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Big Boy®

Franchise Disclosure Document

One Big Boy Drive • Warren, MI 48091 • (586) 759-6000 • Fax (586) 757-4737

BIG BOY'S BURGERS AND SHAKES

FRANCHISE DISCLOSURE DOCUMENT
BIG BOY FRANCHISE MANAGEMENT LLC

4199 Marcy Street
Warren, Michigan 48091-5628
(586) 759-6000
www bigboy com

Big Boy Franchise Management LLC offers franchises to develop, own and operate a fast casual restaurant "Big Boy's Burgers and Shakes Restaurant" that sell to the public Big Boy Burgers and Shakes™ signature items, including the "Super Big Boy Double Deck Cheeseburger™" hamburger, specialty sandwiches, as well as a selection of other fast casual restaurant items

The total investment necessary to begin operation of a Big Boy's Burgers and Shakes franchise is $535,900 to $930,000 This includes $42,500 to $47,000 that must be paid to Big Boy or its affiliates If you sign an Area Development Agreement, you pay a Development Fee equal to $10,000 times the number of Big Boy restaurants you agree to develop The total investment necessary to begin operation of a Big Boy's Burgers and Shakes Area Development Agreement franchise is $548,400 to $945,000 This includes $52,500 to $57,000 that must be paid to Big Boy or its affiliates as the initial franchise fee for the first restaurant and the deposit for the additional restaurant to be developed

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

The terms of your contract will govern your franchise relationship Do not rely on this disclosure document alone to understand your contract Read the entire contract carefully Show your contract and this disclosure document to an advisor, like a lawyer or an accountant

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 Tom Ennis at 4199 Marcy Street, Warren, Michigan 48091-5628 and (919) 410-2250

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

Issuance Date June 1, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN MICHIGAN OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE

THE FRANCHISE AND AREA DEVELOPMENT AGREEMENTS STATE THAT MICHIGAN LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

LOCAL LAW MAY SUPERSEDE THESE AND OTHER FRANCHISE AND AREA DEVELOPMENT AGREEMENT PROVISIONS CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS FRANCHISE DISCLOSURE DOCUMENT, WHICH, IF APPLICABLE, IS ATTACHED AS EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

See the following state effective date summary page for state effective dates

STATE REGISTRATIONS

The effective dates of registration of this Franchise Disclosure Document in the states listed below are

STATE	EFFECTIVE DATE
California	
Michigan	November 23, 2016
Minnesota	
North Dakota	
Wisconsin	

BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "Big Boy" means Big Boy Franchise Management LLC, the franchisor "You" means the person or legal entity that buys the franchise If the franchisee is a corporation, partnership or other legal entity, "you" also includes the franchisee's owners

<u>Big Boy, Its Predecessors, Parents and Affiliates</u>

Big Boy is a Michigan limited liability company organized on December 1, 2000 Its principal business address is 4199 Marcy Street, Warren, Michigan 48091-5628

The Big Boy Restaurant System was founded in 1936 by Robert C Wian Enterprises, Inc ("Wian"), one of Big Boy's predecessors, who opened a 10-seat diner in Glendale, California where he pioneered the double-decker hamburger that he called the "Big Boy" Wian soon changed the name of his diner to "Bob's Big Boy," a name that continues in California today In 1952, Fred, Louis, and John Elias, restauranteurs in Detroit, Michigan, became the first franchisees of Wian by obtaining the franchise rights for the state of Michigan Big Boy's predecessor-in-interest was Elias Brothers Restaurants, Inc ("Elias"), a Michigan corporation incorporated on February 28, 1963 Elias was preceded-in-interest by Dixie Drive-In Restaurants ("Dixie"), a Michigan co-partnership with its principal business address at 1621 E Eight Mile Road, Hazel Park, Michigan Big Boy's agents for service of process are disclosed in Exhibit D

In 1972, Wian sold the Big Boy Restaurants it operated and assigned its rights under all of the Big Boy Restaurant Franchise Agreements to the Marriott Corporation ("Marriott") In 1987, Marriott assigned to Elias all of its Big Boy Restaurant Franchise Agreements, at which time, Elias became the exclusive worldwide franchisor for the International Big Boy Restaurant System In December 2000, Elias assigned to Big Boy all of its Big Boy Restaurants and all of its Big Boy Restaurant Franchise Agreements Big Boy has been the franchisor of Big Boy Restaurants since December 2000

Big Boy is a wholly-owned subsidiary of Big Boy Restaurants International LLC ("International"), a Michigan limited liability company with the same principal place of business at 4199 Marcy Street, Warren, Michigan 48091-5628 Liggett Restaurant Group, Inc is a member of Big Boy Restaurants International LLC, with a minority interest Big Boy's sister company, Big Boy Food Group LLC ("Big Boy Food Group"), a Michigan limited liability company wholly-owned by International, operates a food processing facility in Warren, Michigan that supplies food for the Big Boy Restaurant System Big Boy Food Group is deemed our Affiliate for purposes of this disclosure document Otherwise, no affiliates of Big Boy provide products or services to Big Boy's franchisees In addition, Big Boy's sister company, Big Boy Restaurant Management LLC, a Michigan limited liability company wholly-owned by International, owns and operates Company-Owned Big Boy Full Service Restaurants in Michigan and Ohio The Big Boy Full Service Restaurants that Big Boy Restaurant Management

LLC owns and operates are referred to as "Company-Owned Big Boy Full Service Restaurants" in this Franchise Disclosure Document

As of December 25, 2016, there were 56 franchised Big Boy Full Service Restaurants and 32 Company-Owned Big Boy Full Service Restaurants in the United States

Since 2015, Big Boy Restaurant Management LLC also owns and operates Big Boy Burgers and Shakes restaurants of the kind being offered in this Disclosure Document It is referred to as Company-Owned Big Boy's Burgers and Shakes Restaurant in this Franchise Disclosure Document

As of the issuance of this Franchise Disclosure Document there is 1 Company-Owned Big Boy's Burgers and Shakes Restaurant in the United States Big Boy began offering franchises for Big Boys Burgers and Shakes in 2016 Neither Big Boy nor any of its predecessors or affiliates has offered franchises in other lines of business, however, Big Boy also offers franchises for its full service Big Boy Restaurant concept under a separate Franchise Disclosure Document We do not have any other affiliates that have operated a business of the type we offer to franchisees

Big Boy Advertising and Production Fund, Inc , a Michigan corporation, was established by Big Boy to create and produce marketing materials and prepare advertising campaigns (see Item 11) for the full service Big Boy Restaurant concept It will provide similar services to the Big Boy's Burgers and Shakes system It has the same address as us and does not offer franchises in any lines of business

Frisch's Restaurants, Inc ("Frisch's"), a company headquartered in Cincinnati, Ohio, is a former franchisee Frisch's has concurrent registration of certain Marks disclosed in Item 12 for use only in Kentucky, Indiana, certain portions of Ohio, and certain portions of Tennessee for the full service Big Boy Restaurant concept According to such agreement, Big Boy is not permitted to open or operate Big Boy Restaurants in such territories, including Big Boy's Burgers and Shakes Restaurant of the kind being offered in this Franchise Disclosure Document

Big Boy of Japan, Inc is licensed to use the Big Boy Marks in Japan for the full service Big Boy Restaurant concept, but has no additional affiliation with International and receives no products or services from us

Big Boy's Burgers and Shakes Franchise

As described in this Franchise Disclosure Document, Big Boy offers franchises to develop, own and operate Big Boy's Burger and Shakes Restaurants that sell to the public Big Boy® Signature items, including the "Super Big Boy®" and the "Best Cheeseburger on the Planet®" as well as a selection of other items in a fast-casual format The franchise being offered also grants the right to use the Big Boy Burgers and Shakes System, the distinguishing features of which include the name "Big Boy's Burgers and Shakes™", specially designed buildings, fixtures, equipment, point-of-sale systems, containers and other items used in serving and dispensing food products, signs, emblems, trade names, trademarks and service marks, distinctive food products and their formulas and quality standards, and instructional materials and training courses

Big Boy's Burgers and Shakes Restaurants can be located in strip centers in densely populated neighborhoods, small towns or non-traditional locations all supported by strong trade areas A prototypical Big Boy's Burgers and Shakes Restaurant building incorporates 25 to 55 seats in a 2,100 to 2,950 square foot building

Area Development Agreement

If you meet Big Boy's qualifications, you may enter into an Area Development Agreement for the development of Big Boy's Burgers and Shakes Restaurants in a designated geographic area called a "Territory" Under the Area Development Agreement, you must develop an agreed upon number of Big Boy's Burgers and Shakes Restaurants within an agreed upon period of time You must sign a separate Franchise Agreement for each Big Boy's Burgers and Shakes Restaurant you develop under an Area Development Agreement

Regulation of Restaurant Industry

The restaurant industry is heavily regulated Many of the laws, rules and regulations that apply to businesses generally have particular applicability to restaurants All Big Boy's Burgers and Shakes Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food operations Your Big Boy's Burgers and Shakes Restaurant must also meet applicable municipal, county, state and federal building codes and handicap access codes You should consider these laws and regulations when evaluating your purchase of the franchise

The U S Food and Drug Administration, the U S Department of Agriculture, as well as state and local health departments administer and enforce regulations that govern foods, food preparation service, and restaurant sanitary conditions State and local agencies inspect restaurants to ensure that they comply with these laws and regulations

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation Some state and local governments also regulate indoor air quality, including prohibiting the use of tobacco products in public places, such as restaurants In addition, application of the federal Americans with Disabilities Act may require construction or remodeling of an existing site to create access for handicapped individuals

Market and Competition

Your franchise will primarily serve the public within the vicinity of your Designated Area as defined by Item 12 The restaurant industry is highly competitive and can be affected by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, and increases in the number of, and particular location of, competing restaurants Your direct competitors will include all fast casual restaurants, including nationally affiliated, regionally affiliated and local, franchises, chains and independently owned restaurants

Item 2
BUSINESS EXPERIENCE

Chief Executive Officer Keith E Sirois

Mr Sirois began his employment with Big Boy in January 2009 as its Chief Executive Officer Mr Sirois has more than 40 years of management and leadership experience in the food service industry Mr Sirois is Chairman Emeritus of Checkers Drive-In Restaurants, Inc , Tampa, Florida Prior to his retirement from Checkers® in February 2007, Mr Sirois served as President and CEO from 2003 to February 2007 He was a member of Checkers® management team from August of 1996 to his retirement in February 2007 His responsibilities during his career have spanned from single restaurant operations to being President and CEO of the Checkers/Rally's® franchise system with more than 800 restaurants Mr Sirois served as the Vice President of Franchise Operations at Checkers between 1999 and 2003 He also served as Director of Franchise Operations and as a Franchise Business Consultant for Checkers since joining the Company in August of 1996 through 1999 Prior to joining Checkers Drive-In Restaurants, Inc , Mr Sirois was Vice President of Operations at HeartWise Express Inc , a start-up fast food operation located in Chicago, Illinois, from 1992 to 1996 Prior to 1992, he has also held high-level management positions with Mrs Fields® Cookies, Old Country Buffet®, Oh' Brian's Restaurants, and Taco Bell® Restaurants (PEPSICO) In addition to his significant corporate leadership experience, Mr Sirois has valuable knowledge of store-level operations, having begun his career as a Manager in Training with Denny's® Restaurants Inc , and working his way up through levels of management to become Regional Manager for seven Midwestern states before departing Denny's in 1983 Mr Sirois is a veteran of the U S Naval Security Group, serving five years of combined active and reserve duty as a 2nd Class Petty Officer from 1970 to 1975

Chief Marketing Officer David B Crawford

Mr Crawford has served as Senior Vice President of Marketing since April 2009 Mr Crawford has more than 20 years of restaurant experience in marketing, finance and operations Mr Crawford recently served as Senior Director of Marketing at Checkers Drive-In Restaurants, Inc , in Tampa, Florida, overseeing all brand marketing, field and calendar communication, pricing, sports marketing and media for the company's more than 800 restaurants from 2002 to March 2009 Mr Crawford also served as President of the Checkers and Rally's National Production Fund, Inc , an entity established to collect and disburse funds on behalf of the system for items such as advertising, consumer research and research and development From 1998 to 2001, Mr Crawford served as the Manager of Marketing Financial Services at Denny's Restaurants®, where he provided leadership regarding analysis, menu management, product development and local restaurant marketing financial support for the chains over 1600 restaurants Mr Crawford also held management positions at Outback Steakhouse® and has consulted with numerous brands in the industry Mr Crawford began his career as an accountant He earned his bachelor's degree in business administration with an emphasis in accounting from the University of South Florida

Vice President, Accounting Marc Matlen

Mr Matlen began his employment as Big Boy's Vice President and Controller in July 2014 Between July, 2012 and July 2014, Mr Matlen served as Financial Reporting Manager/Financial Controller of Key Plastics, LLC a tier one global supplier of automotive components located in Livonia, Michigan Between July 2008 and November, 2012, Mr Matlen was Manager of Financial Reporting and Compliance of Perceptron, Inc a public global non-contact vision and metrology company located in Plymouth, Michigan Between April 2007 and July, 2008, Mr Matlen worked as Manager of Consolidations at Metaldyne a leading global designer and supplier of metal-formed components located in Plymouth, Michigan Mr Matlen earned his bachelor's degree in Accounting from Michigan State University, his MBA from Frederick Taylor University and is certified in Risk and Information Control

Vice President of Restaurant Operations Steve Heuerman

Mr Heuerman began his role as Vice President of Operations at Big Boy in May of 2016 Prior to his employment with Big Boy, Mr Heuerman was employed from September 2012 to May 2016 at Checkers/Rally's Restaurants as the Director of Operations in Freeland, Florida, where he gained experience managing district managers and general managers Prior to Checkers/Rally's Mr Heuerman was the Director of Operations at Checkers Drive In Restaurants from July 2004 to September 2012, with his time here he was promoted to Franchise Business Consultant for the company located in Freeland, Florida. In 1992, Mr Heuerman graduated from Stautzenberger College in Toledo, Ohio with a Management and Computer Tech degree Mr Heuerman adds twenty years of experience in the food service industry to the Big Boy team here at Big Boy Restaurants

Vice President of Human Resources and Training Debra Murphy

Ms Murphy began her employment with Elias in 1982 as a server for Big Boy She progressed through the ranks of Restaurant Operations as a Dining Room Manager and Regional Service Instructor for Company and Franchise regions and also supported New Store Openings for Big Boy In 1995, she was promoted to Human Resources as a Personnel and Management Recruiter and progressed to Director of Personnel in 1997 Upon the sale of Elias' assets to Big Boy and its affiliates in 2000 as described in Item 1 above, Ms Murphy's employment with Elias ceased and she was appointed Director of Human Resources In April, 2007, Ms Murphy was promoted to Director of Human Resources and Training In August 2012 Ms Murphy was promoted to Vice President of Human Resources and Training Ms Murphy received and has maintained her Professional in Human Resources (PHR) through Eastern Michigan University and is a member of Council of Hotel and Restaurant Trainers (CHART) and other professional organizations

Vice President, Development Tom Jablonski

Mr Jablonski began his employment at Big Boy Restaurants in May of 2006 as Director of Construction In January, 2017 he was promoted to Vice President, Development, after having previously assumed responsibility for Big Boy facilities management Mr Jablonski was Vice

President of Operations for Smith Chemical & Wax in Northville, Michigan from April, 2002 through October, 2005 Mr Jablonski was with Golub/Price Chopper in Schenectady, New York from 1996 thru 2001 as Vice President of Construction & Engineering, and responsible for all design, construction, purchasing and facilities management for the six state regional grocery chain From 1994 through 1995 Mr Jablonski was President of Christopher & Associates in Walled Lake, Michigan, a general contracting company, where he managed the construction and remodeling of stores for Home Depot and Kroger Mr Jablonski earned a bachelor's degree in Industrial Engineering from General Motors Institute (Kettering University) and has 40+ years in the development field

<u>Senior Director of Franchise Sales Tom Ennis</u>

Mr Ennis began his role as Senior Director of Franchise Sales at Big Boy in October of 2016 Mr Ennis, C F E , has over 17 years of Franchise Sales Experience Before joining Big Boy, Mr Ennis was Franchise Sales Director for Papa Murphy's Take and Bake Pizza in Chapel Hill, North Carolina covering the US Midwest and Mid-Atlantic Regions from November 2015 to October 2016 Between August 2011 and June 2015 Mr Ennis was Regional Franchising Manager for Dunkin Brands in Chicago, Illinois handling Franchise sales for both Dunkin Donuts and Baskin Robbins Mr Ennis has attained Certified Franchise Executive status as designated by the International Franchise Association Mr Ennis is a graduate of Penn State University

Item 3
LITIGATION

Except for the actions below, there is no litigation that must be disclosed in this Franchise Disclosure Document

Litigation Against Franchisees Commenced in the Past Fiscal Year (Full service Big Boy Restaurant concept)

Completed Actions/Settlements

BIG BOY FRANCHISE MANAGEMENT, LLC v SAMIR M SALEH, LOUANN SALEH, JOSEPH S YOUSIF, MONA YOUSIF, and RAINBOW ENTERPRISES CO INC (collectively, the "Defendants"), United States District Court for the Eastern District of Michigan Case No 16-cv-13832, Case Filed October 28, 2016 On November 14, 2016, we entered into a post-termination procedure agreement with Defendants, wherein they agreed to comply with their post-termination obligations under their franchise agreement On March 3, 2017, a Judgment By Default was entered in our favor and against Defendants related to their past-due monetary obligations under the Franchise Agreement

There is no litigation related to the Big Boy Burgers and Shakes concept

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Franchise Disclosure Document

Item 5
INITIAL FEES

Individual Franchisees

The Initial Fee, as defined in the Franchise Agreement, for a franchised Big Boy's Burgers and Shakes Restaurant is $40,000 The Initial Fee is payable in full when you sign the Franchise Agreement The Initial Fee is not uniform in all cases and may be reduced in accordance with certain Big Boy franchise sale programs, area development agreements or to reflect unique operating conditions No part of the Initial Fee is refundable

We have implemented an incentive program for veterans of the United States military forces (the "Vet Fran Program") For qualified veterans participating in the Vet Fran Program, we will reduce the amount of the Initial Fee for the first Big Boy's Burgers and Shakes Franchise Agreement with Big Boy to $20,000 To qualify, veterans must provide us with adequate documentation of honorable discharge, and the franchisee for the Big Boy's Burgers and Shakes Restaurant to be operated must be at least 51% owned by the veteran participating in the Vet Fran Program Veterans participating in the Vet Fran Program who wish to transfer the franchise before opening the Restaurant must pay Big Boy the portion of the Initial Fee that is waived under the program $20,000 as a condition of the transfer See Exhibit I

Area Development Franchisees
If you sign an Area Development Agreement, you must pay Big Boy a Development Fee equal to $10,000 multiplied by the number of Big Boy's Burgers and Shakes Restaurants you agree to develop which will be credited towards the initial fee You must pay the Development Fee in full when you sign the Area Development Agreement The Development Fee is payable for the reservation of future development rights and is not refundable under any circumstances You must sign a separate Franchise Agreement (which is Big Boy's current Franchise Agreement at the time it is signed) for each Big Boy's Burgers and Shakes you develop under the Area Development Agreement and pay the nonrefundable then-current Initial Fee We will credit $10,000 against the Initial Franchise Fee, pursuant to payment of the Development fee, for each Big Boy's Burgers and Shakes Restaurant you develop You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the development schedule in the Area Development Agreement You must sign your first Franchise Agreement when you sign the Area Development Agreement Big Boy will grant additional franchises under the Area Development Agreement in accordance with the terms of the Area Development Agreement

Other Fees and Expenses Paid to Us
You are required to pay to us 50% of the costs of the New Store Team to train your staff prior to your opening in an amount that will range from $2,500 to $7,000 (the remaining portion of the New Store Team expenses will be due after you open for business – See Item 6)

The estimated cost of total initial fees payable to Franchisor and Franchisor's affiliates (Big Boy Food Group) before opening ranges from$42,500 to $47,000

Item 6
OTHER FEES

Individual Franchises

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)
Royalty Fees	5% of weekly Gross Revenues	8th day after the end of each week	Gross Revenues includes the total dollar sales from your Big Boy's Burgers and Shakes Restaurant It does not include sales, use or gross receipts taxes, coupons, or discounts on employee meals or sales
Local Advertising Fees –	3 0% of weekly Gross Revenues	8th day after the end of each week	With ninety (90) days prior written notice, Big Boy can increase the Local Advertising Fee up to 5% of your weekly Gross Revenues
Big Boy's Advertising and Production Fund –	5% of weekly Gross Revenues	Payable to Big Boy production fund on a weekly basis	With ninety (90) days prior written notice, Big Boy Advertising and Production Fund can increase the Advertising and Production Fee up to 1% of your weekly Gross Revenues
Administrative Fees	$150 for each delinquent payment	On demand	Payable for each weekly Royalty Fee or Advertising Fee that is over 10 days delinquent
Audit Fees	All costs and expenses (including employee salaries, travel expenses and audit fees incurred by Big Boy to audit your Big Boy's Burgers and Shakes Restaurant)	Within five days after receipt of an invoice	Payable only if an audit shows that you understated your Gross Revenues by more than 2% in any month, quarter or year

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)
Transfer Fee or Assignment Fee	$10,000	On or before the date of transfer	You must obtain Big Boy's approval for a transfer, includes, without limitation, training of the transferee franchisee and its Management Team
Collection Costs	Amount incurred by Big Boy to collect unpaid fees	On demand	Includes attorneys' fees and costs
Interest Charges	The lesser of 18% simple interest per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Big Boy and its Affiliates
Training Fees	$150- $180 per person per day plus all travel related expenses	50% deposit paid in advance Remaining balance to be paid within 30 days of the invoice date	Payable if you hire a new manager and Big Boy conducts training at the Franchised Location or if Big Boy trainers are required to stay beyond the 4-week New Store Opening assistance period
Travel Expenses for New Store Opening Team	$5,000 - $14,000	50% due 15 days in advance of the New Store Opening team arrival, remaining balance due within 15 days after you receive an invoice	Payable upon receipt of an invoice from Big Boy
Due Diligence Costs – Public Offering	Actual costs incurred by Big Boy for legal, accounting and related due diligence costs for public offering	Monthly	Payable even if you are unable to complete the public offering
Review of Unapproved Supplier	You must reimburse Big Boy for the expenses it incurs inspecting an unapproved supplier	Within 10 days after you receive an invoice from Big Boy	Payable only if you request that Big Boy review and approve an unapproved supplier

Type of Fee	Amount	Date Due	Remarks (1)(2)(3)(4)(5)
Convention Registration Fee	Big Boy may charge a convention registration fee in the future	When registering for convention, if a fee is applicable	You must pay attendees' expenses
Purchase of Proprietary Food Items	Actual cost of food items ordered	Within terms approved by distributor	Not paid to the Big Boy Food Group but to approved distributor

Footnotes

(1) Except for expenditures for local advertising, each fee is imposed by and payable to Big Boy

(2) All fees are nonrefundable

(3) All Fees are not uniform in all cases and some may be reduced in accordance with certain Big Boy franchise sale programs, area development agreements or to reflect unique operating conditions

(4) Company units have no voting power regarding fees charged to franchisees

(5) If you sign an Area Development Agreement, then for the second and each subsequent Franchise Agreement you sign for the Big Boy's Burgers and Shakes Restaurants you agree to develop under the Area Development Agreement, you will continue to pay the Royalty Fees as set forth in the Franchise Agreement for your first Big Boy's Burgers and Shakes Restaurant, even if the amount of the fees in subsequent Franchise Agreements differ You will pay all other fees in the amounts specified in each Franchise Agreement that you sign for the Big Boy's Burgers and Shakes Restaurants you develop under the Area Development Agreement The fees in the chart would be incurred per each location that you open under the Area Development Agreement

Area Development Franchises

In addition to the fees described above for each Individual Unit Franchise that an Area Developer owns and operates, an Area Developer will or may incur the following fees

Type of Fee (1)	Amount	Due Date	Remarks
Development Fee	$10,000 times the number of locations to be developed	Upon signing Area Development Agreement	Total franchise fee for each franchise agreement signed by Area Developer is credited $10,000

Type of Fee [1]	Amount	Due Date	Remarks
Legal, Accounting and Other Miscellaneous Pre-opening Expenses [2]	$2,500 to $5,000	As arranged	As arranged before opening

Notes to Table

(1) Except as otherwise noted, all fees are imposed by and are payable to us The fees payable to us are not refundable

(2) Fees may include consultation legal or accounting or costs associated with vendors

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Initial Fee	$42,500	$47,000	Lump Sum	See Item 5 of this Disclosure Document	Big Boy
Restaurant Build Out (3) (4)	$175,000	$275,000	As Arranged	As Incurred	Site Owner, Contractors
Rent (5)	$10,500	$25,000			
Architectural Fee (6)	$15,000	$22,500	As Arranged	Before Opening	Suppliers
Engineering Fee	$0	$5,000	As Arranged	Before Opening	Suppliers
Furniture, Millwork and Equipment (8)	$135,000	$210,000	As Arranged	As Incurred	Suppliers or Leasing Company
POS System (9)	$7,500	$20,000	As Arranged	Upon Delivery and Installation	Approved POS system Supplier
Big Boy Statues, Graphics and Exterior Signage	$12,500	$40,000	As Arranged	Before Opening	Suppliers
Wages and Travel Expenses for You and your Managers During Training (7)	$35,000	$70,000	As Incurred	During Training	Employees, Airlines, Car Rental Companies, Hotels and Restaurants
Employee Salaries - Three Months (14)	$25,500	$50,000	As Incurred	As Incurred	Employees
Opening Food Inventory (12)	$8,000	$13,000	Lump Sum	Upon Delivery	Approved Supplier
Small wares (uniforms, utensils, etc)	$11,400	$17,000	Lump Sum	Upon Delivery	Approved Suppliers

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Travel Expenses for New Store Opening Team (7)	$2,500	$7,000	Two payments	50% ($2,500 - $10,750) due 15 days in advance of the New Store Opening team arrival (included in Initial Franchise Fee Item 5), remaining balance due within 15 days after you receive an invoice	Big Boy
Security, Utility and License Deposits, Impact Fees (10)	$500	$20,000	As Incurred	Before Opening	Landlord, Utilities and Government Agencies
Insurance - Three Months (11)	$5,000	$8,000	As Arranged	As Incurred	Insurance Companies
Grand Opening Costs, Other Advertising and Promotion - Three Months	$12,000	$20,000	As Incurred	As Incurred	Advertising Suppliers
Miscellaneous Opening Costs (13)	$25,000	$46,500	As Incurred	As Incurred	Suppliers, Vendors, Attorneys, Accountants
Marketing Representative (18)	$0	$3,500	As Incurred	As Incurred	Approved Supplier
Additional Funds - Three Months [these figures have not been offset by operating revenues](15)	$25,500	$30,500	As Incurred	As Incurred	Employees, Suppliers and Utilities

Type of Expenditure	Estimated Range of Cost (1)		Method of Payment (2)	When Due	To Whom Payment is to be Made
	Low	High			
Grand Total (16) (17) (18)	$535,900	$930,000			

Footnotes

(1) For the estimated range of costs, Big Boy relied on its management's experience in the restaurant business, as discussed in Item 2 of this Franchise Disclosure Document These estimates are based upon our extensive experience in our extensive markets for Big Boy's Burgers and Shakes If your purpose is to open in a market other than a market in which we have opened a Company-Owned Big Boy's Burgers and Shakes Restaurant, you may experience significantly different initial investment costs The amounts shown are estimates only and may vary for many reasons, including without limitation, the size of your facility, the capabilities of your management team, where you locate your Big Boy's Burgers and Shakes Restaurant or your franchise experience and acumen You should carefully review these figures with your business advisor before making any decision to purchase a Big Boy's Burgers and Shakes Restaurant franchise

(2) Payments are not refundable unless otherwise noted We do not offer any direct or indirect financing for any part of your initial investment You may, however, finance a portion of your initial investment with a third party The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have, and the lending policies of financial or leasing institutions (See Item 10 Financing)

(3) You must construct the restaurant in accordance with Big Boy's then-current standard plans and specifications for a Big Boy's Burgers and Shakes Restaurant, except as modified by you to comply with local ordinances, building codes, permit requirements and market considerations The modifications will be made at your expense and must be approved in advance by Big Boy If Big Boy's plans and specifications for the restaurant are modified by anyone other than Big Boy, you must submit final detailed plans and specifications for Big Boy's review and written consent before commencing construction Big Boy's Burgers and Shakes Restaurants can be located in densely populated neighborhoods, small towns or non-traditional locations all supported by strong trade areas A prototypical Big Boy's Burgers and Shakes Restaurant in a strip center incorporates 25 to 55 seats in 2,100 to 2,950 square feet It is recommended that general contractors are selected to manage the construction and/or conversion of your Big Boy's Burgers and Shakes Restaurant have restaurant construction experience Big Boy can recommend general contractors for purposes of preparing a quote

(4) You can convert an existing building to a Big Boy's Burgers and Shakes Restaurant The cost to do so will generally range from $175,000 to $275,000 When leasing the restaurant

premises, under certain circumstances, the landlord may agree to pay a portion of the cost for the required remodeling (tenant improvements) and the cost may be reflected in monthly lease payments

(5) The estimates above reflect leasing the premises for your Big Boy's Burgers and Shakes Restaurant, as annual rental rates will typically be between $50,000 and $125,000 The annual rental for your Franchised Location may require an additional payment of common area maintenance fees, real estate taxes, and repairs The rental rates will vary greatly depending on the geographic location, the size of the market, market growth, per capita income, size of the building, the location, traffic count, customer demographics, architectural and landscape features, anchor tenants, economic conditions in the area, competition for the space, and other business factors

(6) The estimated range of costs for the Architectural Fee is based on Big Boy's approved architectural firm which has prior experience with the design of the restaurant Costs may be higher if another architectural firm is engaged by you

(7) You must pay the salaries, benefits, Travel Expenses and other expenses of your Management Team while you and your Management Team attend the training program In some instances, a new franchisee may choose to take this training program from a certified franchisee training location that is more convenient to the proposed location In such event, the new franchisee will pay a training fee to the training franchisee in the amount of $300 per trainee in lieu of the travel expenses to attend the training at a location of ours or one of our affiliates

(8) Big Boy offers, through Big Boy's approved equipment package dealers, a specifically designed equipment package for installation under separate contract into your Big Boy's Burgers and Shakes Restaurant Equipment alternatives or substitutions are not allowed without the written approval of Big Boy Payment options vary based on arrangements the Franchisee may make with the supplier

(9) The approved POS System for Big Boy's Burgers and Shakes is described in more detail in Item 11 A complete computer training program for the POS System typically will not exceed $5,000 These costs are included in the amount set forth above and are paid directly to the approved POS System supplier

(10) You should check with the local agency that issues zoning requirements (including parking requirements), and building permits (including signage and statue ordinances), business licenses and health department requirements, to determine what impact, connection, or other site development fees might be required for the specific site for your Big Boy's Burgers and Shakes Restaurant Environmental impact fees, which may include site development and utility connection fees, vary significantly for each location, and may range from 1/2% to 3% of the value of the land

(11) You must maintain general liability insurance with coverage of at least $1,000,000 per occurrence and $2,000,000 aggregate coverage, vehicle insurance with coverage of at least $500,000 per occurrence, property insurance with replacement cost coverage, business

interruption insurance with coverage of at least $300,000 per occurrence, building insurance with coverage of at least replacement cost if you or any of the franchisee's owners own the building or the business premises for the Franchised Location, umbrella liability insurance with coverage of at least $1,000,000 per occurrence, and all insurance required by law, such as workers' compensation insurance All coverage must be provided by an insurer that is AM Best rated A-/7 or better All insurance policies must name Big Boy, its sole member and affiliates ("Additional Insureds") as an additional named insured, contain endorsement by the insurance companies waiving all rights of subrogation against the Additional Insureds, and will stipulate that Big Boy will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date Expenditures for insurance may vary greatly depending upon workers' compensation and payroll costs

(12) Big Boy Food Group is an Approved Supplier for the proprietary food used by Big Boy Restaurants, but you order your food and pay for your food from our Designated Supplier, Reinhart (see Item 8)

(13) Includes expenditures for your music, telephone service, security, professional fees, and other miscellaneous opening costs

(14) This estimate does not include the salaries, taxes and benefits for you or your Management Team during training The actual amount will depend in part on the anticipated volume of the Restaurant's sales during the three month period

(15) During the first three months of operations, you will need additional funds to cover your expenditures for additional supplies, food and beverage inventories, Royalty Fees, Advertising Fees, utilities, wages and other operating costs You may need additional funds available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise This estimate has not been offset by any operating income you may generate from operations during this three month period Your working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, operating revenues and other economic factors We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise

(16) These figures are estimates only and it is possible that you may have additional or greater expenses during this period Your costs will vary depending on the size of your Big Boy's Burgers and Shakes Restaurant, your geographic area, economic and market conditions, competition, wage rates, sales levels attained, cost of construction and equipment, and other economic factors Additional variables that may impact your initial investment may be the size of your facility, age of the structure, length of your lease or other instrument granting you the right to occupy the premises, if your space is to be built out by the developer or landlord with no initial out-of-pocket costs to you, lease arrangements, location in the market, whether you are converting existing premises and whether it was in the same business, costs of demolishing existing leasehold improvements, construction costs, other variable expenses and whether you currently hold a lease for an acceptable location

