("Franchisor Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation. If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease. If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above. If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3or 4above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a BHC Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the BHC marks and system, and to distinguish the Premises from BHC Restaurants. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Assumption and Subsequent Assignment by Franchisor. If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

A. Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

B. Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

C. At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a BHC franchisee. Any such assignment

shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the restaurant as a BHC Restaurant pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

8. Additional Provisions.

A. Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

B. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

C. All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address: BHC Franchise LLC, 3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010. Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

D. Sales Reports. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the BHC Restaurant.

E. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

F. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of ____ _____.

LANDLORD: _____	TENANT: _____
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____
Dated: _____	Dated: _____

EXHIBIT “B”

BHC USA LLC

FRANCHISE AGREEMENT

EXHIBIT "B"

FRANCHISE AGREEMENT

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Exhibit 1 – Territory and Location of Franchised BHC Restaurant

Exhibit 2 – Names and Addresses of Principal Equity Operators

Exhibit 3 – Guarantee of Franchise Agreement

Exhibit 4 – Confidentiality and Non-Competition Agreement

Exhibit 5 –Addendum to Lease

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____, _____ (the "Effective Date"), by and among BHC USA LLC, a California limited liability company, doing business as "BHC", and "BHC Chicken" ("Franchisor"), and _____("Franchisee"), with reference to the following facts:

RECITALS

A. The Franchisor has a license from its affiliated entity that owns rights to the BHC trademarks and service marks and all rights thereto ("Owner"). The Owner has authorized Franchisor to grant qualified candidates the license to establish and operate Franchised BHC Restaurants which offer Korean flavor fried chicken and related products and services under the BHC™ Marks.

B. Franchisee desires to be franchised and licensed by Franchisor to use Franchisor's "System" (as defined in Article 1 below), "Marks" (as defined in Article 1 below) and goodwill to conduct the "Franchised Business" (as defined in Article 1 below) at a specific "Franchised BHC Restaurant" (as defined in Article 1 below and identified in Exhibit 1 attached) operated by Franchisee.

C. Franchisor is willing to grant Franchisee a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Operations Manual.

1. DEFINITIONS

"Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive business days, without Franchisor's prior written consent. A repeated pattern of inactivity at Franchisee's Franchised BHC Restaurant for periods of less than five consecutive business days may result in the Franchised Business being deemed Abandoned by Franchisee if in Franchisor's judgment such inactivity adversely impacts the Franchised Business. However, Franchisee's Franchised BHC Restaurant will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Franchisee's control, provided that Franchisee gives Franchisor notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Franchisee acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Franchisee re-establish the Franchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Franchisor may permit.

"**Agreement**" means this Agreement and all instruments amending this Agreement.

"**Competitive Business**" shall mean any business deriving more than 10% of its gross sales receipts from the sale, processing or manufacturing of fried chicken, sandwich, and other products offered in Franchised BHC Restaurants and which constitute 10% or more of the gross retail sales of any Franchised BHC Restaurant.

"Confidential Information" means information, know-how, and materials that are of value to Franchisor (or other third party, as applicable) and treated as confidential by Franchisor and is disclosed or made known or available to Franchisee or its employees or agents. Without limiting the generality of the

foregoing, the term "Confidential Information" includes, without limitation: (i) the Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) "Intellectual Property" (as defined in this Article 1), the Marks, BHC Products, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or otherwise, that contain or are based upon the "Proprietary Information" (as defined in this Article 1); (v) information regarding customers and potential customers of the Franchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Franchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor's business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor could use to the competitive disadvantage of Franchisor.

"Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Force Majeure." means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; pandemic (e.g., COVID-19), or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non- performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or insolvency will not be a Force Majeure.

"Franchised Business" or "Business" means the sale to retail customers at or delivered from the Franchised BHC Restaurant of items from a proprietary menu featuring BHC Products, as well as a selection of other authorized goods and services pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business, using the recipes, packaging techniques, Marks, operational techniques, service concepts and Proprietary Information owned or authorized to be used by and identified with Franchisor and its affiliated companies.

"General Manager" means the individual (may be a Principal Equity Operator) who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised BHC Restaurant, and who has successfully completed "Initial Training" (as defined in this Article 1).

"Gross Revenue" means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the Franchised BHC Restaurant or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source, including but not limited to sales from delivery or deliver services such as Door Dash, Uber Eats, Postmates, etc. Gross Revenue

also includes any amount received from business insurance proceeds. "Gross Revenue" does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; and (iii) tips or gratuities paid or payable to your employees.

"**Initial Franchise Fee**" means the fee for a single store ($40,000) that Franchisee must pay to Franchisor in a lump sum when Franchisee signs this Agreement.

"Initial Training" means training in the System provided by Franchisor, as described in, and required by section 6.1 hereof.

"Intellectual Property" means creations of the mind, including inventions, literary and artistic works, designs, symbols, names, and images owned by Franchisor and used in the Franchised Business or at the Franchised BHC Restaurant.

"IP Rights" means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this paragraph.

"BHC Products" means the Korean flavor of fried chicken, side menus, beverages and other products prepared according to Franchisor's specified recipes and procedures, as Franchisor may modify and change from time to time.

"Marks" means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs, and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Franchised Business. Franchisor will provide Franchisee with a schedule of Marks Franchisee is required or authorized to use under this Agreement and update this schedule as necessary.

"Opening Date" means the day Franchisee opens its Franchised BHC Restaurant, furnished, inventoried, and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the Franchised Business at Franchisee's Franchised BHC Restaurant.

"Operations Manual" means the manual or manuals (regardless of title) containing Franchisor's trade secrets and the policies and procedures to be adhered to by Franchisee in performing under this Agreement, including any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

"Principal Equity Operator" means each person who owns not less than 5% of the voting right or equity interest in Franchisee and the individual who will be responsible for the development and operation of the Franchised Business. All communication with Franchisee shall be through the Principal Equity Operator.

"**Royalty**" or "**Royalties**" means the ongoing fee (calculated as a percentage of Franchisee's Gross Revenues) that Franchisee must pay Franchisor on a biweekly basis as described in and required by section 4.3 hereof.

"Franchised BHC Restaurant" means a full fast casual fried chicken restaurant at a location Franchisor consents to and which is operated by Franchisee and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

"System" means, collectively, the valuable operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Operations Manual. The System includes (i) the Marks, (ii) know-how relating to BHC Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text, and other Intellectual Property that Franchisor makes available to Franchisee. In its sole discretion, Franchisor may improve or change the System from time to time. All such modifications and improvements become Franchisor's property and a part of Franchisor's Intellectual Property and System.

"Territory" means the designated and agreed geographical area surrounding Franchisee's Franchised BHC Restaurant as set forth in Exhibit 1 attached hereto.

"Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Franchised BHC Restaurant, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to BHC Products.

"Trade Secret" The term "Trade Secret" means information constituting a trade secret within the meaning of the Defend Trade Secrets Act, as amended from time to time.

"Transfer" means to voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the Franchised BHC Restaurant, substantial assets of the Franchised BHC Restaurant, of this Agreement or any interest in the legal entity which owns the Franchised BHC Restaurant, by operation of law or otherwise.

2. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.

Franchisor is engaged in the administration, development, operation, and licensing of businesses that operate Franchised BHC Restaurants offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies. Franchisor's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the Franchised BHC Restaurants; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.

Franchisor has developed and supervises the System and all BHC retail locations to be operated under the Marks operated in accordance with the provisions of BHC franchise agreements and Franchisor's Operations Manual, as periodically amended.

3. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a non-exclusive license **("Franchise")** to participate in and use the System to conduct the Franchised Business at the Franchised BHC Restaurant and within Franchisee's Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Operations Manual, from the Effective Date until the end of the term hereof, and any additional term unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another BHC franchisee to operate, or itself operate, a BHC retail Franchised BHC Restaurant in Franchisee's Territory, subject to exceptions and reservations provided herein.

(b) Franchisor is executing this Agreement in reliance that the Principal Equity Operators and other individuals identified in Exhibit 2 of this Agreement are the sole holders of a legal or beneficial interest in Franchisee.

(c) Each Principal Equity Operator (and their respective spouses, if applicable), must execute the Guarantee of Franchise Agreement attached as Exhibit 3 of this Agreement.

(d) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS CONDUCTED BY FRANCHISEE AT THE FRANCHISED BHC RESTAURANT WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

(e) Upon expiration or termination of this Agreement for any reason whatsoever, Franchisee shall have no claim whatsoever against Franchisor for compensation for any goodwill associated with the Marks.

3.2 Reserved Rights.

(a) Nothing contained herein accords Franchisee any right, title, or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or associated with the System, except such rights as may be granted hereunder. THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT FRANCHISEE'S FRANCHISED BHC RESTAURANT AND NOWHERE ELSE UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE TO OFFER BHC PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without necessarily granting Franchisee any rights in those systems. Franchisor reserves all rights to market and sell BHC Products at venues other than Franchised BHC Restaurants and through other channels of distribution anywhere, including within Franchisee's Territory.

3.3 Promotion and Development of Franchisee's Franchised BHC Restaurant.

Franchisee must (i) diligently and effectively promote, market, and engage in the Franchised Business at its Franchised BHC Restaurant; (ii) develop, to the best of its ability, the potential for future Franchised Business as approved by the Franchisor; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Franchisee understands and agrees that Franchisee is licensed hereby only for the operation of the Franchised Business at and from Franchisee's Franchised BHC Restaurant and only at Franchisee's Location (unless Franchisor specifically agrees otherwise on a case-by-case basis). Franchisee must offer and sell at Franchisee's Franchised BHC Restaurant and at Franchisee's Location only BHC Products and other goods and services that Franchisor designates as required or approved for all franchisees. Franchisor has the right to change and add other authorized goods and services, which Franchisee will then be required to offer.

(b) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) Executed counterparts of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor and Franchisee or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation, or other rule of law to the contrary, Franchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement, or other agreement between the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, BETWEEN THIS ENTITY AND BHC USA LLC REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS IITY."

(c) If Franchisee is an entity, Franchisee warrants that:

(i) it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; and

(ii) it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement.

4. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" for a single Franchised BHC Restaurant is $40,000.

(b) The Initial Franchise Fee (and all other payments to Franchisor for goods or services received from Franchisor before Franchisee's Franchised BHC Restaurant opens for business) is due and payable in full, by cashier's check or money order or wire transfer to Franchisor. The Initial Franchise Fee is fully earned by Franchisor when paid.

4.2 Initial Deposit.

The "Initial Deposit" for a single Franchised BHC Restaurant is $20,000. The Initial Deposit is due and payable in full, by cashier's check or money order or wire transfer to Franchisor. The purpose of the Initial Deposit is to secure against non-payment of Franchisee's obligations under this Agreement. The Initial Deposit must be paid in a lump sum and is refundable within sixty (60) days of the expiration or termination of this Agreement if and only if Franchisee is in full compliance with Franchisee's obligations in this Agreement, including, without limitation, Franchisee's post termination obligations set forth in Section 15 thereof.

4.3 Royalty.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Royalty" of 4.5% of Franchisee's Gross Revenues.

(b) Royalties are due and payable on a monthly basis on the following 5th day for the previous month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during the prior

month. Monthly payments of Royalties are to be accompanied by a revenue report in the form prescribed by Franchisor.

4.4 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Marketing and Promotion Fee" of 2.5 of Franchisee's Gross Revenues. However, Franchisor is not requiring this contribution at this time because Franchisor does not anticipate brand marketing until Franchisor has at least 50 Franchised BHC Restaurants in operation. If established, this fee is due and payable at the same time and in the same manner as Royalty Fee. Franchisor reserves the right to require payment of this fee once Franchisor has more than 50 Franchised BHC Restaurants in operation. Once BHC starts to require payment, Marketing and Promotion Fees collected from BHC franchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the BHC trademarks and their general public recognition and acceptance. We need not ensure that any particular franchisee benefits directly or proportionately from the Marketing and Promotion Fee.

(b) When applicable, Marketing and Promotion Fees are due and payable on a monthly basis on the 14th of each month (unless that day is a banking holiday, in which case the Marketing and Promotion Fees are due and payable on the next business day). Marketing and Promotion Fees will be calculated on the Gross Revenues received during the monthly periods ending on the last day of each month.

(c) During the 60 days after the Opening Date, Franchisee must spend in Franchisee's Territory at least $10,000 to $13,000 on the initial opening advertising and promotion event of Franchisee's Franchised BHC Restaurant, using the grand opening advertising and promotional program that Franchisor approves, including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 75 days after the Opening Date, Franchisee must provide Franchisor with a report itemizing Franchisee's expenditures on the grand opening advertising and promotion of Franchisee's Franchised BHC Restaurant. If you fail to meet the initial opening advertising and promotion, you will be required to add the shortage toward the Marketing and Promotion Fee.

(d) Commencing with the third full calendar month after the Opening Date, Franchisee must (i) spend at least 1% of Franchisee's annual (January 1 through December 31) Gross Revenues on the local marketing, advertising, and promotion of Franchisee's Franchised BHC Restaurant, using marketing and promotional materials pre-approved or otherwise authorized in writing by Franchisor ("Local Advertising"). Franchisee must submit to Franchisor a Local Advertising plan which details the Local Advertising for the next 12-month period for Franchisor's approval. Within thirty (30) days after the end of each of the above-mentioned periods, Franchisor will provide a template to Franchisee and Franchisee must submit to Franchisor, a fully completed marketing report of Franchisee's Local Advertising for the preceding concluded period in form and substance specified by Franchisor, including evidence to verify such expenditure during such period.

(e) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Franchised BHC Restaurants agree to such additional assessment by affirmative vote.

(f) Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires, or authorizes BHC franchisees to participate in. Details regarding such contests and promotions will be set forth in the Operations Manual.

(g) Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising (including advertising paid from Marketing and Promotion Fee contributions), public relations and promotional campaigns.

(h) Franchisee agrees to participate in all BHC promotions described in Franchisor's website and all Franchisor-authorized charitable fundraising and group discount programs.

4.5 Electronic Funds Transfer.

Franchisor requires payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT"), through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must (i) execute and deliver to Franchisor's bank required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account all fees payable under the terms of this Agreement and (ii) open and maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) always keeping the minimum balance in such account as Franchisor may reasonably designate. Franchisee must not alter or close this account except upon Franchisor's prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material breach of this Agreement.

4.6 Fees Fully Earned: No Setoff on Payments.

All payments made by Franchisee to Franchisor pursuant to this Article 4 are fully earned and non-refundable (except as provided in section 4.2 above) when paid. All payments to be made by Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

(e) Any payment of fees, including but not limited to, Royalty and Marketing and Promotion Fees, not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of $100 per occurrence, plus the lesser of the daily equivalent of 10% per year ("Interest") of the amount past due. Franchisor and Franchisee agree that the Interest of the amount past due is reasonable because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses (including administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount); and (ii) it would be impractical or extremely difficult to fix in advance the exact amount of costs and expenses Franchisor would incur.

(f) If any payment is not successful due to insufficient funds, stop payment, or any similar event, Franchisee agree to pay a dishonored item fee of the lesser of $100 per occurrence, or the highest amount allowed by law.

4.8 No Accord or Satisfaction.

If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any

amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

5. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the Franchised BHC Restaurant franchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement. If this Agreement is executed pursuant to a Multi-Unit Master Franchise Agreement ("MFA") or Multiple Target Reservation Agreement ("MTRA") between Franchisor and Franchisee, the term of this Agreement will be subject to provisions of the MFA or MTRA. Any failure to comply with the obligations set forth in the MFA or MTRA will result in cross-default in the Franchise Agreement. If the MFA or MTRA is terminated prior to its expiration for cause, all Franchise Agreement will be automatically terminated.

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have Abandoned the Franchised BHC Restaurant, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the BHC brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) Notwithstanding section 5.2(a) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Franchisee gives Franchisor written notice of Franchisee's intention not to renew this Agreement at least 120 days before the expiration of the initial term or any successor term;

(ii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof;

(iii) Franchisee and Franchisor agree not to renew the Franchise Agreement;

(iv) Franchisor withdraws from distributing its products or services through Franchises in the geographic market served by Franchisee.

(v) At the time of renewal, Franchisee or any Principal Equity Operator has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense

that is reasonably likely, in Franchisor's judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System; or

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional 10 year term. IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT. The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 120 days of Franchisee's renewal date.

(f) Before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications (i.e., remodel) to Franchisee's Franchised BHC Restaurant as are reasonably necessary so that they are substantially consistent with the then current Trade Dress or System requirements, and so that they can accommodate new BHC Products, if any. Franchisee must also bring Franchisee's Franchised BHC Restaurant and equipment, materials, and supplies into compliance with the standards then applicable to new BHC franchises.

(g) When Franchisee signs the Renewal Franchise Agreement, Franchisee must pay Franchisor a "Renewal Fee" of $40,000.

6. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Franchisee's General Manager and Principal Equity Operators to understand the Franchised Business and the System, and for Franchisee's General Manager and other key employees to have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's General Manager and at least one of Franchisee's Principal Equity Operators, an initial training program prior to the opening of the Franchised BHC Restaurant, which lasts for six (6) days (a number of days may vary depending on the Franchisee's experience and needs as determined by Franchisor in its sole discretion) ("Initial Training"), providing an orientation to the System and instructions on how to operate the Franchised Business. The fee for the Initial Training is $8,000 up to two (2) persons, excluding travel expenses ("Initial Training Fee"). Unless there are extenuating circumstances which, in Franchisor's reasonable determination, justify a delay (including Force Majeure), Franchisee's required trainees must attend the Initial Training offered by Franchisor. Franchisee may not open and operate Franchisee's Franchised BHC Restaurant until Franchisee's General Manager has satisfactorily completed Initial Training. Franchisee acknowledges and agrees only Franchisor may determine whether Franchisee's General Manager satisfactorily completes Initial Training.

(b) The failure of Franchisee's General Manager to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Franchisee's General Manager who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or Franchisee may send a replacement General Manager, approved by Franchisor, to the next available Initial Training program.

(c) The Initial Training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports, and equipment maintenance. Franchisor will determine the contents and manner of conducting the Initial Training.

(d) The Franchisee is responsible for all transportation, daily allowances, and other costs and expenses for the Franchisor's trainer(s) to train the Franchisee's personnel at Franchised BHC Restaurant or such other location as designated by Franchisor.

6.2 Training and Assistance after Opening.

(a) After Franchisee opens and begins operating the Franchised Business at the Franchised BHC Restaurant, Franchisor will provide Franchisee with telephone and e-mail assistance at Franchisee's request or otherwise as Franchisor deems necessary to instruct in all phases of the operation of the Franchised Business. Franchisor's representatives may visit Franchisee's Franchised BHC Restaurant from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion.

(b) After Franchisee opens and begins operating the Franchised Business at the Franchised BHC Restaurant, and upon reasonable notice, Franchisor may require attendance of Franchisee's designated personnel at training courses, seminars, conferences, or other programs other than Initial Training or mandatory meetings that Franchisor deem to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees that only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the Franchised BHC Restaurant and Franchised Business, and that Franchisee will send its General Manager, Principal Equity Operators, and other manager-level employees to Franchisor for additional training if Franchisor requests this. Franchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's trainer(s) to train the Franchisee's personnel at Franchised BHC Restaurant or such other location as designated by Franchisor in connection with such additional trainings.

(c) In addition to updates to the Operations Manual, Franchisor may provide Franchisee with additional materials relating to the Franchised Business. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the Franchised BHC Restaurant, the Franchised Business, and the System.

(d) All costs and expenses (including travel, hotel, and meal) of Franchisee's attendees at any post-opening training, additional training, conferences, or meetings will be Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Franchisee's behalf must have a demonstrable relationship to the management and operation of Franchisee's Franchised BHC Restaurant.

(e) In the event of a Transfer of Franchisee's rights, duties, and obligations under this Agreement (which must be done in full compliance with section 12.2 of this Agreement), the transferee's key personnel must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchised BHC Restaurant may not be operated by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Franchised BHC Restaurant and the Franchised Business and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Proprietary Materials.

At Initial Training and other training programs and conferences, Franchisor may provide Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for Franchisee's use in training Franchisee's staff. All of these items are and will remain Franchisor's sole and exclusive property. Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate, or otherwise reveal to third parties any Proprietary Information and related materials, without Franchisor's express prior written consent.

7. OPENING OF FRANCHISED BHC RESTAURANT AND FRANCHISED BUSINESS

7.1 Franchisee's Franchised BHC Restaurant.

The Franchised Business may only be operated by Franchisee at or from Franchisee's Franchised BHC Restaurant. If Franchisee's Franchised BHC Restaurant has not been identified when Franchisee signs this Agreement, the exact location of Franchisee's Franchised BHC Restaurant will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. In order to promote the orderly and timely service of BHC customers, Franchisee may not cater or deliver BHC Products through other channels without Franchisor's prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all BHC Products may be available to be offered to customers at some Franchised BHC Restaurants (including Franchisee's Franchised BHC Restaurant).

7.2 Building Out Franchisee's Franchised BHC Restaurant.

(a) Premises acceptable to Franchisor where Franchisee's Franchised BHC Restaurant will be operated must be located and secured by Franchisee and reviewed and consented to by Franchisor within four (4) months after the Effective Date. Upon signing this Franchise Agreement, Franchisee must promptly locate one or more proposed sites which meet Franchisor's current standards and specifications. For each proposed site, Franchisee will submit to Franchisor certain information regarding the site that Franchisor requests. Upon receiving the information regarding a proposed site, Franchisor will review the information and either accept or reject the proposed site. For any site that Franchisor reviews, Franchisee must reimburse Franchisor for all costs and expenses that Franchisor incurs in reviewing the site. If Franchisor does not approve the proposed site within 30 days after Franchisee's complete submission of the requested information (or 15 days after Franchisee provides any supplemental information Franchisor requests), the site will be deemed rejected. If Franchisor disapproves, Franchisee must promptly propose an alternative location. Franchisor does not locate sites for Franchisee. However, Franchisor may, without, obligation, assist Franchisee in locating or evaluating a site for a reasonable fee. If Franchisee has not located a site for Franchisee's Franchised BHC Restaurant that is acceptable to Franchisor within four (4) months after the Effective Date, Franchisor may cancel this Agreement on the basis of Franchisee's failing to find an acceptable site.

(b) Franchisee must build out Franchisee's Franchised BHC Restaurant (and commence operation of the Franchised Business there) within ten (10) months after Franchisor approves the Franchised BHC Restaurant premises, using architects, project managers, contractors, subcontractors, architectural plans, and key equipment suppliers reasonably acceptable to Franchisor. Franchisee must commence operation of the Franchised Business at Franchisee's Franchised BHC Restaurant as soon as practicable after Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Franchisee has located and secured suitable premises (that Franchisor consents to) for its Franchised BHC Restaurant, Franchisee has not commenced operation of the Franchised Business within fourteen (14) months after the Effective Date, Franchisor may terminate this Agreement effective on written notice.

(c) Franchisor may, but is not obligated to, assist Franchisee in the site selection process. However, Franchisor reserves the sole right of final review and consent to any location of the Franchised BHC Restaurant. Franchisor uses available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility, and other related, relevant circumstances. Franchisor's final review and consent to the location of Franchisee's Franchised BHC Restaurant is not a guarantee that a BHC business can be successfully operated there or anywhere else.

(d) Franchisor will provide Franchisee with a sample prototype layout for the Franchised BHC Restaurant. Franchisor will provide Franchisee a floor plan. Franchisee must pay Franchisor for all costs and expenses that Franchisor incurs in providing the site design review fee of $2,500 ("Site Design Review Fee") and a separate site review fee of $2,000 to $4,000 ("Site Review Fee"). At Franchisee's sole expense, Franchisee must employ directly architects, designers, engineers, or others as reasonably acceptable to Franchisor to complete, adapt, modify, or substitute the sample plans and specifications for the Franchised BHC Restaurant, and review and monitor all licensing related matters. Developer shall be solely responsible for acquiring all of the necessary permits and licenses, including but not limited to permits related to structural reinforcement, grease interceptors, and parking. The architect must submit a complete set of final plans and specifications to Franchisor before commencing leasehold improvement of the Franchised BHC Restaurant. Franchisor will review these plans and specifications promptly and accept them as stated or provide Franchisee with Franchisor's comments on the plans and specifications. Franchisor will have complete and uncontested control over the design of the Franchised BHC Restaurant and Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. Franchisee may not commence leasehold improvement of the Franchised BHC Restaurant until Franchisor consents in writing to the final plans, specifications, and contractors to be used in constructing the Franchised BHC Restaurant. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the leasehold improvement and equipping of the Franchised BHC Restaurant (and Franchisor may require the Franchised BHC Restaurant to have a certain color scheme and decorative trade dress), but it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Franchised BHC Restaurant. Franchisee is responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

(e) Franchisee must use licensed general contractors, designers, vendors, and architects accepted by Franchisor before performing leasehold improvement work at Franchisee's Franchised BHC Restaurant. Franchisor expressly disclaims any representation or warranty of the quality of any goods or services provided by architects, contractors, or any other persons or entities which Franchisor may refer to Franchisee, including any warranty as to merchantability or fitness for any particular purpose. Franchisor is not responsible for delays in the leasehold improvement, equipping or decoration of the Franchised BHC Restaurant or for any loss resulting from the Franchised BHC Restaurant design or leasehold

improvement since Franchisor has no control over the landlord or developer and numerous leasehold improvement-related problems which could occur, consequently delaying the opening of Franchisee's Franchised BHC Restaurant. Franchisor must approve in writing any and all changes in the Franchised BHC Restaurant plans prior to leasehold improvement of the Franchised BHC Restaurant or the implementation of such changes.