(17) If you sign an Area Development Agreement, you must pay Big Boy a Development Fee equal to $10,000 multiplied by the number of Big Boy's Burgers and Shakes Restaurants you agree to develop which will be credited toward the initial fee You must pay the Development Fee in full when you sign the Area Development Agreement The Development Fee is payable for the reservation of future development rights and is not refundable under any circumstances You must sign a separate Franchise Agreement (which is Big Boy's current Franchise Agreement at the time it is signed) for each Big Boy's Burgers and Shakes Restaurant you develop under the Area Development Agreement and pay the nonrefundable then-current Initial Fee for each Big Boy's Burgers and Shakes Restaurant you develop You will pay the Initial Fee each time you sign a Franchise Agreement for a Restaurant you develop according to the development schedule in the Area Development Agreement You must sign your first Franchise Agreement when you sign the Area Development Agreement Big Boy will grant additional franchises under the Area Development Agreement in accordance with the terms of the Area Development Agreement

(18) At your request, you may contract with a Marketing Representative from an Approved Supplier to consult and assist with the Grand Opening as part of your store opening team You will pay the Approved Supplier directly You should allow at least six weeks for your Grand Opening preparations

Area Development Franchises

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Area Developer Fee [1]	$10,000	Lump sum	When the Area Development Agreement is signed	Big Boy
Legal, Accounting and Other Miscellaneous Pre-opening Expenses [2]	$2,500 to $5,000	As arranged	As arranged before opening	Utilities, Lawyer, Accountant, Vendors
First Restaurant Opening Costs	$535,900 to $930,000			
Total Estimated Initial Investment	**$548,500 to $945,000**			

Notes to Table

(1) Based on a development schedule of 2 franchises The Development Fee will increase by $10,000 for each Big Boy's Burgers and Shakes Restaurant Developed

(2) Miscellaneous pre-opening expenses may include legal fees, organizational and accounting expenses, business licenses, miscellaneous office supplies, utility and phone deposits, equipment deposits and other pre-paid expenses incurred before opening

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligation to Purchase or Lease Products and Services Only From Big Boy Designated Distributors

Big Boy believes it would not be possible to obtain from outside sources certain specialty sauces, salad dressings, and ice cream, which are all prepared in accordance with proprietary secret recipes and formulas You must purchase these items through Designated Distributors, including our Affiliate Big Boy estimates that purchases of these items will be approximately $2,000 of your initial food purchases and approximately 10% of your total annual food purchases Big Boy Food Group will derive profits from sales to you of the items specified above through its Approved Distributors

There are other non-affiliate Designated Distributors that you must use, who are each the sole supplier of the goods or services that each provides You must use our Designated Distributor Ceridian Stored Value Services, Inc as your gift card provider Other Designated Distributors include Pepsi (soft drinks), Minute Maid (juices), Becharas Brothers Coffee (in Michigan), and Reinhart Food Supply

Obligation to Purchase or Lease Products and Services Only From Approved Distributors

In order to ensure that you adhere to the uniformity requirements and quality standards associated with all Big Boy's Burgers and Shakes Restaurants, you must purchase or lease certain products and services only from approved sources Big Boy specifies Big Boy will provide a written list of the Approved Distributors for these products and services Big Boy will also notify you of any additions to or deletions from the list of Approved Distributors, which may be amended from time to time at our discretion We attempt to negotiate purchase arrangements with distributors (including price terms) for the benefit of all Big Boy's Burgers and Shakes restaurants, including those owned by franchisees We do not provide material benefits (e g franchise renewal or additional franchises) to a franchisee based upon his purchase of particular products and services or use of Approved Distributors No officer of the Franchisor owns an interest in any Approved Distributors

There are no franchisee purchasing or distribution cooperatives

If you propose to use any brand and/or supplier which are not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or distributor so that we can decide whether such brand complies with our specifications and standards and/or such distributor meets our approved distributor criteria We have the right to charge reasonable fees to cover our costs We will notify you of our decision within ninety (90) days We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement We may impose limits on the number of distributors and/or brands for any of the foregoing items

Obligation to Purchase or Lease Products or Services that Meet Big Boy's Standards and Specifications

You must purchase or lease certain products and services that satisfy Big Boy's written standards and specifications This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Big Boy's Burgers and Shakes Restaurants Big Boy will provide you with written standards and specifications for, among other things, the layout of your Big Boy's Burgers and Shakes Restaurant premises, your equipment and signs, the decor of your restaurant, uniforms for your employees, and food and beverage items Big Boy will issue specifications for the insurance you must carry Your insurance requirements are disclosed in Item 7 of this Franchise Disclosure Document Big Boy determines its standards and specifications at its sole discretion Big Boy may modify its written standards and specifications and you must comply with any modifications You will be responsible for ensuring that all products and services selected by you will continue to conform to Big Boy's standards and specifications You must also follow all policies set forth in our manuals concerning uniforms and personal appearances to the extent permissible by state or federal law We may issue and modify our specifications by sending memos, bulletins or updates to our Operations Manual

Otherwise, you do not have to purchase any goods or services from designated or Approved Distributors or according to Big Boy's written standards and specifications

Payments Received by Big Boy or its Affiliates

Big Boy Food Group derives revenue from your purchases of proprietary food produced by Big Boy Food Group through Approved Distributors In addition, Big Boy's beverage supplier, Pepsi, provides certain rebates based on a dollar amount per gallon which is currently $3 75 per gallon Rebates of $1 25 per gallon are paid to the Brand Fund for marketing initiatives, rebates of $1 25 are paid to the Company for brand initiatives and rebates of $1 25 per gallon are passed through or paid directly to the franchise or company restaurant based on individual usage At this time, we intend to contribute $1 25 per gallon for brand initiatives to the Brand Fund In 2016, Pepsi paid the Big Boy's full service Restaurant Ad Fund $159,180 including the Company's share, and refunded to the Big Boy full service Restaurant franchisees $79,590

During the last fiscal year ending December 25, 2016, Big Boy Food Group generated revenues totaling $3,815,781 from Big Boy full service Restaurant franchisee purchases of products and services from Big Boy Food Group through Approved Distributors based upon Big Boy full service Restaurant franchisee purchases
Big Boy estimates that all of your purchases from Big Boy, Big Boy Food Group, Approved Distributors, or in accordance with Big Boy's standards and specifications will represent 90% to 100% of your total purchases to establish your Big Boy's Burgers and Shakes Restaurant, and approximately 60% of your total annual purchases to operate your restaurant

Gift Card Program

You must participate in Big Boy's gift card program Big Boy has contracted with a third party supplier to administer a gift card program for Big Boy's Burgers and Shakes Restaurants Your initial cost of equipment, cards and set-up are estimated to be less than $1,000 and annual costs for most Big Boy's Burgers and Shakes Restaurants will generally not exceed $1,000 Big Boy receives no payments from the gift card program supplier

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Article in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Articles 10 and 19 of Franchise Agreement	Item 11
b Pre-opening purchases/ leases	Articles 8, 11, 12 and 19 of Franchise Agreement	Items 7 and 8
c Site development and other pre-opening requirements	Articles 10, 11 and 12 of Franchise Agreement	Items 7 and 11
d Initial and additional training	Article 15 of Franchise Agreement	Item 11
e Opening	Article 15 6 of Franchise Agreement	Item 11
f Fees	Articles 4 and 5 of Franchise Agreement, Article 3 of Area Development Agreement	Items 5, 6 and 7
g Compliance with standards and policies/ Operating System Manual	Articles 7 and 9 of Franchise Agreement	Items 8 and 11
h Trademarks and proprietary information	Articles 7, 9 and 14 of Franchise Agreement	Items 13 and 14
i Restrictions on products/services offered	Article 8 of Franchise Agreement	Items 8 and 16
j Warranty and customer service requirements	Article 7 of Franchise Agreement	Item 11
k Territorial development and sales quotas	Article 2 of Franchise Agreement	Item 12
l Ongoing product/service purchases	Article 8 of Franchise Agreement	Items 8 and 16

Obligation	Article in Agreement	Item in Disclosure Document
m Maintenance, appearance and remodeling requirements	Article 7 of Franchise Agreement	Item 8
n Insurance	Article 13 of Franchise Agreement	Items 7 and 8
o Advertising	Articles 5 and 7 of Franchise Agreement	Items 6 and 11
p Indemnification	Article 25 of Franchise Agreement, Article 11 of Area Development Agreement	Item 6
q Owner's participation/management/ staffing	Articles 7 and 15 of Franchise Agreement	Items 11 and 15
r Records/report	Articles 5 and 6 of Franchise Agreement	Item 6
s Inspections/audits	Articles 6 and 7 of Franchise Agreement	Item 6
t Transfer	Article 17 of Franchise Agreement, Article 6 of Area Development Agreement	Item 17
u Renewal	Not applicable	Item 17
v Post-Termination obligations	Article 22 of Franchise Agreement, Article 8 of Area Development Agreement	Item 17
w Non-competition covenants	Article 23 of Franchise Agreement, Article 9 of Area Development Agreement	Item 17
x Dispute resolution	Article 26 of Franchise Agreement, Article 12 of Area Development Agreement	Item 17

Obligation	Article in Agreement	Item in Disclosure Document
y Right of First Refusal/Option to Purchase	Article 18 of Franchise Agreement	Item 17

Item 10
FINANCING

Big Boy does not offer direct or indirect financing Big Boy does not guarantee your promissory notes, leases or any other indebtedness or obligation

From time to time, Big Boy may create a Franchisee Preferred Lending Program which provides information on institutional lenders or private equity companies that are available for new or existing franchisees to contact These institutional lenders and private equity companies will have discussed their interest for financing the purchase or improvements to real estate, equipment or remodel financing, or working capital for launch or growth of a Big Boy Big Boy does not guarantee that the suggested institutional lenders or private equity companies will approve financing applications and investment requests

Big Boy's Burgers and Shakes Restaurants will comply with Small Business Administration (SBA) requirements if you finance your Franchised Big Boy's Burgers and Shakes Restaurant through the SBA

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

Except as listed below, Big Boy is not required to provide you with any assistance

<u>Assistance Before Opening of Restaurant</u>

Before you open your Restaurant

(1) Big Boy will review the proposed site for the Franchised Location (Article 10 of the Franchise Agreement) based upon the Franchise Site Package you submit and will determine, in its discretion, whether the proposed site meets its current site criteria A complete Franchise Site Package includes a plot plan, site plan, site photographs, competition map, demographic package, either a control document (including an offer to purchase and terms) or a lease, a financing commitment, budget development costs, and the sales history of a conversion (if applicable) You will also be asked to provide a break-even analysis, a projected first year profit and loss statement, including income and expenses, rent, equipment rent, depreciation, debt payments, net income, operating cash flow, annualized net R O I and annualized cash on cash R O I Factors Big Boy considers when reviewing a proposed site include accessibility, visibility, potential traffic flows, population trends, household income and financial statistics, lease terms and other demographic information The site review Big Boy conducts is not a warranty, representation or guaranty by Big Boy that a Big Boy's Burgers and Shakes Restaurant opened at that site will be a financial success Big Boy will inform you of the conclusions from the review of the proposed site within 30 days Big Boy may terminate your Franchise Agreement if you do not purchase or lease a site for your Big Boy's Burgers and Shakes Restaurant within 120 days after the date of the Franchise Agreement Big Boy may also terminate your Franchise Agreement if you fail to open your Big Boy's Burgers and Shakes Restaurant within 12 months after the date of the Franchise Agreement

(2) Big Boy will provide standards and specifications for the floor plan and layout, signs, appearance and equipment of the restaurant (Articles 10, 11 and 12 of the Franchise Agreement)

(3) Big Boy will provide lists of approved items of equipment, fixtures, inventory and supplies and lists of approved suppliers for those items (Article 8 of the Franchise Agreement)

(4) Operating System Manuals will be made available for review prior to execution of the Franchise Agreement, on the Big Boy Intranet and Learning Center Web Site at <u>www bigboy com and Paycom Online Learning Paths</u> To protect the confidentiality of the manuals, Big Boy will require that you execute a confidentiality agreement You must operate the restaurant in compliance with the policies, procedures and specifications in Big Boy's Operating System Manual (Article 9 of the Franchise Agreement)

(5) Big Boy will provide training (within 90 days of the scheduled opening date of the restaurant) for you, your Operating Partner (defined in Article 15) and each member of your

Management Team Big Boy's training program is more fully described below (Article 15 of the Franchise Agreement)

(6) Upon satisfying unit staffing requirements and paying the deposit for the Opening Team expenses required by Article 15 6 of the Franchise Agreement, Big Boy will send an Opening Team to provide opening assistance for a minimum of 4 weeks at the Franchised Location (Article 15 6 of the Franchise Agreement) You will reimburse Big Boy for the Travel Expenses that the Opening Team incurs (see Items 6 and 7)

(7) Big Boy will provide a sample of the standard menu for Big Boy's Burgers and Shakes Restaurants (Article 16 of the Franchise Agreement) Menus must be printed through an Approved Supplier

Timing of Opening - The opening of your Big Boy's Burgers and Shakes Restaurant will generally take place within six to 12 months after you sign the Franchise Agreement Factors which will affect your opening date include selecting the location for your restaurant, whether your restaurant will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the delivery of your furniture, fixtures and equipment, acquiring food inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program Therefore, you must obtain a final decision from Big Boy that all criteria has been met and a certificate of occupancy prior to the arrival of the Opening Team for classroom training and in-store training

Grand Opening - You are responsible for the Grand Opening costs for your restaurant (see Item 7) At your request, Big Boy will assign a Marketing Representative from an Approved Distributor to consult and assist with the Grand Opening You will pay the costs, including the Travel Expenses for the Marketing Representative directly to the Approved Distributor You should allow at least six weeks for your Grand Opening preparations

Assistance During Operation of Restaurant - After the opening of your Big Boy's Burgers and Shakes Restaurant

(1) Big Boy will provide additional training if, during the term of the Franchise Agreement, you hire a new General Manager or Assistant Manager who has not attended and successfully completed Big Boy's training program Big Boy will conduct the training program in Warren, Michigan at another location that Big Boy designates, or at your restaurant at the sole discretion of Big Boy If Big Boy conducts the training program at your restaurant, then you must pay Big Boy the then-current per day on-site Training Fee (see Item 6) and reimburse Big Boy for the expenses it incurs in providing the training You must pay the salaries, benefits, Travel Expenses and all other expenses for each new employee who attends the training program on your behalf (Article 15 4 of the Franchise Agreement)

(2) Big Boy will periodically visit and review your restaurant and render written reports if deemed appropriate by Big Boy (Article 16 of the Franchise Agreement) Corrective action(s) are the responsibility of the Franchisee

(3) Big Boy will legally protect the Marks and the Restaurant System (Articles 14 and 16 of the Franchise Agreement)

(4) Big Boy may develop and register new Marks (Articles 14 and 16 of the Franchise Agreement)

(5) Big Boy will provide advisory services by telephone, electronic media or in writing (Article 16 of the Franchise Agreement) If Big Boy provides management or operations assistance at the Franchised Location, then you must pay the then-current per diem fee Big Boy charges and Big Boy's out-of-pocket expenses (see Item 6)

(6) Big Boy will furnish all supplements and modifications to the Operating System Manuals via the Big Boy Intranet (Article 9 of the Franchise Agreement)

(7) Big Boy will provide the names and addresses of new Approved Suppliers and Distributors for the products and services Big Boy requires for your Big Boy's Burgers and Shakes Restaurant (Articles 8 and 16 of the Franchise Agreement)

(8) Big Boy will provide updates to the standard menu for Big Boy's Burgers and Shakes Restaurants (Article 16 of the Franchise Agreement)

(9) Big Boy may conduct regional workshops Attendance at the workshops is mandatory These workshops are designed as refresher courses and to introduce events, new menu roll-out and any new systems and developments that Big Boy has formulated In certain major regions of the United States, Big Boy designates a meeting place, time and date for all the franchisees in that region The meetings generally last two hours and are conducted by employees of Big Boy These seminars are generally held in Michigan, Ohio, and California You are responsible for all salaries, benefits, Travel Expenses and other costs incurred by the individuals who attend these seminars on your behalf

(10) Big Boy may hold conventions for its franchisees (Article 15 8 of the Franchise Agreement) Big Boy will determine the timing, location, length and dates for any convention that Big Boy holds for its franchisees You will be responsible for all salaries, benefits, Travel Expenses and other costs incurred by the individuals who attend a franchisee convention on your behalf

<u>Big Boy Burgers and Shakes Brand Production Fund</u>

Big Boy's Burgers and Shakes recognizes the value of advertising to enhance the goodwill and public image of its brand and, as such, in its sole discretion, has established the Big Boy Production Fund, Inc (the "Brand Fund") to create marketing materials, branding, campaigns You will contribute to the Fund, weekly Brand Fund fees equal to one half percent (5%) of your weekly Gross Revenue for the preceding Week ("Brand Fund Fees"), and you must also spend at least three percent (3%) of your weekly Gross Revenue for approved local advertising (see Item 6) With ninety (90) days prior written notice from Big Boy, Big Boy can increase your Brand Fund Fee up to 1% of your weekly Gross Revenue and/or Local Advertising Fee up to five percent (5%) of your weekly Gross Revenue (see Item 6 of this Franchise Disclosure Document and Article 6 of the Franchise Agreement) You must participate in any local or regional advertising cooperatives upon notice by Big Boy of their formation Company-owned Big Boy Burgers and Shakes Restaurants pay Brand Fund Fees on the same basis as franchised Big Boy Burgers and Shakes Restaurants

The Fund will be accounted for separately from the Franchisor's other funds including the Full Service advertising fund and will not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs and overhead the Franchisor may incur in activities related to the administration of the Fund and its programs It will not be used to sell franchises, but notices such as "franchises are available" or similar wording may be used The Fund is administered by a Board of Directors made up of two officers of Franchisor and one Franchisee Accounting functions for the Fund are handled by an accounting firm not affiliated with Big Boy

The Fund will have the absolute and unilateral right to determine when, how and where the Fees will be spent or committed including, but not limited to, the right of the Fund to purchase and pay for (a) food photography, newspaper program, product depletion, guest satisfaction program, creative on demand, statue maintenance, menu design, branding, decor creation, product research and development, development of logotypes and slogans, production materials and costs, point of sales promotional materials, ad slicks, banners, signs, brochures, radio, television, cable, newspaper, magazine and other print advertising, services provided by advertising agencies, market research, customer retention and incentive programs, food truck, direct mail advertising, telemarketing, media time and space advertising, Internet advertising, promotions, marketing, public relations, national, regional and local advertising, and all other forms and methods of advertising, promotion, marketing, research, sponsorships, and public relations that the Fund deems, in its sole judgment, appropriate and in the best interests of all Big Boy's Burgers and Shakes franchisees and the Restaurant System, and (b) all internet and telephone charges, office rental, computers and computer software, furniture, fixtures and equipment, leasehold improvements, personnel salaries and benefits, travel costs, office supplies, collection costs (including attorneys' fees) A summary showing the amount of the Brand Fund Fees received and the amount of the expenditures for the calendar year will be prepared by the Fund on or before March 31st of each year for the preceding year and will, upon written request, be provided to you Big Boy assumes no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund Big Boy does not act as trustee or in any other fiduciary capacity with respect to the Fund

Advertising Cooperatives

"Cooperative Advertising" means the combined advertising program of two (2) or more franchisees established within a common market that may be consolidated for local advertising purposes so long as at least fifty percent (50%) of the franchisees in the common market agree to form and participate in the cooperative in a particular region,

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of the System located within a particular region, so long as at least 50% of the franchisees in that region agree to the formation of such advertising cooperative The level of your cooperative advertising contribution will be determined by the cooperative, of which you will be a voting member, but that amount may exceed your minimum local advertising obligation under the Franchise Agreement, but in no event will it exceed 5% of gross sales Your contributions to the advertising cooperative in your region will satisfy your local advertising obligations, so long as they meet the minimum local advertising obligations otherwise contained in this Agreement. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region, regardless of Franchisee's position on the formation of such advertising cooperative If a Cooperative Advertising program is implemented in a particular region, an advertising council of franchisees in that region will be selected to self-administer the Cooperative Advertising program Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions Nevertheless, Franchisor reserves the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time Units operated by us or our affiliates in an area covered by an Advertising Cooperative will contribute to the Advertising Cooperative on the same basis as comparable franchisees and have the same voting rights as any comparable franchisee

Social Media

You are restricted from establishing a presence on, or marketing on the Internet or any social media, such as, without limitation, Facebook, Instagram, Yelp, Snapshot, Twitter, Four Square, etc , without our consent We have an Internet website at the uniform resource locator www bigboy com and www bigboysburgersandshakes com that provides information about the System and about Big Boy franchises We will include at the Big Boy website an interior page containing information about your franchised Big Boy's Burgers and Shakes Restaurant All information must be approved by us before it is posted We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements We retain the sole right to approve any linking to, or other use of, the Big Boy website

POS System

Big Boy requires that your point-of-sale electronic cash register and computer systems (the "POS System") include at least three POS terminals (more may be required depending upon restaurant size), and computer hardware and software capable of supporting the POS System, including a supported Windows operating system Based on current operating requirements, a separate PC is recommended to perform other functions including electronic mail (e-mail) and internet access For either or both PC's you may need to install Microsoft Office 2010 or later, Adobe Acrobat

Reader, on-line food inventory ordering software, a firewall, and an anti-virus package You may have to upgrade computer capabilities periodically as set forth in the Operating System Manual or other instructions delivered in writing by Big Boy The estimated cost of a typical POS System purchased from the approved POS System vendor, ranges from $12,000 to $20,000 (see Item 7), which includes a training program provided by the supplier The hardware and software components used in the POS System have been tightly integrated to the service and profitability systems of Big Boy's Burgers and Shakes Restaurants The POS System uses industry standard personal computer hardware in conjunction with proprietary hardware and software obtained from the approved POS System vendor The approved POS System vendor may provide maintenance contracts for ongoing support, equipment repair, and software upgrades at an annual cost generally ranging from $2,500 to $5,000

The POS System is used in the restaurant to efficiently and accurately process customer orders It also compiles sales information including sales, types of transactions, menu mix of products sold, cash control and employee incentive programs You may also use the POS System as an employee timekeeping device for payroll processing Big Boy continues to expand the use of internet / intranet mediums to facilitate your communication with Big Boy and suppliers Uses include electronic mail, training materials, form and procedures libraries, inventory ordering and other applications You must have a POS System or separate PC with sufficient capacity to accommodate these activities Big Boy will have independent access to the information on your POS System Big Boy may also monitor your Gross Revenues electronically

Big Boy also encourages, but does not require, franchisees to engage a network/security specialist to establish wireless internet access in their Big Boy's Burgers and Shakes Restaurants Big Boy recommends that such wireless access system include, among other things, firewall software/hardware, segregated network components, custom IP schemes, and intrusion protection and/or monitoring software on point of sale devices and equipment Must pass current OCI/DSS Compliance for credit card acceptance

To insure uniformity, your location(s) will be listed on our website As a result, you may not develop or create your own website for your franchise location without prior written consent of Big Boy

Operating System Manuals

Operating System Manuals will be made available for review on the Big Boy Intranet and Learning Center Web Site The Operations Manual must remain confidential and is our proprietary property We have the right to add to and otherwise modify the Operations Manual periodically as we deem necessary, provided these additions or modifications will not alter your fundamental status and rights under the Franchise Agreement

To protect the confidentiality of the manuals, Big Boy will require that you execute a confidentiality agreement

Operations Manual
Table of Contents

TRAINING PROGRAM

Your Operating Partner, General Manager and Assistant Managers must satisfy in its entirety, all staffing and training requirements of Big Boy before the opening of your restaurant This training program includes up to five weeks (approximately 250 hours) combining on-line with on-the-job managerial instruction courses that will be attended at a franchisor approved location You are responsible for all salaries, benefits, Travel Expenses and other costs you and your employees incur during the training program

Training is provided for brand protection and not to control the day-to-day operations of your Big Boy's Burgers & Shakes Restaurant

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Note Orientation and all new hire paperwork must be completed by the Franchisee prior to the Manager's first day			
Week 1 • Welcome to Big Boy's Burgers and Shakes Management Program, Intranet and Learning Paths • Our Story and Background • A Day in the Life of a Big Boy's Burgers and Shakes Manager • Allergen Guide • Serving Safe Food • Safety First • BLAST • Building Guest Relationships Prep Pro • Learn and test out of position	7 Hours	40 Hours	Approved Restaurant Location

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Week 2 – Grill Guru • Learn and test out of position • Supervisor Sexual Harassment Awareness – Multi-State **Sandwich Artist** • Learn and test out of position	8 Hours	40 Hours	Approved Restaurant Location or Warren, Michigan
Week 3– Fry Fanatic • Learn and test out of position **Shakeologist** • Learn and test out of position	6 Hours	40 Hours	Approved Restaurant Location or Warren, Michigan
Week 4 – Guest Specialist • Learn and test out of position **Coordinator** • Learn and test out of position	4 Hours	40 Hours	Approved Restaurant Location or Warren, Michigan
Week 5 – Manager In Charge • Learn and test out of managerial position/functions	4 Hours	40 Hours	Approved Restaurant Location or Warren, Michigan

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Ongoing Development • Accountability • Best Practices • Marketing Events • Webinars • Regional Leader Conference Calls • ServSafe® Food and Allergen Certifications	1 to 8 Hour Sessions	As determined by the Franchisor	Big Boy Learning Center, Warren, Michigan, or at an Approved Facility

In some instances, a new franchisee may choose to take this training program from a certified franchisee training location that is more convenient to the proposed location In such event, the new franchisee will pay a training fee to the training franchisee in the amount of $300 per trainee in lieu of the travel expenses to attend the training at a location of ours or one of our affiliates The schedule for training classes is specific to your restaurant based on the scheduled opening date Management Training must be completed at least one month prior to the scheduled opening of your restaurant Instructional materials used for the training include the Operating System Manuals, Menu Execution and Recipe Preparation Guides, Serving Safe Food Guides, as well as online training materials

Big Boy's Human Resources and Training Department is staffed by employees who have managed and supervised Big Boy's Burgers and Shakes Restaurants and have demonstrated outstanding technical, leadership and business skills The following individuals provide training instruction

Debra Murphy is primarily responsible for the direction and implementation of the training program

Item 12
TERRITORY

You will operate out of a single "Franchised Location" within a "Designated Area " Your Designated Area will be the area within a two mile radius of your Franchised Location Your Designated Area may not be altered or relocated during the term of the Franchise Agreement, except with the prior written approval of Big Boy You are not restricted from soliciting or accepting orders outside your Designated Area, but you may not sell any products and services offered in connection with your restaurant on a wholesale basis, through the Internet, catalog, mail order, telemarketing or any other method of sales, distribution or at any location other than your restaurant The continuation of your Designated Area is not dependent upon your achieving a certain sales volume, market penetration or meeting any other contingency The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Designated Area or contiguous areas

If you enter into an Area Development Agreement with Big Boy, you will receive the right to develop and operate Big Boy's Burgers and Shakes Restaurants in a specified geographic area called a "Territory " The Territory typically consists of one or more cities or market areas and will be delineated by specifying the streets or highways, specific municipalities and/or counties which form the boundaries of the Territory Before you sign the Area Development Agreement, a description of the Territory will be placed in the Area Development Agreement and a map of the Territory may also be attached The size of the Territory and the number of Big Boy's Burgers and Shakes Restaurants you will develop within the Territory are determined by the population of the Territory and its market potential, taking into account demographics, economics, the business climate, competition and other relevant factors Your Territory may not be altered or relocated during the term of the Area Development Agreement You must meet the development schedule in the Area Development Agreement or you will lose your right to continue to develop Big Boy's Burgers and Shakes Restaurants in the Territory The Area Development Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional development rights in your Territory or contiguous areas

You will not receive an exclusive territory Big Boy will not franchise, license, develop, own or operate another Big Boy's Burgers and Shakes Restaurant or a Big Boy's full service restaurant in your Designated Area or your Territory Other than the Big Boy's full-service restaurants that we franchise, neither Big Boy or its affiliates plans to operate a franchise business under a different trademark that will sell goods and services similar to those sold by franchisees However, Big Boy has the absolute right to (1) develop, own, operate and/or franchise other restaurant concepts under other brand names even if the locations for the concept are within your Designated Area or your Territory, (2) develop, own, operate, and/or franchise or other modified Big Boy's Burgers and Shakes Restaurants in your Designated Area or your Territory if they are located in an international airport, major theme or entertainment parks, casinos, hospitals, mass merchandising outlets, government facilities or professional sports stadiums, (3) market, distribute and sell, on a wholesale or retail basis, foods and other products under any of the Marks and/or under any other brand name, trademark, or service mark, in other channels of distribution such as vending machines, convenience stores, grocery stores, retail and online outlets, and by direct sales, the Internet, mail order, infomercials, telemarketing or by any other marketing method, even if the sales are made by distributors or retailers who are located in your Designated Area or your Territory, and (4) advertise, promote and participate in special events that promote the Marks in your Designated Area or your Territory

Item 13
TRADEMARKS

The following is a list of the Marks which you may use under the Franchise Agreement You may only use the Marks in the manner Big Boy authorizes in writing You may not use any of the Marks as part of your corporate or other name You must also follow the instructions of Big Boy for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations All of the Marks are registered on the Principal Register of the United States Patent and Trademark Office and all affidavits of use and renewals for these Marks have been timely filed Of these Marks, all but "It's a Michigan Thing" (Reg No 3,384,611), and "Bob's 'Beyond the Bun' Chicken Sandwich" (Reg No 3,467,275) are incontestable for purposes of the Federal Trademark Act

Name	Registration No	Registration Date	Use Classification
"Big Boy's Burgers and Shakes"	Filed	5/24/16	Int Cl 043
Running "Big Boy" (Design only)	1,818,909	2/1/94	Classes 14, 22, 29, 37,38,45,46,47,48,100 & 101 (Int Cl 16, 29, 30, 32 & 43)
Standing "Big Boy"	910,758	3/30/71	Class 100 (Int Cl 42)
"Big Boy" (words only)	1,823,393	2/22/94	Class 100 (Int Cl 43)
"Big Boy"	913,601	6/08/71	Classes 38, 46 and 101 (Int Cl 16, 29, 30 and 35)
"Big Boy"	944,155	10/03/72	Class 45 (Int Cl 32)
Running "Big Boy" with Burger	2,090,105	8/19/97	Int Cl 43
Original Big Boy	2,145,671	3/24/98	Int Cl 43
Standing "Big Boy"	1,166,686	8/25/81	Class 46 (Int Cl 29)
"Bob's"	1,230,137	3/08/83	Classes 46 and 100 (Int Cl 29, 30 and 43)
"Bob's Big Boy"	1,230,170	3/08/83	Classes 46 and 100 (Int Cl 30 and 43)
"Bob's Big Boy Restaurants" and Design	1,230,570	3/08/83	Class 100 (Int Cl 43)
"Bob's"	1,300,991	10/16/84	Class 100 (Int Cl 43)
"Operation Can Do!"	1,375,215	12/10/85	Class 100 (Int Cl 43)
"Big Boy" design	2,634,415	10/15/02	Int Cl 43
"Big Boy Diner"	2,059,156	5/6/97	Int Cl 43
"OHHH Boy"	2,887,222	9/21/04	Int Cl 43
"It's A Michigan	3,384,611	2/19/08	Int Cl 43

Name	Registration No	Registration Date	Use Classification
Thing"			
"Bob's 'Beyond the Bun' Chicken Sandwich"	3,467,275	7/15/08	Int Cl 30
Slim Jim	3,694,531	10/13/09	Int Cl 30
Home of the Original Double Deck Cheeseburger	3,898,347	1/4/11	Int Cl 043
Scrammy Hammy	3,898,338	1/4/11	Int Cl 029
Super Big Boy	4,423,393	10/29/13	Int Cl 030
Big Boy Statue	4,445,896	12/10/13	Int Cl 043
Junior Big Boy	4,510,949	4/8/14	Int Cl 030
"Pappy Parker's"	4,663,613	12/30/14	Int Cl 029
"Best Cheeseburger on the Planet"	4,677,530	1/27/15	Int Cl 030
"75 Years of Delicious" (Design plus words)	4,677,531	1/27/15	Int Cl 043
"Burger Lovers' Burger"	4,869,057	12/15/15	Int Cl 030
"It's Your Big Boy"	4,869,058	12/15/15	Int Cl 043
"Bob's Big Boy Serving It Hot for Over 75 Years" (Design plus words)	4,923,243	3/22/16	Int Cl 043

International is the owner of all the Marks disclosed in this Item On December 22, 2000, Big Boy entered into a Trademark License Agreement with International for the Marks for a perpetual term unless International terminates the agreement in writing In 2001, International entered into an agreement with Frisch's Restaurants, Inc ("Frisch's"), where International granted to Frisch's concurrent registration of certain Marks disclosed in this Item for use only in Kentucky, Indiana, certain portions of Ohio, and certain portions of Tennessee According to such agreement, Big Boy is not permitted to open or operate Big Boy Full Service Restaurants in such territories Otherwise, there are no agreements currently in effect that significantly limit Big Boy's rights to use or license the use of the Marks in a manner material to the franchise

There are no currently effective material determinations of the U S Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks To the knowledge of Big Boy, there are no superior rights or infringing uses which could materially affect your use of the Marks or other related rights in any state

You must provide Big Boy with written notice of any claims made against or associated with the Marks Big Boy is obligated under the Franchise Agreement to protect your right to use the

Marks and other related rights and to protect you against claims of infringement and unfair competition with respect to the Marks However, if anyone establishes to the satisfaction of Big Boy that its rights are, for any legal reason, superior to the rights of Big Boy as to any of the Marks, then you must use the variances to the Marks or to the other service marks, trademarks or trade names required by Big Boy to avoid a conflict with any superior rights

You will not have the right to and will agree not to defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation Big Boy will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by the Big Boy, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by Big Boy

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Big Boy does not own any patents which are material to the franchise and Big Boy does not have any pending patent applications that are material to the franchise Big Boy claims copyright protection for its Operating System Manual and other manuals and its confidential information (which includes all information, intranet, data, manuals, techniques and know-how designated or treated by Big Boy as confidential), although these materials are not registered with the United States Registrar of Copyrights Big Boy also claims copyright protection of its menus and placemats These materials are in the process of being registered with the United States Registrar of Copyrights

Big Boy claims proprietary rights in its Operating System Manual and other manuals and confidential information and trade secrets, including, without limitation, recipes, menus, and processes You may use the proprietary information in Big Boy's manuals and other confidential information You must take reasonable steps to prevent disclosure of this proprietary information to others, and you must also promptly tell Big Boy when you learn about unauthorized use of this proprietary information Big Boy does not have to take any action to protect its copyrights or other proprietary information, but will respond to this information as it believes appropriate Big Boy will indemnify you for losses brought by a third party concerning your use of its proprietary information

The Franchise Agreement requires you to maintain all confidential information both during and after the term of the Franchise Agreement You may not at any time disclose, copy or use any confidential information, except as Big Boy specifically authorizes You agree that all information, data, techniques and know-how you and your employees or agents develop or assemble the term of the Franchise Agreement and relating to the Big Boy's Burgers and Shakes Restaurant System is confidential information protected under the Franchise Agreement

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

If you are entering into the Franchise Agreement in your individual capacity, Big Boy requires that you personally participate in the operation of your Big Boy's Burgers and Shakes Restaurant Big Boy requires that you guarantee all of the obligations to Big Boy under the agreement If the party entering into the Franchise Agreement is not an individual, you must designate as the "Operating Partner" an individual approved by us who must own and control or have the right to own and control (subject to reasonable conditions) not less than 10% of the equity and voting rights of the entity entering into the Franchise Agreement and have the authority to bind such entity regarding all operational decisions with respect to the Restaurant You and your Operating Partner, as the case may be, and each Management Team member you employ must successfully complete the training program In the event of the death, disability, or termination of employment of any member of your Management Team, you must hire a successor within ten (10) days of such event Your employees do not have to own an equity interest in your Big Boy's Burgers and Shakes Restaurant Your employees who have access to confidential information and trade secrets must sign confidentiality agreements Your Restaurant must be open during the business hours specified in the Operating System Manual

The operating company responsible for operating and managing your Big Boy's Burgers and Shakes Restaurant must be dedicated solely to developing and operating the Big Boy's Burgers and Shakes Restaurant, and may not hold any interest in, operate, or manage any other business without the prior written approval of Big Boy

If the party entering into the Franchise Agreement or the Area Development Agreement with Big Boy is not an individual, then you and the other equity owners must personally guarantee all of the obligations to Big Boy under the agreement You and the other equity owners must also agree that during the term of the agreement you will not participate in any Competitive Restaurant business, and that for 12 months after the expiration or termination of the agreement, you will not participate in any Competitive Restaurant located within five miles of your restaurant or any other Big Boy's Burgers and Shakes Restaurant or within any area that Big Boy grants These covenants not to compete also apply to your personal guarantors and Owners

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the products and services specified or approved by Big Boy in writing You must sell the products and services Big Boy requires Big Boy can change the products and services that you must offer without limitation If any products or services are added, you must be qualified to provide the products and services before we will authorize you to offer those products and services If a product or service is deleted, you must cease offering that product or service immediately on written or electronic notice from us We will make all changes in the required products and services for good faith marketing reasons and on a uniform basis for all similarly situated franchisees in a particular market, except when test marketing products or services

You are not limited to whom you may sell your products and services, but you may not sell any of the products or services offered in connection with your restaurant on a wholesale basis, or through Internet, catalogue, 800 number, mail order, telemarketing, or any other method of sales, distribution, or at any location other than your restaurant, Selling products or services not qualified by Big Boy may result in default or termination

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Article in Franchise Agreement	Summary
a Length of the franchise term	3	10 years
b Renewal or extension of the term	Not applicable	The Franchise Agreement does not give you the right to renew after the initial term expires If Franchisor approves an additional term, you will have to sign the then-current Franchise Agreement which may contain materially different terms and conditions in order to continue to operate your business and pay a renewal fee which may be different from the initial fee See Notes below for applicable law
c Requirements for franchisee to renew or extend	Not applicable	See Notes below for applicable law
d Termination by franchisee	21	If Big Boy violates any material provision, term or condition of the Franchise Agreement or fails to timely pay any material uncontested obligation due or owing to you
e Termination by franchisor without cause	Not applicable	
f Termination by franchisor with cause	20	If you breach the Franchise Agreement

Provision	Article in Franchise Agreement	Summary
g "Cause" defined – curable defaults that can be cured	20 2, 20 3, 20 4	You will have 30 days after receipt of written notice to cure if you fail to open and commence operations of your Big Boy's Burgers and Shakes Restaurant within 12 months after signing the Franchise Agreement, violate any material provision of the Franchise Agreement, fail to pay any obligations or liabilities, issue any check which is dishonored, lose possession of the Franchised Location, lose your food service license, fail to timely file any tax return or pay any taxes, fail an inspection, or make an unapproved transfer of any Business Assets or any Ownership Interest, or suffer termination of any other agreement with Big Boy or its affiliates, Big Boy will also have the right to terminate if you engage in any conduct that materially impairs the Marks or the Restaurant System unless you correct the breach within 24 hours after receipt of written notice of breach You have 10 days after receipt of written notice to cure a failure to pay any fees due to Big Boy or an affiliate

Provision	Article in Franchise Agreement	Summary
h "Cause" defined – noncurable defaults	20 1, 20 5 and 20 6	Big Boy can terminate the Franchise Agreement without notice and an opportunity to cure within 120 days after the Effective Date of the Franchise Agreement if you provide false, misleading, incomplete or inaccurate information, fail to obtain a site for the Franchised Location, fail to obtain a valid food service Big Boy has the right to terminate the Franchise Agreement immediately upon written notice if you or any of your partners, directors, officers or majority Owners are convicted of or plead guilty or no contest to any law relating to your Big Boy's Burgers and Shakes Restaurant, or any felony, or if you made any material misrepresentation in connection with the acquisition of the franchise, are determined to be insolvent, file for bankruptcy, have an involuntary petition for bankruptcy filed against you, make an assignment for the benefit of creditors, voluntarily or otherwise abandon the Franchised Location, fail to provide, or permit Big Boy to audit, your Financial Records, engage in any conduct which materially impairs the goodwill associated with the Marks or the Restaurant System and fail to correct the breach within 24 hours of receipt of written notice of the breach, violate any provision of the Franchise Agreement three or more times during a 12 month period
i Franchisee's obligations on termination or nonrenewal	22	You must pay what you owe under the Franchise Agreement within five days after termination, immediately return all printed materials relating to the Restaurant, as well as all signage, statues, or materials that contain the Big Boy licenses or trademarks, cease using the Marks and the Restaurant System, alter the appearance of the Franchised Location, transfer your telephone directory listings to Big Boy, offer Business Assets to Big Boy for purchase

Provision	Article in Franchise Agreement	Summary
j Assignment of the contract by franchisor	17 1	No restrictions on the right of Big Boy to assign the Franchise Agreement, the assignee is required to fully perform all obligations of Big Boy under the Franchise Agreement
k "Transfer" by franchisee – defined	17 2, 17 3, 17 4, 17 5	Includes assignment in the event of death or disability, sale of ownership interests, and transfer of rights under the Franchise Agreement and the Business Assets
l Franchisor's approval of transfer	17 2	Transfer requires the prior written approval of Big Boy, which will not unreasonably withhold its consent
m Conditions for franchisor approval of transfer	17 2	You must provide Big Boy with 90 days written notice of the transfer, pay all money owed to Big Boy, agree to observe all applicable provisions of the Franchise Agreement, sign a release, guarantee the transferee's obligations for 12 months, and pay the Transfer Fee The transferee must meet the standards established by Big Boy for new franchisees, sign the required legal agreements between the transferee and Big Boy, acquire the right to occupy the Franchised Location, acquire a valid food service license, successfully complete training, etc
n Franchisor's right of first refusal to acquire franchisee's business	18 1	You must offer in writing the business assets to Big Boy if you receive a bona fide offer to purchase
o Franchisor's option to purchase franchisee's business	18	Big Boy has the option to purchase at the price and terms stated in the offer
p Death or disability of franchisee	17 4	If you are an individual, the Franchise Agreement may be transferred to your beneficiary without paying the Transfer Fee to Big Boy, subject to the requirements described in "m" above
q Non-competition covenants during the term of the franchise	23 2	You may not participate in any Competitive Restaurant business

Provision	Article in Franchise Agreement	Summary
r Non-competition covenants after the franchise is terminated or expires	23 3	For a period of 12 months after the termination of your Franchise Agreement, you may not participate in any Competitive Restaurant that is within five miles of the Franchised Location or any other Big Boy's Burgers and Shakes Restaurant, or within any designated area granted by Big Boy
s Modification of the agreement	27 9	Only by written agreement between you and Big Boy
t Integration/merger clauses	27 10	The Franchise Agreement constitutes the entire and complete agreement between you and Big Boy
u Dispute resolution by arbitration or mediation	21 3, 26	Except for certain claims, all disputes must be submitted to binding arbitration
v Choice of forum	26 3, 27 12	Macomb County, Michigan See Notes below for applicable law
w Choice of law	31	Governing law will be the laws of Michigan or if applicable by statute, of the state in which the Franchised Location is located

This table lists certain important provisions in the Area Development Agreement pertaining to termination, transfer and dispute resolution You should read these provisions in the Area Development Agreement attached to this Franchise Disclosure Document

Provision	Article in Area Development Agreement	Summary
a Term of Area Development Agreement	2	To be determined by you and Big Boy
b Renewal or extension of the term	Not applicable	See Notes below for applicable law
c Requirements for you to renew or extend	Not applicable	See Notes below for applicable law

Provision	Article in Area Development Agreement	Summary
d Termination by you	Not applicable	You may terminate the Area Development Agreement on any grounds available by applicable law
e Termination by Big Boy without cause	Not applicable	
f Termination by Big Boy with cause	7	If you breach the Area Development Agreement
g "Cause" defined - defaults that can be cured	7 1, 7 2, 7 3	You will have 30 days to cure if you violate any material provision of the Area Development Agreement, fail to pay any fees or expenses due to Big Boy or third parties, issue any check which is dishonored for insufficient funds, make an unapproved transfer of the Area Development Agreement or any ownership interest in the Area Development Agreement, or if any Franchise Agreement between you and Big Boy is terminated for any reason Big Boy will also have the right to terminate the Area Development Agreement if you engage in any conduct which materially impairs the Marks or the Restaurant System and fail to correct the breach within 24 hours after receipt of written notice You have 10 days to cure a failure to pay any fees due to Big Boy or its affiliates

Provision	Article in Area Development Agreement	Summary
h "Cause" defined - defaults that cannot be cured	7 4, 7 5	Big Boy has the right (subject to state law) to terminate the Area Development Agreement immediately upon written notice if you, or any of your current directors, officers or majority Owners are convicted of or plead guilty or no contest to a charge of violating any law, and such conviction or plea could adversely affect your Big Boy's Burgers and Shakes Restaurants or the Marks, or if you made any material misrepresentation in the acquisition of your rights under the Area Development Agreement, fail to comply with the development schedule in the Area Development Agreement, abandon any of your restaurants,, are determined to be insolvent, file for bankruptcy, have any involuntary petition of bankruptcy filed against you, make an assignment for the benefit of creditors, or are involved in any conduct which materially impairs the goodwill associated with the Marks or the Restaurant System and you fail to correct the breach within 24 hours after receipt of written notice ,
i Your obligations on termination or nonrenewal	8	You must pay what you owe under the Area Development Agreement and all Franchise Agreements, your rights under the Area Development Agreement revert to Big Boy, you must continue to operate the Restaurants you opened before termination of the Area Development Agreement
j Assignment of the contract by Big Boy	6 1	No restrictions on the right of Big Boy to assign the Area Development Agreement
k "Transfer" by you – definition	6 2, 6 3, 6 4, 6 5	Includes assignment in the event of death or disability, sale of ownership interests, and assignment of rights under the Area Development Agreement

Provision	Article in Area Development Agreement	Summary
l Approval of Big Boy of a transfer by you	6 2, 6 4, 6 5	Transfer requires the prior written approval of Big Boy, which will not unreasonably withhold its consent
m Conditions for approval by Big Boy of a transfer by you	6 3, 6 4	You must provide Big Boy with at least 90 days written notice of the assignment, pay all money owed to Big Boy and not otherwise be in default of the Area Development Agreement, agree to observe all applicable provisions of the Area Development Agreement, sign a joint and mutual release between you and Big Boy, and pay the Assignment Fee The assignee must meet the standards established by Big Boy for area developers, the assignee's Owners and Personal Guarantors must execute the legal agreements required by Big Boy, and the required parties and employees of the assignee must have successfully completed the initial training program
n Right of first refusal of Big Boy to acquire your business	Not applicable	
o Option of Big Boy to purchase your business	Not applicable	
p Your death or disability	6 2	If you are an individual, your Area Development Agreement may be assigned to your beneficiary without paying an Assignment Fee to Big Boy, subject to the requirements described in "m" above
q Noncompetition covenants during the term of the Area Development Agreement	9 2	You may not participate in any Competitive Restaurant

Provision	Article in Area Development Agreement	Summary
r Noncompetition covenants after the Area Development Agreement is terminated or expires	9 3	For a period of one year after termination you may not participate in any competitive restaurant that is within five miles of the Territory or any other Big Boy's Burgers and Shakes Restaurant, or within any territory granted by Big Boy, or convert your restaurant(s) to a Competitive Restaurant
s Modification of the agreement	13 7	Only by written agreement between you and Big Boy
t Integration/merger clauses	13 8	The Area Development Agreement constitutes the entire and complete agreement between you and Big Boy (subject to state law)
u Dispute resolution by arbitration or mediation	12	Except for certain claims, all disputes must be submitted to binding arbitration
v Choice of forum	12 3, 13 10	Macomb County, Michigan See Notes below for applicable law
w Choice of law	17	Governing law will be the laws of Michigan, or if applicable by statute, the state in which the Area Developer's primary place of business is located

Item 18
PUBLIC FIGURES

Big Boy does not use any public figure to promote the franchise No public figure is involved in Big Boy's management

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Keith E Sirois, Chief Executive Officer, 4199 Marcy Street, Warren MI 48091, (586) 759–6000, the Federal Trade Commission, and the appropriate state regulatory agencies

Item 20
OUTLETS AND FRANCHISEE INFORMATION

BIG BOY'S BURGERS AND SHAKES RESTAURANTS
SYSTEM OUTLET SUMMARY
For year 2015 to 2016

Outlet Type	Year		Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	0	0	0
	2016	0	0	0	0
Company Owned	2015	0	0	0	0
	2016	1	1	1	1
Total Outlets	2015	0	0	0	0
	2016	1	1	1	1

BIG BOY'S BURGERS AND SHAKES RESTAURANTS
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
For year 2015 to 2016

State	Year	Number of Transfers
Michigan	2015	0
	2016	0
Ohio	2015	0
	2016	0
Total	2015	0
	2016	0

BIG BOY'S BURGERS AND SHAKES RESTAURANTS
STATUS OF FRANCHISED OUTLETS
For year 2015 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Michigan*	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Total	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

*As of the date of this Franchise Disclosure Document, Big Boy has not franchised any Big Boy's Burgers and Shakes locations

BIG BOY'S BURGERS AND SHAKES RESTAURANTS
STATUS OF COMPANY OWNED OUTLETS
For year 2015 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Michigan	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Ohio	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
Total	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1

PROJECTED OPENINGS AS OF December 25, 2016

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected new Company-Owned Outlets in the Next Fiscal Year
Ohio	0	0	3
Total	0	0	3

The names, addresses, and telephone numbers of the Big Boy Restaurant Franchisees in the United States as of the Issuance Date of this Franchise Disclosure Document are listed in Exhibit E The addresses and telephone numbers of the Big Boy's Burgers and Shakes Restaurant Company or franchised Owned locations in the United States as of the Issuance Date of this Franchise Disclosure Document are listed in Exhibit F Attached as Exhibit G is a list of the name, city, state, and telephone number of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during 2016 No franchisees failed to communicate with Big Boy within the 10 weeks before the date of this Disclosure Document If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

No independent franchisee organizations have asked to be included in this disclosure document

Item 21
FINANCIAL STATEMENTS

Attached as Exhibit H are the Consolidated and Combined Audited Financial Statements of Big Boy Franchise Management LLC for the periods ended, December 28, 2014, and December 27, 2015 and December 25, 2016 with Report of Independent Auditors

Item 22
CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments

1 Franchise Agreement (Exhibit B)

2 Area Development Agreement (Exhibit C)

Item 23
RECEIPT

Two copies of the Receipt which acknowledge your receipt of this Franchise Disclosure Document, including all Exhibits, are attached to this Franchise Disclosure Document as Exhibit J You must date and execute one copy of the Receipt and deliver it to Big Boy

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE

As you know, Big Boy Franchise Management LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a franchised Big Boy® restaurant (the "Franchise") The purpose of this questionnaire is to determine whether any statements or promise were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest responses to each question

Please note that all representations requiring a prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

QUESTION		YES	NO
1	Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "FDD") provided to you?		
2	Did you sign a receipt for the FDD indicating the date you received it?		
3	Do you understand all of the information contained in the FDD?		
4	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5	Please insert the date on which you received a copy of the Franchise Agreement with all materials blanks fully completed ____________		
6	Do you understand the terms of and your obligations under the Franchise Agreement?		
7	Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8	Do you understand the risks associated with operating the Franchise?		
9	Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the FDD?		
11	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the FDD?		
12	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the FDD?		

QUESTION		YES	NO
13	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the FDD?		
14	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the FDD?		
15	Do you acknowledge that you are an independent contractor and responsible for running your own Franchised Big Boy Restaurant business and that we do not have any authority to hire or fire your employees?		
16	Do you expressly agree and will never contest otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Big Boy Restaurant does not directly or indirectly vest in us the power to hire, fire, or control any such employee?		
17	Do you acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchised Big Boy Restaurant and that under no circumstance shall we do so or be deemed to do so ?		
18	Do you further acknowledge and agree and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Operations Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Big Boy Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Big Boy Restaurant, but rather are to protect the Big Boy Restaurant System and brand?		

If you answered "Yes" to any of questions ten (10) through fourteen (14), please provide a full explanation of your answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of the foregoing questions, please leave the following lines blank

You understand that your answers are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

FRANCHISE APPLICANT

Dated

FRANCHISE APPLICANT

Dated

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC
4199 Marcy Street
Warren, Michigan 48091-5628
Telephone (586) 759-6000

Franchisee	**Franchised Location**
Name	Street
Name	City State Zip Code
Street	( ) Area Code Telephone
City State Zip Code	( ) Area Code Fax
( ) Area Code Telephone	Restaurant No
E-Mail Address	

EFFECTIVE DATE
OF FRANCHISE AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT INDEX

BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement) is made and entered into this ______________day of ____________, ________ ("Effective Date") by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and ____________________________________, a ______________________________________ (the "Franchisee")

RECITALS

Big Boy's Burgers and Shakes Restaurant System The Franchisor has developed a unique business system for operating and franchising unique restaurants which feature sandwiches, including the Big Boy® Sandwich, the Super Big Boy® Sandwich, beverages, fresh cut fries, shakes and other food products (the "Big Boy System" or the "Restaurant System")

Licensing of Marks The Franchisor has extensively publicized the name "Big Boy's Burgers and Shakes™" to the public as an organization of restaurant businesses operating under the Restaurant System The Franchisor has the right and authority to license the use of the name "Big Boy's Burgers and Shakes™" and the other Marks for use in connection with the Restaurant System to selected persons, businesses or entities who will comply with the uniformity requirements and quality standards of the Franchisor The Franchisor will continue to develop, use, and control the use of the name "Big Boy's Burgers and Shakes™" and the other Marks, including the Big Boy statue, in order to identify for the public the source of foods, foods items, food products, beverages and services marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service

Operation of Big Boy's Burgers and Shakes Restaurant The Franchisee desires to develop, own and operate a Big Boy's Burgers and Shakes Restaurant (the "Big Boy's Burgers and Shakes Restaurant" or the "Restaurant") at the Franchised Location in conformity with the Restaurant System and the Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by the Franchisor The Franchisee understands and acknowledges the importance of complying with the high standards of quality, appearance, procedures, controls, cleanliness and service established by the Franchisor, and the necessity of operating the Restaurant in strict conformity with the standards and specifications established by the Franchisor

Right to Use Marks and Restaurant System The Franchisee acknowledges that it would take substantial capital and human resources to develop a restaurant concept that is similar to a Big Boy's Burgers and Shakes Restaurant and, for those reasons, the Franchisee desires to acquire the right to use the Marks and the Restaurant System and to own and operate a Big Boy's Burgers and Shakes Restaurant pursuant to the terms and conditions of this Agreement

Pursuant to the above Recitals and in consideration of the mutual promises and covenants set forth in this Agreement, the Franchisor and the Franchisee agree and contract as follows

Article 1
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions

1 1 Abandon
"Abandon" will mean the conduct of the Franchisee indicating the willingness, desire or intent of the Franchisee to discontinue operating the Franchisee's Big Boy's Burgers and Shakes Restaurant in accordance with the quality standards, uniformity requirements and the Restaurant System as described in this Agreement, the Operating System Manual or otherwise in writing including, but not limited to, the failure of the Franchisee to operate the Big Boy's Burgers and Shakes Restaurant for five or more consecutive days without the prior written approval of the Franchisor, or the failure of the Franchisee to remain open for business during the business hours designated by the Franchisor

1 1 Affiliate
"Affiliate will mean any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise

1 2 Approved Suppliers
"Approved Suppliers" will mean the suppliers and distributors that have been approved in writing by the Franchisor to offer and sell the Products and Services specified in the Operating System Manual or otherwise in writing by the Franchisor

1.3 Assistant Manager
"Assistant Manager" will mean an individual responsible for supervising an operational shift during the daily operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant

1 4 Business Assets
"Business Assets" will mean (a) the FF&E, Signs, supplies, food and liquor inventory, trucks, automobiles, Computer Equipment, equipment leases, contracts, and all other assets owned by the Franchisee and used in connection with Franchisee's Big Boy's Burgers and Shakes Restaurant, (b) all assets listed on the Franchisee's Financial Statements and tax returns relating to or used in connection with Franchisee's Big Boy's Burgers and Shakes Restaurant, (c) the Lease for the Franchised Location, (d) the land and building for the Franchisee's Big Boy's Burgers and Shakes Restaurant, if the land and building are owned by the Franchisee or any Owner or any Affiliate of the Franchisee, (e) this Agreement, (f) any Ownership Interest in the Franchisee, and (g) all other interests in the Franchisee or the Franchisee's Big Boy's Burgers and Shakes Restaurant

1 5 Claims and Damages
"Claims and Damages" will mean all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, and will include, without limitation (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special and consequential damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses and all other expenses incurred in defending any claims or litigation, (g) Salaries and Travel Expenses and all related expenses incurred in defending any claims or litigation, (h) amounts paid in settlement of any disputed claims or litigation, (i) product liability damages, (j) amounts paid pursuant to any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, litigation, arbitration proceedings, administrative actions or other legal proceedings, and (k) damages assessed under any federal, state or local statutes, rules, regulations or ordinances

1 6 Computer Equipment
"Computer Equipment" will mean the computer hardware and peripherals used in the operation of the Restaurant, including the POS system, printers, monitors, modems, and networking equipment, and other computer systems and electronic devices, specified in the Operating System Manual or otherwise in writing by the Franchisor

1 7 Computer Software
"Computer Software" will include the computer software and operating system approved and specified in this Agreement, the Operating System Manual, or otherwise in writing by the Franchisor for use in the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant

1 8 Competitive Restaurant
"Competitive Restaurant" will mean any international, national, regional or local, Fast-casual -style restaurant offering, lunch and/or dinner (Five Guys Burgers and fries, Smash Burger, Shake Shack, Halo Burger, Burger 21, WhataBurger, Wahlburger, Burger Lounge, BGR Joint, Mooyah Burgers and Fries, Fat Burger, BurgerFi, B Spot, The Habit Burger) and any other fast casual restaurant that sells double deck hamburgers or any restaurant that sells food products under the name "Bob's," or "Boy" or any other local, regional, state, national or international restaurant group, chain, franchise, licensed arrangement and/or business opportunity Fast casual restaurant employing a locally advertised, marketed, and/or recognized name, with table service offering lunch, and/or dinner Restrictions in this Agreement on competitive activities do not apply to the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities

1 9 Costs and Expenses
"Costs and Expenses" will mean all attorney's fees, deposition costs, expert witness fees, court costs, investigation costs, accounting fees, filing fees and Travel Expenses

1 10 Dollars
"Dollars" will mean United States of America dollars

1 11 Entity
"Entity" will mean any corporation, limited liability company, general partnership, limited partnership limited liability partnership, or other legal entity formed in compliance with applicable law

1 12 FF&E
"FF&E" will mean the furniture, fixtures and equipment specified in the Operating System Manual or otherwise in writing by the Franchisor used in the operations of the Franchisee's Big Boy's Burgers and Shakes Restaurant

1 13 Financial Records
"Financial Records" will mean the computerized and hand prepared records and ledgers, sales ledgers, work papers, books, bank statements, federal and state income tax returns, federal and state sales tax returns, daily cash register tapes, accounts, and other financial information relating to the Gross Revenues, food and beverage costs, and labor costs for the Franchisee's Restaurant

1 14 Financial Statements
"Financial Statements" will mean (a) monthly and year-to-date balance sheet and profit and loss statement, and (b) annual balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes for the Franchisee's Restaurant

1 15 Franchise
"Franchise" will mean the license rights granted by the Franchisor to the Franchisee authorizing the Franchisee to develop and operate a Big Boy's Burgers and Shakes Restaurant at the Franchised Location in conformity with the Restaurant System using the name "Big Boy's Burgers and Shakes™" and the other Marks

1 16 Franchised Location
"Franchised Location" will mean the single address set forth in Article 2 1 of this Agreement

1 17 Franchise Relationship
"Franchise Relationship" will mean the manner of transacting business as required by the contractual provisions, particularly those provisions which are directly and indirectly related to the ownership and operation of the Franchisee's Big Boy's Burgers and Shakes Franchise,

1 18 General Manager
"General Manager" will mean the individual responsible for supervising the overall management and operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant including, but not limited to, administration, basic operations, marketing, customer and community relations, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location

1 19 Gross Revenues
"Gross Revenues" will mean the total dollar sales from all customers of the Franchisee's Big Boy's Burgers and Shakes Restaurant, and will include all cash and credit sales made by the Franchisee of every kind and nature made at, from, by or in connection with the Franchisee's Big Boy's Burgers and Shakes Restaurant including, but not limited to, all dollars and income received from (a) the sale of all foods, food products, food items, and services, whether prepared in the Restaurant or pre-packaged, (b) the sale of all alcoholic and non-alcoholic beverages and drinks, (c) the sale of all goods, products or items sold by or at the Franchisee's Restaurant, (d) admission fees or cover charges, (e) vending machines, telephones, electronic or other games, and other amusement games, (f) slot machines and gaming machines, (g) the sale of lottery tickets and pull tabs, (h) the sale of hats, sweatshirts, T-shirts, jackets, clothing, music records, tapes and compact discs, (i) the sale of newspapers, magazines, candies and gum, (j) the sale of foods, food products, food items, and services at any banquet, (k) the sale of any catered foods, food products, food items, and services, (l) the sale of any foods, food products or food items that are carried out of the Restaurant, (m) the sale of any foods, food products, and food items that are delivered by the Franchisee or other delivery service, (n) the sales of foods, food products food items, and all other products and services offered in connection with the Franchisee's Big Boy's Burgers and Shakes Restaurant, (o) all sales, use or gross receipts tax rebates, and (p) all business interruption insurance payments made to the Franchisee under any insurance policy carried by the Franchisee "Gross Revenues" will not include any coupons, gift cards, discounts on employee meals or sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by the Franchisee

1 20 Home Page
"Home Page" will mean the website or home page on the Internet used to advertise, market or promote the Franchisee's Restaurant, to communicate with its customers, and/or to post employment opportunities at the Restaurant

1 21 Lease
"Lease" will mean the written or oral agreement between the Franchisee and the Landlord that grants the Franchisee the right to rent and occupy the Franchised Location, and will include any oral or written rental agreement between the Franchisee and the Franchisee's Owners

1 22 Major Brand Name Restaurant
"Major Brand Name Restaurant" will mean any restaurant which has at least 50 restaurant locations within the contiguous United States which operate under the same name

1 23 Management Team
"Management Team" will mean the Franchisee's General Manager(s) and Assistant Managers

1 24 Marks
"Marks" will include the name "Big Boy's Burgers and Shakes™" and the specific trademarks, trade names, service marks, logos and commercial symbols, Big Boy statue, phrases, slogans, and tag lines created and developed by the Franchisor for use in connection with the operation of Big Boy's Burgers and Shakes™ Restaurants that are specified in this Agreement, the Operating System Manual, or otherwise in writing by the Franchisor

1 25 Opening Team
"Opening Team" will mean the Franchise Business Director and operations and/or training personnel specified in the Operating System Manual, in this Agreement or otherwise in writing by the Franchisor who will, during the times specified in the Operating System Manual, provide opening assistance to the Franchisee at the Franchised Location when the Franchisee's Restaurant is scheduled to open for business

1 26 Operating Partner
"Operating Partner" will mean the individual so designated in Exhibit A of this Agreement by the Franchisee

1 27 Operating System Manual
"Operating System Manual" will mean the confidential Operating System Manuals, recipe manuals, and all other manuals and written or electronic materials developed by the Franchisor for the protection of the brand, including without limitation, operation of a Big Boy's Burgers and Shakes Restaurant

1 28 Owner
"Owner" will mean any person or Entity that owns any Ownership Interest in the Franchisee

1 29 Ownership Interest
"Ownership Interest" will mean (a) capital stock if the Franchisee is a corporation, (b) membership interest if the Franchisee is a limited liability company, (c) partnership interest if the Franchisee is a partnership, (d) limited or general partnership interests if the Franchisee is a limited partnership, and (e) all other types and means of any ownership or interest in the Franchisee or in any Affiliate of Franchisee that owns the land and building for the Franchisee's restaurant

1 30 Personal Guarantors
"Personal Guarantors" will mean the individuals and Entities required to sign the Personal Guaranty attached to this Agreement, which will include the Owners and their spouses, if applicable, and any Affiliate of Franchisee that owns the land and/or building used for the Franchisee's restaurant

1.31 Products and Services

"Products and Services" will mean all of the foods, food products, food items, seasonings, gravies, sauces, salad dressings, alcoholic and non-alcoholic beverages and drinks, products, sundries, goods, supplies, merchandise and/or services specified in the Operating System Manual or otherwise in writing by the Franchisor that have been approved by the Franchisor for use or sale under the Marks and the Restaurant System

1 32 Restaurant System

"Restaurant System" will mean the distinctive Products and Services associated with (a) the Big Boy's Burgers and Shakes Restaurant Business System, (b) the Franchisor's trademarks, trade names, service marks, and copyrights, (c) the Franchisor's distinctive interior and exterior building designs, decor, furnishings, menus, uniforms, slogans, statues, signs, logos, commercial symbols and color combinations, and (d) the uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising, and instructions promulgated by the Franchisor in connection with the operation of a Big Boy's Burgers and Shakes Restaurant

1 33 Salary or Salaries

"Salary" or "Salaries" will mean wages or hourly rate of pay, fringe benefits, federal and state withholding taxes and Social Security taxes

1 34 Signs

"Signs" will mean the interior and exterior signs used to advertise the Restaurant at the Franchised Location

1 35 Transfer or Transferred

"Transfer" or "Transferred" will mean to sell, assign, trade, transfer, lease, sublease or otherwise dispose of

1 36 Travel Expenses

"Travel Expenses" will include all transportation, lodging, food, entertainment, automobile rental, and related travel expenses

1 37 Week.