(f) Franchisor must have access to Franchisee's Franchised BHC Restaurant while work is in progress. Franchisor may make video records of leasehold improvement in process and may require such reasonable alterations to or modifications in the leasehold improvement of the Franchised BHC Restaurant that Franchisor deems necessary. Franchisee's failure to promptly commence and diligently complete the design, leasehold improvement, inventorying, equipping, and opening of the Franchised BHC Restaurant will be a material breach of this Agreement. Before the Franchised BHC Restaurant opens to retail customers and before final inspections by any governmental agency, Franchisor will visit the site of Franchised BHC Restaurant for three (3) on-site visits and complete a final "walk through" inspection of the Franchised BHC Restaurant and issue a written consent to open. Any deficiencies noted by Franchisor as a result of this inspection must be corrected by Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor. Franchisee shall be responsible for such inspection fee of USD $600, all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's personnel in connection with such visits on site but up to three times per Franchised BHC Restaurant only.

(g) Unless otherwise agreed to in writing by Franchisee and Franchisor, Franchisee has the sole responsibility for locating, securing, and obtaining suitable premises for Franchisee's Franchised BHC Restaurant. Franchisee and Franchisee's landlord will be required by Franchisor to execute an addendum to Franchisee's lease (or other written agreement or written understanding incorporated in, or attached as a rider to, the lease) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the Franchised BHC Restaurant premises if Franchisee is in material breach of either the lease for the Franchised BHC Restaurant premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a bona fide franchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the Franchised BHC Restaurant if this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the Franchised BHC Restaurant premises. The Addendum to Lease is attached as Exhibit 5.

(h) Franchisor has the right to regularly inspect Franchisee's Franchised BHC Restaurant and any other site where Franchisee conducts the Franchised Business.

7.3 Equipment and Inventory.

(i) Throughout the term of this Agreement, Franchisee must purchase, and maintain equipment and inventory as needed to meet reasonably anticipated consumer demand of the BHC Products. Franchisee must also purchase and sell ancillary products, which may include books, specialty foods, packaged foods, books, hats, t-shirts, and novelty items, as we periodically specify, for sale at your Franchised BHC Restaurant ("**Ancillary Products**"). To ensure highest degree of consistency, service, and quality, Franchisee must practice and conform to the standards, operating procedures, specifications, and rules Franchisor has established for the operation of a Franchised BHC Restaurant, as modified by Franchisor from time to time) including specifications as to ingredients, brand names, preparation, and presentation ("**Standards**"). Franchisee must purchase all products that Franchisee offers from

Franchisee's Franchised BHC Restaurant, including products which bear any of the Marks, solely and exclusively from Franchisor, or Franchisor's designated supplier.

(j) Before opening the Franchised BHC Restaurant, Franchisee must purchase opening inventory of merchandise and supplies that includes certain proprietary products that Franchisee must purchase from Franchisor and Franchisor's affiliates.

(k) Franchisor will provide Franchisee with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Franchised BHC Restaurant ("**Approved Supplies List**"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. Franchisor reserves the right to designate a required source of supply for certain products and supplies, and Franchisor or an affiliate may be a required source. The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. Franchisor may revise the Approved Suppliers List and Approved Supplies List. Franchisor gives Franchisee the approved lists as Franchisor deems advisable. Franchisor generally does not give these lists to approved suppliers. Franchisor will provide contact information for Franchisee's distributors and/or manufacturers of all products offered at the Franchised BHC Restaurant. Except where Franchisor identifies a sole single source, if Franchisee proposes to use in the operation of Franchisee's Franchised BHC Restaurant any product, supply, material, furnishing or equipment which has not yet been approved by Franchisor as conforming to Franchisor's specifications and quality and system standards ("**Alternative Supplies**") and/or from a supplier not yet approved in writing by Franchisor ("**Alternative Supplier**"), Franchisee must first notify Franchisor in writing and must submit to Franchisor, upon request, sufficient information, specifications, and samples so that Franchisor can determine whether the item or service complies with System standards or the supplier meets Franchisor's supplier criteria. Franchisor will provide Franchisee with written approval or disapproval within a reasonable time period (typically 30 days).

(l) Franchisee may not use any product, supply, material, furnishing or equipment that Franchisor has not approved. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with Franchisor's System. Franchisor may inspect or re-inspect the facilities and products of any approved supplier and revoke Franchisor's approval if the supplier fails to continue to meet Franchisor's criteria and specifications.

(m) As a condition of approval, Franchisee and/or any supplier must reimburse Franchisor for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

(n) Nothing contained in this Disclosure Document or in Franchise Agreement requires Franchisor to approve an inordinate number of suppliers of a given item or approve suppliers, which, in Franchisor's reasonable judgment, would result in higher costs to franchisees or prevent, in Franchisor's sole judgment, our effective and economical supervision of suppliers.

(o) Franchisor and Franchisor's affiliates have the right to receive payments, rebates, and other forms of consideration from suppliers based upon Franchisee's (and other franchisees') purchases of goods, products, and services as described in this section, as well as in connection with any future purchases of any goods, products, and services. Most of these payments are calculated as an amount based on products sold to Franchisee and Franchisor affiliate-owned Franchised BHC Restaurants.

Franchisor will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

(p) Franchisor may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but Franchisor reserves the right to create a cooperative and require Franchisee to participate. Franchisor may receive volume discounts for the System which Franchisor will pass through to the franchisees. Beyond these discounts, Franchisor do not provide material benefits to Franchisee because of Franchisee's use of approved suppliers.

8. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Franchisee must be, or employ, a General Manager who will devote his or her entire time during normal business hours, as defined in the Operations Manual, to the management, operation, and development of the Franchised Business. The General Manager must ensure that Franchisee fulfils its obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. At least one Principal Equity Operator, with or through the General Manager, must participate personally in the direct operation of the Franchised BHC Restaurant.

(b) Franchisee must sell to customers at Franchisee's Franchised BHC Restaurant BHC Products and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Franchised BHC Restaurant in accordance with this Agreement and the Operations Manual (as periodically amended by Franchisor). Franchisee must only operate the Franchised Business at Franchisee's Franchised BHC Restaurant, in strict accordance with the procedures set forth in the Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Franchisee must maintain an adequate level of supplies and inventory in order to properly operate Franchisee's Franchised BHC Restaurant. Online ordering by customers of BHC Products may only be made through the authorized page on Franchisor's website. Franchisee must use the standard signs and formats that Franchisor prescribes in operating the Franchised BHC Restaurant and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires that Franchisee comply with the methodology Franchisor prescribes in providing BHC Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchisees and the strength of Franchisor's Marks in inter-brand competition, and subject to applicable federal and state antitrust laws, Franchisor may recommend retail prices for specific BHC Products and other products and services Franchisor authorize for sale at Franchisee's Franchised BHC Restaurant. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials, or any other media, including social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the Franchised BHC Restaurant, Franchisor may designate maximum and minimum retail prices to be charged for BHC Products.

(d) Franchisee's Franchised BHC Restaurant must be open on a full-time basis in accordance with the hours of operation as designated by Franchisor. The obligation to remain open will not apply if Franchisee experiences a Force Majeure.

(e) If the Franchised BHC Restaurant is configured for the on-premises consumption of beer and wine, Franchisee must obtain and maintain the necessary licenses and permits from Franchisee's state or local agency regulating the on- premises sale and consumption of beer and wine to permit Franchisee to offer and sell at the Franchised BHC Restaurant beer and wine as authorized in the Operations Manual (or otherwise by Franchisor in writing). The costs of these licenses and permits vary, but it is Franchisee's responsibility to determine exactly what this liquor license will cost. Franchisee must always supervise its employees to make sure Franchisee's customers are served and consume alcoholic beverages responsibly. Franchisee must also always employ and maintain enough security personnel on and near the Franchised BHC Restaurant premises to provide adequate care and custody of Franchisee's customers.

(f) Franchisee must promptly satisfy any bona fide indebtedness that Franchisee incurs in operating the Franchised BHC Restaurant and the Franchised Business. Contractors, subcontractors, vendors, and suppliers providing services to Franchisee must be paid in accordance with the terms of their agreements with Franchisee.

(g) Franchisee must notify Franchisor in writing within 10 business days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised BHC Restaurant or the Franchised Business, or that may adversely affect Franchisee's operations at the Franchised BHC Restaurant or Franchisee's ability to meet its obligations under this Agreement.

(h) If anything occurs at the Franchised BHC Restaurant or in the Territory that causes or may cause harm or injury to retail customers or Franchisee's employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or Franchisor's affiliates, Franchisee must immediately inform Franchisor's designated contact person by telephone, e-mail, text, or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor in any response to an incident described in this section 8.1(h).

(i) If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised BHC Restaurant or any of its improvements.

(j) Without Franchisor's prior written consent, Franchisee may not engage in any "Co-branding" (as specified below) with other businesses nor allow subtenants in the Franchised BHC Restaurant. Franchisor is not required to approve any Co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor recognizes that Co-branding chain as an approved co-brand for operation within the System. "Co-branding" means the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) featured or incorporated within Franchisee's Franchised BHC Restaurant or the Franchised Business operated by Franchisee in the Territory or adjacent to the Franchised BHC Restaurant and operated in a manner likely to cause the public to perceive it to be related to the Franchised BHC Restaurant and Franchised Business licensed to Franchisee hereunder.

(k) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

8.2 Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Operations Manual, a copy of which will be loaned to Franchisee (and Franchisee may be given access to a digital copy of the Operations Manual on or through Franchisor's website). Franchisee may also be provided with a hard copy of all or portions of the Operations Manual at Initial Training or afterwards. Franchisor has the right to modify the Operations Manual at any time by the addition, deletion, or other modification of the provisions thereof. All such additions, deletions or modifications are effective on such date as designated by Franchisor after delivery to Franchisee or the digital copy maintained on Franchisor's website is changed.

(b) All additions, deletions or modifications to the Operations Manual are equally applicable to all similarly situated BHC franchisees. As periodically modified by Franchisor, the Operations Manual will be deemed to be an integral part of this Agreement and references to the Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Operations Manual. If there is any discrepancy or dispute about the version of the Operations Manual that Franchisee may have printed and maintain, the master copy of the Operations Manual that Franchisor maintains at its headquarters will be the controlling version and will supersede all prior versions.

(c) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

(d) Upon the expiration, termination, or cancellation of this Agreement for any reason, Franchisee, the General Manager, and any other employee having possession thereof, must immediately return to Franchisor any printed portions of the Operations Manual then in Franchisee's or their possession. Except as specifically permitted by Franchisor, at no time may Franchisee or Franchisee's employees or agents (i) make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual, (ii) give online access to the Operations Manual to unauthorized persons, or (iii) disclose any part of the Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Franchised BHC Restaurant and the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation, or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format and menu items (including new items) is required by Franchisor and must be used by Franchisee. Any changes, additions, or deletions in the menu format to be used at the Franchised BHC Restaurant must be approved in writing by Franchisor prior to its use by Franchisee. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees, and agents harmless from and against any and all loss, damage, cost, or expense, including reasonable attorney's fees, resulting from any change Franchisee makes in the

standard menu or for any deviation of Franchisee's products from the descriptions contained in Franchisor's approved menu. Franchisor may change the standard menu format at any time.

(b) To enhance the customer experience at the Franchised BHC Restaurant and to protect Franchisor's reputation, Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's personnel. Franchisee is required to obtain such uniforms and attire only from an e-Franchised BHC Restaurant set up by Franchisor or from other designated or approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee, and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance, and prominent display of the Marks at Franchisee's Franchised BHC Restaurant and elsewhere in Franchisee's Territory. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance, and display of the Marks in strict accordance with this Agreement and the Operations Manual as it may be periodically revised, or as Franchisor may otherwise direct in writing. To assist Franchisor in maintaining consumer brand recognition through advertising and an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Computer System.

(a) Franchisee must purchase, use, and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Operations Manual or otherwise by Franchisor in writing for use at the Franchised BHC Restaurant (the "Computer System"). The Computer System must always be powered on and connected to a dedicated high-speed communications medium specified by Franchisor, capable of accessing the Internet for the purpose of implementing software, transmitting, and receiving data, accessing the Internet in the manner designated by Franchisor in the Operations Manual or otherwise in writing. Franchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the Computer System. The Computer System must be electronically linked to Franchisor. Franchisor may electronically access the Computer System and any of Franchisee's Internet domain names or email addresses on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve such transaction information including sales, sales mix, usage, and other operations data as Franchisor deems appropriate. Franchisee must ensure that only adequately trained employees conduct transactions using the Computer System. Within a reasonable time upon Franchisor's request, Franchisee must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase BHC Products via such procedure, as specified by Franchisor. Franchisor may require Franchisee to update, upgrade or replace the Computer System, including hardware or software, periodically upon written notice. The Computer System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Franchisor.