"Week" will mean a period of seven consecutive days from Monday through Sunday

1.38 Weekly Report

"Weekly Report" will mean the written record in the form and format set forth in the Operating System Manual of (a) the daily Gross Revenues, (b) the food costs and labor costs, and (c) such other information as may be required by the Franchisor, and submitted to the Franchisor for the Franchisee's Restaurant which will be provided to the Franchisor each Week during the Term of this Agreement

Article 2
GRANT OF LICENSE

2 1 Franchised Location

The Franchisor hereby grants the Franchisee the personal right to operate one Big Boy's Burgers and Shakes Restaurant in conformity with the Restaurant System using the name "Big Boy's Burgers and Shakes™" and the other Marks specified by the Franchisor in writing at the following single location ____________________________________ (the "Franchised Location)

2 2 <u>Undetermined Franchised Location</u>

If the Franchised Location has not been determined as of the Effective Date, then the geographic area in which the Franchisee's Restaurant is to be located will be described or otherwise defined in an exhibit signed by the parties and attached to this Agreement At such time as the address of the Franchised Location is determined, then the address will be inserted into this Agreement and initialed by the parties or will be described in an exhibit attached to this Agreement and signed by both parties

2.3 <u>Designated Area</u>

Except as provided to the contrary in this Article, the Franchisee will receive a "Designated Area" consisting of the area within a two mile radius from the Franchised Location The Franchisee's Designated Area is exclusive only to the extent that the Franchisor will not have the right to franchise, license develop, own or operate ("Develop") a Big Boy's Burgers and Shakes Restaurant in the Franchisee's Designated Area Notwithstanding the foregoing, the Franchisor will have the absolute right to (a) Develop other restaurant concepts under other brand names even if the locations for those restaurant concepts are located within the Designated Area, (b) Develop Big Boy's Burgers and Shakes Restaurants in the Designated Area if they are located at or within international airports, major theme or entertainment parks, casinos, hospitals, mass merchandising outlets, government facilities or professional sports stadiums, (c) market, distribute and sell foods and other products on a wholesale or retail basis, under any of the Marks, in vending machines, convenience stores, grocery stores, retail and online outlets, and by direct sale, the Internet, mail order, infomercials, telemarketing or by any and all other marketing and distribution methods, even if such sales are made to customers or by distributors or retailers who are located in the Designated Area and (d) advertise, promote and participate in special promotions in the Designated Area, including, without limitation, cooking, recipe or restaurant competitions, sporting events, and fund-raising and charitable events, as well as other outdoor catering events

2 4 <u>Lease or Purchase of Franchised Location</u>

The Franchisee will not sign any lease or purchase agreement or obtain any related rights to possession, occupancy or ownership of the Franchised Location prior to the review and approval by Franchisor of the applicable agreement Franchisee must lease, sublease or purchase the land building for the Franchised Location within 120 days following the Effective Date of this Agreement in accordance with the provisions of Article 19 hereof

2 5 <u>Conditions</u>

The Franchisee hereby undertakes the obligation to operate a Big Boy's Burgers and Shakes Restaurant using the Restaurant System at the Franchised Location in strict compliance with the terms and conditions of this Agreement for the entire Term The rights and privileges granted to the Franchisee by the Franchisor under this Agreement are applicable only to the single location designated as the Franchised Location, are personal in nature, and may not be used by the Franchisee at any other location, or in any other channel of distribution, other than the Franchised Location

2 6 <u>Personal License</u>

The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement Neither the Franchisee nor any of the Owners have the right to transfer this Agreement or any rights under this Agreement, except as specifically provided for in this Agreement

2 7 <u>Personal Guaranty</u>

The Franchisee will secure the signatures of the Personal Guarantors on the Personal Guaranty attached to this Agreement on the Effective Date Franchisee acknowledges that the terms of the Personal Guaranty are incorporated herein by reference and shall be applicable to all duties and obligations of any kind owing by Franchisee in this Agreement

Article 3
TERM OF AGREEMENT

Unless terminated in accordance with the terms and conditions of this Agreement, the term of this Agreement (the "Term") will commence on the Effective Date and will continue thereafter for a period of Ten 10 years This Agreement will not be enforceable until it has been signed by both the Franchisee and the Franchisor and a signed copy has been delivered to the Franchisee

Article 4
INITIAL FEE

The Franchisee will pay the Franchisor an Initial Fee of $40,000, which is payable in full to the Franchisor on the date the Franchisee signs this Agreement The Franchisee acknowledges that (a) the Initial Fee is consideration for the Franchise granted to the Franchisee under this Agreement, (b) the Initial Fee has been fully earned by the Franchisor, and (c) the Initial Fee will not be refundable to the Franchisee for any reason or under any circumstances

Article 5
ROYALTY FEES, MARKETING AND ADVERTISING FEES

5 1 Amount of Royalty Fees
In addition to the Initial Fee, the Franchisee will, for the entire Term of this Agreement, pay the Franchisor royalty fees equal to five percent (54%) of the Franchisee's weekly Gross Revenues for the preceding Week ("Royalty Fees") The weekly Royalty Fees payable to the Franchisor under this Article will be due and payable by the Franchisee on or before the eighth day after the end of each Week during the entire Term of this Agreement

5 2 Big Boy Production Fund, Inc
The Franchisor has established the Big Boy Production Fund, Inc (the "Fund") to create marketing materials, branding and campaigns Franchisee restaurants will contribute to the Fund weekly production fees equal to one- half percent (5%) of the Franchisee's weekly Gross Revenues for the preceding Week ("Production Fees") The Franchisee will spend three percent (3 0%) of weekly Gross Revenues for local market advertising The Franchisor will have the right to increase the weekly Production Fees up to one percent (1%) of the Franchisee's weekly Gross Revenues by giving the Franchisee 90 day written notice of the increase In that event, beginning on the later of (i) the first day of the fourth month after the date the written notice is received by the Franchisee or (ii) the date specified in the written notice from the Franchisor, the Franchisee will, for the remaining Term of this Agreement, pay the Fund Production Fees equal to one percent (1%) of the Franchisee's weekly Gross Revenues The weekly Production Fees payable to the Fund under this Article will be due and payable by the Franchisee on or before the eighth day after the end of each Week during the entire Term of this Agreement The Fund will be accounted for separately from the Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs and overhead the Franchisor may incur in activities related to the administration of the Fund and its programs The Fund will have the absolute and unilateral right to determine when, how and where the Production Fees will be spent or committed including, but not limited to, the right of the Fund to purchase and pay for (a) food photography, newspaper program, product depletion, guest satisfaction program, creative on demand, statue maintenance, product research and development, development of logotypes and slogans, production materials and costs, point of sales promotional materials, ad slicks, banners, signs, brochures, radio, television, cable, newspaper, magazine and other print advertising, services provided by advertising agencies, market research, customer retention and incentive programs, food truck, direct mail advertising,

telemarketing, media time and space advertising, Internet advertising, promotions, marketing, public relations, national, regional and local advertising, and all other forms and methods of advertising, promotion, marketing, research, sponsorships and public relations that the Fund deems, in its sole judgment, appropriate and in the best interests of all Big Boy franchisees and the Restaurant System, and (b) all internet and telephone charges, office rental, computers and computer software, furniture, fixtures and equipment, leasehold improvements, personnel salaries and benefits, travel costs, office supplies, collection costs (including attorneys' fees) paid in attempting to collect past due Production Fees from franchisees and all other costs and expenses associated with and incurred in connection with administering the Fund, Production Fees and the Advertising expenditures The Fund will not be required to spend the Production Fees in any particular market and will not be required to spend the Production Fees in the Franchisee's market area in proportion to the Production Fees paid by the Franchisee The Fund will have the right, but not the obligation, to spend all or part of the Production Fees paid by any franchisee in that franchisee's market area A summary showing the amount of the Production Fees received and the amount of the advertising expenditures for the calendar year will be prepared by the Fund on or before March 31st of each year for the preceding year and will, upon written request, be provided to the Franchisee Except as otherwise expressly provided in this Article, the Franchisor assumes no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the Fund The Franchisor does not act as trustee or in any other fiduciary capacity with respect to the Fund

5 3 <u>Local Advertising Expenditures</u>
The Franchisee will spend three percent (3%) of the weekly Gross Revenues for Local Market Advertising Fees The Franchisor will have the right to increase the Local Market Advertising Fees to five percent (5%) of Franchisees weekly Gross Revenues, by giving the Franchisee ninety (90) days written notice of the increase Alternatively, the Franchisee will participate in any local or regional Advertising Cooperatives upon notice by Big Boy of their formation

5 4 <u>Daily Report</u>
On or before 12 00 noon each day, the Franchisee will electronically submit the Daily Report for the Franchisee's Big Boy's Burgers and Shakes Restaurant to the Franchisor and the Fund for the previous Day The Report shall indicate all sales, including all detailed reports required by Franchisor Big Boy reserves the right to poll or audit Franchisees sales

5 5 <u>Franchisee's Obligation to Pay</u>
The Royalty Fees and Production Fees payable by the Franchisee under this Article will be calculated and paid by the Franchisee to the Franchisor and the Fund as provided herein each Week, during the entire Term of this Agreement, on or before 12 00 noon on the eighth day following the end of the week The Franchisee's obligation to pay the Royalty Fees and Production Fees pursuant to the terms of this Agreement will be absolute and unconditional, and will remain in full force and effect until the Term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions set forth in this Agreement and applicable law The Franchisee will not have the "right of offset" for any payments due to the Franchisor and the Fund and, as a consequence, the Franchisee will timely pay all Royalty Fees and Production Fees due and payable under this Agreement regardless of any claims or allegations the Franchisee may allege against the Franchisor or the Fund The Franchisor's or the Fund's acceptance of any payments of Royalty Fees and Production Fees will be without prejudice and will not constitute a waiver of the Franchisor's rights to claim a payment deficiency or to audit the Franchisee's Financial Records All payments of Royalty Fees and Production Fees will be applied first to the oldest amounts owing and the interest charges and administrative fees in connection therewith

5 6 Pre-Authorized Bank Debits

The Franchisee will, from time to time during the Term of this Agreement, execute such documents as the Franchisor may request to provide the Franchisee's unconditional and irrevocable authority authorizing and directing the Franchisee's bank to pay and deposit directly to the account of the Franchisor or the Fund, as the case may be, and to charge to the account of the Franchisee, the amount of the Royalty Fees and the Production Fees payable by the Franchisee pursuant to this Agreement The authorization will be in the form attached to this Agreement and will permit the Franchisor and the Fund to designate the amount to be debited or drafted from the Franchisee's account and to adjust the payments to the amount of the Royalty Fees and Production Fees payable by the Franchisee If the Franchisee fails at any time to provide the required Weekly Reports, then the Franchisor and the Fund will have the absolute right to debit the Franchisee's bank account for the same amount of the Royalty Fees and Production Fees that were payable by the Franchisee according to the last Weekly Report received from the Franchisee The Franchisee will, at all times during the Term of this Agreement, maintain a balance in its bank account sufficient to allow the appropriate amount to be debited from the Franchisee's bank account for the Royalty Fees and Production Fees payable by the Franchisee

Article 6
FINANCIAL STATEMENTS

6 1 Financial Statements

The Franchisee must engage an accounting firm prior to opening The Franchisee will, at its expense, prepare Financial Statements for the Franchisee's Restaurant All Financial Statements will be in the form prescribed by the Franchisor in writing, will conform to the standard chart of accounts prescribed by the Franchisor and will be prepared in accordance with generally accepted accounting principles applied on a consistent basis The monthly Financial Statements for the Franchisee's Restaurant will be due within 15 days after the end of each month and the yearly Financial Statements will be due within 90 days after the Franchisee's fiscal year end

6 2 Substantiation of Weekly Report and Financial Statements

Within three business days after receiving a written request from the Franchisor, the Franchisee will provide the Franchisor with originals or exact copies of the Financial Records requested by the Franchisor to substantiate the information provided in the Weekly Report and Financial Statements submitted by the Franchisee pursuant to this Article

6.3 Sales and Income Tax Returns

Within 90 days after the Franchisee's fiscal year end, the Franchisee will furnish the Franchisor with copies of the Franchisee's yearly federal income tax returns filed by the Franchisee's Restaurant Within three business days after receipt of a written request from the Franchisor, the Franchisee will furnish the Franchisor with copies of all state sales tax returns filed by the Franchisee's Restaurant for each month of the current calendar year

6 4 Audit Rights

Within three business days after receiving written notice from the Franchisor, the Franchisee and the Franchisee's accountants will make all of Franchisee's computer and hand prepared Financial Records available to the Franchisor during business hours for review and audit by the Franchisor or its designee If the Financial Records are computerized, then the Franchisee will grant the Franchisor or its designees the absolute right to access the Franchisee's computer and software programs containing the Financial Records and the absolute right to copy the Financial Records to a computer disk or to any portable or other computer owned or controlled by the Franchisor The Financial Records for each fiscal year will be kept in a secure place by the Franchisee and will be available for audit by the Franchisor for at least five years from the date they are created The Franchisee will provide the Franchisor with adequate facilities to conduct the audit

6 5 Payment of Audit Costs

If an audit of the Franchisee's Financial Records reveals any deficiencies in the Royalty Fees, Production Fees or other amounts payable to the Franchisor under this Agreement, then the Franchisee will, within five days after receipt of an invoice from the Franchisor indicating the amounts owed, pay the deficiency owed to the Franchisor, together with interest as provided for herein If an audit by the Franchisor results in a determination that the Franchisee's Gross Revenues were understated by more than two percent (2%)or more in any month, quarter or year, then the Franchisee will, within five days after receipt of an invoice from the Franchisor, reimburse the Franchisor for all costs and expenses (including employee Salaries, Travel Expenses and audit fees) incurred by the Franchisor for the audit

6 6 Refusal to Submit Records or Permit Audit

The Franchisee's failure or refusal to provide the Financial Records requested by the Franchisor to substantiate the Weekly Report and Financial Statements in accordance with Article 6 2 or to produce the Financial Records in accordance with Article 6 4 will be grounds for the immediate termination of this Agreement by the Franchisor

6 7 Confidentiality of Financial Records

The Franchisor will maintain the confidentiality of all Financial Statements and Financial Records submitted by the Franchisee to the Franchisor pursuant to this Article However, any Financial Statements or Financial Records that are relevant to any issue in any arbitration or court proceeding between the Franchisor and the Franchisee may be disclosed or introduced into evidence in any such proceedings

Article 7
QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF FRANCHISEE

7 1 Quality and Service Standards

The Franchisor will develop, from time to time, uniform standards of quality, cleanliness and service regarding the business operations of the Franchisee's Big Boy's Burgers and Shakes Restaurant to protect and maintain (for the benefit of the Franchisor and all of its franchisees) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Restaurant System Accordingly, to ensure that all Big Boy's Burgers and Shakes franchisees maintain and adhere to the uniformity requirements and quality standards for the Products and Services associated with the Marks and the Restaurant System, the Franchisee agrees to maintain the uniformity and quality standards required by the Franchisor for all Products and Services associated with the Marks and the Restaurant System and agrees to the terms and conditions contained in this Article to assure the public that all Big Boy's Burgers and Shakes Restaurants will be uniform in nature and will sell and dispense quality Products and Services

7 2 Big Boy® Sandwich, Super Big Boy® Sandwich

The Franchisor has developed, advertised and marketed the Big Boy® sandwich and the Super Big Boy® sandwich (collectively, the "Big Boy® sandwiches") as signature products associated with the Restaurant System and the Marks The Franchisee will offer and sell the Big Boy® sandwiches, and the menus for the Franchisee's Big Boy's Burgers and Shakes Restaurant will prominently feature and describe the Big Boy® sandwiches in the manner approved by the Franchisor The Franchisee will not refer to any other sandwiches, hamburgers or other food items as a Big Boy® sandwich, or a Super Big Boy® sandwich

7.3 Compliance with Standards
The Franchisee will use the Marks and the Restaurant System in strict compliance with the moral and ethical standards, quality standards, health standards, operating procedures, specifications, requirements and instructions required by the Franchisor, which may be amended and supplemented by the Franchisor from time to time

7 4 Identification of Restaurant
The Franchisee will operate the Restaurant so that it is clearly identified and advertised as a Big Boy's Burgers and Shakes Restaurant The style and form of the words "Big Boy's Burgers and Shakes®" and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of the Franchisor The Franchisee will use the name "Big Boy's Burgers and Shakes®," the approved logos and all graphics commonly associated with the Restaurant System and the Marks which now or hereafter may form a part of the Restaurant System, on all paper supplies, furnishings, advertising, public relations and promotional materials, signs, stationery, business cards, linens, towels, napkins, aprons, menus, menu boards, food and beverage containers, placemats, uniforms, clothing and other materials in the identical combination and manner as may be prescribed by the Franchisor in writing The Franchisee will, at its expense, comply with all legal notices of registration required by the Franchisor or its attorneys and will, at its expense, comply with all trademark, trade name, service mark, copyright, patent or other notice markings that are required by the Franchisor or by applicable law

7 5 Other Business
The Franchisee will use the Franchised Location solely for the operation of a Big Boy's Burgers and Shakes Restaurant and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location without the prior written consent of the Franchisor The Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which a trademark, service mark, trade name, logo, slogan, or commercial symbol owned by any person or Entity other than the Franchisor is displayed, featured or used in connection with the Franchisee's Big Boy's Burgers and Shakes Restaurant without the prior written consent of the Franchisor

7 6 Franchisee's Name
The Franchisee will not use the name "Big Boy's Burgers and Shakes®" or any derivative thereof as the legal name of its Entity or sole proprietorship name The Franchisee will hold itself out to the public as an independent contractor that is operating its Restaurant as a franchised Big Boy's Burgers and Shakes Restaurant The Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that the Franchisee is operating its Restaurant as an independent contractor pursuant to this Agreement

7 7 Approved Advertising
The Franchisee will not conduct any advertising or promotion for its Restaurant unless and until the Franchisor has given the Franchisee prior written approval for all concepts, content, materials and media proposed for any such advertising and/or promotion The Franchisee will not permit any third party to advertise its business, services or products on the premises of or in connection with the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisor will at all times have the right to remove any unauthorized advertising or promotional materials from the Franchisee's Restaurant at the Franchisee's expense All advertising and other materials provided to the Franchisee by the Franchisor or contained in the current Operating System Manual will be deemed to be approved

7 8 **Telephone Directory Listings**

The Franchisee will, at its expense, continually list and advertise in the "Yellow Pages" in the Franchisee's market area under the heading of "Restaurants" and under other headings or listings designated by the Franchisor in writing The format, size and content of the listings and advertising copy will conform in all respects to the standards established by the Franchisor in the Operating System Manual The Franchisee will, at its cost, also list in the "White Pages" of the Franchisee's market area under the name "Big Boy's Burgers and Shakes ®"

7 9 **Television, Vending and Gaming Machines, Tickets**

Except with the prior written approval of the Franchisor, which may be withheld at the sole and absolute discretion of the Franchisor, the Franchisee will not (a) permit any jukebox, television, video and electronic games, vending machines (including cigarette, gum and candy machines), rides or other mechanical or electronic entertainment devices, coin or token operated machines (including pinball), or gambling machines or other gambling devices to be used on the premises of the Franchised Location, or (b) offer for sale or allow employees to offer for sale at or near the Franchised Location any tickets, subscriptions, pools, chances, raffles, lottery tickets or pull tabs

7 10 **Standard Attire or Uniforms**

The Franchisee will require its employees to wear the standard attire or uniforms described in the Operating System Manual or uniform approved in writing by Franchisor All employees of the Franchisee will wear clean and neat attire or uniforms and will practice good personal hygiene

7 11 **Business Hours, Personnel**

The Franchisee's Big Boy's Burgers and Shakes Restaurant will be open during the times and hours specified by the Franchisor in the Operating System Manual, unless the Franchisor has agreed to different hours and times in writing The Franchisee will at all times during business hours have management personnel on duty who are responsible for supervising the employees and the business operations of the Franchisee's Restaurant The Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the Franchisee's customers The Franchisee will take such steps as are necessary to ensure that its employees develop and preserve good customer relations, render competent, prompt, courteous and knowledgeable service and meet the quality and service standards established by the Franchisor

7 12 **Credit Cards**

Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Big Boy Restaurant to accept such methods of payment from its customers Franchisee shall also accept debit cards, stored value gift cards or other non-cash payment systems specified by Franchisor to enable customers to purchase authorized products and services Franchisee shall obtain all necessary hardware and/or software used in connection with these non-cash payment systems At all times, Franchisee shall maintain credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, and electronic funds transfer systems (together, "Credit Card Vendors") that Franchisor designates as mandatory, The term Credit Card Vendors includes among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet") Franchisee may not use any Credit Card Vendors that Franchisor has not approved in writing or for which Franchisor has revoked approval Franchisor has the right to modify the requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke approval of any such service provider Franchisee must sign a Gift Card Participation Agreement if required to designate a vendor or to establish procedures for administering the gift card program Franchisee must comply with Franchisor's credit card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Confidential Operations Manual Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www pcisecuritystandards org), or any successor organization or standards that we may reasonably specify Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards Franchisee must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit In the event Franchisee is unable to demonstrate full compliance, Franchisor may require that Franchisee engages the services of an approved suppler to assist you on an ongoing basis Having a secure managed firewall that meets Franchisor's system standards is one part of the current requirement Franchisee will be required to enter into a contractual relationship directly with an approved managed firewall supplier The Franchisee will honor only those credit, charge, courtesy or cash cards or other credit devices that are required or approved by the Franchisor in writing The Franchisee must obtain the written approval of the Franchisor prior to honoring any unapproved credit, charge, courtesy or cash cards, or other credit devices The Franchisee is required to comply with Payment Card Industry (PCI) data security standards

7 13 <u>Gift Cards, Certificates and Coupons</u>

The Franchisee will not create, sell or issue gift cards or certificates and will not issue coupons or discounts of any type except as may be approved in advance in writing by the Franchisor The Franchisee will participate in all electronic and written gift certificate, gift card, coupon and customer loyalty programs approved by the Franchisor and will purchase or acquire all equipment necessary to accept electronic and written gift certificates, gift cards, coupons, and customer loyalty rewards and cards in the manner prescribed in the Operating System Manual

7 14 <u>Music and Music Selection</u>

In order to maintain the image and ambiance associated with the Restaurant System, the Franchisee will only play the music and music selections that have been approved by the Franchisor in the Operating System Manual or otherwise in writing

7 15 <u>Standards of Service</u>

The Franchisee will at all times give prompt, courteous and efficient service to its customers The Franchisee will, in all dealings with its customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct

7 16 <u>Security and Safety</u>

The Franchisee will be responsible for implementing, obtaining, installing and maintaining the security and safety procedures, measures, devices and systems necessary to adequately protect the employees, public, guests and customers of the Franchisee's Big Boy's Burgers and Shakes Restaurant during and after business hours

7 17 <u>Equipment and Supplies</u>

The Franchisee will, at its sole expense, obtain and maintain at all times during the Term of this Agreement, the FF&E, inventory and supplies required by the Franchisor for use in the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant which must meet the then-current standards and specifications established by the Franchisor

7 18 <u>Maintenance</u>

The Franchisee will, at its expense, repair, paint and keep in a clean and sanitary condition the interior, the exterior, the parking lot, signage, statue, exterior lighting, and the grounds of the Franchised Location and the Franchisee's Restaurant, and will replace with Franchisor's approved specifications all floor coverings, wall coverings, light fixtures, curtains, blinds, shades, furniture, room furnishings, wall hangings, Signs, fixtures and other decor items as they become worn-out, soiled or in disrepair All mechanical equipment, including ventilation, heating and air conditioning, must be kept in good working order by the Franchisee at all times All replacement FF&E, Signs, statue, decor items, supplies and other items used in the Restaurant by the Franchisee must comply with the Franchisor's then-current standards and specifications

7 19 **Remodeling of Business Premises**
The Franchisee will make the capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("remodel" or "remodeling") the Franchisee's Restaurant and to replace and modernize the supplies and FF&E so that the Franchisee's Restaurant and the premises will reflect the then-current image of Big Boy's Burgers and Shakes Restaurants All remodeling and all replacements for the FF&E must conform to the Franchisor's then-current plans and specifications The Franchisee will commence remodeling the Franchised Location within four months after the date the Franchisee receives written notice from the Franchisor specifying the required remodeling, and will diligently complete such remodeling within six months after its commencement Except as provided for in Article 7 19 of this Agreement, the Franchisee will not be required to remodel the Restaurant, or to replace and modernize its FF&E more than once every five years during the Term of this Agreement

7 20 **Alterations to Restaurant**
The Franchisee will not install or permit to be installed on or above the Restaurant, without the prior written consent of the Franchisor, any FF&E, Signs, decor or other items not previously approved by the Franchisor

7 21 **Inspection Rights**
The Franchisee will permit the Franchisor or its representatives to enter, remain on, and inspect the Franchised Location whenever the Franchisor reasonably deems it appropriate and without prior notice to interview the Franchisee's employees and customers, to take photographs and videotapes of and examine the interior and exterior of the Franchised Location, to examine or review representative samples of the Products and Services sold or used at the Franchisee's Restaurant, and to evaluate the quality of the Products and Services provided by the Franchisee to its customers The Franchisor will also have the right to send a representative of the Franchisor to dine at the Franchisee's Big Boy's Burgers and Shakes Restaurant to evaluate the operations of the Franchisee's Big Boy's Burgers and Shakes Restaurant and the quality of the Products and Services provided by the Franchisee to its customers The Franchisor will have the right to use all interviews, photographs and videotapes of the Franchisee's Restaurant for such purposes as the Franchisor deems appropriate including, but not limited to, use in advertising, marketing and promotional materials The Franchisee will not be entitled to, and hereby expressly waives, any right that it may have to be compensated by the Franchisor, its advertising agencies, and other franchisees of Big Boy Restaurants for the use of such photographs or videotapes for advertising, marketing and promotional purposes The Franchisor will not use any photographs of the Franchisee's employees or customers unless written releases have been obtained by the Franchisor

7 22 **Operating Partner, Management of Big Boy Restaurant**
If the Franchisee is an Entity, Franchisee must designate in Exhibit A as the "Operating Partner" an individual approved by the Franchisor who must (a) own and control or have the right to own and control (subject to reasonable conditions acceptable to Franchisor) not less than 10% of the equity and voting rights of Franchisee, (b) have the authority to bind the Franchisee regarding all operational decisions with respect to the Restaurant, and (c) have completed Franchisor's training program to Franchisor's satisfaction The Franchisee or the Operating Partner (a) shall exert full-time and best efforts to the development and operation of the Restaurant, and (b) may not engage in any other business or activity,

directly or indirectly, that requires substantial management responsibility or time commitment or otherwise may conflict with Franchisee's obligations hereunder The Restaurant at all times must be managed by the Franchisee (if an individual), the Operating Partner, or a General Manager who has completed Franchisor's training program to Franchisor's satisfaction The Franchisee will be totally and solely responsible for the operation of its Restaurant, and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Franchisee The Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations The Franchisor will not have any right, obligation or responsibility to hire, control, supervise or manage the Franchisee's employees, agents or independent contractors

7 23 <u>Disclosure of Ownership Interests</u>

Franchisee and the Owners represent, warrant and agree that Exhibit A is current, complete and accurate Franchisee agrees that an updated Exhibit A will be furnished to Franchisor promptly so that Exhibit A (as so revised by Franchisee) is at all times current, complete and accurate Each Owner must be an individual acting in his or her individual capacity, unless Franchisor waives this requirement

7 24 <u>Compliance with Applicable Law</u>

The Franchisee will, at its expense, comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling of the Franchised Location and the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant including, but not limited to, all health, food service and liquor licensing laws, all health and safety regulations, all environmental laws, all laws relating to employees, including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability discrimination laws, Americans with Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Occupational Safety and Health Act, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, and Employee Retirement Income Security Act Franchisee agrees to abide by all applicable laws pertaining to the privacy of customer, employee and transactional information ("Privacy Laws") The Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for the Franchisee's Big Boy's Burgers and Shakes Restaurant, for obtaining and qualifying for all such licenses and permits, and for complying with all applicable laws

7 25 <u>Payment of Taxes</u>

The Franchisee will be absolutely and exclusively responsible and liable for filing all required tax returns and for the prompt payment of all federal, state, city and local taxes including, but not limited to, individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F I C A taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes ("Taxes") payable in connection with the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisor will have no liability for any Taxes which arise or result from the Franchisee's Restaurant and the Franchisee will indemnify the Franchisor for all Taxes that may be assessed or levied against the Franchisor which arise out of or result from the Franchisee's Restaurant

7 26 <u>Payments to Creditors</u>

The Franchisee will timely pay all of its obligations and liabilities due and payable to all suppliers, landlords, lessors, vendors, creditors and the Franchisor for all services, products and goods purchased by the Franchisee

7 27 **Security Interest in Franchise Agreement**
This Agreement and the Franchise granted to the Franchisee hereunder may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment or execution by the Franchisee's creditors or any financial institution, except with the prior written approval of the Franchisor Franchisee will not grant any security interest or lien against the Big Boy® Statue or signage to anyone other than Big Boy

7 28 **Default Notices and Significant Correspondence**
The Franchisee will deliver to the Franchisor, immediately upon receipt by the Franchisee or delivery at the Franchised Location, copies of all (a) notices of default or lawsuits received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party with respect to the Franchised Location, (b) legal proceeding or lawsuit claiming damages in excess of $5,000 relating in any way to the Franchisee's Restaurant or to the Franchised Location, (c) consumer complaints/claims made in writing , (d) written employee complaints or claims, including any matters relating to employment laws, and (e) written inspection reports or any other notices, claims, reports, warnings citations, or liens, from or by any governmental authority, including any health or safety authority Upon written request, the Franchisee will provide such additional information as may be required by the Franchisor regarding the disclosed matter

7 29 **Catastrophes**
If the Restaurant or the Franchised Location is damaged or destroyed by fire or other casualty, then the Franchisee will, within 90 days thereafter, initiate the repairs and reconstruction necessary to restore the Franchised Location and the Restaurant to its original condition prior to such casualty If in the reasonable judgment of the Franchisor, the damage or destruction is of such a nature or extent that it is feasible for the Franchisee to repair or reconstruct the premises of the Restaurant in conformance with the then-current standard Big Boy's Burgers and Shakes Restaurant decor specifications without incurring substantial additional costs, then the Franchisor may require the Franchisee to do so by giving written notice to the Franchisee A Restaurant closed due to fire or other casualty will not be considered abandoned

7 30 **Health Classification and Maintenance of Standards**
The Franchisee will at all times operate and maintain the Franchisee's Big Boy's Burgers and Shakes Restaurant in a manner that will insure that the Franchisee's Big Boy's Burgers and Shakes Restaurant will obtain the highest health classification possible for restaurants of like kind from the governmental authorities that inspect restaurants in the area in which the Restaurant is operated If the Franchisee is not able to obtain this health classification, or if the Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required the by Franchisor, then the Franchisor may, at its option, place such trained personnel in the Franchisee's Big Boy's Burgers and Shakes Restaurant as the Franchisor deems necessary to train the Franchisee's operating personnel until the Restaurant can obtain the highest health classification or meet the general standards The Franchisee will pay the Franchisor's Travel Expenses, employee compensation costs and other costs of providing personnel to the Franchisee's Restaurant The Franchisor may modify its procedures and policies with regard to health classification requirements, and may require that the Franchisee post its health classification report in a conspicuous place in the Franchisee's Big Boy's Burgers and Shakes Restaurant to insure the public's access to such information

7 31 **Periodic Inspections**
The Franchisor will have the absolute right to inspect, evaluate, videotape and photograph the Franchisee's Big Boy's Burgers and Shakes Restaurant at any time during normal business hours to determine whether the Franchisee is complying with the standards set forth in the Operating System Manual, the standards of quality and service associated with the Business System and the terms and conditions of this Agreement ("Inspection ") The results of each Inspection will be provided to the

Franchisee in writing If the Franchisee fails to attain a passing score as specified in the Operating System Manual on any Inspection conducted by the Franchisor, then the Franchisee will have 30 days from the date the Franchisee receives the written Inspection report from the Franchisor to correct the operational deficiencies specified in the Inspection report If the operational deficiencies are not corrected within 30 days, then the Franchisor will have the right to terminate this Agreement as provided herein

7 32 Hiring Restrictions

The Franchisee will not employ nor seek to employ any General Manager or Assistant Manager who is, or has been during the previous three months, employed by the Franchisor or any other Big Boy franchisee without first obtaining the consent of that person's employer or former employer and will not, directly or indirectly, induce any General Manager or Assistant Manager to leave his or her employment with any Big Boy's Burgers and Shakes Restaurant

7 33 Social Media

Franchisee may not establish a presence on, or marketing using, the Internet or any social media, such as, without limitation, Facebook, Twitter, Four Square, etc , in connection with the Restaurant without Franchisor's prior written consent Franchisor has established and maintains an Internet website at the uniform resource locator www bigboy com, www bigboysburgersandshakes com, that provides information about the System and the products and services that Franchisor and its franchisees provide Franchisor will include at the Big Boy website an interior page containing information about the Restaurant If Franchisor includes such information on the Big Boy website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides All such information shall be subject to Franchisor's approval prior to posting Any websites or other modes of electronic commerce that we establish or maintain may - in addition to advertising and promoting products, programs or services available at the Restaurants – also be devoted in part to offering franchises for sale and be utilized by Franchisor to exploit the electronic commerce rights we alone reserve in this Agreement Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements Franchisor 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 may furnish to us as provided herein Franchisor retains the sole right to approve any linking to, or other use of, the Big Boy website In additions to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and system-wide communications (among other activities) can be effected

Article 8
PRODUCTS AND SERVICES

8 1 Products and Services

The Franchisee will offer and sell only the Products and Services specified in the Operating System Manual or that have been approved in writing by the Franchisor The Franchisee will not, under any circumstances, have the right to offer or sell any other foods, beverages, merchandise or services that are not specified in the Operating System Manual or otherwise approved by the Franchisor in writing The Franchisee will offer and sell all of the Products and Services specified in the Operating System Manual or otherwise approved by the Franchisor in writing and will maintain sufficient inventories to realize the full economic potential of the Restaurant From time to time at its discretion, the Franchisor may notify the Franchisee through written notice that it has modified, added or deleted Products and Services to be offered by Franchisee Such changes may be immediate if requested by Franchisor The Franchisee will offer for sale and sell the Products and Services only on a retail basis (to the end user) from the Franchised Location and will not sell any Products and Services or other foods, beverages, merchandise or services under any of the Marks or the Business System (a) on a wholesale basis (for resale to another retailer or wholesaler), (b) on a retail basis at or from any other location other than the Franchised Location (except as approved by the Franchisor in writing), (c) by means of the Internet, catalogue sales, mail order sales, infomercials or telemarketing, or (d) by any other means or methods of sales or distribution The Franchisee will have the absolute right to sell all Products and Services to its customers and guests at whatever prices and on whatever terms it deems appropriate