(b) Franchisor may designate the computer software to be used in the operation of the Computer System ("Designated Software"). If Franchisor does so, Franchisee must license or sublicense such Designated Software from Franchisor's designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. Franchisee may also be required to purchase any upgrades, enhancements, or replacements to the Designated Software. Franchisee must incorporate any required modifications or additions within such time as stated in the notice sent by Franchisor.

(c) Franchisee may not install, and must prohibit others from installing, unauthorized software on the Computer System. Franchisee must take all commercially reasonable measures to ensure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the Computer System. Franchisee must always communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the Computer System and obtain the data Franchisor is permitted to obtain under this Agreement, including accounting, sales, marketing, client, and other information to assist in and support the operation of the Franchised Business.

(d) All information on the Computer System, including customer data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit subject to any privacy laws and policies, including to market other products and services not constituting BHC Products or other products and services specifically authorized by Franchisor.

(e) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective franchisees.

8.5 Maintenance, Upgrades and Refurbishments to the Franchised BHC Restaurant.

(a) Franchisor requires Franchisee to maintain and periodically refurbish the Franchised BHC Restaurant to conform to the then- current building design, Trade Dress, and color schemes then applicable for a Franchised BHC Restaurant. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Franchised BHC Restaurants or to accommodate new BHC Products. Accordingly, Franchisee must (i) maintain all equipment used at the Franchised BHC Restaurant on an as needed basis, (ii) immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies and (iii) make all upgrades to equipment and any technology used in Franchised BHC Restaurant that Franchisor may require.

(b) Franchisor may periodically require Franchisee to update the Trade Dress used at the Franchised BHC Restaurant. Such updates will be contained in the Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage, or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(c) Franchisee will always be required to make upgrades and refurbishments to the Franchised BHC Restaurant before renewing the Franchise pursuant to section 5.2(f) of this Agreement. Otherwise, Franchisor will only require the types of modifications and expenditures described in sections 8.5(a) and 8.5(b) if Franchisor makes a good faith determination that the Franchised BHC Restaurant is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Franchised BHC Restaurant, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell BHC Products) and that, as a result of its appearance or condition, the Franchised BHC Restaurant is either (i) not adequately positioned to promote and sell BHC Products as then required or (ii) damaging the integrity of the BHC image, brand or Marks.

8.6 Relocation of Franchisee's Franchised BHC Restaurant.

(a) If Franchisee desires to relocate the Franchised BHC Restaurant, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation. If Franchisor disapproves a proposed relocation, Franchisee may request an alternative proposed new location for Franchisee's Franchised BHC Restaurant pursuant to the provisions of this section 8.6. Notwithstanding the foregoing, Franchisee shall be deemed to be in material default if Franchisee fails to open the Franchised BHC Restaurant at the new location within closure of the Franchised BHC Restaurant at the prior location.

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the Franchised BHC Restaurant (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Franchised BHC Restaurant premises if Franchisee is in material breach of either the lease for the relocated Franchised BHC Restaurant premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a bona fide franchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated Franchised BHC Restaurant in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Franchised BHC Restaurant premises.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Franchisor requests them, Franchisee must submit to Franchisor financial or statistical reports, records, statements, or information as required in the Operations Manual or otherwise by Franchisor in writing. All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(b) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C (IRS Form 1040 Profit and Loss Statement) or equivalent portion of Franchisee's federal tax return that relates to the Franchised BHC Restaurant and Franchisee's operation of the Franchised Business.

(c) On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(d) Franchisee must maintain and preserve all books, records, and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

(e) Franchisee shall pay $100 per occurrence or $100 per week for failure to submit required reports. Franchisee's bank account will be debited for failure to submit any reported report within ten (10) days of request. Fines collected are paid the Marketing and Promotion Fees contribution, if

established, or to Franchisor. Franchisee will continue to incur this fee until Franchisee submits the required reports.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Operations Manual. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to post and maintain, at the Franchised BHC Restaurant, entirely at Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor Franchisor designates and manufactured by a vendor Franchisor designates or approves.

8.9 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for Franchisee to operate Franchisee's business (i.e., workers' compensation insurance) or that is reasonably prudent for Franchisee's type of business. Policy coverage requirements and limitations and other terms relating to insurance will be set forth in the Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Franchisee's Franchised BHC Restaurant is located, unless otherwise approved in writing by Franchisor. Any policies of insurance that Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self- insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by virtue of payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Franchisee's insurance procurement obligations under this section 8.9 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Franchisee must promptly notify Franchisor of any and all claims against Franchisee and/or Franchisor under said policies of insurance and deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to Franchisee and to Franchisor.

Franchisee must notify Franchisor in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(g) Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

(h) Franchisee must be fully covered in all areas of operating a business. If Franchisee does not procure and maintain the required insurance coverage Franchisor may, but are not required to, procure insurance coverage on Franchisee's behalf and to charge the costs to Franchisee together with a reasonable fee for the expenses Franchisor incurs.

8.10 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours to Franchisee's Franchised BHC Restaurant (or any other facility from which Franchisee sells BHC Products or any other offices relating to Franchisee's operation of the Franchised BHC Restaurant or conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration at the Franchised BHC Restaurant or relating to the Franchised Business, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor.

(b) Franchisor and its designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the Franchised BHC Restaurant and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which Franchisee's Franchised BHC Restaurant is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 2% or more, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement).

(c) Franchisee must fully cooperate in permitting Franchisor's representatives to access Franchisee's Franchised BHC Restaurant (or any other facility from which Franchisee sells BHC Products or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Franchisor's representatives may re-inspect Franchisee's Franchised BHC Restaurant (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, Franchisor's representatives may make additional re-inspections thereafter until noted deficiencies have been corrected or deem the Franchisee to be in material breach. Franchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's personnel in connection with such re-inspections.

8.11 Compliance with Laws.

(a) Franchisee must always (i) operate the Franchised BHC Restaurant and the Franchised Business in compliance with all applicable laws, rules, and regulations of applicable government authorities, (ii) comply with all applicable wage, hour and other laws and regulations of federal, state, or local governments, (iii) prepare and file all necessary tax returns, and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants it will obtain and always maintain the permits, certificates, or licenses necessary to operate the Franchised BHC Restaurant and conduct the Franchised Business in the city, county, and state where the Franchised BHC Restaurant is located.

(b) Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Operations Manual.

8.12 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use the BHC website, and any other Internet or social media only as specifically authorized by Franchisor in section 6.2(a) of this Agreement, the Operations Manual or otherwise in writing to market the Franchised Business conducted at Franchisee's Franchised BHC Restaurant and in the Territory. Franchisee may not during the term of this Agreement (i) establish an independent website or social networking media Franchised BHC Restaurant dedicated to marketing the Franchised Business, or (ii) register an Internet domain or social networking media Franchised BHC Restaurant name using any of the Marks.

(b) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, tele sales and telemarketing, or any other non-retail method of distribution, is subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

8.13 Intranet.

(a) Franchisor may, at its option, establish and maintain an "Intranet" through which (i) BHC franchisees may communicate with each other, (ii) Franchisor and Franchisee may communicate with each other and (iii) Franchisor may disseminate the Operations Manual, updates thereto and other confidential information. Franchisor has full discretion and control over all aspects of any such Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee.

(b) If establishes an Intranet, Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may provide, restrict or otherwise relate to (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among BHC franchisees that disparage Franchisor or endorse or encourage breach of any BHC franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials that Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking a BHC

franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications posted to it are Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Operations Manual) with the Intranet that allows Franchisor to send messages to, and receive messages from Franchisee, subject to Franchisor's standards and specifications.

8.14 Franchise Advisory Council.

At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for Franchised BHC Restaurants generally. Franchisor does not currently require Franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in Franchisor's system at this time.

9. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Franchised BHC Restaurant, and in the Territory. Neither Franchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use, display, or permit the use or display of trademarks, trade names, service marks, insignias, or logo types other than the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use or display the Marks and Intellectual Property in connection with the operation of any business or other activity that is outside the scope of the Franchised Business. Franchisee may only use the Marks and Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all its employees and agents to insure the proper use of the Marks and Intellectual Property in compliance with this Agreement.

(b) Franchisee acknowledges and agrees (i) Franchisee's use of the Marks and Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Franchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title, and interest in and to the Marks and Intellectual Property. Franchisee agrees that as between Franchisee and Franchisor, all rights to use the Marks and Intellectual Property within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof because of Franchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Operations Manual and Franchisor's other manuals, bulletins,

instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Franchisee agrees that during the term of the Franchise, and after any assignment, expiration or termination of the Franchise, Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or Intellectual Property, or take any other action in derogation of the Marks or Intellectual Property, and that no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Marks or Intellectual Property.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Operators for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, BHC Products, any BHC business location and the System, without any form of compensation or remuneration. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Operator sign a release in the form contained in the Operations Manual authorizing Franchisor to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

(e) Franchisee acknowledges that Franchisor prescribes uniform standards respecting the nature and quality of BHC Products provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title, or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee agrees that all materials associated with Franchisor, BHC Products, Ancillary Products, or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text, or similar materials, whether presently or hereafter existing ("Works"). Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom Franchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee acknowledges and agrees that as between Franchisee and Franchisor, all Works (and all Intellectual Property Rights in and to the Works) are owned exclusively by Franchisor, except as otherwise set forth herein. The Works will not entitle Franchisee to any Intellectual Property Rights in and to the System and the System will not become a joint work of authorship as a result of the Works under any circumstances. The Works will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Works will be owned by and for the benefit of Franchisor. To the extent that any such Works may not constitute a work for hire, Franchisee hereby grants, assigns, and transfers all right, title and interest in and to such Works, including all rights in and to the Intellectual Property therein, without compensation, to Franchisor and agrees to execute any and all further documents and things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to

sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media, and forms of exploitation throughout the universe.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Franchised BHC Restaurant, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Franchised BHC Restaurant and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "BHC" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Franchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other franchisees.

(i) If Franchisee is an entity, it cannot use the Marks "BHC" in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is granting Franchisee access to the Proprietary Information, and Franchisor's other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are Franchisor's Trade Secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Operations Manual and other written materials containing the Trade Secrets, through

training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including the Trade Secrets; that such information is being imparted to Franchisee only because of Franchisee's special status as a franchisee of the System; and that the Proprietary Information is not generally known to Franchisor's industry or the public at large and is not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information disclosed to Franchisee, other than the right to use it in the development and operation of the Franchised BHC Restaurant during the term of this Agreement.

(c) Franchisee agrees that Franchisee will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and that Franchisee will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and Franchisee's employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) Franchisee agrees to indemnify and hold harmless Franchisor from all "Losses" (as defined in section 16.2(d) below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.

Franchisor may add to, substitute, or modify any or all of the Marks or Trade Dress from time to time, by directive in the Operations Manual or otherwise in writing by Franchisor. Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not

limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee agrees to immediately notify Franchisor of such claim, suit, demand or misuse. Franchisee will have no power, right or authority to settle or compromise such claim, suit, or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise, or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

(b) Franchisor will indemnify Franchisee and hold Franchisee harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's authorized and use of the Marks or Franchisor's Intellectual Property in accordance with the terms of this Agreement. Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Franchisor's Intellectual Property being used by Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

10. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor will expend, for the purposes of national, regional or local marketing, advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.4 hereof and collected from all of its franchisees less a 15% administration fee. No interest on unexpended Marketing and Promotion Fees will be imputed for Franchisee's benefit or payable to Franchisee. If requested by Franchisee in writing not later than March 31 of any calendar year, Franchisor will provide Franchisee no later than May 31 of the same calendar year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of Franchisor's officers.

(b) In Franchisor's sole discretion and as Franchisor deems appropriate, Franchisor is obligated to spend the Marketing and Promotion Fees collected from Franchisee and all other BHC franchisees (less Franchisor's 15% administration fee) on regional, local or national media or other

marketing techniques or programs designated to promote the Marks and the retail sale of BHC Products and other aspects of the BHC brand, creative and production costs, and for other purposes deemed appropriate by Franchisor to enhance and promote the general recognition of BHC franchises. These may include branding and marketing studies, initiatives, and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Franchisor's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to local, regional, or system-wide advertising, Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations, and promotional campaigns.

11. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the System and Franchisor's Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Franchised Business, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion.