8 2 Approved Suppliers

The Franchisee acknowledges that the reputation and goodwill of Big Boy's Burgers and Shakes Restaurants is based on, and can be maintained only by, the sale of distinctive high quality products and services Therefore, the Franchisee agrees that the Restaurant will use and/or offer for sale only food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from Approved Suppliers (which may include the Franchisor and/or any of its Affiliates) The Franchisor may modify the list of Approved Suppliers and/or approved brands After notice of such modification, the Franchisee may not reorder any brand or from any supplier which is no longer an Approved Supplier If the Franchisee proposes to use any brand and/or supplier which is not then approved by us, you must first notify the Franchisor and submit sufficient information, specifications and samples concerning such brand and/or supplier so that the Franchisor can decide whether such brand complies with our specifications and standards and/or such supplier meets the Franchisor's approved supplier criteria The Franchisor has the right to charge reasonable fees to cover our costs The Franchisor will notify the Franchisee of its decision within a reasonable period of time The Franchisor may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which the Franchisor may require to be incorporated in a written agreement Franchisor may impose limits on the number of suppliers and/or brands for any of the foregoing items Subject to the provisions contained in this Article 8 2, the Franchisee acknowledges and agrees that (i) the Franchisor and/or its Affiliates may receive payments, fees, commission or reimbursements from suppliers and third parties in respect to such purchases, (ii) the Franchisor and/or its Affiliates may have investments in such suppliers, and (iii) the Franchisor and/or its Affiliates may profit from the Franchisee's purchases from approved suppliers The Franchisee must maintain at all times an inventory of approved food products, beverages, ingredients and other products sufficient in quantity, quality and variety to realize the Restaurant's full potential Franchisor may conduct market research to determine consumer trends and salability of new food products and services Franchisee agrees to cooperate by participating in Franchisor's market research programs by test marketing new food products and services in the Restaurant and providing to the Franchisor timely reports and other relevant information regarding such market research The Franchisee must purchase a reasonable quantity of such test products and make a reasonable effort to sell them

8.3 Delivery and Catering

The Franchisee will not, without the prior written consent of the Franchisor, offer or provide delivery or catering services for any of the Products and Services

8 4 Alcoholic Beverages

The Franchisee will not serve beer, wine, liquor or other alcoholic beverages at or from its Big Boy's Burgers and Shakes Restaurant, except with the prior written approval of the Franchisor, which approval may be withheld at the sole and absolute discretion of the Franchisor

8 5 Payments to Franchisor

The Franchisee acknowledges that the Franchisor may receive commissions, volume discounts, purchase discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments ("Payments") based upon purchases of Products and Services from Approved Suppliers, the Franchisor, and/or other suppliers, vendors and distributors ("Suppliers" or "Supplier") Any Payments received by the Franchisor from any Suppliers as a result of or based on the Franchisee's purchases from those Suppliers will be the exclusive property of the Franchisor and the Franchisee will not have any right to any Payments received by the Franchisor from any Suppliers If the Franchisor is a Supplier for any Products and Services and if the Franchisee purchases Products and from the Franchisor, then any Payments made to the Franchisor by any Supplier that are based on the Franchisee's purchases of any Products and Services from the Franchisor will be the exclusive property of the Franchisor and the Payment will be deemed to be a reduction of the price paid by the Franchisor for the Products and Services sold to the Franchisee by the Franchisor The Franchisee will not, under any circumstances, have the right to receive or claim the right to any portion of any Payments received by the Franchisor from any Supplier for the sale of any Products and Services purchased by the Franchisor and thereafter sold to the Franchisee by the Franchisor

8 6 Branding of Products

The Franchisee will not under any circumstances have the right to (a) use or display the Marks on or in connection with any product or service other than the Products and Services, (b) acquire, develop or manufacture any product under the name "Big Boy's Burgers and Shakes™" or any of the Marks, or direct any other person or Entity to do so, (c) acquire, develop or manufacture any product that has been developed or manufactured by or for the Franchisor for use in conjunction with the Restaurant System and which is sold under any of the Marks, or direct any other person or Entity to do so, and (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any of the Franchisor's proprietary products or other Products and Services

8 7 Independent Shopping Services

The Franchisor will have the right to hire an independent shopping service to visit, dine at and/or evaluate the Franchisee's Big Boy's Burgers and Shakes Restaurant and the quality of the foods, beverages and services provided to customers by the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisor will determine the number and frequency of the visits the shopping service will make to the Franchisee's Big Boy's Burgers and Shakes Restaurant and the form of the reports the shopping service will provide to the Franchisor

Article 9
CONFIDENTIAL OPERATING SYSTEM MANUAL AND OTHER CONFIDENTIAL INFORMATION

9 1 Compliance with Operating System Manual

The Franchisor will make the Operating System Manual (collectively, the "Operating System Manual") available for review on the Big Boy Intranet and Learning Center Web Site To protect the confidentiality of the manuals, the Franchisor will require that the Franchisee execute a confidentiality agreement The Franchisee will conform to the common image and identity created by the foods, food items, beverages, products, music, food portions, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation and services associated with its Big Boy's Burgers and Shakes Restaurant which are portrayed and described by the Operating System Manual The Franchisee will modify the operations of the Restaurant to implement all changes, additions and supplements made by the Franchisor to the Restaurant System which are reflected in the Operating System Manual as promptly as reasonably possible The Franchisee will implement all operational changes to the Restaurant System deemed necessary by the Franchisor to (a) improve the standards of service or the food, food items, beverages, and products offered for sale under the Restaurant System, (b) protect the goodwill associated with the Marks, (c) improve the operation of the Franchisee's Restaurant, and (d) protect the health and safety of the Franchisee's employees, customers or guests The Franchisor reserves the right to revise the Operating System Manual at any time during the Term of this Agreement The Operating System Manual and all supplements, changes and additions to the Operating System Manual are and will be deemed confidential in all respects and will be deemed to be trade secrets of the Franchisor The Franchisee will not use the Operating System Manual or any information contained therein in connection with the operation of any other restaurant or other business or for any purpose other than in conjunction with the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant

9 2 Revisions to Operating System Manual

The Franchisor may from time to time revise the Operating System Manual, and the Franchisee expressly agrees to operate its Big Boy's Burgers and Shakes Restaurant in accordance with all such revisions The Franchisee will at all times keep its Operating System Manual (which is located on the Big Boy Intranet) current and up-to-date, and in the event of any dispute regarding the Operating System Manual, the terms of the most recent version of the master copy of the Operating System Manual maintained by the Franchisor will be controlling in all respects

9 3 Confidentiality of Operating System Manual

The Operating System Manual will, at all times during the Term of this Agreement and thereafter, remain the sole and exclusive property of the Franchisor The Franchisee will treat the Operating System Manual and any other manuals created for or approved for use in the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant as secret and confidential and the Franchisee will use all reasonable means to keep such information secret and confidential Neither the Franchisee nor any employees of the Franchisee will make any copy, duplication, record or reproduction of the Operating System Manual, or any portion thereof, available to any unauthorized person

9 4 Confidentiality of Other Information

The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing to the Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology and data used in connection with the Restaurant System The Franchisee will not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or Entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Restaurant which may be communicated to the Franchisee, or of which the Franchisee may be apprised by virtue of this Agreement The Franchisee will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the Franchisee's Big Boy's Burgers and Shakes Restaurant Any and all information, knowledge and know-how including, without limitation, drawings, memos, letters, writings, e-mails, reports, client lists, materials, equipment, technology, methods, procedures, techniques, recipes, specifications, computer programs, systems and other data which the Franchisor copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement

Article 10
SITE SELECTION, CONSTRUCTION COSTS, BUSINESS PREMISES SPECIFICATIONS

10 1 Site Selection

The Franchisee will be solely responsible for selecting the site of the Franchised Location for the Franchisee's Big Boy's Burgers and Shakes Restaurant, regardless of whether the Franchised Location is owned or leased by the Franchisee The Franchisee will retain an experienced commercial real estate broker or salesperson that has a minimum of five years' experience in locating restaurant sites to advise the Franchisee and to locate, acquire, purchase or lease the site for the Franchisee's Big Boy's Burgers and Shakes Restaurant Accordingly, no provision in this Agreement will be construed or interpreted to impose any obligation upon the Franchisor to locate a site for the Franchised Location, to assist the Franchisee in the selection of a suitable site for the Franchised Location, or to provide any assistance to the Franchisee in the purchase or lease of the Franchised Location

10 2 Site Selection Criteria.

The Franchisee will not lease, purchase or otherwise acquire a site for the Franchised Location until such information as the Franchisor may require regarding the proposed site has been provided to the Franchisor by the Franchisee, and either the Franchisor has issued a notice that the site meets the Franchisor's criteria or the Franchisee has executed the site release as required by Article 10 3 of this Agreement The Franchisor requires the Franchisee to submit a "Franchise Site Package" with information relating to, among other things, accessibility, visibility, potential and actual traffic flows, population trends, household income and financial statistics, lease terms and other demographic information A complete Franchise Site Package includes a plot plan, site plan, site photographs, competition map, demographic package, either a control document (including an offer to purchase and terms) or a lease, a financing commitment, budget development costs, and the sales history of a conversion (if applicable) The Franchisee will also be required to provide a break-even analysis, a projected 1st year profit and loss statement, including income and expenses, rent, equipment rent, depreciation, debt payments, net income, operating cash flow, annualized net R O I and annualized cash on cash R O I The review of the site conducted by the Franchisor will not be deemed to be a warranty, representation or guaranty by the Franchisor that if the Franchisee's Big Boy's Burgers and Shakes Restaurant is opened and operated at that site, it will be a financial success The Franchisor will have the right to require that the Franchisee obtain, at the Franchisee's expense, an economic feasibility and demographics study for the proposed site of the Franchised Location Any feasibility and demographics study required by the Franchisor will be completed by a real estate or marketing expert mutually agreed upon in writing by the Franchisor and the Franchisee

10 3 Site Release

Within 30 days after completing its review of a proposed site for the Franchised Location, the Franchisor will provide written notice to the Franchisee stating that the proposed site meets the Franchisor's site criteria, or listing the criteria that the site does not meet The decision to locate the Franchised Location at the proposed site is solely that of the Franchisee However, if the Franchisee chooses to locate the Franchised Location at a proposed site for which the Franchisor has notified the Franchisee that certain site criteria has not been met, then the Franchisee must execute a release, in the form prescribed by the Franchisor, releasing the Franchisor and its officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims arising from, in connection with, or as a result of developing the Franchised Location at the site proposed by the Franchisee, or relating in any way to the Franchisor's review of the proposed site The Franchisee will not sign any lease, purchase agreement or obtain any related rights to possession, occupancy or ownership to any site, or premises located on any site, to which the Franchisor has objected unless and until the Franchisee has executed the release required pursuant to this provision

10 4 Floor Plans and Layout, Construction Plans

The Franchisor will, at its expense, provide the Franchisee with design criteria and specifications for its prototypical floor plan and a layout for a free standing Big Boy's Burgers and Shakes Restaurant, or an in-line or end cap prototype, including the layout for the restrooms, kitchen, customer seating, refrigeration, ovens, burners, preparation lines, bussing stations, dry storage, point-of-sale system, and individual cash registers The Franchisee will, at its cost, retain Big Boy's approved kitchen consultant and a licensed architect and will be responsible for the preparation of working drawings, construction plans and architectural plans and specifications for the construction, renovation or remodeling of the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisee will provide to the Franchisor the final build out expense, a final set of as-built construction drawings and any other construction information reasonably requested by the Franchisor The Franchisee will not have the right to use any working drawing, construction plans, or architectural plans and specifications for the construction of the Franchisee's Restaurant until they have been reviewed and approved by the Franchisor in writing The Franchisee will be responsible for the accuracy of all drawings, plans and specifications used for the construction, renovation or remodeling of the Franchisee's Restaurant Construction will not commence until the Franchisor has the opportunity to review the construction plans

10 5 Compliance with Specifications

The Franchised Location and the Franchisee's Restaurant will conform to all specifications for decor, FF&E, exterior and interior decorating designs and color schemes established by the Franchisor and the Franchisee will obtain the materials and equipment from Big Boy's Approved Suppliers The Franchisee will obtain and pay for the FF&E, inventory and supplies specified by the Operating System Manual or otherwise in writing by the Franchisor used by the Franchisee for the operation of its Big Boy's Burgers and Shakes Restaurant The FF&E used in the Franchisee's Big Boy's Burgers and Shakes Restaurant must be installed and located in accordance with the floor plans approved by the Franchisor and must conform to the quality standards and uniformity requirements established by the Franchisor

10 6 Construction and Remodeling Costs

The Franchisee will, at its expense, be solely responsible for all costs and expenses incurred for the construction, renovation or remodeling of the Franchisee's Big Boy's Burgers and Shakes Restaurant at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the floor plans and layouts necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors Construction will not commence until the Franchisor has the opportunity to review the construction plans

10 7 Inspection during Construction or Renovation

The Franchisee will be solely responsible for inspecting the Franchised Location during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by the Franchisor The Franchisee will be solely responsible for complying with all applicable local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by all federal, state, city, municipal and local laws in connection with the construction or renovation of the Franchisee's business premises at the Franchised Location The Franchisor will have no responsibility to the Franchisee or any other party if the Franchised Location is not constructed or renovated by the Franchisee or its architect or contractor (a) according to the standard specifications established by the Franchisor; (b) in compliance with all applicable federal, state or local laws or ordinances, or (c) in a workmanlike manner The Franchisee will not open the Restaurant for business without the Franchisor's prior written approval

Article 11
SIGNS

11 1 Approved Signs

The Franchisee will purchase or lease all of the Signs specified by the Franchisor for the Franchisee's Restaurant and the Franchised Location from Approved Suppliers of Big Boy All Signs at the Franchised Location must comply with the standard sign plans and specifications established by the Franchisor The Franchisor will provide the Franchisee with a copy of the standard sign plans and specifications and the Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit such plans and specifications to the Franchisor for its written approval Franchisee will have the responsibility to maintain and make timely repairs to all signs at Franchisee's expense The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Signs for any reason at any time during the Term of this Agreement Franchisee will relinquish to Franchisor on any termination or expiration of this Agreement, any ownership interest, whether by operation of law or otherwise, in and to any Signs, which will subsequently become the property of Franchisor

11 2 Statues

The Franchisee will purchase all Big Boy Statues (the "Statues") specified by the Franchisor for the Franchisee's Restaurant and the Franchised Location from Approved Suppliers of Big Boy All Statues at the Franchised Location must comply with the standard specifications established by the Franchisor Franchisee will have the responsibility to maintain and make timely repairs to the statues at Franchisee's expense The Franchisor will have the absolute right to inspect, examine, videotape and photograph the Statues for any reason at any time during the Term of this Agreement Franchisee will relinquish to Franchisor on any termination or expiration of this Agreement, any ownership interest, whether by operation of law or otherwise, in and to any Statues, which will subsequently become the property of Franchisor

11.3 Payment of Costs and Expenses

The Franchisee will, at its expense, be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work The Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs

11 4 Modifications, Inspection

The Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by the Franchisor in writing The Franchisor will have the unequivocal and unilateral right to redesign the plans and specifications for the Signs during the Term of this Agreement without the approval or consent of the Franchisee Within 30 days after receipt of written notice from the Franchisor, the Franchisee must, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the redesigned plans and specifications as issued by the Franchisor The Franchisee will not be required to modify or replace the Signs more than once every five years

11 5 Interior Signs and Graphics

The Franchisee will purchase and install in accordance with the Franchisor's written specifications all interior signs and graphics specified in writing from time to time by the Franchisor for use in the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisee will not, without the prior written consent of the Franchisor, install or display any sign, graphics, menu board, poster, display or advertisement, whether functional or decorative, other than those items specified in writing by the Franchisor

Article 12
OFFICE EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE

12 1 Office and Telecommunications Equipment, Telephone Lines

The Franchisee will, at its sole expense, obtain and maintain at all times during the Term of this Agreement, electronic telephone facsimile ("fax") equipment, and other telecommunications equipment for use in the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant as specified in the Operating System Manual, and, all telecommunications and fax equipment must be in operation to send and receive information 24 hours a day

12 2 Computer Equipment and Software

The Franchisee will, at its sole expense, purchase, lease, or acquire all of the Franchisor pre-approved Computer Equipment and Computer Software required for the operation of the Franchisee's Restaurant specified in the Operating System Manual including, but not limited to, the Computer Equipment and Computer Software for (a) the point-of-sale cash register system (the "POS System"), (b) the accounting system, (c) the processing of credit cards and bank debit cards, (d) the processing of Big Boy's Burgers and Shakes gift cards, and (e) the on-line inventory ordering software The Franchisee will, upon written notice from the Franchisor, update and upgrade the Computer Equipment and Computer Software as deemed necessary by the Franchisor from time to time for the efficient operation of the Restaurant The POS System must provide the information and functions (including payroll and employee timekeeping) described in the Operating System Manual The Franchisor will have the right to directly access and download all Financial Records, Financial Statements and other information contained in the POS System according to the protocol set forth in the Operating System Manual

12.3 Other Equipment

The Franchisee will purchase and pay for all other electronic and other equipment, including Computer Equipment and Computer Software, described in the Operating System Manual or otherwise in writing by the Franchisor, to electronically process credit cards, bank debit cards, gift certificates, gift cards, coupons and customer loyalty cards as specified in the Operating System Manual

12 4 Internet Provider

The Franchisee will, at all times during the Term of this Agreement, arrange for internet access and Wi-Fi for business purposes at the location

12 5 E-Mail Address

The Franchisee will, at all times during the Term of this Agreement, maintain an e-mail address on the Internet The Franchisee's e-mail address will be provided to the Franchisor and will be used as a method for the Franchisee and the Franchisor to communicate with each other and to transmit documents and other information The Franchisee will not use the words "Big Boy," "Big," "Boy", "Bob's", or "Big Boy's Burgers and Shakes" as any part of its e-mail address or its domain name if a Home Page is maintained by the Franchisee on the Internet The Franchisee will review its e-mail at least once a day and will respond to all e-mails from the Franchisor and others within 24 hours, except for weekend e-mails, which may be answered every Monday

12 6 Internet Website

The Franchisee will not establish a website, social media site or Home Page on the Internet to advertise or promote its Big Boy's Burgers and Shakes Restaurant without the prior written consent of the Franchisor All features of any proposed Home Page, including the domain name, content, format, and links to other websites, must be approved by the Franchisor prior to the activation of the Home Page by the Franchisee The Franchisee's Home Page must advertise only the Franchisee's Big Boy's Burgers and Shakes Restaurant, and all content and information maintained by the Franchisee on the Home Page will at all times be subject to the Operating System Manual and this Agreement including, without limitation, the provisions of this Agreement relating to trademark usage, the Franchisee's business, advertising approval, confidentiality, and product and service limitations The Franchisee will not link its Home Page to any Internet site or to the Franchisor's Internet home page without the Franchisor's prior written approval

Article 13
INSURANCE

13 1 General Liability Insurance

The Franchisee will purchase and maintain, at its sole cost and expense, a general liability insurance policy with coverage of at least $1,000,000 per occurrence and $2,000,000 aggregate coverage insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from and against any and all loss, liability, claim, damage or expense of any kind whatsoever, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability and all other occurrences, resulting from the condition, operation, use, business or occupancy of the Franchisee's Restaurant and the Franchised Location, including the surrounding area, the parking area and the sidewalks

13 2 Liquor Liability Insurance

If the Franchisee serves alcoholic beverages of any type at its Big Boy's Burgers and Shakes Restaurant, then the Franchisee will purchase and maintain, at its sole cost and expense, liquor liability insurance with minimum coverage of $1,000,000 per occurrence insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from any and all loss, liability, claim, damage, or expense of any kind whatsoever, including bodily injury, personal injury, death, and property damage, resulting from the sale or service of liquor by the Franchisee or any of the Franchisee's employees at or from the Franchisee's Restaurant

13.3 Vehicle Insurance

The Franchisee will purchase and maintain, at its sole cost and expense, vehicle liability insurance covering all vehicles used in connection with the operation of the Restaurant with minimum coverage of $500,000 per occurrence insuring the Franchisee and the Franchisor, and their respective officers, directors, agents and employees from any and all loss, liability, claim, damage, or expense of any kind whatsoever, including bodily injury, personal injury, death, and property damage, resulting from the use, operation or maintenance of any automobiles, trucks or vehicles owned by the Franchisee or used by the Franchisee or any of the Franchisee's employees (including automobiles, trucks and other vehicles used in the Franchisee's Restaurant that are owned or leased by any employee or agent of the Franchisee)

13.4 Business Property Insurance

The Franchisee will purchase and maintain, at its sole cost and expense, special peril property insurance coverage, which will include fire and extended coverage, for the inventory, machinery, equipment, furniture, fixtures and furnishings owned or leased by the Franchisee and used by the Franchisee at the Franchised Location The Franchisee's property insurance policy (including fire and extended coverage) must have minimum coverage limits equal to at least actual "replacement" cost

13.5 Business Interruption Insurance

The Franchisee will purchase and maintain, at its sole cost and expense, business interruption insurance with coverage of at least $300,000 per occurrence insuring the Franchisee for and against all losses and damages resulting from an interruption in the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant

13.6 Building Insurance

If the Franchisee, or any of the Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then the Franchisee will insure the building or the business premises for and against all risk, loss and damages in an amount equal to at least actual "replacement" cost If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then the Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location and recommence business as soon as reasonably possible

13.7 Employment Practices Liability Insurance

Franchisee shall purchase employment practices liability insurance with a minimum limit amount of $500,000, including coverage for, without limitation, sexual harassment, discrimination, wrongful termination, breach of employment contract, negligent evaluation, failure to employ or promote, wrongful discipline, deprivation of career opportunity, and wrongful infliction of emotional distress

13.8 Umbrella Liability

The Franchisee will, at its sole cost and expense, purchase and maintain umbrella liability insurance in the minimum amount of $1,000,000 that will provide liability insurance coverage for any liability incurred by the Franchisee and the Franchisor in excess of the primary liability insurance coverage carried by the Franchisee under this Article

13.9 Other Insurance

The Franchisee will, at its sole cost and expense, purchase and maintain all other insurance required by applicable state and federal laws including if applicable, workers' compensation insurance for its employees The Franchisee will also purchase such other insurance that may be reasonably requested by the Franchisor The insurance required by this Article is the minimum coverage for the Franchisee's Restaurant The Franchisee will be responsible for determining and purchasing all other insurance for its Restaurant utilizing good business practices, and for determining whether the insurance required under this Article is sufficient in coverage and amount

13 10 Insurance Companies, Evidence of Coverage
All insurance companies providing coverage to the Franchisee must be AM Best rated A-/7 or better and be acceptable to and approved by the Franchisor, and must be licensed in the state where coverage is provided The Franchisee will provide the Franchisor with certificates of insurance evidencing the insurance coverage required of the Franchisee pursuant to this Article no later than the date the Franchisee opens for business, and the Franchisee will immediately provide, upon expiration, change or cancellation, a new certificate of insurance to the Franchisor

13 11 Defense of Claims
All liability and other insurance policies purchased and maintained by the Franchisee in connection with the Franchisee's Restaurant will provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against the Franchisee and the Franchisor, and their respective officers, directors, agents and employees

13 12 Rights of Franchisor
All insurance policies purchased and maintained by the Franchisee pursuant to this Article will name the Franchisor, its sole member and affiliates ("Additional Insureds") as an additional named insured, will contain endorsements by the insurance companies waiving all rights of subrogation against the Additional Insureds, and will stipulate that the Franchisor will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least 30 days prior to the effective date Franchisor may require more coverage or additional coverages from time to time in Franchisor's sole and absolute discretion

Article 14
LICENSING OF MARKS AND RESTAURANT SYSTEM

14 1 Right to License Marks
The Franchisor warrants that, except as otherwise provided for herein, it has the right to grant the Franchise and to license the Marks and the Restaurant System to the Franchisee Any and all improvements made by the Franchisee to the Marks or the Restaurant System will be the sole and absolute property of the Franchisor, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law The Franchisee's right to use and identify with the Marks and the Restaurant System will exist concurrently with the Term of this Agreement and such use by the Franchisee will inure exclusively to the benefit of the Franchisor Franchisee does not have the authority to grant a license in any of the marks

14 2 Conditions to License of Marks
The Franchisor hereby grants to the Franchisee the nonexclusive personal right to use the Marks and the Restaurant System in accordance with the provisions of this Agreement The Franchisee's nonexclusive personal right to use "Big Boy's Burgers and Shakes™" as the name of the Franchisee's Restaurant and its right to use the Marks and the Restaurant System applies only to the Franchisee's Restaurant at the Franchised Location and such rights will exist only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement The Franchisee will only have the right to use the Marks in connection with the operation of the Restaurant and will not use the Marks in any way or in any other manner except as approved in writing by the Franchisor "Nonexclusive," for the purposes of this Article, will mean that the Franchisor has or will grant franchises to other franchisees authorizing such franchisees to operate Big Boy's Burgers and Shakes Restaurants in conformity with the Restaurant System using the name "Big Boy's Burgers and Shakes ™" and the other Marks, and that the Franchisor, its affiliates and/or subsidiaries will own, manage and operate Big Boy's Burgers and Shakes Restaurants

14.3 Franchisee's Authorized Use

The Franchisee will only use the Marks designated by the Franchisor and only in the manner authorized and permitted by the Franchisor The Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of the Franchisor under this Agreement and under the Lanham Act (15 U S C §1051, et seq) The Franchisee will not have or acquire any rights in any of the Marks or the Restaurant System other than the right of use as provided herein The Franchisee will have the right to use the Marks and the Restaurant System only in the manner prescribed, directed and approved by the Franchisor in writing and will not have the right to use the Marks in connection with the sale of any products or services other than the Big Boy Products and Services If in the judgment of the Franchisor, any acts of the Franchisee demean the goodwill, uniformity, quality or business standing associated with the Marks or the Restaurant System, then the Franchisee will, upon written notice from the Franchisor, immediately modify its use of the Marks or the Restaurant System in the manner prescribed by the Franchisor in writing

14 4 Adverse Claims to Marks

If there are any claims by any third party that its rights to any or all of the Marks are superior to those of the Franchisor and if the attorneys for the Franchisor are of the opinion that such claim by a third party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of the Franchisor, then upon receiving written notice from the Franchisor, the Franchisee will, at its sole expense, immediately adopt, implement and use the changes and amendments to the Marks that are specified by the Franchisor If required, the Franchisee will immediately cease using the Marks specified by the Franchisor, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by the Franchisor in writing at the Franchised Location in connection with the operations, advertising, marketing and promotion of the Franchisee's Restaurant The Franchisee will not make any changes or amendments whatsoever to the Marks or the Restaurant System unless specified or approved in advance by the Franchisor in writing Franchisee acknowledges that Franchisor's licensor of the Marks has entered into an agreement with Frisch's Restaurants, Inc ("Frisch's"), granting Frisch's the right to concurrent registration of certain Marks related to the Big Boy Full Service Restaurants for use only in Kentucky, Indiana, certain portions of Ohio, and certain portions of Tennessee According to such agreement, Franchisor is not permitted to open or operate Big Boy Full Service Restaurants in such territories Otherwise, there are no agreements currently in effect that significantly limit Franchisor's rights to use or license the use of the Marks in a manner material to the franchise

14 5 Defense or Enforcement of Rights to Marks

The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the Restaurant System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation The Franchisee will give the Franchisor immediate written notice of any and all claims or complaints made against or associated with the Marks and the Restaurant System and will, without compensation for its time and at its expense, cooperate in all respects with the Franchisor in any lawsuits or other proceedings involving the Marks and the Restaurant System The Franchisor will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the Restaurant System, and the cost and expense of all litigation incurred by the Franchisor, including attorneys' fees, specifically relating to the Marks or the Restaurant System will be paid by the Franchisor

14 6 Tender of Defense

If the Franchisee is named as a defendant or party in any action involving the Marks or the Restaurant System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the Restaurant System licensed by the Franchisor to the Franchisee at the Franchised Location pursuant to this Agreement, then the Franchisee may tender the defense of the action to the Franchisor and the Franchisor will, at its expense, defend the Franchisee in the action provided that the Franchisee has tendered defense of the action to the Franchisor within seven days after receiving service of the pleadings or the Summons and Complaint relating to the action The Franchisor will indemnify and hold the Franchisee harmless from any damages assessed against the Franchisee in any actions resulting solely from the Franchisee's proper and authorized use of the Marks and the Restaurant System at the Franchised Location if the Franchisee has timely tendered defense of the action to the Franchisor

14 7 Franchisee's Right to Participate in Litigation

The Franchisee may, at its expense, retain an attorney to represent it individually in any litigation and court proceedings involving the Marks or the Restaurant System, and may do so with respect to matters involving only the Franchisee (i e , not involving the Franchisor or its interests), however, the Franchisor and its attorneys will control and conduct all litigation involving the Marks or the Restaurant System and the rights of the Franchisor Except as expressly provided for herein, the Franchisor will have no liability to the Franchisee for any costs that the Franchisee may incur in any litigation involving the Marks or the Restaurant System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, unless it tenders the defense to the Franchisor in a timely manner pursuant to and in accordance with Article 14 6

Article 15
TRAINING PROGRAM, OPENING ASSISTANCE

15 1 Training Program

The Franchisor will provide a training program for the Franchisee, the Operating Partner, the Franchisee's General Manager and two Assistant Managers (the "Management Team") at the Big Boy Learning Center in Warren, Michigan, or at another approved training site designated by the Franchisor, to educate, familiarize and acquaint them with the Restaurant System and the operations of the Big Boy's Burgers and Shakes Restaurant The training program will include on-line and on-the-job training and instruction on hiring and training of employees, scheduling, financial reporting, computer operations, marketing, advertising, promotion, purchasing procedures, food preparation, food safety, food presentation, food quality, food portions, food and beverage inventory and cost control, customer service, customer relations, equipment operation and maintenance, general maintenance and other topics selected by the Franchisor The Franchisee (if an individual), Operating Partner, and Franchisee's Management Team must attend and successfully complete the training program and be certified in writing by the Franchisor prior to commencing the business operations of the Franchisee's Restaurant, except as provided otherwise in this Agreement

15 2 Training Schedule

The training program will be scheduled by the Franchisor in its sole discretion The training program will be for up to five weeks for the Franchisee, Operating Partner, the Franchisee's General Manager, and Assistant Managers all of whom must begin training at a date that will result in their completion of training at least one month prior to the scheduled opening of the Restaurant If such individuals do not complete each required training session at the training site designated by the Franchisor, then the Franchisor will have the right to conduct the uncompleted training at the Franchised Location in accordance with a schedule to be determined by the Franchisor In that event, the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each trainer conducting the training and will reimburse the Franchisor for each trainer's Travel Expenses If the Franchisee, the Operating Partner, and the Franchisee's Management Team do not successfully complete the required training program prior to the scheduled opening date of the Franchisee's Restaurant, then such person(s) will not be permitted or authorized to participate in the operations of the Franchisee's Restaurant

15.3 Changes in Personnel

The Franchisee must at all times employ a General Manager and at least two Assistant Managers who have successfully completed the prescribed training program and have been certified in writing by the Franchisor If the employment of any General Manager or Assistant Manager is terminated for any reason, the Franchisee will hire a replacement within 10 days following the effective date of such termination The Franchisee will immediately notify the Franchisor in writing of any personnel changes in the positions of General Manager or Assistant Manager at the Franchisee's Restaurant If the Franchisee hires a new General Manager or Assistant Manager who has not successfully completed the Franchisor's required training program, then that person must begin the training program within 15 days after the date of hire by the Franchisee, and must attend and successfully complete the required training program If, in the judgment of the Franchisor, the new General Manager or Assistant Manager does not successfully complete the required training program, then the Franchisee will not permit that person to continue to participate in the operation of the Franchisee's Restaurant

15 4 Training of Personnel

The training program for the Franchisee, the Operating Partner, and all General Managers and Assistant Managers required by this Article 15 will be conducted by the Franchisor at the Franchised Location, at the Franchisor's Big Boy Learning Center in Warren, Michigan, or at another approved training site designated by the Franchisor, at the sole discretion of the Franchisor, as well as through online training programs If the Franchisor provides the training program at the Franchised Location, or another franchisee managed location, then the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each trainer conducting the training and will reimburse the Franchisor for each trainer's Travel Expenses If the training program is provided at the Franchisor's headquarters, then the Franchisee will pay the Franchisor the then-current per day Training Fee If, with Franchisor's express written approval, the training program is at a Big Boy's Burgers and Shakes restaurant owned by another franchisee under the supervision of such franchisee's Operating Partner, the Franchisee will pay the then-current training fee per individual trained to such other franchisee

15 5 Payment of Salaries and Expenses

The Franchisee will pay the Salaries, unemployment compensation, workers' compensation insurance, Travel Expenses and all other expenses for all persons who attend the Franchisor's training program on behalf of the Franchisee The persons attending the Franchisor's training program will not be employees of the Franchisor, and the Franchisor will not have any obligation to pay the persons attending training for the time they spend for on the job training at an existing Big Boy's Burgers and Shakes Restaurant or the time spent in classroom or online training

15 6 New Store Opening Assistance

After the Franchisee, Operating Partner and Management Team have successfully completed the Franchisor's training program, as evidenced by the Course Completion Report and validated Final Manager in Training Evaluation Form acknowledged by the Franchise Business Director, and the Franchisee has scheduled an opening date for its Restaurant, the Franchisor will provide an Opening Team who will work at the Franchised Location for a minimum of two Weeks before the opening of the Franchisee's Restaurant and two Weeks after the opening (a total of four Weeks) to provide opening assistance to the Franchisee Franchisor will determine, in its sole discretion, the number of people in the Opening Team The opening assistance provided by the Opening Team will include implementing internal controls, assistance with training employees, purchasing food, beverages, and supplies, implementing the Restaurant System and evaluating the Franchisee's initial business operations The

Franchisee will pay a deposit in an amount determined by Franchisor in advance of the opening for the Opening Team's Travel Expenses and the other expenses due and payable to Franchisor in connection with the opening and, upon receiving an invoice, reimburse the Franchisor for the remaining balance of such expenses If Franchisor determines in its reasonable discretion that the Opening Team, or any portion thereof, must provide continued assistance to Franchisee's Restaurant beyond such four week period so that Franchisee's staff is adequately trained and so that the continued operation of Franchisee's Restaurant will comply with Franchisor's standards, or if Franchisee requests the continued assistance of all or part of the Opening Team beyond such four Week period, then the Franchisee will pay the Franchisor the then-current per day on-site Training Fee for each such member of the Opening Team and will reimburse the Franchisor for each trainer's Travel Expenses

15 7 Hiring and Training of Employees by Franchisee

The Franchisee will hire all employees of the Restaurant, will determine the terms of their employment and compensation, and will implement a training program for employees of the Restaurant in compliance with the Operating System Manual Franchisee is exclusively and solely responsible for determining the essential terms and conditions of employment for each of Franchisee's employees Franchisee will be exclusively and solely responsible for recruiting and hiring the personnel that Franchisee employs to operate the Franchised Big Boy's Burgers and Shakes Restaurant Franchisee shall be responsible for the employees' training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination, The Franchisee will at all times maintain a staff of trained employees sufficient to efficiently operate the Restaurant in compliance with the standards of quality and service established by the Franchisor At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or its affiliates Franchisor will have no right or obligation to direct Franchisee's employees or to operate the Franchised Business Franchisor does not have direct or indirect control of – or the right or authority to control – the Franchisee's day-to-day operations or employment related decisions

15 8 Meetings

From time to time, the Franchisee and members of Franchisee's management team will be required to attend ongoing training sessions, promotion updates or Franchisee meetings The Franchisee will pay the Salaries, unemployment compensation taxes, workers' compensation insurance, Travel Expenses and all other expenses related to the attendance of the Franchisee and all other employees and individuals attending the meetings on the Franchisee's behalf

15 9 Conventions

The Franchisee and, upon the written request of the Franchisor, the Franchisee's General Manager will attend each convention and workshops held by the Franchisor for the franchisees of Big Boy's Burgers and Shakes Restaurants The date and location of all conventions and workshops will be at the sole discretion of the Franchisor The Franchisee will pay, when registering for the convention, the then-current fee charged by the Franchisor to attend the convention The Franchisee will pay the Salaries, unemployment compensation taxes, workers' compensation insurance, Travel Expenses and all other expenses related to the attendance of the Franchisee and all other employees and individuals attending the convention or seminar on the Franchisee's behalf

Article 16
OTHER OBLIGATIONS OF BIG BOY

Consistent with the Franchisor's uniformity requirements and quality standards, the Franchisor or its authorized representative will (a) provide the Franchisee with a written schedule of all Products and Services for sale or use by Big Boy's Burgers and Shakes Restaurants, and the FF&E, Signs, supplies and inventory necessary and required for the operation of the Franchisee's Restaurant, (b) provide the Franchisee with a list of the Approved Suppliers and other suppliers for the Products and Services necessary and required for the Franchisee's Restaurant, (c) visit and review the Franchisee's Restaurant as often as the Franchisor deems necessary and render written reports to the Franchisee as deemed appropriate by the Franchisor, (d) protect, police and, when appropriate, enforce the Marks for the benefit of all Big Boy's Burgers and Shakes franchisees in the manner deemed appropriate by the Franchisor, (e) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos or commercial symbols for use in connection with the Restaurant System as deemed appropriate by the Franchisor (f) upon the reasonable written request of the Franchisee, render reasonable advisory services and answer questions by telephone, electronic media or in writing pertaining to the operations of the Franchisee's Restaurant, (g) provide the Franchisee with a sample of the standard Big Boy's Burgers and Shakes menu, and all updates and modifications to the menu

Article 17
TRANSFERS

17 1 Transfer of Agreement by Franchisor

This Agreement may be unilaterally Transferred by the Franchisor to a person or Entity without the approval of and without prior notice to the Franchisee and, in such event, this Agreement will inure to the benefit of the successors and assigns of the Franchisor The Franchisor will provide the Franchisee with written notice of any Transfer within 90 days after the Transfer has been completed, and the assignee will be required to fully perform all obligations of the Franchisor under this Agreement

17 2 Transfer of Agreement by Franchisee

The rights granted to the Franchisee pursuant to this Agreement may be Transferred by the Franchisee only with the prior written approval of the Franchisor If Franchisor has not exercised its right of first refusal under Article 18 1, the Franchisor will not unreasonably withhold its written consent to any Transfer of this Agreement if the Transfer does not violate Article 17 11 of this Agreement and if the Franchisee and/or the transferee franchisee complies with the following conditions (a) the Franchisee has provided written notice to the Franchisor of the proposed Transfer of this Agreement at least 90 days prior to the effective date of the Transfer, (b) all of the Franchisee's monetary obligations due to the Franchisor under this Agreement and under any other contract have been paid in full and the Franchisee is not otherwise in default under this Agreement, (c) the Franchisee has executed a written agreement, in a form satisfactory to the Franchisor, in which the Franchisee agrees to observe all applicable obligations, covenants, and provisions of this Agreement that continue beyond the expiration or termination of this Agreement, including the covenants not to compete contained in Article 23 of this Agreement, (d) the Franchisee and the Owners and Personal Guarantors have executed, except to the extent limited or prohibited by applicable law a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor its Affiliates, officers, directors, members, agents and employees, in their corporate and individual capacities, (e) the transferee franchisee and its Owners and the Operating Partner (if the transferee franchisee is an Entity) have demonstrated to the satisfaction of the Franchisor that they meet the managerial, financial and business standards and criteria required by the Franchisor for new franchisees, possess a good business reputation and credit rating, and have the management team with the aptitude and ability to operate the Big Boy's Burgers and Shakes Restaurant in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), (f) the transferee franchisee and all Owners of the transferee franchisee and the Personal Guarantors, execute the assignment agreement between the Franchisor, the Franchisee and the transferee franchisee and such other ancillary agreements as the Franchisor or its legal counsel may require for the Transfer of this Agreement for the Franchisee's Big Boy's Burgers and Shakes Restaurant to the transferee franchisee, provided, however, that the Franchisor, at its option, may require that the transferee franchisee and all Owners of the transferee franchisee and the Personal Guarantors execute Franchisor's current form of

Franchise Agreement as well as remodel the Big Boy's Burgers and Shakes Restaurant to the then current design specifications and, in such event, this Agreement shall be terminated pursuant to a termination agreement between Franchisor and Franchisee, (g) the transferee franchisee has purchased the Business Assets and the Franchised Location, acquired the Lease for the Franchised Location or otherwise acquired possession of and access to the Franchised Location for a term consistent with the remaining term of this Agreement or the new Franchise Agreement, as the case may be, (h) the transferee franchisee has, if the Restaurant has been approved by the Franchisor to sell liquor, purchased or otherwise acquired a valid liquor license and a valid food service license for the Big Boy's Burgers and Shakes Restaurant at the Franchised Location, (i) the Franchisee and the Franchisee's Personal Guarantors agree to guarantee the obligations of the transferee franchisee under the terms of this Agreement for a period of 12 months after the transfer and to extend the guarantee for an additional 12 months if any default occurs within such 12 month period, and (j) the transferee franchisee or its Operating Partner (if the transferee franchisee is Entity) and the transferee's Management Team have successfully completed the initial training program as set forth in Article 15 of this Agreement

Franchisee has no outstanding obligations, including but not limited to obligations to units of government, building code violations, violations of local ordinances, health department violations or taxes

17 3 Transfer of Agreement by Franchisee to Owned or Controlled Entity

If the Franchisee is an individual or a partnership, this Agreement may be Transferred by the Franchisee to an Entity that is owned or controlled by the Franchisee without paying any Transfer Fee and without complying with Article 18 1 hereof, provided that (a) the Franchisee and the Owners of the new Entity sign or have signed a personal guaranty in the form attached to this Agreement, (b) the Franchisee furnishes prior written proof to the Franchisor substantiating that the assignee Entity will be financially able to perform all of the terms and conditions of this Agreement, and (c) none of the Owners operate, franchise, develop, manage or control any Competitive Restaurant The Franchisee will give the Franchisor 15 days prior written notice of the Transfer of this Agreement to an Entity owned or controlled by the Franchisee, however, the Transfer of this Agreement will not be valid or effective until the Franchisor has received the documents which its attorneys reasonably deem necessary to properly and legally document the Transfer of this Agreement as provided herein

17 4 Transfer by Individual Franchisee in Event of Death or Permanent Disability

If the Franchisee is an individual, then in the event of the death or permanent disability of the Franchisee, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in the Franchisee, the executor, administrator or other personal representative of such person shall Transfer this Agreement to a third party approved by the Franchisor in accordance with the applicable provisions of this Article 17 within a reasonable period of time not to exceed 9 months following such death or permanent disability Notwithstanding the foregoing, in the event of any such Transfer, the provisions of Article 18 will be inapplicable and the Transferee will not be required to pay the Transfer Fee

17 5 Transfer of Ownership Interests

The Ownership Interests owned by the Franchisee or by the Owners may not be transferred by the Franchisee or the Owners until the Ownership Interests have first been offered to the Franchisor in writing under the same terms and conditions offered to any third party If the Franchisee or the Owners desire to Transfer their Ownership Interests or any portion thereof, then they will first offer them to the Franchisor in writing under the same terms and conditions as being offered to any third party The Franchisor will have 30 business days to accept any offer to acquire any Ownership Interest Notwithstanding the terms of this Article, the Franchisee or the Owners may bequeath or Transfer their Ownership Interests to any of the other Owners, or to grantor trusts for their benefit, or to members of their immediate family (spouse, parents, brothers, sisters, children, whether natural or adopted) without first offering them to the Franchisor and without payment of the Transfer Fee, provided that each proposed transferee Owner who will be involved in the management of the Restaurant has (a) successfully completed the training program required by the Franchisor, and (b) been certified by the Franchisor as being qualified to operate the Restaurant The Franchisee and the Owners must provide the Franchisor with written notice of all proposed Transfers of Ownership Interests, and the proposed transferee Owners must (a) be approved by Big Boy Franchise Management LLC, (b) agree to be personally liable under this Agreement, and (c) execute a personal Guaranty in the form attached hereto pursuant to which they agree, among other things, to perform all of the terms and conditions contained in this Agreement, including the covenants not to compete No assignment pursuant to the preceding paragraph shall relieve Franchisee or the Owners of their respective obligations hereunder and Franchisee and the Owners remain jointly and severally liable for all obligations hereunder All Ownership Interests issued by the Franchisee must bear the following legend

> The ownership interest represented by this document is subject to a written Franchise Agreement that grants Big Boy Franchise Management LLC the option to purchase the ownership interest represented by this document Any person or entity acquiring the ownership interest represented by this document will be subject to the terms and conditions of the Franchise Agreement between the entity specified on the face of this document and Big Boy Franchise Management LLC, which includes provisions containing covenants not to compete that apply to all owners of the entity specified on the face of this document

17 6 <u>Owners Subject to Covenant Not to Compete</u>
Any Owner that sells or purchases its Ownership Interest will be subject to the covenants not to compete and the other provisions of Article 23 of this Agreement and all other provisions of this Agreement that apply to a selling or purchasing Owner

17 7 <u>Sale of Ownership Interest to Public</u>
The Franchisee will not have the right to sell its Ownership Interests to the public or to more than 15 persons or Entities without the written approval of the Franchisor, which may be denied in the sole discretion of the Franchisor If the Franchisee has received the required written approval from the Franchisor and intends to sell any part of its Ownership Interests to the public or to more than 15 persons or entities under any foreign, federal or state securities laws, then the Franchisee will provide the Franchisor with written notice of the proposed offering and with a copy of the proposed prospectus for its review at least 20 days prior to the time that any such document is filed with any foreign or state securities commission or the Securities and Exchange Commission The Owners of the Franchisee prior to the public offering will, at all times, retain a majority of the voting Ownership Interests of the Franchisee and will personally guarantee all obligations of the Franchisee under this Agreement The Franchisor will have the absolute right to attend all "due diligence" meetings held in preparation for the offer to sell the Ownership Interests to the public, and the Franchisee will give the Franchisor at least five business days prior written notice of such meetings The Franchisee will pay the Franchisor for the actual costs incurred by the Franchisor for the legal, accounting and related due diligence costs incurred by the Franchisor in connection with any public offering and will be payable to the Franchisor on a monthly basis and will be payable even if the Franchisee is unable to complete the public offering The Franchisee will not have the right to sell any of its Ownership Interests to the public or to any other person or Entity until the Franchisee has complied in all respects with the applicable provisions of this Agreement

17 8 <u>Documentation</u>
Copies of the following documents will be delivered to the Franchisor at least 10 days before the effective date of the Transfer (a) a Certificate of Good Standing for the transferee franchisee , (b) a photocopy of a sample certificate of Ownership containing the legend required pursuant to Article 17 5, and (c) a copy of the resolution of the transferee franchisee's board of directors, board of governors, or other governing

body authonzing the assumption of the Franchise and this Agreement or the new Franchise Agreement, as the case may be, and a copy of the Lease if the Franchisee's Big Boy's Burgers and Shakes Restaurant is leased from Franchisor or its subsidiary, which copy shall be certified as correct by an officer or manager of the transferee franchisee

17 9 Acknowledgment of Restrictions

The Franchisee acknowledges and agrees that the restrictions on Transfer imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Franchisee and all other franchisees that own and operate Big Boy's Burgers and Shakes Restaurants Any Transfer permitted by this Article will not be effective until the Franchisor receives a completely executed copy of all Transfer documents and the Franchisor consents to the Transfer in writing Any attempted Transfer made without complying with the requirements of this Article will be void

17 10 Transfer Fee

If this Agreement is Transferred to another person or Entity, or if the Owners Transfer in the aggregate controlling interest in the Franchisee to a third party, then except as otherwise provided for in Article 17 3 or Article 17 4, the Franchisee will pay the Franchisor, on or before the date of Transfer, a Transfer Fee of $10,000 The Transfer Fee is to reimburse the Franchisor for the costs incurred in connection with the Transfer, including attorneys' fees, accountants' fees, out-of-pocket expenses, long distance telephone calls, administrative costs, the time and related cost of its employees and officers, and the Franchisor's costs to provide the initial training program to the transferee franchisee and the transferee franchisee's General Manager at the Franchisor's headquarters or another approved training site designated by the Franchisor pursuant to Article 15 The Salaries and Travel Expenses incurred by the transferee franchisee's employees to attend the initial training program will be paid by the transferee franchisee in accordance with Article 15 5 of this Agreement If a new Franchise Agreement is provided, then the full Initial fee may be required

17 11 Transfer to Competitor Prohibited

The Franchisee and the Owners will not Transfer this Agreement or their Ownership Interests in the Franchisee or the Franchise to any person, partnership, corporation or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Restaurant If the Franchisor refuses to permit a Transfer of this Agreement under this provision, then the Franchisee's and the Owners' only remedy will be to have the Arbitrator determine whether the proposed transferee's business is a Competitive Restaurant

Article 18
OPTION OF BIG BOY TO PURCHASE

18 1 Right of First Refusal

If Franchisee desires to Transfer any interest in or any part of the Business Assets (as defined in Article 1 5 and including, without limitation, the land and building where the Restaurant is located if owned by Franchisee or any Owner or Affiliate of Franchisee), Franchisee must obtain a bona fide executed written offer and earnest money deposit in an amount of at least 5% of the offering price from a fully-disclosed purchaser and must deliver immediately to Franchisor a complete and accurate copy of such offer The Franchisor will have the option, exercisable by written notice deliverable to the Franchisee within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that (a) Franchisor may substitute cash for any form of payment proposed in such offer, (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser, and (c) the Franchisor will have not less than 90 days from the option exercise date to consummate the transaction The Franchisor shall have the right to investigate and analyze the Business Assets and all other matters the Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal The Franchisor may conduct such investigation in any manner Franchisor reasonably deems appropriate and Franchisee and the Owners must cooperate fully with Franchisor in connection therewith If Franchisor exercises its option to purchase, Franchisor shall be entitled to purchase such interest subject to all representations, warranties, releases, non-competition covenants, closing documents, and indemnities as Franchisor reasonably may require If Franchisor does not exercise its option to purchase, and the sale to such offeror is not completed within 90 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must notify the Franchisor promptly and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30 day period following Franchisee's notification of the expiration of the 90 day period or the material change to the terms of the offer The provisions of this Article 18 1 will not apply to the assignment or pledge of any of Business Assets (with the exception of this Agreement) by the Franchisee or any Affiliated Owner to a bank, financial institution or other lender in connection with the Franchisee's financing of the leasehold improvements, FF&E, supplies and inventory or operating funds for the Franchisee's Big Boy Restaurant

18 2 Compliance with Agreement

The Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay the Royalty Fees and Advertising Fees and to operate the business as a Big Boy's Burgers and Shakes Restaurant, will in no way be affected or changed because of non-acceptance by the Franchisor of the Franchisee's written offer to purchase the Business Assets, and as a consequence, the terms and conditions of this Agreement will remain in full force and effect The decision by the Franchisor not to exercise the rights granted to it pursuant to this Article will not, in any way, be deemed to grant the Franchisee the right to terminate this Agreement and will not affect the Term of this Agreement Moreover, if the Franchisor does not exercise the rights granted to it pursuant to this Article and if the Franchisee sells or otherwise disposes of its Business Assets to a third party, then both the Franchisee and the third party purchaser will be required to comply in all respects with the terms and conditions of this Agreement Any Transfer of the Business Assets of the Franchisee's Big Boy's Burgers and Shakes Restaurant that does not include an assignment of this Agreement to the transferee will constitute a wrongful termination of this Agreement

18 3 Option to Determine Value of Business Assets and Real Estate

Upon expiration or termination of this Agreement for any reason, or if the Franchisee at any time ceases to do business at the Franchised Location as a Big Boy's Burgers and Shakes Restaurant, the Franchisor shall have the right, but not the obligation, exercisable by giving notice thereof ("Appraisal Notice") within 10 days after the date of such termination or expiration or Franchisor's notice of the cessation of business, to require that a determination be made of (i) the "Agreed Value" (as defined below) of the Business Assets (other than real property) used in the Restaurant which the Franchisee owns, excluding any cash and short-term investments and any items not meeting Franchisor's specifications for Big Boy's Burgers and Shakes Restaurants and (ii) the value (the "Appraised Real Estate Value") of the land and building (the "Real Estate") where the Restaurant is located if it is owned by Franchisee or any of the Owners or Affiliates of Franchisee Upon such notice, Franchisee and the Owners and Affiliates may not sell the Real Estate or sell or remove any of the Business Assets from the Franchised Location and must give Franchisor, Franchisor's designated agents and the "Appraiser" (as defined below) full access to the Real Estate, the Restaurant and all the Franchisee's books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Business Assets and Real Estate

18 4 Agreed Value of Business Assets (other than Real Estate)

The Agreed Value of the Business Assets (other than the Real Estate) shall be determined by consultation between the Franchisee and the Franchisor If Franchisee and Franchisor are unable to agree on the Agreed Value of such Business Assets within 15 days after the Appraisal Notice, then the Agreed Value will be as follows (a) in the event of an expiration of this Agreement, the Agreed Value shall be the "Fair Market Value," consisting of the amount which an arm's length purchaser would be willing to pay for the Business Assets, assuming that the Business Assets would be used for the operation of a Big Boy Restaurant under a valid franchise agreement reflecting the then-current (or if Franchisor is not offering franchises at that time, then the most recent) standard terms upon which Franchisor offers franchises for Big Boy Restaurants, less the cost of any required remodeling, and (b) in the event of any termination of this Agreement or Franchisee's cessation of business at the Franchised Location as a Big Boy Restaurant, the Agreed Value shall be the lesser of the Appraised Asset Value (as defined below) and the Net Book Value (as defined below) The "Appraised Asset Value' shall be the amount which an arm's length purchaser would be willing to pay for the Business Assets, considering their age and condition and without reference to their use in a Big Boy's Burgers and Shakes Restaurant The "Net Book Value" shall be the net book value of the Business Assets, as reflected on Franchisee's books and records, provided all capital assets will be depreciated on a straight line basis over a reasonable period of time not to exceed 5 years, without residual value The Fair Market Value, the Appraised Asset Value and/or Net Book Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of the Franchisor's financial statements) selected by the Franchisor who has experience in the valuation of restaurant businesses (the "Appraiser") The Franchisor will notify the Franchisee of the identity of the Appraiser, who will make its determination and submit a written report ("Appraisal Report") to the Franchisee and the Franchisor as soon as practicable, but in no event more than 60 days after the Appraiser's appointment The Franchisee agrees to promptly provide the Appraiser with such books and records as the Appraiser may require, which the Franchisee represents and warrants to be complete and accurate In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make the determination of the Agreed Value on the basis of other sources and information the Appraiser deems appropriate The Appraiser's determination shall be final and binding on the parties hereto

18 5 Appraisal of Real Estate

Within thirty (30) days after delivery by the Franchisor of the election to have the Real Estate appraised pursuant to Article 18 3, the Franchisor shall engage a member of the American Institute of Real Estate Appraisers that has attained the designation of M A I and who has not less than five (5) years of experience in the appraisal of commercial real estate ("Real Estate Appraiser") and deliver written notice to the Franchisee thereof "Appraised Value of the Real Estate" shall mean the fair market value of the Real Estate as determined by using then customary methods of appraisal, considering the use of the Real Estate as a Big Boy's Burgers and Shakes Restaurant The Real Estate Appraiser shall be directed to specifically take into account, without limitation, the following facts in its determination of the Appraised Value of the Real Estate (i) the effect of any recorded easements, covenants, condition or agreements affecting the Real Estate, (ii) the status of all licenses and permits, (iii) the physical condition of the Real Estate, including, without limitation, its structural soundness and its interior and exterior state of repair, and (iv) the Real Estate's non-compliance, if any, with applicable zoning, building, fire, health, safety and environmental codes Both parties hereby agree to promptly furnish to the Real Estate Appraiser, with copies to each other, any and all information reasonably requested by the Real Estate Appraiser in connection with its determination of Appraised Value of the Real Estate The Real Estate Appraiser shall be instructed (i) not to communicate, circulate or deliver to either party any preliminary or draft report regarding the Real Estate or any information contained therein, and (ii) to complete and distribute to the parties its final report as soon as practicable but not later than sixty (60) days after the Appraiser's appointment ("Report Date") All fees, compensation and cost and expense reimbursements of the Real Estate Appraiser shall be borne equally by the parties The Appraised Value of the Real Estate shall be final and binding upon the parties

18 6 Option to Purchase Business Assets/Real Estate

The Franchisor shall have the option, exercisable by delivering notice thereof within 30 days after submission of the applicable Appraisal Report (or the date that an agreement is reached, if the parties agree to the Agreed Value), to agree to purchase the Business Assets (other than the Real Estate) at a purchase price equal to the Agreed Value and to purchase the Real Estate for a purchase price equal to Appraised Value of the Real Estate The Franchisor shall have the unrestricted right to assign these options to purchase separate and apart from the remainder of this Agreement

18 7 Payment of Purchase Price, Closing

If the Franchisor exercises its option to purchase, the purchase price for the Business Assets and/or the Real Estate will be paid at the closing, which will occur at the place, time and date designated by the Franchisor, but not later than 60 days after the exercise of the Franchisor's option to purchase the Purchased Assets/Real Estate At the closing, the Franchisor will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as the Franchisor reasonably requires including (a) instruments transferring good and merchantable title to the Purchased Assets and Real Estate, free and clear of all liens, encumbrances, and liabilities, to the Franchisor or its designee, with all sales and other transfer taxes paid by the Franchisee, and (b) an assignment of all leases of personal property and real estate used in the operation of the Restaurant, including land, building and/or equipment (or if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as the Franchisee's lease, including renewal and/or purchase options) If the Franchisee cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may, at the Franchisor's option, be accomplished through an escrow on such terms and conditions as the Franchisor deems appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Business Assets The Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or any of its Owners or Affiliates to the Franchisor or any of its Affiliates Upon delivery of the Appraisal Notice and pending (a) determination of value, (b) Franchisor's option period, and (c) the closing of the purchase, the Franchisor may authorize continued temporary operations of the

Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of the Franchisor's appointed managers

18 8 Right to Record Instrument

Franchisee and the Affiliated Owners hereby acknowledge and agree that Franchisor shall have the right to record a memorandum or other notice of the options granted to the Franchisor pursuant to this Article 18 with the Register of Deeds (or other applicable office which maintains the public land records) in the county where the land and building for the Franchisee's Big Boy's Burgers and Shakes Restaurant is located

18 9 Option Inapplicable

If Franchisee leases the Franchised Location, and the Franchisor does not exercise its option to assume the Lease in accordance with the provisions of Article 19 hereof in the event (i) the Franchisee is evicted by the Landlord, (ii) the Lease is terminated by either the Franchisee or the Landlord, or (iii) this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason other than in accordance with Article 21 of this Agreement as a result of a default by Franchisor, then the Franchisor will not have the option to purchase the Business Assets, except for Signs or other Business Assets embodying the Marks, as provided for in this Article 18

Article 19
LEASE AS SECURITY, TERMINATION OF LEASE

19 1 Review of Lease

The Franchisee will submit the Lease for the Franchised Location to the Franchisor for review by the Franchisor prior to the Franchisee's signing the Lease The Franchisor may, but is not under any obligation to, make recommendations regarding various terms and conditions of the Lease At a minimum, the Lease must

(a) provide that the landlord will give the Franchisor notice of Franchisee's default under the Lease and an opportunity to cure such default,

(b) require the landlord to disclose to Franchisor, on Franchisor's request, sales and other information furnished by Franchisee,

(c) provide that the landlord relinquishes to Franchisee on any termination or expiration of this Agreement, any lien or other ownership interest, whether by operation of law or otherwise, in and to any tangible property, including any outdoor sign, that embodies any of the Marks,

(d) give the Franchisor the right to enter the premises of the Franchised Location to conduct inspections at any time during regular business hours, and

(e) give the Franchisor the right (but not the duty) to assume the Lease for the remaining term of the Lease in accordance with the provisions of this Article if, prior to the expiration of the Lease, (i) the Franchisee is evicted by the Landlord, (ii) the Lease is terminated by either the Franchisee or the Landlord, or (iii) this Agreement expires or is terminated by either the Franchisor or the Franchisee for any reason other than in accordance with Article 21 of this Agreement as a result of a default by Franchisor

The review of the Lease by the Franchisor prior to execution of the Lease will not be for the purpose of approving the legal aspects or rental terms of the Lease Accordingly, the Franchisee will retain attorney or other legal advisor to review the terms and conditions of the Lease and to advise the Franchisee as to the legal and economic terms of the Lease The Franchisor will have no responsibility to the Franchisee for any terms or conditions of the lease or for the enforceability, economics or legality of the Lease The Franchisee will not sign the Lease until this Agreement has been signed by both the Franchisee and the Franchisor, and the Franchisor has approved the Lease in writing The Franchisee will receive Landlord's Consent to Assignment of Lease (See 19 9) prior to the execution of this Agreement

19 2 Franchisee's Assignment of Lease

The Franchisee hereby assigns all of its right, title and interest in and to the Lease (which is incorporated herein by reference) to the Franchisor as security for the Franchisee's performance of the terms and conditions of this Agreement If this Agreement is terminated by the Franchisor in accordance with the terms and conditions of this Agreement, if the Franchisee wrongfully terminates this Agreement by failing to comply with the applicable termination provisions this Agreement, if the Franchisee at any time ceases to do business at the Franchised Location as a Big Boy's Burgers and Shakes Restaurant, or if this Agreement expires and the Franchisee does not reacquire the Franchise for the Franchised Location (hereinafter referred to as "Events of Default"), then the Franchisor will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted by the Franchisee The Franchisee will execute a UCC-1 Financing Statement and other documents as may be reasonably required by the attorneys for the Franchisor to perfect and record the security interest of the Franchisor in the Lease

19 3 Perfected Assignment, Notice

The assignment of all of the Franchisee's right, title and interest in the Lease pursuant to this Article will constitute a perfected, absolute and present assignment However, the Franchisor will have no right to enforce the assignment provisions of this Article until there has been an Event of Default After an Event of Default, the Franchisor will have the right, but not the obligation, to enforce the provisions of this Article and to take possession of the Franchised Location by giving the Franchisee and the Landlord written notice that the Franchisor has affirmatively exercised its rights under this assignment The written notice will state (a) that the Franchisor is taking and assuming the Lease from the Franchisee, (b) the date that the Franchisor will take physical possession of the Franchised Location, and (c) that the Franchisor agrees to be bound by the terms and conditions of the Lease being assumed for the remaining term of the Lease The Franchisor will execute an assignment form at the time it gives such written notice to the Franchisee and the Landlord

19 4 No Prior Assignments

The Franchisee represents and warrants that there have been no prior assignments of the Lease by the Franchisee, that it has good right to assign the Lease, that the Lease is a valid and enforceable agreement, that neither party is in default to the other under the Lease and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the Effective Date No change in the terms of the Lease will be valid without the written approval of the Franchisor The Franchisee will not Transfer its interest in the Lease so long as this assignment is in effect During the Term of this Agreement, the Franchisee will not lease or sublease all or any part of the Franchised Location without the prior written consent of the Franchisor

19 5 Enforcement of Franchisee's Rights

The Franchisee hereby irrevocably constitutes and appoints the Franchisor as its attorney-in-fact to demand, receive and enforce the Franchisee's rights with respect to the Lease, to make payments under the Lease and give appropriate receipts, releases and satisfactions for and on behalf of and in the name of the Franchisee or, at the option of the Franchisor, in the name of the Franchisor, with the same force and effect as the Franchisee could do if this assignment had not been made

19 6 Rights and Remedies of Franchisor

Upon taking physical possession of the Franchised Location, the Franchisor may, without affecting any of its rights or remedies against the Franchisee under any other instrument, document or agreement, exercise its rights under this assignment as the Franchisee's attorney-in-fact in any manner permitted by law In addition, the Franchisor will have and possess, without limitation, any and all rights and remedies of a secured party under the Uniform Commercial Code, as enacted in the jurisdiction in which enforcement is sought, or otherwise provided by law

19 7 Proration of Rents and Expenses

At the time the Franchisor takes physical possession of the Franchised Location, all charges, real estate taxes, utilities and rentals will be prorated between the Franchisor and the Franchisee The Franchisor will have no obligation to pay any past due obligations or arrearages of the Franchisee to any person or Entity, including the Landlord, as a condition to assuming the Lease

19 8 Possession, Obligations of Franchisor and Franchisee

The Franchisor will hold the Franchisee harmless from any and all obligations to the Landlord, including rental payments, arising out of the use of the Franchised Location from the date that the Franchisor takes physical possession of the Franchised Location The Franchisee will pay all amounts due to the Landlord and other parties under the Lease including, but not limited to, rentals, insurance, rental overrides, real estate taxes, repairs and maintenance, up to and including the date that the Franchisor takes physical possession of the Franchised Location With the specific and limited exception of rental payments and other obligations to the Landlord arising from use of the Franchised Location by the Franchisor after taking physical possession of the premises, the Franchisee will indemnify and hold the Franchisor harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, costs and expenses, including attorneys' fees, to which the Franchisor may become exposed, or which the Franchisor may incur, in exercising any of its rights under this assignment

19 9 Landlord's Consent

The Franchisee will secure the Landlord's written consent to the provisions contained in this Article in the form of consent attached to this Agreement

19 10 Transfer by the Franchisor

The Franchisor will have the right to Transfer its right, title and interest in the Lease to any persons or entities by giving written notice to the Franchisee and the Landlord without any consent whatever from the Franchisee or the Landlord, and any such Transfer will be valid and binding upon the Franchisee and the Landlord as fully as if each had expressly approved the Transfer Subject to the limitation on further Transfer by the Franchisee contained in Article 20 3, a Transfer of the Lease by the Franchisor will be binding upon and inure to the benefit of the heirs, legal representatives, assigns and successors in interest of the Franchisee, the Franchisor and the Landlord

19 11 Effective Date

The provisions of Articles 19 2, 19 3, and 19 5 of this Agreement will take effect immediately upon the execution of the Lease The representations of the Franchisee contained in Article 19 4 will be true and complete as of, and will be deemed to have been made at, the time the Lease is executed The Franchisee agrees to execute any additional documents as may be required by the attorneys for the Franchisor to perfect the assignment of the Lease to the Franchisor

Article 20

TERMINATION RIGHTS OF FRANCHISOR

20 1 Termination within 120 Days

The Franchisor will, unless provided otherwise in a separate written agreement between the Franchisor and the Franchisee, have the right to terminate this Agreement at any time within 120 days after the Effective Date, without refund of the initial franchise fee if (a) any required or other financial, personal or other information provided by the Franchisee to the Franchisor is materially false, misleading, incomplete or inaccurate, (b) the Franchisee has not purchased or leased a site for the Franchised Location or has done so in a manner not in compliance with Article 2 4 or Article 10 of this Agreement, (c) the Franchisee fails to apply for and obtain a valid license for the service of food for its Big Boy's Burgers and Shakes Restaurant from the appropriate governmental agencies, (d) the Franchisee fails to apply for and obtain a valid liquor license for its Big Boy's Burgers and Shakes Restaurant from the appropriate governmental authorities prior to serving alcoholic beverages (if the Franchisor has authorized the Franchisee to sell alcoholic beverages at the Restaurant), or (e) Franchisee and general manager have not completed their training This provision is self-executing and no notice or cure period will be required for termination to be effective after a written notice of termination has been sent to the Franchisee However, if this Agreement is governed by the laws of the state which requires notice and an opportunity to cure prior to termination, then this Article will be modified to conform to the laws of that state