(b) It is the intention of both Franchisee and Franchisor that Franchisee maximizes the Franchised Business within the Territory, and any action of Franchisee that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Operator may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of two years after the date ("Termination Date") this Agreement is terminated, is canceled, or expires without renewal pursuant to section 5.2 of this Agreement, Franchisee agrees that neither Franchisee nor any Principal Equity Operator will (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Franchised Business, within a radius

of 25 miles of Franchisee's Territory or any other authorized retail location selling BHC Products, without Franchisor's express prior written consent, which consent may be withheld in Franchisor's sole and absolute discretion. Following termination or expiration of this Agreement, Franchisee must always refrain from any use, direct or indirect, of any Proprietary Information or Trade Secrets.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then the section will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Franchisee acknowledges that the restrictions contained in this Article 11 are reasonable and necessary to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees, Initial Franchise Fee, and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(b) Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from and against all Losses which Franchisor may sustain as a result of any breach of this Article 11 by Franchisee, any Principal Equity Operator, or Franchisee's General Manager. Franchisee further agrees that a breach of the confidentiality and non-competition covenants set forth above and, in the Confidentiality, and Non-Competition Agreement (see Exhibit 4 to this Franchise Agreement) will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(c) This Article 11 applies to Franchisee, all Principal Equity Operators, and Franchisee's General Manager.

(d) Each provision of this Article 11 is independent of each other provision of this Agreement. If any provision of this Article 11is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound to the maximum extent permitted by law with respect to that provision (which will be deemed restated accordingly) and agrees to be bound by all other provisions of this Article 11.

12. ASSIGNMENT

12.1 Assignment by Franchisor.

Franchisor has the right to Transfer this Agreement and all of Franchisor's rights and privileges hereunder ("Assignment by Franchisor") to any other person, firm, or corporation ("Franchisor's Assignee"). Upon the effective date of the Assignment by Franchisor and thereafter, Franchisor will be relieved of all obligations or liabilities under this Agreement.

12.2 Assignment by Franchisee.

(a) This Agreement is being executed by Franchisor in reliance upon and in consideration of the unique skills and qualifications of Franchisee and the Principal Equity Operators and the trust and confidence reposed in them by Franchisor. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Franchised BHC Restaurant, nor a controlling or non-controlling interest in Franchisee (if an entity), may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 hereof, and transfer to an Affiliated Entity provided for in section 12.6 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the Franchised BHC Restaurant, or a controlling or non- controlling interest in Franchisee (if an entity). The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include the following:

(i) the proposed transferee's name and address;

(ii) a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Franchised BHC Restaurant, or the controlling interest in Franchisee (if an entity); and

(iii) the proposed transferee's application for approval to become the successor franchisee (this application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees, if Franchisor makes those forms available to Franchisee. If the forms are not readily available, Franchisee must request that Franchisor deliver the forms to Franchisee by business courier in accordance with section 16.1 hereof within 15 calendar days). As soon as practicable after the receipt of the proposed transferee's application, Franchisor will notify, in writing, Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If Franchisor's then-existing standards for the approval of new or renewing franchisees are not readily available to Franchisee when Franchisee notifies Franchisor of Franchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the Franchised BHC Restaurant, or a controlling or non-controlling interest in Franchisee (if an entity), Franchisor will communicate the standards to Franchisee within 15 calendar days.

(iv) a non-refundable "Transfer Review Fee" of $5,000.00, or such greater amount as is necessary to reimburse Franchisor's out of pocket costs associated with the transfer/assignment, including attorneys' fees.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise Franchisor's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment, or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

(i) the assignee of Franchisee ("Franchisee's Assignee") must complete Franchisor's application for a franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the Principal Equity Operators of Franchisee's Assignee demonstrate that it or they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each Principal Equity Operator of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement;

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees (A) a General Manager successfully trained by Franchisor must at all times be employed to operate the Franchised BHC Restaurant and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, Franchisee's Assignee must also agree to pay for all expenses related to this training, such as travel(at the rate in effect at the time of transfer); and

(vii) upon approval of the transfer, Franchisee pays Franchisor a non-refundable "Transfer Fee" of 100% of Franchisor's then-current Initial Franchise Fee per Franchised BHC Restaurant

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor sub franchise or otherwise transfer, or attempt to sub franchise or otherwise transfer the Franchised Business, or to transfer or sub franchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign the Franchise, all (or substantially all) the assets of the Franchised BHC Restaurant, or a controlling interest in Franchisee (if an entity) in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Franchised BHC Restaurant. Also, Franchisee must (i) execute an agreement among Franchisee, Franchisor and Franchisee's assignee effecting the Assignment by Franchisee, which will include a mutual release between Franchisee and Franchisor and (ii) enter into an assignment of the lease for the Franchised BHC Restaurant premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Franchised BHC Restaurant).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives, or conservators in the case of death or legal incapacity as provided in section 12.4 hereof, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new BHC franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consent to the Assignment by Franchisee, Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions

specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Operator of Franchisee owning a majority equity interest ("Majority Equity Owner") in Franchisee (if an entity), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Franchisee, provided a qualified and trained General Manager remains employed at the Franchised BHC Restaurant or another responsible management employee or agent of Franchisee satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of an individual Franchisee's death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Operator capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Franchised BHC Restaurant on Franchisee's behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year and Franchisor will periodically discuss the status with the heirs of the decedent. Franchisor can place an interim manager Franchisee's Franchised BHC Restaurant, and Franchisee must pay Franchisor the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.

(c) No Transfer under this section 12.4 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives, or conservators. However, Franchisee must comply with sections 12.2(b)(i) through (iv) and (to the extent applicable) section 12.2(c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Consent of Franchisor to Transfers.

Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Franchisee or an Principal Equity Operator may consummate any Transfer of a direct or indirect interest in this Agreement, the Franchised BHC Restaurant or the economic benefits derived therefrom, or any equity interest in Franchisee's franchised entity, not permitted by the preceding section 12.4, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld.

12.6 Transfers from Franchisee to an Affiliated Entity.

(a) Upon not less than 30 days' prior written notice to Franchisor, Franchisee may, upon Franchisor's written consent, assign and transfer this Agreement at its entirety to an entity that is (i) organized to operate as a developer of Franchised BHC Restaurants and (ii) entirely owned by Franchisee ("Affiliated Entity").

(b) Any assignment and transfer by Franchisee of the rights, duties and obligations under this Agreement to an Affiliated Entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Franchisee's rights, duties, and obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and the assignee agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Franchisee is. A copy of said instrument, executed by both Franchisee and said business entity must be delivered to Franchisor before the effective date of the transfer. Franchisee will not be able to maintain direct ownership and operation of the Franchised BHC Restaurants which Franchisee (or its Affiliated Entities) has developed after such assignment.

13. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by Franchisor or Franchisee only "for cause", which for purposes of this Agreement means a material violation of this Agreement and includes any failure of a party to substantially comply with any obligation, duty or promise under this Agreement, including those acts or omissions specified in sections 13.2 and 13.3 hereof. If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the breach. If Franchisee is in material breach of this Agreement, Franchisor may exercise Franchisor's right to terminate this Agreement in accordance with this Article 13. If Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court issues an order otherwise. If because of the nature of the breach, it would be unreasonable for Franchisor to be able to cure the breach within 30 days, Franchisor will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Franchisor must, upon receipt of such notice from Franchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(b) A "material breach" of this Agreement by Franchisee means any action or omission by Franchisee seriously impairing or adversely affecting the System, Franchisor or the relationship created by this Agreement, including but not limited to, an event described under 13.2(a) below.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right to exercise any and all remedies available to it at law or in equity, including specific performance and damages (including

liquidated and punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to immediately terminate this Agreement upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee admits its inability to pay its debts as they come due, or Franchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Franchisee Abandons the Franchise by failing to operate the Franchised BHC Restaurant for five consecutive business days during which Franchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate the Franchise;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails after notification of noncompliance, to comply timely with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) After curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Franchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Franchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Franchisor (A) discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of

Franchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 2% or more;

(xi) Franchisor makes a reasonable determination that Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety; or

(xii) Franchisee allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 30 days in which to cure the breach. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 30 days, Franchisor's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Franchisee to be able to cure the breach within 30 days, Franchisee will be given additional time (up to 30 additional days) as is reasonably necessary in Franchisor's determination to cure said breach, upon condition that Franchisee must, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use Franchisee's best efforts to do so.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at Franchisor's option, declare Franchisee in breach of all franchise agreements and other agreements Franchisee has executed with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for Franchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to affect the termination not later than 10 days after Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.

The description of any breach in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article 13, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of such law or regulation.

13.6 Extended Cure Period.

Notwithstanding anything contained herein to the contrary, including section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in its sole discretion, to grant to Franchisee in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Franchisee's Defaults.

(a) In addition to all other remedies herein granted, if Franchisee breaches in the performance of any of Franchisee's obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at Franchisor's election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the breach for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof are due and payable by Franchisee to Franchisor on demand.

(b) If Franchisor terminates this Agreement for cause, Franchisor has the right (but not the obligation) to assume the lease for the Franchised BHC Restaurant premises and to purchase Franchisee's assets pursuant to section 15.2(d) below.

13.8 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Manual, constitutes a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Collection Costs.

Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.10 Continuance of Business Relations.

Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension, or continuation of this Agreement.

14. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire BHC system, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Operators meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with the express intention of arriving at a settlement ("Settlement Conference"). Franchisor may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Franchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Franchisee fails to pay any sums due Franchisor under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, then within 10 business days after the date the Settlement Conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert, or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(b) and 13.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Operators or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by both of the parties hereto that (i) no arbitration of any Dispute may be commenced except in accordance with this section 14.2 and (ii) any question regarding this section 14.2, including its existence, validity, scope, or termination will be decided by the arbitrator.

(b) All hearings and other proceedings will take place at the JAMS business location in Los Angeles County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest where Franchisee's principal place of business is then located. Absent exceptional circumstances determined by the arbitrator to justify a delay or the agreement of all parties to the Dispute, the arbitration hearings under this section 14.2 must commence within six months of the filing of the demand for arbitration.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories, and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ALL SUBSTANTIVE AND PROCEDURAL RIGHTS THAT IT MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non- signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond. If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Franchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable, and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article 14 survive termination, expiration or cancellation of this Agreement.

15. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other

obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other BHC brand or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which have made reference to Franchisee's Franchised BHC Restaurant during the 18 months prior to the date this Agreement terminates, is cancelled, or expires, and request the removal of all use of the trademarks in connection with the former BHC Franchised BHC Restaurant (and the physical address of the former Franchised BHC Restaurant) and all use of former reviews from the period Franchisee was a BHC franchisee. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of the Proprietary Information, Trade Secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising, or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising stating or implying Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) assign all interest and right to use all telephone numbers and all telephone and social media listings applicable to the Franchised BHC Restaurant in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such telephone and social media listings as soon as possible.

(v) pay to the Franchisor all Royalties, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including subleases and lease assignments, between the parties.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) – (v) above, then Franchisor will have the right within 15 days after written notice to

enter Franchisee's Franchised BHC Restaurant or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand. Effective on the Termination Date, Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating any and all of Franchisee's rights in any trade name Franchisee have used containing any of the Marks.

(d) If this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to any amounts set forth in this Agreement, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement and for Franchisor's lost future revenue as a result of such breach in an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by Franchisee under Sections 4.3, 4.4 and 10.1 over the twelve (12) month period immediately preceding the date of termination (or, if the Store has been open less than twelve (12) months, the average monthly royalty fees and advertising fees payable by Franchisee for the period the Franchised BHC Restaurant was open) multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. If no Franchised BHC Restaurant has been opened at the time of termination, Franchisor's lost future revenues as a result of Franchisee's breach shall be an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by other similarly situated franchisees within twenty-five (25) miles of Franchisee's proposed locations multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages for Franchisor's lost future revenue that Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all amounts owed to Franchisor and other costs and expenses to which Franchisor is entitled under the terms of this Agreement. Franchisee's payment of this lump sum shall not affect Franchisor's right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to enforce this Section 15, its trademark rights, and the covenants set forth in this Agreement.

15.2 Franchisor's Rights as Franchisor.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of Franchisor's rights against Franchisee and such termination, cancellation, expiration or assignment will not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisor which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) As soon as practicable after the termination, expiration or non-renewal of this Agreement, Franchisor may direct all applicable vendors and suppliers to immediately cease providing Franchisee with inventory, supplies, equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide BHC Products.

(c) On or immediately after the Termination Date, Franchisee is obligated to return, at no expense to Franchisor, all copies of the Operations Manual, all other BHC proprietary materials and any other items that were supplied by Franchisor for Franchisee's use in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the

Franchised Business from any computers and other media storage devices Franchisee retains after expiration, cancellation, or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, Franchisor will have the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, supplies, fixtures, and furnishings owned and used by Franchisee in Franchisee's franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's reusable inventory and apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures, and furnishings will be the fair market value thereof. In determining the fair market value of such items Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase which will occur no less than 30 days from the date Franchisor exercise Franchisor's option unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisee and Franchisor will jointly designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

(e) Franchisor may deduct from the Initial Deposit all fees owed to Franchisor, including but not limited to, amounts under section 15.1(b)(v).

15.3 Cross-Defaults.

Any default by Franchisee (or any person/company or Affiliated Entity) under the terms and conditions of this Agreement or any lease or sublease, or any other agreement between Franchisor or its affiliate, and Franchisee, shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, including, but not limited to, the MFA or MTRA, between the parties hereto, Franchisor may, at its option, terminate any and all said agreements. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

16. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Franchisor:

BHC USA LLC
c/o Brian Shin
3435 Wilshire Blvd. Suite 460
Los Angeles, CA 90010

(ii) If to Franchisee:

_____

_____

(b) Notices between Franchisee and Franchisor will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day, or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Franchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Franchisee and its Principal Equity Operators, jointly and severally, hereby agree to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Franchisee's intentional tort or negligence, or the intentional tort or negligence of Franchisee's agents, servants or representatives, relating to Franchisee's development, maintenance or operation of the Franchised BHC Restaurant and the Franchised Business, except if caused by Franchisor's intentional misfeasance, gross negligence or material breach of any terms of, or Franchisor's obligations arising under, this Agreement.

(b) Franchisor hereby agrees to protect, defend and indemnify Franchisee, its Principal Equity Operators, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Franchisor's intentional misfeasance, gross negligence or material breach of Franchisor's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Franchisee (or any of its Principal Equity Operators, or other owners, affiliates, officers, directors, employees or attorneys of Franchisee) of any terms of, or Franchisee's obligations arising under, this Agreement.

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that:
(i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no

event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the person being indemnified as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Franchisee's Relationship to Franchisor as Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Operator has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Operator) nor Franchisor is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Franchisee and all Principal Equity Operators jointly and severally agree none will hold itself out as Franchisor's agent, employee, partner or co-venturer or the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor or the Owner of the Marks, nor subject to Franchisor's control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their

day-to-day activities, except to the extent necessary to protect the Marks. Franchisee and Franchisor agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

16.4 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration, termination, cancellation, or assignment of this Agreement will be enforceable notwithstanding said expiration, termination, cancellation, or assignment.

16.6 Successors and Assigns.

Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon Franchisor and Franchisee and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.

If Franchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

16.9 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Operations Manual and (ii) any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Operations Manual is held to be indefinite, invalid, or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee certifies that neither it nor any Principal Equity Operators or employees of Franchisee, or anyone else who is associated with Franchisee is not listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Operators, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Operators will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti- Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Operators are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Operators, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Operator conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Operator nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges that Franchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Franchisee or any Principal Equity Operator act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Franchisee agrees that Franchisee will notify Franchisor in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

16.13 Governing Law.

This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Franchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

17. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon its execution by Franchisee and Franchisor. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

18. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee hereby represents and warrants that all statements in this section 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Operations Manual. Franchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Franchised BHC Restaurant is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee and all of Franchisee's Principal Equity Operators.

(g) Franchisee and its Principal Equity Operators (i) understand the nature of this Agreement, and (ii) intend to comply with the terms hereof and be bound hereby.

(h) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical, or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee is aware that other BHC franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee and each Principal Equity Operator acknowledge that in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

List of Exhibits to Franchise Agreement:

Exhibit 1 –Location of Franchised BHC Restaurant

Exhibit 2 – Names and Addresses of Principal Equity Operators

Exhibit 3 – Guarantee of Franchise Agreement

Exhibit 4 – Confidentiality and Non-Competition Agreement

Exhibit 5 –Addendum to Lease

EXHIBIT 1

TERRITORY AND LOCATION OF FRANCHISED BHC RESTAURANT

Franchised BHC Restaurant

The Franchised BHC Restaurant is located at:

(If the address of the Franchised BHC Restaurant is unknown when this Agreement is signed as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 2

NAMES AND ADDRESSES OF PRINCIPAL EQUITY OPERATORS

If Franchisee is an entity, list below the names, residential addresses, and respective percentage equity ownership interests of each Principal Equity Operator:

EXHIBIT 3

GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated _____ between BHC USA LLC ("Franchisor") and _____ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Operators" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement, and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned. Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors, or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional, and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee inure to the benefit of the Franchisor, its successors, and assigns. This Guarantee may be

assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Franchised BHC Restaurant is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary, or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of Los Angeles, or the United States District Court for the Central District of California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.
Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OPERATOR:	SPOUSE OF PRINCIPAL EQUITY OPERATOR:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 4

CONFIDENTIALITY AND NON-COMPETION AGREEMENT

THIS AGREEMENT, dated _____, by and between BHC USA LLC ("**Franchisor**") and __ _____ of _____ (the "**Franchisee**"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement, defined below.

The Franchisor has granted to the Franchisee, pursuant to that certain Franchise Agreement dated _____ _____ (the "**Franchise Agreement**"), the right to operate a Franchised BHC Restaurant. The undersigned, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to the Franchisor, including but not limited to methods, strategies and techniques developed by the Franchisor or its affiliate relating to operations, marketing, training, advertising, trade secrets, recipes and other confidential data (collectively referred to as "**Proprietary Information**"), agrees with the Franchisor as follows:

(6) The undersigned acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Franchisee by the Franchisor is proprietary to the Franchisor and must be held in the utmost and strictest confidence.

(7) The undersigned represents and agrees that the undersigned will not, without the prior written consent of the Franchisor, either:

a. Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information;

b. Deliver or make available the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor;

c. Discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Franchisor; or

d. Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Franchise Agreement.

(8) While the Franchise Agreement is in effect, neither the undersigned, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any other Competitive Business without having first obtained the Franchisor's written consent. For the purposes of this Agreement,

(9) The undersigned has acquired from the Franchisor confidential information regarding Franchisor's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement, could be used to injure the Franchisor. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of two (2) years from the date of termination, transfer or expiration of the Franchise Agreement, without having first obtained the Franchisor's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any Competitive Business which is located or operating, as of the date of such termination, transfer or

expiration, within a 25-mile radius of the Franchisee's former Franchised Location as defined in the Franchise Agreement, or within a 10-mile radius of any other franchised or company-owned Franchised BHC Restaurant, unless such right is granted pursuant to a separate agreement with the Franchisor.

(10) The undersigned agrees that during the term of the Franchise Agreement, and for a period of two (2) years thereafter, it shall in no way divert or attempt to divert the business of customers or interfere with the business relationship established with customers of the Franchisee's Franchised BHC Restaurant or of any Competitive Business.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

FRANCHISEE: _____	FRANCHISOR: BHC USA LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT 5

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum"), dated _____, is entered into between _____("Landlord") and _____("Tenant").

RECITALS:

The parties have entered into a Lease Agreement, dated _____ (the "Lease), pertaining to the premises located at _____(the "Premises").

The Landlord acknowledges that Tenant intends to operate a Franchised BHC Restaurant ("Franchised BHC Restaurant") from the Premises pursuant to Tenant's Franchise Agreement with BHC USA LLC ("Franchisor") dated _____(the "Franchise Agreement"), whereby Tenant will utilize the BHC name and the BHC Marks as Franchisor may designate in the operation of the Franchised BHC Restaurant at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its Franchised BHC Restaurant on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

9. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

10. Assignment By Tenant.

A. Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

B. So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment. If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

11. Default and Notices to Franchisor. Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives

such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee ("Franchisor Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation. If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

12. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease. If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above. If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

13. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3or 4above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a Franchised BHC Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the BHC marks and system, and to distinguish the Premises from Franchised BHC Restaurants. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

14. Assumption and Subsequent Assignment by Franchisor. If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

A. Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

B. Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

C. At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a BHC franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the store as a Franchised BHC Restaurant pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

15. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

16. Additional Provisions.

A. Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

B. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

C. All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address: BHC USA LLC, 3435 Wilshire Blvd., Suite 460, Los Angeles, CA 90010. Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

D. Sales Reports. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Franchised BHC Restaurant.

E. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

F. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of ____ _____.

LANDLORD: _____	TENANT: _____
By: _____	By: _____
Name: _____	Name: _____
Its: _____	Its: _____

EXHIBIT “C”

BHC USA LLC

FINANCIAL STATEMENTS

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Member and Management
BHC USA LLC and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of BHC USA LLC (a California Limited Liability Company) and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2024, and the consolidated related statements of income, member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BHC USA LLC and subsidiaries as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BHC USA LLA and subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose expressing an opinion on the effectiveness of BHC USA LLC's internal control. Accordingly, no such opinion is expressed.

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

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subject to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Los Angeles, California
March 10, 2025

CHI & NAM LLP

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET – DECEMBER 31, 2024

ASSETS

Current Assets:		
Cash	$	286,819
Accounts receivable		153,547
Inventories		10,877
Prepaid expenses		26,469
Total Current Assets		477,712
Property and Equipment:		
Leasehold improvements		1,425,433
Furniture and fixture		45,874
Machinery and equipment		4,709
Transportation equipment		51,789
		1,527,805
Less: Accumulated depreciation		(365,313)
Total Property and Equipment		1,162,492
Other Assets:		
Operating lease right-of-use assets		894,133
Intangible assets		16,867
Deposits		178,818
Total Other Assets		1,089,818
Total Assets	$	2,730,022

See accompanying notes and accountant's audit report.

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET – DECEMBER 31, 2024

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities:		
Accounts payable	$	395,944
Payroll and payroll tax payable		68,852
Sales tax payable		17,510
Deferred revenue – current portion		42,343
Lease obligations – current portion		154,905
Total Current Liabilities		679,554
Long-Term Liabilities:		
Customer deposit		100,000
Deferred revenue		341,667
Lease obligations		768,903
Total Long-Term Liabilities		1,210,570
Member's Equity:		
Member's equity		839,898
Total Member's Equity		839,898
Total Liabilities and Member's Equity	$	2,730,022

See accompanying notes and accountant's audit report.

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2024

Revenue:	
Company operated restaurant revenue	$ 1,314,783
Merchandise sales	317,317
Franchise revenue	35,433
Royalty	39,249
Franchise service fees	7,157
Total Revenue	1,713,939
Cost of Goods Sold	690,435
Gross Profit	1,023,504
Operating Expenses	2,481,699
Loss from Operations	(1,458,195)
Other Income (Expenses):	
Interest income	62
Interest expense	(41,602)
Other expense, net	(353)
Loss on inventory	(27,257)
Total Other Income (Expenses)	(69,150)
Loss before Income Tax	(1,527,345)
Income Tax Provision	(2,400)
Net Loss	**(**1,529,745)
Other Comprehensive Income	0
Total Comprehensive Loss	$ (1,529,745)

See accompanying notes and accountant's audit report

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF MEMBER'S EQUITY

YEAR ENDED DECEMBER 31, 2024

Member's Equity, Beginning of year	$ 1,609,643
Capital Contribution	760,000
Net Loss	(1,529,745)
Member's Equity, End of year	$ 839,898

See accompanying notes and accountant's audit report.

BHC USA LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

Operating Activities:		
Net loss	$	(1,529,745)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation		237,303
Amortization of right-of-use assets		155,509
(Increase) decrease in current assets:		
Accounts receivable		(139,178)
Inventories		46,748
Prepaid expenses		13,128
Increase (decrease) in current liabilities:		
Accounts payable		262,683
Payroll and payroll tax payable		52,122
Sales tax payable		1,629
Deferred revenue		384,010
Net Cash Used by Operating Activities		(515,791)
Investing Activities:		
Acquisition of property and equipment		(379,598)
Increase in deposits		(58,000)
Net Cash Used by Investing Activities		(437,598)
Financing Activities:		
Receipt of customer deposit		100,000
Payment of principal portion of lease obligations		(143,197)
Capital contribution		760,000
Net Cash Provided by Financing Activities		716,803
Net Decrease in Cash		(236,586)
Cash, Beginning		523,405
Cash, Ending	$	286,819
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$	41,602
Income taxes	$	2,400

See accompanying notes and accountant's audit report.

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies

This summary of significant accounting policies of BHC USA LLC and Subsidiaries ("BHC USA" or "the Company", hereinafter) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and Nature of Business

The Company is a wholly owned subsidiary of Dining Brands Group Co., Ltd. ("Dining Brands"), a Korea corporation. BHC USA was originally formed in the State of California on January 6, 2022. The Company's current business line is in licensing, franchising, and operating fast food restaurants under the name of "bhc CHICKEN", as well as in retail distribution of food products through its subsidiaries. The Company owns 100% of BHC Farmers Market USA Inc ("BHC Farmers") and BHC Chapman USA Inc ("BHC Chapman") both California corporations. The consolidated financial statements of BHC USA include BHC Farmers and BHC Chapman accordingly.

Use of Estimates

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

Consolidation Policy

The Consolidated Financial Statements include the financial statements of BHC USA and its wholly-owned subsidiaries: BHC Farmers and BHC Chapman. All significant intercompany balances and transactions have been eliminated in consolidation.

Cash

All of the cash as of December 31, 2024 was in banks other than immaterial petty cash. There were no encumbrances or restrictions on the cash balance.