20 2 Termination, Conditions of Breach

In addition to its other rights of termination contained in this Agreement, the Franchisor will have the right to terminate this Agreement if (a) the Franchisee fails to open and commence operations of its Big Boy's Burgers and Shakes Restaurant within 12 months after the Effective Date or when the Franchised Location is ready for the Franchisee's occupancy, whichever is earlier, (b) the Franchisee violates any material provision, term or condition of this Agreement including, but not limited to, the failure to timely pay the Initial Fee, Royalty Fees, Advertising Fees or any other monetary obligations or fees due pursuant to this Agreement, (c) the Operating Partner, the Franchisee or any of its partners, directors, officers or majority Owners are convicted of, or plead guilty to or no contest to, a charge of violating any law relating to the Franchisee's Big Boy's Burgers and Shakes Restaurant, or any felony, (d) the Franchisee fails to timely pay any of its obligations or liabilities due and owing to the Franchisor, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government (including, if applicable, federal and state income, sales, property, withholding and unemployment taxes), (e) the Franchisee is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law, (f) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors, (g) any check issued by the Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts and the amount payable pursuant to such check is not paid to Franchisor within five (5) business following Franchisee's receipt of notice of such dishonorment, (h) the Franchisee voluntarily or otherwise Abandons the franchised Restaurant, (i) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy's Burgers and Shakes™" or any other Marks or the Restaurant System, (j) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons, or the Franchisee otherwise loses possession of all or a significant portion of the Franchised Location, (k) the Franchisee's food service license or liquor license for the Franchised Location is terminated or canceled for any reason, or the Franchisee otherwise loses the food service license or liquor license for its Big Boy's Burgers and Shakes Restaurant, (l) the Franchisee fails to timely file any federal or state income or sales tax return or fails to timely pay any federal or state income or sales taxes, (m) the Franchisee fails any Inspection conducted by the Franchisor pursuant to Article 7 33 and fails to correct the operational deficiencies with the required time, (n) the Franchisee or any of the Owners or Affiliated Owner make an unapproved transfer of any interest in the Business Assets or any Ownership Interest in violation of the terms of this Agreement, (o) the Franchisee refuses to provide the documents, records and other materials requested by the Franchisor to substantiate the Weekly Report and Financial Statements pursuant to Article 6 2 or to permit the Franchisor to audit the Franchisee's Financial Records in accordance with Article 6 4 of this Agreement, (p) the Franchisee made any material misrepresentation in the acquisition of the franchise from Big Boy, or (q) the Franchisee or any of the Owners or any Affiliate of Franchisee breaches or suffers any termination of any other agreement, including, without limitation, any Franchise Agreement, with the Franchisor

20 3 Notice of Breach

Except as provided in Article 20 1, Article 20 4 and Article 20 5 of this Agreement, the Franchisor will not have the right to terminate this Agreement until (a) written notice setting forth the alleged breach in detail has been delivered to the Franchisee by the Franchisor, and (b) after receiving the written notice, the Franchisee fails to correct the alleged breach within the period of time specified by applicable law If applicable law does not specify a time period to correct an alleged breach, then the Franchisee will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Franchisee is delinquent in the payment of the Initial Fee, the Royalty Fees, the Advertising Fees or other payments due to the Franchisor pursuant to this Agreement, in which case the Franchisee will have 10 days after receipt of written notice to correct the breach by making full payment (including Administrative Fees and interest as provided for herein) to the Franchisor If the Franchisee fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by the Franchisor as provided for herein For the purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach has been corrected

20 4 Notice of Termination

Except as provided in Article 20 5 and Article 20 6, if the Franchisor has complied with the provisions of Article 20 3 and the Franchisee has not corrected the alleged breach set forth in the written notice within the applicable time period specified in this Agreement, then the Franchisor will have the absolute right to terminate this Agreement by giving the Franchisee written notice of termination and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisee

20 5 Immediate Termination Rights of Franchisor

The Franchisor will have the absolute right, unless specifically precluded by applicable law, to immediately terminate this Agreement if (a) the Franchisee or any of its partners, directors, officers or majority Owners are convicted of, or plead guilty to or no contest to a charge of violating any law relating to the Franchisee's Big Boy's Burgers and Shakes Restaurant, or any felony, (b) the Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law, (c) the Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors, (d) the Franchisee voluntarily or otherwise abandons the Restaurant, (e) the Franchisee fails or refuses to provide the Financial Records requested by the Franchisor to substantiate the Weekly Report and Financial Statements pursuant to Article 6 2 or to produce and permit the Franchisor to audit the Franchisee's Financial Records in accordance with Article 6 4 of this Agreement, (f) the Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or with the Restaurant System and the Franchisee fails to correct the breach within 24 hours of receipt of written notice from the Franchisor of the breach, (g) the Franchisee violates any provision, term or condition of this Agreement three or more times during a 12 month period, without regard to whether the breach or violation was of a similar or different nature or whether the breach or violation was corrected within the prescribed cure period after receipt of written notice of the breach or violation, or (h) the Franchisee made any material misrepresentation in the acquisition of the franchise from Big Boy

20 6 Notice of Immediate Termination

Except as set forth in Article 20 5(f), if this Agreement is terminated by the Franchisor pursuant to Article 20 5 above, then the Franchisor will give the Franchisee written notice in accordance with the provisions of Article 30 that this Agreement is terminated and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Franchisee If this Agreement is terminated by the Franchisor pursuant to Article 20 5(f), then this Agreement will terminate on the first minute of the 25th hour after deemed receipt of the written notice of termination if the Franchisee did not correct the alleged breach within 24 hours after deemed receipt of the written notice of termination from the Franchisor

20 7 Other Remedies

Nothing in this Article will preclude the Franchisor from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against the Franchisee including, but not limited to, attorneys' fees and injunctive relief If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of Article 21 of this Agreement, then the Franchisor will be entitled to recover all damages from the Franchisee that the Franchisor has sustained and will sustain in the future as a result of the Franchisee's breach of this Agreement

Article 21
FRANCHISEE'S TERMINATION RIGHTS

21 1 Conditions of Breach

The Franchisee will have the right to terminate this Agreement, as provided herein, if the Franchisor violates any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to the Franchisee

21 2 Notice of Breach

The Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or proceeding against the Franchisor for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, Claims and Damages, or termination, unless and until (a) written notice setting forth the alleged breach or violation in detail has been delivered to the Franchisor by the Franchisee, and (b) the Franchisor fails to correct the alleged breach or violation within 30 days after receipt of the written notice If the Franchisor fails to correct the alleged breach or violation within 30 days after receiving written notice, then this Agreement may be terminated by the Franchisee as provided for in this Agreement For the purposes of this Agreement, an alleged breach or violation of this Agreement by the Franchisor will be deemed to be "corrected" if both the Franchisor and the Franchisee agree in writing that the alleged breach or violation has been corrected

21 3 Arbitration

If the Franchisor files for arbitration in accordance with Article 26 of this Agreement within 30 days after the date the Franchisor receives written notice of any alleged breach of this Agreement from the Franchisee, then the Franchisee will not have the right to terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the Arbitrator determines that the Franchisor has breached this Agreement and the Franchisor fails to timely correct the breach as set forth in this Agreement If the Arbitrator determines that the Franchisor has violated or breached this Agreement as alleged by the Franchisee in the written notice given to the Franchisor, then the Franchisor will have 30 days after the date the Arbitrator issues a written determination on the matter to correct the specified breach or violation of this Agreement If the Franchisor does timely correct the specified breach or violation of this Agreement, then this Agreement will remain in full force and effect If the Franchisor does not correct the specified breach or violation of this Agreement, then the Franchisee will have the right to terminate this Agreement by giving the Franchisor written notice of termination and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Franchisor For the purpose of this Agreement, any controversy or dispute on the issue of whether the Franchisor has timely corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein The time limitation set forth in this Article within which the Franchisor may demand arbitration of a dispute or controversy relating to the right of the Franchisee to terminate this Agreement for an alleged breach is mandatory If the Franchisor fails to comply with the time limitation set forth in this Article, then the Franchisee may terminate this Agreement as provided for herein

21 4 <u>Waiver</u>

The Franchisee must give the Franchisor immediate written notice of any alleged breach or violation of this Agreement after the Franchisee has knowledge of, believes, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating that there has been an alleged breach or violation of this Agreement by the Franchisor If the Franchisee fails to give written notice to the Franchisor as provided for herein of any alleged breach or violation of this Agreement within one year after the date that the Franchisee has knowledge of, believes, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that the Franchisee may have a claim under any state law, federal law or common law because there has been an alleged breach or violation by the Franchisor or the Franchisor's officers or directors, then the alleged breach or violation by the Franchisor will be deemed to be condoned, approved and waived by the Franchisee, the alleged breach or violation by the Franchisor will not be deemed to be a breach or violation of this Agreement by the Franchisor, and the Franchisee will be barred from commencing any action against the Franchisor for that specific alleged breach or violation

<u>Article 22</u>
<u>FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION</u>

22 1 <u>Termination of Use of Marks, Other Obligations</u>

If this Agreement is canceled or terminated for any reason or this Agreement expires, then the Franchisee will

(a) within five days after termination, pay all Royalty Fees (current and future), Advertising Fees and other fees and other amounts due and owing by the Franchisee to the Franchisor under this Agreement or under any other contract, promissory note or other obligation,

(b) immediately return to the Franchisor by first class prepaid United States mail the Operating System Manual, menus, advertising materials and all other printed materials pertaining to the Restaurant or the Restaurant System,

(c) immediately return to the Franchisor all signage, statues, and materials that contain the Big Boy licenses or trademarks, and

(d) comply with all other applicable provisions of this Agreement

Upon termination or expiration of this Agreement for any reason, the Franchisee's right to use the name "Big Boy's Burgers and Shakes™" and the other Marks and the Restaurant System will terminate immediately in all respects, and the Franchisee will not thereafter have any right to conduct or promote any business under any name that is similar to the Marks or in any manner that might tend to give the general public the impression that the Franchisee is continuing to operate as a franchisee of the Franchisor Without limiting the generality of the foregoing, the Franchisee will

(a) On or before the passage of thirty (30) days following the expiration, Franchisee shall completely de-identify the Franchised Location as required herein, under the provisions of this Agreement, and in strict accordance with the Franchisor's Supplement to De-Identification List Generally, the de-identification shall include, but not be limited to, full, timely and complete performance of the foregoing requirements, including, removing all interior and exterior signs, objects, statutes, materials, items and all other goods, wares, merchandise, supplies, equipment, accessories, decor and other things employed in conjunction with ownership, operation and/or identification of the Franchise or, in or about the Franchised Location (whether required, or optional to Big Boy's Burgers and Shakes Franchisees), relative to which Franchisor, and/or Franchisor-related entities, own(s) or control(s) "Trademarks" (as such term is defined in the this Agreement), proprietary rights, or assets of any and every nature, or as may otherwise be reasonably identifiable to Franchisor For purposes of this provision, the term "proprietary rights" includes but is not limited to, Trademarks, trade names, service marks, trade dress, copyrights, patents, trade secrets, concepts, ideas, plans, strategies, recipes, food preparation and cooking methods, technologies, procedures, and protocols and confidential information (as such terms are most broadly construed), and all corresponding or related intellectual property rights The de-identification process shall also include, by way of generality and example only, Franchisee's cession of the possession, use, access to or control of all Franchisor (owned or controlled), licenses, permitted and/or provided Trademarks and/or proprietary data, in whatsoever form(s) or format transmitted, maintained, made available or stored all information and resources of, or provided by or through Franchisor (directly or indirectly), by any and all means, methods, procedures, protocols, technologies and/or of any other instrumentalities of communication Such proprietary data, information and resources include, but are not limited to, all advertising and marketing ideas, concepts, forms, materials, instructions and programs, all computer hardware and software, Franchisor licensed, permitted and or/provided Internet websites, and intranet websites and/or resources, mobile applications, access, email and/or Internet/World Wide Web (collectively "Internet") addresses, references, compilations, directories, links or other location changing technologies and methodologies, to or from any Franchisor and/or any other Big Boy's Burgers and Shakes Franchisee-related internet site, listings, directories, maps, other information or data by which Franchisee is, or appears in any way associated with or characterized as associated and/or operating in conjunction with Franchisor howsoever accomplished, and accessible to interested persons whether using Internet browsers, search engines, programs, crawlers (active or passive), addresses or other identity search programs, contact information as a Big Boy's Burgers and Shakes Franchisee, ads, cookies, solicitations, locations and/or other third-party owned and/or operated non-Franchisor related, Internet provided or related web sites, addresses, references, crawlers, cookies, listings, compilations, directories, search engines, browsers, and all other computer programs, sales, marketing and/or information instrumentalities, devices, processes, procedures, protocols, Formulas, algorithms, etc , used, provided, available or employed by any persons or entities identifying, listing, compiling, providing and/or making available information or data relative to current or past Big Boy Franchisees and/or Franchisor or related owned or operated Big Boy's Burgers and Shakes restaurants for any purposes whatsoever, or through use of other techniques, methodologies or instrumentalities employed to identify present or former Big Boy's Burgers and Shakes restaurants and/or locations, hereinafter collectively referred to collectively as "Internet Facilities " The term "Internet Facilities" shall also refer to and include any use of or reference to any social media applications, services or sites, such as, but not limited to Facebook, Twitter, My Space, LinkedIn, etc Following Expiration, Franchisee shall be required to engage in reasonable commercial efforts to cause all third persons and/or entities engaged in or employing Internet Facilities, listing or otherwise present or former "Big Boy's Burgers and Shakes" restaurant, Franchisee, affiliate or otherwise in any way connected or associated with Franchisor For purposes of satisfying this condition and obligation, the phrase "reasonable commercial efforts" shall be interpreted to mean good faith verifiable acts and efforts by Franchisee to contact the owner, operator, author, sponsor, seller, promoter and/or user of any such Internet Facilities, for purposes of bringing about a prompt and complete termination of use of Internet Facilities as they relate directly or indirectly to Franchisee, the Franchise, the Franchised Locations and/or any other methods of associating Franchisee with Franchisor Not less than once each calendar month following expiration for a period of twelve (12) months, Franchisee shall provide a short written report reflecting the day, time and manner of contact or communication with any such third parties in an effort to have the identity of Franchisee, the Franchised Location and/or any other Franchise related information removed from any such Internet Facilities Upon receipt of information relative to use of Internet Facilities, resources or similar function made known, Franchisee shall have ten (10) days to ascertain the identity and engage in reasonable commercial efforts to cause an immediate cessation of the use of any such Internet Facilities with the person or entity hosting or otherwise responsible for the Internet Facilities A failure, refusal or neglect to engage in such minimum verifiable commercially reasonable efforts within the time provided shall constitute a material breach of this Agreement As to Internet Facilities specifically acquired, retained solicited, employed or purchased by Franchisee at any time, Franchisee shall be immediately obligated to take definitive steps to terminate any such use of Internet Facilities

Franchisee shall not engage in or permit any type of advertising or marketing including, but not limited to, use of any Internet Facilities using any Big Boy names, Trademarks, references and/or other proprietary information in conjunction with any post-termination marketing, advertising, solicitation or sales, Internet Facilities and/or other similar activities

(b) As to all Trademark items, assets and things identifiable to Big Boy's Burgers and Shakes Restaurants and Franchises, employed by, used, owned, borrowed, licensed, possessed and/or within the custody or control of Franchisee (directly or indirectly) ("assets") under the terms of this Agreement immediately following its termination/Expiration, Franchisor is obligated to cease and desist all uses of all such assets All such assets shall be immediately returned, destroyed or otherwise disposed of as directed by Franchisor However, with respect to most of such Franchise identifiable assets, Franchisee has no right to use any of the same for any commercial, business or public purposes pursuant to the terms of this Agreement or otherwise Such preclusion is particularly true with respect to any assets employing by way of example, Franchisor's trade names, marks or other proprietary information As to any and all such assets, Franchisee shall be obligated to return or destroy any and all such assets However, there may be limited situations where Franchisee is not obligated to return or destroy certain assets As to any and all such assets, in such instances, Franchisee grants to Franchisor an irrevocable right of first refusal to acquire such assets

(c) The trademarks described in Article 14 of this Agreement including, but not limited to, any trademarks created, adopted, licensed or used following execution of this Agreement ("Big Boy Marks") are valuable assets of Franchisor protected by law Nothing herein shall be interpreted or construed as modifying any rights, responsibilities, obligations and protections, relative to such Big Boy Marks, whether specifically set forth in this Agreement, or otherwise afforded by law By way of illustration only and not limitation, under no circumstances shall Franchisee

(1) use the Big Boy Marks, or any trademark, service mark, logo, or trade name that is confusingly similar to the Big Boy Marks,

(2) infringe the Big Boy Marks using any similar designation, alone or in combination with any other components,

(3) pass off any products or services as those of Franchisor, and/or its duly authorized Franchisees,

(4) engage in any acts, omissions, transactions, occurrences or course of conduct to cause, or which has a reasonable likelihood of causing confusion or misunderstanding as to the source or sponsorship of their business, products or services,

(5) engage in any acts, omissions, transactions, occurrences or course of conduct to cause, or which has a reasonable possibility or likelihood of causing confusion or misunderstanding as to their affiliation, connection, or association with Franchisor, its Franchisees and/or any of their products or services, and

(6) unfairly compete with Franchisor or its Franchisees in any manner

(d) immediately cease any and all advertising that includes any of the Marks,

(e) delete all content containing the Marks or any references to the Franchisor or the Franchisee's Big Boy's Burgers and Shakes Restaurant from any Home Page maintained by the Franchisee, and

(f) cease using any and all items or materials which bear or include any of the Marks

The Franchisee also acknowledges and agrees that, without limiting any of the other rights granted to the Franchisor upon the expiration, cancellation or termination of this Agreement for any reason, the Franchisor shall have the right to remove any materials bearing the Marks, including the Big Boy statue, from the Franchisee's premises at Franchisor's expense

22 2 <u>Alteration of Franchised Location</u>

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for the Franchisee's Big Boy's Burgers and Shakes Restaurant, then within 30 days after the date of the expiration or termination of this Agreement the Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Big Boy's Burgers and Shakes Restaurant At a minimum, such changes and modifications to the Franchised Location will include

(a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with totally different colors, including removing any distinctive colors, materials, and designs from the walls,

(b) removing all FF&E and other decor items associated with a Big Boy's Burgers and Shakes Restaurant and replacing them with other decor items not of the general type and appearance customarily used in Big Boy's Burgers and Shakes Restaurants,

(c) removing all Signs, statues, and licensed or trademarked materials,

(d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any products or items that may be confusingly similar to those used in a Big Boy's Burgers and Shakes Restaurant, and

(e) modifying the premises as necessary to comply with the covenant not to compete provisions set forth in Article 23 3 of this Agreement

22.3 Cancellation of Telephone Directory Listings
Upon termination or expiration of this Agreement, or if the Franchisor acquires the Franchisee's Big Boy's Burgers and Shakes Restaurant pursuant to this Agreement, the Franchisor will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use all telephone numbers and all classified and other directory listings for the Restaurant and to authorize the telephone company and all listing agencies to Transfer to the Franchisor or its assignee all telephone numbers and directory listings of the Franchisee's Big Boy's Burgers and Shakes Restaurant The Franchisee acknowledges and agrees that the Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and the Franchisee hereby authorizes the Franchisor to direct the telephone company and all listing agencies to Transfer the Franchisee's telephone numbers and directory listings to the Franchisor or to an assignee of the Franchisor, if this Agreement expires or is terminated or if the Franchisor acquires the Franchisee's Big Boy's Burgers and Shakes Restaurant The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of the Franchisor to such telephone numbers and directory listings and this Agreement will constitute the authority from the Franchisee for the telephone company and listing agency to Transfer all such telephone numbers and directory listings to the Franchisor This Agreement will constitute a release of the telephone company and listing agencies by the Franchisee from any and all Claims and Damages that the Franchisee may at any time have the right to allege against them in connection with this Article

22 4 Continuation of Obligations
The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Article 23
FRANCHISEE'S COVENANTS NOT TO COMPETE

23 1 Consideration
The Franchisee, the Owners and the Personal Guarantors acknowledge that the Franchisee, its partners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking, and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the Big Boy's Burgers and Shakes Restaurant In consideration for the Franchisor providing this information, the Franchisee, the Owners and the Personal Guarantors will comply in all respects with the provisions of this Article The Franchisor has advised the Franchisee that this provision is a material provision of this Agreement, and that the Franchisor will not sell a Big Boy's Burgers and Shakes Restaurant Franchise to any person or Entity that owns or intends to own, operate or be involved in any Competitive Restaurant, provided however, that the Franchisor may, under certain circumstances, exclude from the coverage of Article 23 2 and Article 23 3 existing operational restaurant(s) owned and operated by the Franchisee as of the Effective Date, and the Franchisee may, with the written consent of the Franchisor, continue to own and operate such restaurants during the Term of this Agreement and thereafter

23 2 In-Term Covenant Not to Compete
The Franchisee, the Owners and the Personal Guarantors will not, during the Term of this Agreement, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Restaurant, except with the prior written consent of the Franchisor

23 3 Post-Term Covenant Not to Compete
The Franchisee, the Owners and the Personal Guarantors will not, for a period of 12 months after the termination or expiration of this Agreement (a) on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director, member or shareholder of any other person, firm, entity, partnership, limited liability company, or corporation, own, operate, manage, lease, franchise, conduct, consult with, engage in, be connected with, be employed by have any interest in or assist any person or Entity that owns, operates or manages any Competitive Restaurant which is located within a five mile radius of the Franchised Location, within five miles of any other Big Boy's Burgers and Shakes Restaurant, or within any designated area granted by the Franchisor to any franchisee or area developer of the Franchisor pursuant to a development agreement or other territorial agreement, or (b) convert the Franchised Location to a Major Brand Name Restaurant The Franchisee, the Owners and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit the Franchisor the opportunity to resell and/or develop a new Big Boy's Burgers and Shakes Restaurant at or in the area near the Franchised Location

23 4 Injunctive Relief
The Franchisee, the Owners and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of the Franchisor and its franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks The Franchisee, the Owners and the Personal Guarantors also agree that damages alone cannot adequately compensate the Franchisor if there is a violation of this Article by the Franchisee, the Owners or the Personal Guarantors, and that injunctive relief against the Franchisee is essential for the protection of the Franchisor and its franchisees The Franchisee, the Owners and the Personal Guarantors agree therefore, that if the Franchisor alleges that the Franchisee, the Owners or the Personal Guarantors have breached or violated this Article, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Franchisee, the Owners and the Personal Guarantors, in addition to all other remedies that may be available to the Franchisor The Franchisor will not be required to post a bond or other security for any injunctive proceeding If the Franchisor is granted ex parte injunctive relief against the Franchisee, the Franchisee's Owners or the Personal Guarantors, then the Franchisee, the Owners or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court

23 5 Severability
It is the desire and intent of the parties to this Agreement, including the Owners and the Personal Guarantors, that the provisions of this Article be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement of the provisions of this Article 23 is sought Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this Article in the particular jurisdiction in which the adjudication is made Further, to the extent any provision of this Article is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought

Article 24
INDEPENDENT CONTRACTORS

The Franchisor and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Franchisor and the Franchisee This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, fiduciary, legal representative, joint venturer, partner, employee, servant, independent contractor of Franchisor, joint employer, or other special relationship between the parties for any purpose whatsoever No agency, employment, or partnership is created or implied by the terms of this Agreement, and Franchisee may not represent or imply or hold itself out to third parties that Franchisee is an agent, fiduciary, legal representative, joint venture, partner, employee, servant, independent contractor, joint employer, or other special relationship of or with Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state of imply that Franchisor is Franchisee's employer or the employer of Franchisee's employees and or independent contractors, nor vice versa During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Big Boy's Burgers and Shakes Restaurant operating the Franchised Big Boy's Burgers and Shakes Restaurant pursuant to a franchise from Franchisor Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Big Boy's Burgers and Shakes Restaurant Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone None of Franchisee's employees will be considered Franchisor's employees Neither Franchisee nor any of its employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any local, state, or federal government agency Franchisor shall not have the power to hire or fire Franchisee's employees Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of Franchisee's employees for qualification to perform certain functions for the Franchised Big Boy's Burgers and Shakes Restaurant does not directly or indirectly vest in Franchisor the power to hire, fire, or control such employee Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Franchised Big Boy's Burgers and Shakes Restaurant and that under no circumstance shall Franchisor do so or be deemed to do so Franchisee further acknowledges and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the Franchise System which Franchisee is required to comply with under this Agreement, whether set forth in the Confidential Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Big Boy's Burgers and Shakes Restaurant, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising its control of the day-to-day operations of the Franchised Big Boy's Burgers and Shakes Restaurant Except as expressly provided in this Agreement, Franchisor may not control or have access to Franchisee's funds or the expenditure of Franchisee's funds or in any other way exercise dominion or control over the Franchised Big Boy's Burgers and Shakes Restaurant Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or in behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of franchisor and franchisee Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Big Boy's Burgers and Shakes Restaurant Franchisee shall have no right or power to, and shall not, bind or obligate us or our affiliates in any way or manner, nor represent that Franchisee has any right to do so Franchisee is an independent contractor, and Franchisee is solely responsible for all aspects of the development and operation of the Franchised Big Boy's Burgers and Shakes Restaurant, subject only to the conditions and covenants established by this Agreement Without limiting the generality of the foregoing, Franchisee acknowledges that Franchisor has no responsibility to ensure that the Franchised Big Boy's Burgers and Shakes Restaurant is developed and operated in compliance with all applicable laws, ordinances, and regulations and that Franchisor shall have no liability in the event the development or operation of the Franchised Big Boy's Burgers and Shakes Restaurant violates any law, ordinance, or regulation Franchisee's business is, and shall be kept, totally separate and apart from any that may be operated by Franchisor In all public records, in relationships with others, and on letterhead and business forms, electronic communications, bulletins and posters to Franchisee's employees, paychecks, checks, and other communications to customers, Franchisee shall indicate that Franchisee is solely a franchisee of Franchisor

Article 25
INDEMNIFICATION

25 1 Indemnification

The Franchisor, its member(s) or affiliates and their respective officers, directors, employees, agents and representatives ("Indemnitees"), will not be obligated to any person or Entity for any Claims and Damages incurred as a result of the Franchisee's negligence, wrongdoing or operation of its Big Boy Restaurant Therefore, the Franchisee will indemnify, defend and hold the Indemnitees harmless against, and will reimburse the Indemnitees for, all Claim and Damages for which the Indemnitees are held liable arising from, out of, in connection with, or as a result of the Franchisee's negligence, the Franchisee's wrongdoing, or the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant including, without limitation, all Cost and Expenses The Franchisee will indemnify the Indemnitees, without limitation, for all Claims and Damages arising from, out of, in connection with, or as a result of (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Franchisee or its employees, agents or representatives, (b) any failure on the part of the Franchisee or its employees, agents or representatives to comply with any requirement of any federal, state, or local laws or any governmental rules or regulations, including without limitation, any federal, state, or local labor and employment law for acts or omissions of Franchisee or Franchisee's employees, (c) any failure of the Franchisee to pay any of its uncontested obligations to any person or Entity, (d) any failure of the Franchisee or its employees, agents or representatives to comply with any requirement or condition of this Agreement or any other agreement with the Franchisor, (e) any misfeasance or malfeasance by the Franchisee or its employees, agents or representatives, (f) any tort committed by the Franchisee or its employees, agents or representatives, and (g) any cybersecurity breaches or violations of Privacy Laws The Indemnitees will have the right to defend any claim made against them arising from, out of, as a result of, or in connection with the operation of the Franchisee's Big Boy's Burgers and Shakes Restaurant

25 2 Payment of Costs and Expenses

The Franchisee will pay all Costs and Expenses incurred by the Franchisor in successfully enforcing any term, condition or provision of this Agreement against the Franchisee or in enjoining any violation of this Agreement by the Franchisee

25.3 Interest on Unpaid Fees, Administrative Fee

If the Franchisee fails to timely pay any Royalty Fees, Advertising Fees or other amounts due to the Franchisor under this Agreement, then the amount which is unpaid and past due will bear simple interest at the lesser of (a) the maximum legal rate allowable by applicable law, or (b) 18% simple interest per annum In addition, the Franchisee will pay the Franchisor an Administrative Fee of $150 for each payment that is over 10 days delinquent

25 4 Continuation of Obligations

The indemnification and other obligations contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

Article 26
ARBITRATION

26 1 Disputes Subject to Arbitration

Except as expressly provided in Article 26 5, all disputes and controversies ("dispute" or "disputes") between the Franchisee and the Franchisor and their respective officers, directors, shareholders, members, governors, partners, employees, and agents, arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Big Boy's Burgers and Shakes Restaurant, including (a) allegations of fraud, misrepresentation and violation of any federal, state, municipal or local laws, rules or regulations, and (b) claims against any officer, director, shareholder, member, governor, partner, employee or agent, will be resolved exclusively by arbitration conducted with the American Arbitration Association, 39555 Orchard Hill Place, Suite 600, Novi, MI 48375, 248 352 5500 (www adr org) (the "AAA") and in accordance with its procedures

26 2 Demand for Arbitration

Following any required notice and applicable cure period, if any, any party may demand arbitration by giving written notice to the other party and to the office of the AAA Any party will have the right to have one Arbitrator appointed to hear the matter The Arbitrator will be appointed as provided herein within 30 days after a written demand for arbitration has been made by either party

26.3 Venue and Jurisdiction

All arbitration hearings will take place exclusively in Macomb County, Michigan, and will be held no later than six months after the Arbitrator has been selected The Franchisor and its officers, managers, directors or governors and the Franchisee and its respective partners, officers, managers, directors, governors and Owners and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrator, and do hereby waive any rights to contest venue and jurisdiction in the State of Michigan and any claims that venue and jurisdiction are invalid

26 4 Powers of Arbitrator

The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party The Arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for arbitration and any counterclaim thereto, and the Arbitrator will have no authority to decide any other issues The Arbitrator shall have the right and authority to issue appropriate preliminary and permanent injunctive relief, including, without limitation, ex parte temporary restraining orders The Arbitrator will not have the right or authority to award punitive or exemplary damages to either the Franchisor or the Franchisee or their partners, officers, managers, directors, governors, members, shareholders, Owners and Personal Guarantors, and all parties expressly waive their rights to plead or seek punitive and exemplary damages The Arbitrator shall award reasonable attorney fees and costs to the prevailing party including the fees and charges of the AAA and the Arbitrator All findings, judgments, decisions and awards by the Arbitrator will be in writing, will be made within 60 days after the arbitration hearing has been completed, and will be final and binding on the Franchisor and the Franchisee The written decision of the Arbitrator, including any temporary or permanent injunctive relief, will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party If, during the course of Arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the procedures of the AAA, then the Arbitrator will have the absolute right to enter a default judgment against the party failing to appear and may grant the appropriate remedy and/or relief in favor of the appearing party, including the awarding of attorneys' fees and costs

26 5 <u>Alternative Forum for Certain Disputes</u>
Notwithstanding the provisions of this Article 26, the disputes set forth in Article 27 1 may be submitted directly to a court of competent jurisdiction without first submitting such dispute to an arbitrator

26 6 <u>No Collateral Estoppel or Class Actions</u>
All arbitration findings, conclusions, orders and awards made by the Arbitrator will be final and binding on the Franchisor and the Franchisee, however, in recognition of the fact that arbitration proceedings are not subject to the same standards as those afforded the parties in a court of law, the arbitration findings, conclusions, orders and awards may not be used to collaterally estop either the Franchisee or the Franchisor from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties or other franchisees No person or Entity except the Franchisor and the Franchisee, and their partners, officers, managers, directors, governors, members, shareholders, Owners and the Personal Guarantors, will have the right to join in or participate in any arbitration proceeding arising under this Agreement, and therefore, the Arbitrator will not be authorized to permit class actions or to permit any other person or Entity to be involved in or be named as a party to any arbitration proceeding brought by either party under this Agreement The Franchisee and the Franchisor agree that neither party will be entitled to allege or recover punitive or exemplary damages Thus, the Arbitrator will not have the right to award punitive or exemplary damages to either party and both parties expressly waive their rights allege or claim punitive and exemplary damages

26 7 <u>Confidentiality</u>
All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between the Franchisor and the Franchisee will be secret and confidential in all respects The Franchisor and the Franchisee will not disclose the decision or award of the Arbitrator and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or Entity except as required by law or as required to be included in the Franchisor's Franchise Disclosure Document Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any appropriate subsequent court hearing brought by either party

26 8 <u>Federal Arbitration Act</u>
This Agreement and any issue regarding arbitration arising under this Agreement will be governed by the Federal Arbitration Act and the federal common law of arbitration

Article 27
ENFORCEMENT

27 1 Injunctive Relief

Notwithstanding the provisions of Article 26, the Franchisor and the Franchisee will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to (a) the Franchisee's use of the Marks or the Restaurant System, (b) the obligations of the Franchisee upon termination or expiration of this Agreement, (c) the Transfer of this Agreement, the Business Assets or the Ownership Interests in the Franchisee, (d) the violation of the provisions of this Agreement relating to confidentiality including, but not limited to, those contained in Articles 6 7, 9 3, 9 4, 12 6 and 26 7, (e) the violation of the provisions of this Agreement relating to the covenants not to compete including, but not limited to, those contained in Article 23, (f) any dispute involving the immediate termination of this Agreement by the Franchisor, and (g) any act or omission by the Franchisee or the Franchisee's employees that (1) constitutes a violation of any applicable federal, state or local law, ordinance or regulation, (2) is dishonest or misleading to the guests or customers of the Franchisee's Restaurant or other Big Boy's Burgers and Shakes Restaurants, (3) constitutes a danger to the employees, public, guests or customers of the Franchisee's Restaurant, or (4) may impair the goodwill associated with the Marks or the Restaurant System

27 2 Severability

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by the Franchisor is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable Such modifications to this Agreement will be effective only in such jurisdiction