Allowance for Doubtful Accounts and Sales Returns

The Company provides allowances for doubtful accounts and sales returns based upon prior experiences and management's assessment of existing specific accounts.

Inventory Valuation

Inventories are stated at the lower of cost or market, using the first-in, first out (FIFO) method. Substantially all of the inventories are raw materials.

Fair Value Measurement and Long-Lived Assets

The carrying amounts of accounts receivable, accounts payable and all other current assets and liabilities approximate fair value due to their short-term character and maturity.

The Company's long-lived intangible assets include trademark and goodwill. Goodwill represents the excess of cost over fair value of net identified assets acquired in business acquisitions. The Company elected the alternative accounting for goodwill amortization along with impairment tests as deemed necessary and appropriate. Trademark is considered to have indefinite life and impairment is reviewed along with other long-lived assets.

The Company reviews its long-lived assets for impairment on a periodic basis at least once a year and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Revenue Recognition

In accordance with the Accounting Standards Update ("ASU") 606, revenue recognition, the Company recognizes revenues when the earnings process is complete, as evidenced by agreements with the customers, transfer of title and acceptance, if applicable, pricing is fixed or determinable and collectability is reasonably assured. The standards recognize revenue related to contracts with customers and provide a framework in which revenues are recognized based on the nature of obligations and considerations entitled.

Company Operated Restaurant Revenue

Restaurant revenues are comprised of retail sales of food through the restaurants owned by subsidiaries and are recognized when the items are delivered or carried out by customers. Customer payments are generally due at the time of sales.

Merchandise Sales

Merchandise sales revenues are primarily comprised of sales of food, equipment and supplies to the franchisees. Revenues are recognized at a point in time when the obligations are performed and satisfied upon delivery of the merchandise to the franchisees.

Franchise Revenue

Franchise and development fees are billed upon the signing of franchise or development agreement. Under the agreements, the Company provides franchisees with a license for intellectual property, goods and services, and other administrative supports. Per ASC 606, revenues from the privilege of using intellectual properties and relevant services are recognized over the period of the contract term, which is typically ten years. Included in this category are store licensing fees, and sub-franchise fees are the continuing rights or services offered during the term of the franchise agreements.

Royalty

Royalty revenues represent sales-based royalties that are recognized in the period in which the sales occur. Sales-based royalties are variable considerations related to the Company's performance obligation to the franchisees to maintain the intellectual property being licensed. Pursuant to franchise agreements, franchisees are required to pay the Company royalty fees based on a percentage set at 4.5% of gross sales of franchisees as sales are earned by the franchisees.

Franchise Service Fee

Revenues related to obligations to provide or maintain services or delivery of goods to franchisees, such as training, education, marketing and promotion fees are earned as the relevant performance obligations are fulfilled and satisfactorily completed at the culmination of such services or deliveries of items.

See NOTE 2 for further information on revenue recognition.

Property and Equipment

Property and equipment are stated at cost. Depreciable property is depreciated primarily by the straight line method over the estimated useful life of the property of approximately 5 years.

Shipping and Handling Costs

Freight-in costs are included in cost of sales and freight-out costs are expensed as operating expenses.

Lease Accounting

In February 2016, the FASB issued ASU 2016-2, "Leases" which superseded FASB ASC 840 Leases and added FASB ASC 842. The FASB ASC 842 requires lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term; recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within operating activities in the statement of cash flows. For financing leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset and classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contract is or contains a lease.

See NOTE 6 for further information on lease accounting policy and adoption.

Income Taxes

The Company provides for income taxes under the provision of FASB ASC 740 "Accounting for Income Taxes." FASB ASC 740 requires an asset and liability based approach in accounting for income taxes along with valuation on those assets and liabilities. Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of temporary differences of revenues and expenses items for financial statement and income tax purposes.

NOTE 2 – Revenue from Contracts with Customers

Nature of Revenues and Disaggregation of Revenues

The Company has two main revenue streams, company-operated restaurant revenue and franchise-related revenue. See Note 1 "Summary of Significant Accounting Policies" for a description of a more detailed classification and the revenue recognition policies per the categories. The consolidated statement of income disaggregates the revenue categories in compliance with the requirements by the current accounting standards.

Contract Balances

Franchise contract obligation, December 31, 2023	$	0
Newly contracted in 2024		417,100
Franchise revenue recognized		(35,433)
Franchise contract obligation, December 31, 2024	$	381,667

The Company's franchise contract liability includes development fees, initial franchise and license fees. As of December 31, 2024, the Company also has remaining education service obligation in the amount of $2,343 which was the result of $9,500 contract amount in 2024 less ($7,157) service already provided.

The following table illustrates the estimated revenue to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2024.

2025	$	40,000
2026		40,000
2027		40,000
2028		40,000
2029		40,000
2030 and after		181,667
Total		381,667
Less: Current portion		(40,000)
Long-term portion	$	341,667

NOTE 3 – Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2024, none of the bank account balances exceeded the limit.

NOTE 4 – Allowance for Doubtful Accounts

The Company provides allowances for doubtful accounts and sales returns when necessary and appropriate as described in NOTE 1. As of December 31, 2024, no material reserve deemed to be necessary.

NOTE 5 – Intangible Assets and Impairment

Certain costs related to the Company's trademark, design, and goodwill are capitalized and subject to the Company's periodic review for impairment. As of December 31, 2024, there were no assets that were deemed impaired and therefore, no impairment loss was recognized for the period accordingly.

NOTE 6 – Lease Accounting

As disclosed in NOTE 1, the new lease accounting standard effectively has a material effect on the Company's financial statements. While continuing to assess all of the effects of adoption, the Company currently believes the most significant effects relate to (1) the recognition of new right-of-use (ROU) assets and lease liabilities on the balance sheet for the leases of its retail stores, and (2) providing significant new disclosures about the leasing activities. In implementing the

The Company has entered the lease agreements for its two retail stores in October 2022 and in June 2023. Both of these lease agreements are operating leases and accordingly accounted for and presented as operating lease right-of- use assets and liabilities on the face of the financial statements. As of December 31, 2024, minimum rental commitments under the leases are as follows:

Year	Amounts
2025	$190,347
2026	$196,058
2027	$201,939
2028	$150,592
2029	$114,107
2030 and after	$187,274

Under ASC 840, the Company incurred $145,081 of rental expenses for its two retail stores in 2024 based on the actual lease payments in 2024.

NOTE 7 – Advertising

The Company principally expenses advertising costs as they incur unless the advertising can be justifiably capitalized. Such capitalized advertising will be subject to impairment review and expenses rationally. The Company incurred advertising cost in the amount of $360,537 for the year ended December 31, 2024.

NOTE 8 – Commitments and Contingencies

Based on the currently available information including confirmation from the Company's legal counsel, there are no known claims and pending legal actions against the Company incidental to and arising out of the ordinary course of the business.

NOTE 9 – Income Taxes

As stated in income taxes section of NOTE 1, "Significant Accounting Policies", the Company complies with FASB ASC 740. The Company had income tax benefits of $427,406 from its net loss from continuing operations during 2024. Likewise, deferred tax assets which represent future tax benefits as of December 31, 2024 would have been $664,576. However, the income tax benefits as well as the deferred tax assets were fully offset by valuation adjustment resulting in no tax benefit and deferred tax assets presented on the face of the financial statements. The valuation allowance balances were $227,030 and $664,576, as of December 31, 2023 and 2024, respectively. There was no income or loss from discontinued operations or comprehensive income that affected the tax benefit amount.

NOTE 10 – Comprehensive Income

There were no items of other comprehensive income since the inception of the Company including 2024. Therefore, accumulated other comprehensive income within the equity section has not been presented separately as there was no balance in the account.

NOTE 11 – Related Party Transactions

As of December 31, 2024, the Company has investments to its subsidiaries BHC Farmers and BHC Chapman in the amount of $1,400,000 each. These investments along with other intercompany transactions are consolidated and eliminated in the Company's financial statements as of December 31, 2024 properly.

As of December 31, the Company owed $112,139 to Dining Brands, its parent company. There was no receivables outstanding from Dining Brands as of December 31, 2024.

NOTE 12 – Supplemental Disclosures of Cash Flow Information

The Company paid interest expenses of $41,602 in 2024. Income taxes paid during 2024 was $2,400.

NOTE 13 – Subsequent Events

There were no significant events that should affect the financial and operational matters of the Company until March 10, 2025, the issuance date of these financial statements as well as the date of management's review on the matters.

BHC USA LLC AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION

CONSOLIDATED SCHEDULE OF OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2024

OPERATING EXPENSES:

Salaries	$	817,443
Payroll taxes		77,915
Advertising		360,537
Automobile		201
Bank charges		638
Business meals		45
Delivery		256
Depreciation		237,303
Dues and subscriptions		32,243
Employee benefit		3,300
Entertainment		350
Freight and transportation		8,804
Houseware expense		11,367
Insurance		44,350
Kitchenware		53,000
Lease expenses		155,278
Miscellaneous		2,247
Office expenses and supplies		1,510
Outside services		100,495
Professional fees		245,447
Rent		121,050
Repair and maintenance		16,323
Research and development		411
Sales charge		107,819
Storage		5,914
Taxes and licenses		10,124
Telephone		4,461
Travel and show expenses		19,957
Utilities		42,911
	$	2,481,699

See accompanying notes and accountant's audit report.

EXHIBIT “D”

BHC USA LLC

LIST OF FRANCHISED BHC RESTAURANTS

EXHIBIT "D"

LIST OF FRANCHISED BHC RESTAURANTS

California	
Sorrento Valley 9450 Scranton Rd #112, San Diego, CA 92121, United States +1-858-352-6089	

EXHIBIT “E”

BHC USA LLC

LIST OF TERMINATED FRANCHISES

EXHIBIT "E"

LIST OF TERMINATED FRANCHISES

No Master Franchisee had a BHC Restaurant terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement with us during 2022, 2023 or 2024.

EXHIBIT “F”

BHC USA LLC

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT "F"

STATE FRANCHISE ADMINISTRATORS

CALIFORNIA Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA. 95834 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	HAWAII Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744 Agent: Commissioner of Securities
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner
MICHIGAN Consumer Protection Division 670 Law Building Lansing, Michigan 48913 (517)373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau	MINNESOTA Minnesota Department of Commerce 85 7* Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651)296-4026 Agent: Minnesota Commissioner of Commerce
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006
NEW YORK Administrator: New York State Department of Law Investor Protection Bureau 120 Broadway 23rd FI New York, NY 10271 Agent: New York Secretary of State 99 Washington Avenue Albany, NY 12231	NORTH DAKOTA Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910 Agent: North Dakota Securities Commissioner

OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	SOUTH DAKOTA Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013 Agent: Director of South Dakota Division Securities
TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711	VIRGINIA State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804)371-9051 Agent: Clerk of the State Corporation Commission
RHODE ISLAND Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401)222-3048 Agent: Director of Rhode Island Department of Business Regulation	WASHINGTON Director Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760 Agent: Securities Administrator, Director of Department of Financial Institutions
WISCONSIN Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities	

EXHIBIT “G”

BHC USA LLC

STATE SPECIFIC ADDENDA

EXHIBIT "G"
APPENDIX FOR CALIFORNIA FRANCHISEES

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Multi-Unit Master Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, approved by the Department of Financial Protection and Innovation before a solicitation of a proposed material modification of an existing franchise.

3. The Multi-Unit Master Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

4. The Multi-Unit Master Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

5. The Multi-Unit Master Franchise Agreement requires you to execute a general release of claims upon transfer of the Multi-Unit Master Franchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

6. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

7. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are unenforceable.

8. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

9. Neither the franchisor, nor any person or franchise broker listed 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 these persons from membership in such association or exchange.

10. The Multi-Unit Master Franchise Agreement contain a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (1) waiving any claims under any applicable franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term or any document executed in connections with the franchise.

12. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

EXHIBIT “H”

BHC USA LLC

STATE EFFECTIVE DATES

EXHIBIT "H"

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "I"

BHC USA LLC

LIST OF APPROVED SUPPLIES

Master Franchisee must purchase all products that Affiliate Franchisees and Subfranchisees offer from Master Franchised BHC Restaurant, including products which bear any of the Marks, solely and exclusively from Franchisor, or Franchisor's designated supplier. Franchisor will provide Master Franchisee with a list of approved manufacturers, suppliers, and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Master Franchised BHC Restaurant ("Approved Supplies List"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We may revise the Approved Suppliers List and Approved Supplies List.

Product (EN)	**SPEC.**	**Supply Form**	**Unit**
Bburing Bburing Sauce	1KG×10BG/BOX	Mandatory	BOX
Sweet Habanero Sauce	1KG×10BG/BOX	Mandatory	BOX
Hot Crunchy Chicken Seasoning	2KG×10BG/BOX	Mandatory	BOX
Crunchy Chicken Batter Mix	5KG×4BG/BOX	Mandatory	BOX
Basakle Batter Mix	5KG×4BG/BOX	Mandatory	BOX
Macho-King Batter Mix	5KG×4BG/BOX	Mandatory	BOX
Bburinkle Seasoning	1KG×10BG/BOX	Mandatory	BOX
Sweet & Sour Sauce	3KG×6BG/BOX	Mandatory	BOX
Macho-King Sauce	3KG×6BG/BOX	Mandatory	BOX
Gold-King Sauce	3KG×6BG/BOX	Mandatory	BOX
Red-King Sauce	2KG×6BG/BOX	Mandatory	BOX
Mapso-king Sauce	2KG×6BG/BOX	Mandatory	BOX
Chicken Box (Large)	200EA/BOX	Mandatory	BOX
Side Box	100EA/BOX	Mandatory	BOX
Chicken Box (Extra-Large)	200EA/BOX	Mandatory	BOX
Box Tray (Extra-Large)	200EA/BOX	Mandatory	BOX
Box Tray (Large)	200EA/BOX	Mandatory	BOX
Box Tray (Small)	200EA/BOX	Mandatory	BOX
Chicken Box (Small)	200EA/BOX	Mandatory	BOX
Shopping Bag (Paper)	200EA/BOX (310*140*260)	Mandatory	BOX
Craft bag	1,000EA/BOX	Mandatory	BOX
Bugger Wrap Paper	2,000EA/BOX	Mandatory	BOX
Square Sticker	30,000EA/BOX	Mandatory	BOX

Product (EN)	SPEC.	Supply Form	Unit
Soda Cup_16oz	1,000EA/BOX	Mandatory	BOX
Parchment Paper (Small)	225*380(500EA/BONG) (15BONG/BOX)	Mandatory	BOX
Uniform (long-sleeved 120)	120 Size (Extra Large)	Mandatory	EA
Uniform (long-sleeved 130)	130 Size (Double Extra Large)	Mandatory	EA
Uniform (long-sleeved 95)	95 Size (Small)	Mandatory	EA
Uniform (long-sleeved 110)	110 Size (Large)	Mandatory	EA
Uniform (long sleeved 115)	115 Size (Extra Large)	Mandatory	EA
Uniform (Short sleeved 110)	110 Size (Large)	Mandatory	EA
Uniform (Short sleeved 115)	115 Size (Extra Large)	Mandatory	EA
Uniform (Short sleeved 130)	130 Size (Double Extra Large)	Mandatory	EA
Uniform (Short sleeved 95)	95 Size (Small)	Mandatory	EA
Uniform (Short sleeved 100)	100 Size (Medium)	Mandatory	EA
Uniform (Short sleeved 105)	105 Size (Large)	Mandatory	EA
Apron (BHC)	To be determined	Mandatory	EA
Cap (mesh)	Navy, mesh	Mandatory	EA
Fish Meat Extract Broth	600G X 10BG / BOX	Mandatory	BOX
Spicy Fish Cake Soup	390G X 10BG / BOX	Mandatory	BOX
Sticky Crunch Ball	30G X 50PCS X 8BG / BOX	Mandatory	BOX
Chi-PongDang Crumbles	1KG X 10BG / BOX	Mandatory	BOX
Hot Bburinkle Seasoning	500G X 20BG / BOX	Mandatory	BOX
Spicy Tteokbokki Mix	1KG X 15BG / BOX	Mandatory	BOX
Rose Tteokbokki Mix	1KG X 15BG / BOX	Mandatory	BOX
Kimchi Pilaf	300G X 30BG / BOX	Mandatory	BOX
Pork Kimchi Stew	400G X 20BG / BOX	Mandatory	BOX
Cheese Twist	To be determined	Mandatory	BOX
Sweet Red Bean Twist	To be determined	Mandatory	BOX
Seasoning Salt	5kg X 4BG/BOX	Mandatory	BOX
High-Oleic Sunflower Oil	15KG/CAN	Mandatory	EA
BHC Marinated Chicken (Whole Chicken)	To be determined	Mandatory	BOX
BHC Marinated Chicken (Boneless)	To be determined	Mandatory	BOX

Product (EN)	SPEC.	Supply Form	Unit
BHC Marinated Chicken (Drumsticks)	To be determined	Mandatory	BOX
BHC Marinated Chicken (Wings)	To be determined	Mandatory	BOX

EXHIBIT "J"

BHC USA LLC

ACKNOWLEDGMENT AND AUTHORIZATION FOR BACKGROUND CHECK

Acknowledgment and Authorization for Background Check

The information requested in this form is to be used to evaluate your suitability to become a BHC USA LLC ("BHC") restaurant franchisee.

Do you intend have a co-franchisee? ___Yes ___No

If yes, name(s) of Prospective Co-Franchisees and their estimated percentage of ownership.
1. _____ Percentage of Ownership: _____
2. _____ Percentage of Ownership: _____
3. _____ Percentage of Ownership: _____

(Please note: Each Prospective Franchisee must fill out and sign the Acknowledgment and Authorization for Background Check).

A. Prospective Franchisee Information

1. **(If Individual)** Name: _____
Date of Birth: _____ Place of Birth: _____
Address: _____
Home Phone: _____ Cell Phone: _____
Are you a U.S. Citizen? ___Yes ___No If not, what is your citizenship? _____
Have you been convicted of a felony, or have felony charges pending? ___Yes ___No
If yes, please provide details: _____
Do you own or rent? _____ How long have you lived at your current residence? ___
If less than five years, please list your addresses for the past five years:
_____

2. **(If Entity)** Name: _____
Date of Formation: _____Place of Formation: _____
Address: _____
Office Phone: _____
Officers: _____
Directors: _____
Names of Shareholder / Members / Partners: _____
_____

B. Education (If Individual)
High School Name:_____ Year Graduated: _____
College Name: _____ Year Graduated: _____
Graduate School:_____

C. Employment / Business Experience
Company: _____
Address: _____
Dates of Employment: _____
Title: _____ No. of Employees Supervised: _____
Duties and Responsibilities: _____
Type of Business: _____

D. Financial Statement

Your Assets: _____	Your Liabilities: _____
Cash in bank: _____	Bills Payable: _____
Value of Home if owned: _____	Home Mortgage: _____
Savings: _____	Other Mortgage: _____
Vehicles: _____	Other Obligations: _____
Existing Business (Sale Value): _____	_____
Money Due to You: _____	_____
Other Assets:_____	_____
Total Assets: _____	**Total Liabilities:** _____
Net Worth: _____	

Have you ever filed for bankruptcy? ___Yes ___No. If yes, please give details: _____

_____

_____

Are you subject to any court judgments? ___Yes ___No. If yes, please give details: _____

_____

_____

E. References

Credit References (e.g., Bank, Suppliers, Accountant)	**Personal References** (Someone who has known you for at least 2 years)
1.	1.
2.	2.
Bank Details	
Bank Name:	
Account Number:	
Address:	
Phone:	

ACKNOWLEDGEMENT

A. The Prospective Franchisee represents, warrants and covenants to BHC USA LLC ("BHC") that all of the following matters are true and accurate as of the date of execution of this Acknowledgment and Authorization for Background Check ("Acknowledgment"):

1. No Prospective Franchisee and his/her/its Affiliates (as that term is defined below) had or has any relationship, affiliation, or ownership interest, directly or indirectly, with BHC USA or its Affiliates ("Prohibited Persons"). "Affiliates" mean a party's respective present and former, direct and indirect, parents, subsidiaries, employees, officers, directors, shareholders, managers, members, agents, representatives, and spouses (for individuals), including any other person directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such person. "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

2. The Prospective Franchisee has not made nor is making any act of providing money, goods, gifts, entertainment or other monetary or non-monetary benefits to any of the Prohibited Persons (including, but not limited to, the provision of rebates/back margins, granting of an opportunity to acquire intermediate margin, lending of money, reduction of debt, provision of collateral, provision of transaction/investment opportunities, job placement, high-price purchase/low-price sale, etc.).

3. The Prohibited Persons shall not hold any interest in the Prospective Franchisee nor have any management right, other substantial control, and/or claim against the Prospective Franchisee. In addition, if the Prohibited Persons have any right or legal relationship with the Prospective Franchisee, claim/debt, employment, delegation, or other right or legal relationship, regardless of whether real name/borrowed name or registered/non-registered, the Prospective Franchisee shall immediately notify BHC in writing.

4. The Prospective Franchisee shall not provide any money, goods, gifts, entertainment or other monetary or non-monetary benefits to any of the Prohibited Persons (including, but not limited to, the provision of rebates/back margins, granting of an opportunity to acquire intermediate margin, lending of money, reduction of debt, provision of collateral, provision of transaction/investment opportunities, job placement, high-price purchase/low-price sale, etc.).

5. The Prospective Franchisee shall comply with various civil and criminal laws and regulations for the prevention of occupational breach of trust, embezzlement, and other crimes in the formation, maintenance, and termination of transactions with BHC and other legal relations. In addition, the Prospective Franchisee shall not instruct, aid, or participate in any occupational breach of trust, embezzlement, or other criminal act of any third party, including any Prohibited Persons, and shall promptly inform BHC in writing of any proposed or detected criminal act.

B. Prospective Franchisee recognizes that BHC, is not in any way obligated to franchise a BHC Restaurant to Prospective Franchisee because of Prospective Franchisee's execution of this Acknowledgment. Prospective Franchisee acknowledges that any false statement, in whole or in part, on this Acknowledgment shall be considered sufficient cause to deny any further consideration or cause revocation and termination of any agreement signed at any time with BHC, and to the extent permissible by such agreement or law, BHC shall have the right to exercise any and all remedies available to it at law or in equity, including specific performance and damages (including liquidated). Prospective Franchisee understands that any inquiry regarding Prospective Franchisee's character, general reputation, personal characteristics, financial background and general fitness for being a BHC Franchisee may be made as a result of this application. In addition, by signing below Prospective Franchisee releases any and all former and/or present employers, and any other personal or business references, from any liability whatsoever in connection with BHC's attempt to investigate Prospective Franchisee's background and determine Prospective Franchisee's fitness to become a BHC franchisee.

C. Prospective Franchisee specifically authorizes BHC to obtain credit reports from one or more credit bureaus and background check on Prospective Franchisee and Prospective Franchisee's business(es). In addition, Prospective Franchisee consents to receiving electronic communication (email, SMS, or calling devices) from BHC. Prospective Franchisee agrees that any notices, agreements, disclosures, or any other communications that BHC sends to Prospective Franchisee electronically will satisfy any legal communication requirements, including but not limited to, that such communications be in writing. A copy of this authorization may be used in place of and shall be valid as the original. Prospective Franchisee understands and acknowledges that if

Prospective Franchisee is an individual and married but does not provide complete information for Prospective Franchisee and Prospective Franchisee's spouse, BHC cannot process this application.

DECLARATION

Signature: _____
Print Name: _____
Date: _____

I hereby confirm that the information I have given is to the best of my knowledge, true and correct. I also give my consent to BHC USA to contact any person named in this form in connection with my interest in a BHC Restaurant franchise and to carry out reasonable checks on my finances and background.

Please note that this Acknowledgment and Authorization for Background Check is regarded as confidential information and will be applied only in relation to the assessment of you as a potential franchisee.

Please email completed form to:
Brian Shin
3435 Wilshire Blvd., Suite 460
Los Angeles, CA 90010
323-424-3733
contact@bhc-usa.com

EXHIBIT “K”

BHC USA LLC

RECEIPT

EXHIBIT "K"

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 BHC USA LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If BHC USA 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 appropriate state agency listed in Exhibit E.

The name, address and telephone number of the franchise seller for this offering is:

Brian Shin
3435 Wilshire Blvd Suite 460, Los Angeles, CA 90010
323-424-3733
contact@bhc-usa.com

Date of Issuance: _____.

BHC USA LLC authorizes the respective stage agencies identified in Item 1 to receive service of process for it in your state. I received a Disclosure Document dated _____ (please also see the State Effective Dates Page) that included the following Exhibits:

"A"	Multi-Unit Master Franchise Agreement
"B"	Franchise Agreement
"C"	Financial Statements
"D"	List of Franchised BHC Restaurants
"E"	List of Terminated Franchises
"F"	State Franchise Administrators
"G"	State Specific Addenda
"H"	State Effective Dates
"I"	List of Approved Supplies
"K"	Acknowledgment and Authorization for Background Check
"K"	Receipts

Dated: _____

Prospective Franchisee:

_____
Name of Business Entity or Individual

By: _____
(Signature)

By: _____
(Print Name and Title)

EXHIBIT "K"

RECEIPT
(FRANCHISOR COPY)

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"H"	State Effective Dates
"I"	List of Approved Supplies
"J"	Acknowledgment and Authorization for Background Check
"K"	Receipts

Dated: _____

Prospective Franchisee:

_____
Name of Business Entity or Individual

By: _____
(Signature)

By: _____
(Print Name and Title)