27.3 Waiver

The Franchisor and the Franchisee may, by written instrument signed by the Franchisor and the Franchisee, waive any obligation of or restriction upon the other under this Agreement Acceptance by the Franchisor of any payment by the Franchisee and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by the Franchisor of any provision of this Agreement The Franchisor will have the absolute right to waive obligations or restrictions for other franchisees under their franchise agreements without waiving those obligations or restrictions for the Franchisee and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other Big Boy franchisees without granting those same rights to the Franchisee and without incurring any liability or obligation to the Franchisee whatsoever

27 4 Payments to Franchisor

The Franchisee will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Franchisee, or for any other reason, withhold payment of any Royalty Fees, Advertising Fees or any other fees or payments due the Franchisor under this Agreement or pursuant to any other contract or agreement with the

Franchisor The Franchisee will not have the right to "offset" or withhold any liquidated or non-liquidated amounts, damages or other funds allegedly due to the Franchisee by the Franchisor against any Royalty Fees, Advertising Fees or any other fees or payments due to the Franchisor by the Franchisee under this Agreement

27 5 Effect of Wrongful Termination

If either the Franchisor or the Franchisee takes any action to terminate this Agreement or the Franchisee takes any action to convert its Big Boy's Burgers and Shakes Restaurant to another restaurant or other business, and such actions were taken without first complying with the terms and conditions of Article 20 or Article 21 of this Agreement, as applicable, then such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect and the parties will be obligated to fully perform all terms and conditions until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law, as determined by arbitration or a court of competent jurisdiction

27 6 Cumulative Rights

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce

27 7 Binding Agreement

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest

27 8 Joint and Several Liability

If the Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several, together with the liability of the Personal Guarantors

27 9 No Oral Modification

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer

27 10 Entire Agreement

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship relating to the Franchised Location and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Franchisee that are not contained in this Agreement, any other agreements executed simultaneously with this Agreement, or the Franchisor's Franchise Disclosure Document, will not be enforceable The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement or agreements or contracts that do not conflict with the terms and conditions of this Agreement

27 11 Headings, Terms

The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles The term "Franchisee" as used herein is applicable to one or more individuals, a general or limited partnership, a corporation, a limited liability Franchisor, or a partnership, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine References to "Franchisee," "assignee" and "transferee" which are applicable to an individual or individuals will mean the Owner or Owners of the equity and operating control

27 12 Venue and Jurisdiction

All litigation, court proceedings, arbitration proceedings, lawsuits, court hearings and other hearings initiated by the Franchisee or the Franchisor, including any action commenced by either party contesting the arbitration provisions of this Agreement, must and will be venued exclusively in either the Circuit Court for Macomb County, Michigan or the Federal District Court in Detroit, Michigan The Franchisor and the Franchisee, and their partners, officers, managers, directors, governors, Owners, and Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan for the purposes of any suit, proceeding or hearing brought in any court to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or the Franchisee's Big Boy Restaurant, and agree and stipulate that all such suits, proceedings and hearings will be exclusively venued and held in Michigan as stated hereinabove The Franchisee and each of its partners, officers, managers, directors, governors, Owners, and Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid

27 13 Franchisee's Grant of Security Interest to Franchisor

Franchisee hereby grants to Franchisor a security interest in all of the furniture, fixtures, equipment and other personal property and assets of the Franchisee to secure Franchisee's prompt payment of any financial obligations it incurs with Franchisor under this Agreement Franchisee acknowledges Franchisor will file a financing statement as evidence of this security agreement If the acquisition or development of the Franchised Unit is to be financed by the Franchisee, Franchisor will subordinate its security interest to Franchisee's principal lender, upon written request by Franchisee

Article 28
ACKNOWLEDGMENTS, DISCLAIMER

28 1 Disclaimer

The Franchisor does not warrant or guarantee to the Franchisee that the Franchisee will derive income or profit from the Big Boy's Burgers and Shakes Restaurant, or that the Franchisor will refund all or part of the Initial Fee or the price paid for the Franchisee's Restaurant or repurchase any of the supplies, products, technology or equipment supplied or sold by the Franchisor or by an Approved Supplier if the Franchisee is in any way unsatisfied with the purchase of the Franchise or the operation of its Restaurant The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Franchisee's Restaurant except as contained in the Franchisor's Franchise Disclosure Document received by the Franchisee

28 2 Acknowledgments by Franchisee

The Franchisee acknowledges that it has conducted an independent investigation of the Big Boy's Burgers and Shakes Restaurant system and recognizes that the business venture contemplated by this Agreement involves business and economic risks The Franchisee acknowledges that the financial, business and economic success of the Franchisee's Big Boy's Burgers and Shakes Restaurant will be primarily dependent upon the personal efforts of the Franchisee, its Management Team and its employees, and on economic conditions in the area where the Franchised Location is located and economic conditions of the United States in general The Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the

Restaurant, or other economic matters pertaining to the Franchisee's Restaurant from the Franchisor or any of its agents that were not expressly set forth in the Franchisor's Franchise Disclosure Document received by the Franchisee from the Franchisor (hereinafter referred to in this provision as "Representations") The Franchisee further acknowledges that if it had received any such Representations, it would not have executed this Agreement, and that it would have promptly notified an officer of the Franchisor in writing of the name of the person or persons making such Representations and provided the Franchisor with a specific written statement detailing the Representations made

28 3 <u>Representations of Entity Franchisee</u>

If the Franchisee is an Entity, the Owners represent and warrant that (a) the Franchisee is duly organized, validly existing and in good standing under the laws of the state of its organization, (b) the Franchisee is qualified to do business in the state in which the Franchisee's Big Boy's Burgers and Shakes Restaurant is located, and (c) the Franchisee has delivered to the Franchisor a copy of its corporate charter or certificate of organization, By-Laws or Operating Agreements and current good standing certificates from all states in which the Franchisee is incorporated / organized or qualified to do business

28 4 <u>Other Franchisees</u>

The Franchisee acknowledges that other Big Boy's Burgers and Shakes franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the Royalty Fees, Advertising Fees, payments, rights, obligations, economics, and terms and conditions of other franchise agreements may vary substantially in form and in substance from those contained in this Agreement The Franchisee further acknowledges that in the future the Franchisor may operate and franchise or license restaurant operations under various trade names, and that nothing in this Agreement shall be deemed to restrict the Franchisor from operating or franchising any restaurant or other operation under any trade name at any location

28 5 <u>Receipt of Agreement and Franchise Disclosure Document.</u>

The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five business days prior to the date that this Agreement was executed by the Franchisee The Franchisee further acknowledges that it received a copy of the Franchisor's Franchise Disclosure Document at least 14 business days prior to the date on which this Agreement was executed

<u>Article 29</u>
<u>FRANCHISEE'S LEGAL COUNSEL</u>

The Franchisee acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Franchisee The Franchisee has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Franchisor's Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Big Boy's Burgers and Shakes Restaurant, to determine compliance with franchising and other applicable laws, and to advise the Franchisee on economic risks, liabilities, obligations and rights under this Agreement and to advise the Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Restaurant business, and other business matters

<u>Article 30</u>
<u>NOTICES</u>

All notices to the Franchisor will be in writing and will be addressed to Big Boy Franchise Management LLC, Attn Legal Department, 4199 Marcy Street, Warren, MI 48091-5628, or such other address as the Franchisor may subsequently designate in writing Except as otherwise provided by applicable law, all notices under this Agreement will be in writing and delivered to the addressee by any of the following means (a) by personal service, (b) by prepaid certified U S mail, (c) by facsimile, e-mail or other electronic transmission, or (d) by a recognized overnight delivery service (such as Federal Express, United States Express Mail, Airborne Express or UPS) which requires a written receipt or acknowledgement of delivery All notices to the Franchisee will be sent to the Franchised Location, or such other address as the Franchisee may subsequently designate in writing For the purposes of this Agreement, written notice will be deemed received by the addressee (i) on the day received, if it is sent by personal service or by a recognized overnight delivery service, (ii) 3 days after mailing if sent by U S certified mail regardless of whether actually received or returned to sender, (iii) on the date of transmission if it is sent by facsimile by 5 00 p m at the recipient's location on a business day and the transmission has been confirmed by the sender, or (iv) on the date of transmission, if sent by e-mail or other electronic transmission by 5 00 p m at the recipient's location on a business day and the sender does not receive a notice of non-delivery

Article 31
GOVERNING LAW, STATE MODIFICATIONS

31 1 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C § 1050 et seq), as amended, this Agreement shall be governed by the laws in the State of Michigan The parties agree, however, that if the Franchise Location is not located in the State of Michigan, and if you are not a resident of the State of Michigan, the Michigan Franchise Investment Law and regulations promulgated thereunder shall not apply to this transaction or this Agreement Notwithstanding the foregoing, the parties recognize that if you are a resident of a state that has a law specifically governing the sale and operation of franchises of the type granted hereby to you, or if the Franchise Location is located in such a state, then while the foregoing paragraph shall still be applicable, the franchise law of such other states shall also apply to this transaction In that event, to the extent that the provisions of this Agreement provide for periods of notice less than those required by such applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with such applicable law, such provisions shall, to the extent that such are not in accordance with such applicable law, be superseded by said law, and we shall comply with such applicable law in connection with each of these matters

31 2 State Modifications

If the Franchised Location is located in any one of the states indicated below in this Article 31 2, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows

(a) California If this Agreement is governed by the laws of the State of California, then (1) California Business and Professions Code, Sections 20000 through 20043 provides rights to the Franchisee concerning the termination and nonrenewal of the Franchise which will supersede any inconsistent provisions of this Agreement, (2) California Corporations Code, Section 31125 requires the that the Franchisor give the Franchisee a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of this Agreement, (3) the provisions of this Agreement which allow the Franchisor to terminate this Agreement when an involuntary petition for bankruptcy is filed against the Franchisee, or the Franchisee files for bankruptcy or is adjudicated a bankrupt may not be enforceable under federal bankruptcy law (11 U S C A Section 101, et seq), and (4) the covenant not to compete upon termination or expiration of this Agreement contained in Article 23 3 of this Agreement may be unenforceable, except in certain circumstances provided by law,

(b) Illinois If this Agreement is governed by the laws of the State of Illinois, then (1) any provision of this Agreement that designated jurisdiction or venue in a forum outside the State of Illinois is void, provided that this Agreement may provide for mediation or arbitration in a forum outside Illinois, (2) Sections 19 and 20 of the Illinois Franchise Disclosure Act provide rights to the Franchisee relating to the termination and nonrenewal of the Franchise which will superseded any inconsistent provisions of this Agreement, (3) this Agreement is amended to provide that the periods of limitation contained in Section 27 of the Illinois Franchise Disclosure Act are applicable to any action maintained by the Franchisee to enforce any liability created by the Act, and (4) Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void, therefore, any acknowledgments or other language contained in Article 28 of this Agreement which purport to waive compliance with the Act will be unenforceable against the Franchisee,

(c) Minnesota If this Agreement is governed by the laws of the State of Minnesota, then (1) except in certain circumstances specified by law, the Franchisor must give the Franchisee at least 180 days prior written notice of nonrenewal of this Agreement, (2) in the event the Franchisor gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice, (3) notwithstanding any provisions of this Agreement to the contrary, a Court of competent jurisdiction will determine whether the Franchisor will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Franchisee, the Franchisee's Owners or the Personal Guarantors, (4) Article 17 5(d) of this Agreement will be inapplicable to rights provided to the Franchisee or to any liability imposed by Minn Stat Sections 80C 01 to 80C 22, (5) in accordance with Minn Stat Sec 80C 17, Subd 5, the Franchisee will have no more than three years after the cause of action accrues to commence an action pursuant to Minn Stat Sec 80C 17, and (6) any provision of this Agreement which requires the Franchisee to waive its rights to jurisdiction or venue in the State of Minnesota will not be applicable to the Franchisee

(d) New York If this Agreement is governed by the laws of the State of New York, then (1) to the extent that Section 17 2 requires Franchisee to sign a general release as a condition of transfer, such release shall exclude claims arising under the General Business Laws, (2) to the extent that Section 17 1 allows Franchisor to transfer or assign its rights and obligations under this Agreement, so long as in Franchisor's good faith judgment, the transferee must be able to perform Franchisor's obligations under this Agreement and transferee remains subject to the General Business Laws of the State of New York, (3) to the extent that Article 25 requires Franchisee to indemnify Franchisor, such Article 25 is amended to provide that Franchisee is not required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures and products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor, and (4) to the extent as this Article requires that this Agreement be governed by the laws of the state of Michigan, such a requirement will not be considered a waiver of any right conferred upon Franchisee by Article 33 of the General Business Laws

(e) North Dakota If this Agreement is governed by the laws of the State of North Dakota, then (1) in the event the Franchisor gives the Franchisee written notice that the

Franchisee is delinquent in the payment of any fees or other payments payable to the Franchisor, the Franchisee will have 30 days after such written notice within which to correct the breach by making full payment (including interest as provided for herein) to the Franchisor, (2) the covenant not to compete upon termination or expiration of this Agreement contained in Article 23 3 may be unenforceable, except in certain circumstances provided by law, (3) Article 25 2 is amended to provide that the prevailing party will pay all attorneys' fees, costs and expenses incurred by the other party in enforcing any term, condition or provision of this Agreement or in enjoining any violation of this Agreement by the other party, (4) the consent by the Franchisee to jurisdiction and venue in Macomb County, Michigan contained in Article 27 12 may be inapplicable, provided, however, that such inapplicability in the State of North Dakota will not be construed to mean that venue in Macomb County, Michigan is improper, or that the Franchisee, its officers, directors, Owners and Personal Guarantors are not subject to jurisdiction in Macomb County, Michigan, or in any other state, and (5) the provisions of Article 26 4 requiring arbitration hearings to take place in Warren, Michigan will be inapplicable and in the event of arbitration between the Franchisor and the Franchisee, such arbitration will be conducted in North Dakota or at a mutually agreed upon location

(f) Wisconsin If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis Stat Chapter 135, will supersede any conflicting terms of this Agreement

IN WITNESS WHEREOF, the Franchisor, the Franchisee and the Owners have respectively signed this Agreement effective as of the day and year first above written

In the Presence of	**Big Boy Franchise Management LLC**
______________________________	By ______________________________
	Its
In the Presence of	**"Franchisee"**
______________________________	
	By ______________________________
	Its

EXHIBIT A

TO THE FRANCHISE AGREEMENT BETWEEN BIG BOY FRANCHISE MANAGEMENT LLC AND

____

DATED ____________________, ____________

1 Operating Partner The name and home address of the Operating Partner as follows

____

____

____

2 Form of Entity of Franchisee

(a) Corporation or Limited Liability Company Franchisee was incorporated on ____________________, _________, under the laws of the State of ________________ It has not conducted business under any name other than its corporate name The following is a list of all of Franchisee's directors and officers as of ______________________, _________

Name of Each Director/Officer	Position(s) Held
____	____________________________
____	____________________________
____	____________________________
____	____________________________
____	____________________________
____	____________________________

(b) Partnership Franchisee is a [general] [limited] partnership formed on ____________________, ____________ under the laws of the State of __________________ It has not conducted business under any name other than its partnership name The following is a list of all of Franchisee's general partners as of ____________________, ____________

Name of General Partner

____

____

____

____

____

3 Owners Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee Franchisee, and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement

Owner's Name and Address	Description of Interest
______________________________	____________________
______________________________	____________________
______________________________	____________________
______________________________	____________________
______________________________	____________________
______________________________	____________________
______________________________	____________________
______________________________	____________________

4 Confidentiality

The Franchisor and the Franchisee expressly understand and agree that the Franchisor will be disclosing and providing to the Franchisee certain confidential and proprietary information concerning the Restaurant System and the procedures, operations, technology and data used in connection with the Restaurant System The Franchisee will not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or Entity any such confidential and proprietary information, knowledge or know-how concerning the methods of operation of the Restaurant which may be communicated to the Franchisee, or of which the Franchisee may be apprised by virtue of this Agreement The Franchisee will divulge such confidential and proprietary information only to its employees who must have access to it in order to operate the Franchisee's Big Boy Restaurant Any and all information, knowledge and know-how including, without limitation, drawings, memos, letters, writings, e-mails, reports, client lists, materials, equipment, technology, methods, procedures, techniques, recipes, specifications, computer programs, systems and other data which the Franchisor copyrights or designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement

Accepted by Franchisor and made a part of the Franchise Agreement as of	Submitted by Franchisee on
	____________________, __________
____________________, __________	

BIG BOY FRANCHISE MANAGEMENT LLC,
a limited liability company

By ______________________________
Print Name ______________________________
Title ______________________________

____
(Name of corporation, limited liability company or partnership)

By ______________________________
Print Name ______________________________
Title ______________________________

Owners

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Guaranty") is made and entered into this ______ day of _______________, __________, by and between Big Boy Franchise Management LLC, a Michigan limited liability company, ("Big Boy"), and the undersigned personal guarantors (the "Personal Guarantors")

WHEREAS, Big Boy and __________________________________ (the "Franchisee") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised "Big Boy's Burgers and Shakes Restaurant" at ____ (the "Franchise Agreement")

WHEREAS, it is the desire of the undersigned Personal Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement, which is incorporated herein by reference, and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Big Boy, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by the Franchisee

Obligations under Agreement. The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and restrictions on transfer of the Business Assets, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement The undersigned acknowledge receiving a copy of the Franchise Agreement

Default of Franchisee If any default should at any time be made therein by the Franchisee, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Big Boy the Initial Fee, the Opening Assistance Fee, the Royalty Fees, the Advertising Fees and all other monies due and payable to Big Boy under the terms and conditions of the Franchise Agreement

Non-Compliance by Franchisee If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee

Obligations to Big Boy If the Franchisee is at any time in default on any obligation to pay monies due to Big Boy or any subsidiary or affiliate of Big Boy, whether for the Initial Fee, the Royalty Fees, the Advertising Fees, merchandise, products, supplies, FF&E, or other products purchased by the Franchisee or for any other indebtedness of the Franchisee to Big Boy or any subsidiary or affiliate of Big Boy, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable from the Franchisee to Big Boy or any subsidiary or affiliate of Big Boy upon default by the Franchisee

Continuing Obligations Each of the Personal Guarantors agrees that the discharge or release of any obligations of the Franchisee or of any Personal Guarantor or other person now or hereafter liable hereunder or under the Franchise Agreement by reason of bankruptcy or insolvency laws or otherwise shall not diminish or impair the liability of each other Personal Guarantor in any respect Such discharge or release may be done without notice to the Personal Guarantors

Binding Agreement The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Big Boy

Jurisdiction and Venue Except as precluded by applicable law, all arbitration hearings, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with Articles 26 3 and 27 12 of the Franchise Agreement

PERSONAL GUARANTORS

______________________	______________________
Individually	Individually
______________________	______________________
Address	Address
______________________	______________________
City, State and Zip	City, State and Zip
______________________	______________________
Area code and Telephone	Area code and Telephone
______________________	______________________
Individually	Individually
______________________	______________________
Address	Address
______________________	______________________
City, State and Zip	City, State and Zip
______________________	______________________
Area code and Telephone	Area code and Telephone
______________________	______________________
Individually	Individually
______________________	______________________
Address	Address
______________________	______________________
City, State and Zip	City, State and Zip

LANDLORD'S CONSENT
TO ASSIGNMENT OF LEASE

The undersigned landlord (the "Landlord") hereby consents to the Assignment by ________________ (the "Franchisee") of its right, title and interest in the premises lease dated __________________ by and between the Landlord and the Franchisee (the "Premises Lease") to Big Boy Franchise Management LLC ("Big Boy") pursuant to a Franchise Agreement between Big Boy and the Franchisee dated ________________, ______ (the "Franchise Agreement"), and agrees as follows

1 If the Franchisee defaults under the Franchise Agreement or Franchisee desires to transfer to Big Boy, then Big Boy or its designee may assume, enforce and perform the obligations of the Premises Lease with the same force and effect as if assumed, enforced and performed by the Franchisee The Landlord will accept performance by Big Boy or its designee in lieu of performance by the Franchisee in satisfaction of the Franchisee's future obligations under the Premises Lease

2 The Landlord will not terminate the Premises Lease on account of any default of the Franchisee thereunder without written notice to Big Boy and without first providing to Big Boy a reasonable opportunity, but not less than 30 days, to (a) cause the Franchisee to cure the default, or (b) declare the Franchisee in default under the Franchise Agreement and exercise its rights under the Assignment of Lease provisions of the Franchise Agreement If Big Boy elects to exercise its rights under the Assignment, then the Landlord agrees not to terminate the Premises Lease so long as Big Boy or its designee agrees, within 15 days after the date Big Boy gives written notice to the Landlord of its election to exercise its rights under this Assignment, to perform the future obligations of the Franchisee under the Premises Lease However, nothing herein will require Big Boy to cure any default of the Franchisee under the Premises Lease, but only gives Big Boy the option to assume the Franchisee's future rights and obligations under the Premises Lease

3 The Landlord hereby represents and warrants to Big Boy that (a) the Premises Lease is a valid enforceable agreement, (b) there has been no prior assignment of the Premises Lease of which the Landlord has notice or is aware, (c) neither the Landlord nor the Franchisee is in default under the Premises Lease, and (d) all covenants, conditions and agreements have been performed as required therein except those not due to be performed until after the date hereof

LANDLORD

Date ____________________________

____
By

Its

AUTHORIZATION TO HONOR BIG BOY FRANCHISE MANAGEMENT LLC
ELECTRONIC FUNDS TRANSFER

PAYEE	BANK NAME	ACCOUNT NO	ABA NO
Big Boy Franchise Management LLC	Comerica Bank	1850710987	072 000 096

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "debits") drawn on such account which are payable to the above named Payee It is agreed that the Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever This authorization shall continue in force until the Depository has received at least 30 days written notification from the Payor of its termination which shall not be given without the express written consent of Payee

The Depositor agrees with respect to any action taken pursuant to the above authorization

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith

(2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently

(3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein

Name of Depository Bank (Franchisee's Bank) ____________________

Name of Franchisee/Depositor (as listed on account) ____________________

Designated Bank Account (Franchisor's Bank) ____________________

(Please attach one voided check for the above account of the Franchisee)

Franchised Location ____________________

Address City State Zip Code

For information call ____________________

Print Name of Franchisee s Contact Person

Restaurant Number ____________ E-Mail Address ____________

Telephone Number ____________ Fax Number ____________

____

Name of Franchisee/Depositor as Listed on Account (please print)

By ____________________ ____________

Signature of Franchisee's Authorized Representative Title

Date ____________, 20___

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

<u>EXHIBIT C AREA DEVELOPMENT AGREEMENT</u>

AREA DEVELOPMENT AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC
4199 Marcy Street
Warren, MI 48091-5628
Telephone (586) 759-6000
Fax (586) 757-4737

Area Developer

____
Legal Name of Area Developer

____
Street

____
City State Zip Code

(____) ____________________________
Area Code Telephone

(____) ____________________________
Area Code Fax

____
E-Mail Address

____
EFFECTIVE DATE OF
AREA DEVELOPMENT AGREEMENT

BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT

INDEX

BIG BOY FRANCHISE MANAGEMENT LLC

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is made, entered into and effective this ___ day of ________________, ________ ("Effective Date"), by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and ______________________________, a ______________________________ (the "Area Developer")

INTRODUCTION

Restaurant System The Franchisor has developed a unique business system for operating and franchising unique restaurants which feature sandwiches, including the Big Boy® Sandwich, the Super Big Boy® Sandwich, beverages, fresh cut fries, shakes and other food products (the "Big Boy System" or the "Restaurant System")

Licensing of Marks The Franchisor has extensively publicized the name "Big Boy's Burgers and Shakes™" to the public as an organization of restaurant businesses operating under the Restaurant System The Franchisor has the right and authority to license the use of the name "Big Boy's Burgers and Shakes®" and the other Marks for use in connection with the Big Boy's Burgers and Shakes System to selected persons, businesses or entities who will comply with the uniformity requirements and quality standards of the Franchisor The Franchisor will continue to develop, use, and control the use of the name "Big Boy's Burgers and Shakes®" and the other Marks, in order to identify for the public the source of foods, foods items, food products, beverages and services marketed under the Restaurant System, and to represent to the public the Restaurant System's high standards of quality, appearance, cleanliness and service

Development of Big Boy's Burgers and Shakes Restaurant. The Area Developer desires to enter into Franchise Agreements with the Franchisor to develop, own and operate Big Boy's Burgers and Shakes Restaurants (the "Big Boy's Burgers and Shakes Restaurants" or the "Restaurants") in the area set forth in Article 1 in conformity with the Restaurant System and the uniformity requirements and quality standards established and promulgated from time to time by the Franchisor

Right to Use Marks and Restaurant System The Area Developer acknowledges that it would take substantial capital and human resources to develop a restaurant concept that is similar to a Big Boy's Burgers and Shakes Restaurant and, for those reasons, the Area Developer desires to acquire the right to use the Marks and the Restaurant System and to own and operate a Big Boy's Burgers and Shakes Restaurant pursuant to the terms and conditions of this Agreement and the Franchise Agreements for the Big Boy's Burgers and Shakes Restaurants

Pursuant to the above Recitals and in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows

ARTICLE 1
GRANT OF DEVELOPMENT RIGHTS, TERRITORY

1 1 Territory

The Franchisor hereby grants to the Area Developer, for the term of this Agreement, the right to enter into Franchise Agreements with the Franchisor for the development and operation of Big Boy's Burgers and

Shakes Restaurants to be located within the "Territory" defined as the geographical area described and delineated as follows ____

____

____

The Territory may be further described in a map attached hereto as Exhibit A and signed by both the Franchisor and the Area Developer

1.2 Territory

The rights and privileges granted to the Area Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement During the term of this Agreement, the Franchisor will not grant to any other person or entity a franchise to open or operate a Big Boy's Burgers and Shakes Restaurant utilizing the Restaurant System or the Marks within the Territory, and will not establish another franchised or company-owned Big Boy's Burgers and Shakes Restaurant within the Territory Notwithstanding the foregoing, the Franchisor will have the absolute right to (a) develop other restaurant business concepts under other brand names even if the locations for the concepts are within the Territory, (b) develop Big Boy's Burgers and Shakes Restaurants in the Territory if they are located at or within an international airport, a major theme or entertainment park, casinos, hospitals, mass merchandising outlets, government facilities or a professional sports stadium, (c) market, distribute and sell, on a wholesale or retail basis, foods and other products under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution methods, even if such sales are made to customers, distributors or retailers who are located in the Territory, and (d) advertise, promote and participate in special promotions in the Territory including, without limitation, cooking, recipe or restaurant competitions, sporting events, and fund-raising and charitable events

1.3 Use of Marks.

The Area Developer will have the right to use the Marks only in the Territory and only in connection with the development of Big Boy's Burgers and Shakes Restaurants The Area Developer will only use the Marks designated by the Franchisor in writing and only in the manner authorized and permitted by the Franchisor

1.4 Conditions

The Area Developer hereby undertakes the obligation to develop Big Boy's Burgers and Shakes Restaurants using the Restaurant System in the Territory in strict compliance with the terms and conditions of this Agreement for the entire term of this Agreement The rights and privileges granted to the Area Developer by the Franchisor under this Agreement are applicable only in the Territory, are personal in nature, and may not be used elsewhere or in any other area by the Area Developer

1.5 Personal License

The Area Developer will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement The Area Developer will not have the right to assign this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement

1.6 Personal Guaranty

The Area Developer will secure the signatures of the Personal Guarantors (as hereinafter defined) on the Personal Guaranty attached to this agreement on the Effective Date

ARTICLE 2
TERM

This Agreement will be in effect for a term ending _________________ (____) years after the Effective Date, or on the date the Area Developer has completed development of the number of Big Boy's Burgers and Shakes Restaurants required under the Development Schedule set forth in Article 4 1, whichever is earlier This Agreement will not be enforceable until it has been signed by both the Franchisor and Area Developer, and until this Agreement has been delivered to the Area Developer At the end of the term of this Agreement, the Area Developer's development rights with respect to the Territory will automatically terminate, and the Area Developer will not have the right to renew or extend the term of this Agreement

ARTICLE 3
FEES PAYABLE TO FRANCHISOR

3 1 Development Fee

On the date this Agreement is executed by the Area Developer, the Area Developer will pay the Franchisor a nonrefundable Development Fee of an amount equal to $10,000 multiplied by the total number of Big Boy's Burgers and Shakes Restaurants that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4 1 of this Agreement (the "Development Fee") The Development Fee is payment to the Franchisor for granting the Area Developer the rights, as set forth in this Agreement, to develop Big Boy's Burgers and Shakes Restaurants in the Territory In no event will the Development Fee be refunded to the Area Developer

3 2 Initial Fees

In addition to the Development Fee, the Area Developer will pay the Franchisor the remainder of the Initial Fee, which is $40,000 for each Big Boy's Burgers and Shakes Restaurant that the Area Developer is required to open and operate in the Territory pursuant to the Development Schedule set forth in Article 4 1 of this Agreement The Area Developer will pay the Franchisor the Initial Fee set forth in this Article 3 2, even if the Initial Fee that is then charged to other area developers or franchisees by the Franchisor is different from the Initial Fee specified herein

3.3 Payment of Initial Fees

The Area Developer will pay the Franchisor the Initial Fee set forth in Article 3 2 of this Agreement on or before the date the Area Developer executes the Franchise Agreement for each Big Boy's Burgers and Shakes Restaurant required to be opened and operated in the Territory pursuant to this Agreement The Area Developer must execute Franchisor's then current Franchise Agreement for its first Big Boy's Burgers and Shakes Restaurant and pay the first Initial Fee on the date the Area Developer executes this Agreement The Area Developer will not purchase or lease the property for the proposed site for the Franchised Location until the Area Developer has signed a Franchise Agreement with the Franchisor and has complied with the applicable provisions of the Franchise Agreement relating to real estate and site selection

3 4 Royalty Fees

During the term of each Franchise Agreement signed by the Area Developer pursuant to this Agreement, the Area Developer will pay the Franchisor monthly Royalty Fees, as defined in the then current Franchise Agreement executed by Area Developer The Area Developer will pay the Franchisor the monthly Royalty Fees for each of its Big Boy's Burgers and Shakes estaurants at the rates set forth in the first Franchise Agreement signed by the Franchisor and the Area Developer pursuant to this Agreement, even if the Royalty Fee then charged to area developers or franchisees by the Franchisor at the time the

Area Developer signs a subsequent Franchise Agreement is different For each of its Big Boy's Burgers and Shakes Restaurants, the Area Developer will pay the monthly Royalty Fee on the day specified in, and in accordance with the other terms and conditions of, the Franchise Agreement for that Big Boy's Burgers and Shakes Restaurant.

ARTICLE 4
DEVELOPMENT SCHEDULE

4 1 Development Schedule
The Area Developer acknowledges and agrees that the following Development Schedule is a material provision of this Agreement

Big Boy Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which Big Boy Restaurant Must be Opened and Continuously Operating in Territory	Cumulative Number of Big Boy Restaurants Required to be Open and Continuously Operating in Territory as of Date in Preceding Column
1	Date of this Agreement		1

For purposes of determining compliance with the Development Schedule set forth in this Article, only the Big Boy's Burgers and Shakes Restaurants actually open and continuously operating in the Territory as of a given date will be counted toward the number of Big Boy's Burgers and Shakes Restaurants required to be open and continuously operating

4 2 Reasonableness of Development Schedule
The Area Developer represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Big Boy's Burgers and Shakes Restaurants within the Territory, and approves of the Development Schedule as being reasonable and viable

4.3 Failure to Comply with Development Schedule
The Area Developer's failure to comply with the Development Schedule will constitute a material breach of this Agreement by the Area Developer However, the Area Developer will have the right to one 60-day extension of each deadline set forth in the Development Schedule upon giving written notice to Franchisor, not less than ten (10) days before the expiration of the deadline, for a Restaurant opening, stating that the Area Developer will not be able to meet the deadline due to construction delays or similar circumstances beyond the reasonable control of the Area Developer If the Area Developer at any time during the term of this Agreement is not in compliance with the Development Schedule (*i e*, does not

have the required number of Big Boy's Burgers and Shakes Restaurants open and operating in the Territory as of the dates specified in Article 4 1 and Franchisor has not granted Area Developer an extension, then the Franchisor will have the right to terminate this Agreement immediately upon notice to the Area Developer Termination of this Agreement as a result of the Area Developer's failure to meet the Development Schedule will not affect the individual Franchise Agreements for the Big Boy's Burgers and Shakes Restaurants opened and operated in the Territory pursuant to this Agreement which were signed by the parties prior to termination of this Agreement, however, upon termination of this Agreement, all rights to open and operate additional Big Boy's Burgers and Shakes Restaurants in the Territory and all other rights granted to the Area Developer under this Agreement will immediately revert to the Franchisor, without affecting those obligations of the Area Developer that continue beyond the termination of this Agreement

4 4 Termination for Failure to Comply with Development Schedule
If this Agreement is terminated by the Franchisor because of the Area Developer's failure to meet the Development Schedule, the rights and duties of Area Developer and the Franchisor will be as follows (a) the Area Developer will have no rights to open additional Big Boy's Burgers and Shakes Restaurants within the Territory, (b) the Area Developer will pay all required fees and will continue to operate its Big Boy's Burgers and Shakes Restaurants opened in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Area Developer prior to the date of the termination of this Agreement, and will in all other respects continue to comply with such Franchise Agreements, (c) the Franchisor will have the absolute right to develop Big Boy's Burgers and Shakes Restaurants in the Territory or to contract with or license other persons for the development of additional Big Boy's Burgers and Shakes Restaurants in the Territory, and (d) the Area Developer will have no right to obtain a refund of any monies it paid to the Franchisor pursuant to this Agreement

ARTICLE 5
OTHER OBLIGATIONS OF AREA DEVELOPER

5 1 Compliance with Applicable Laws
The Area Developer will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Big Boy's Burgers and Shakes Restaurants in the Territory The Area Developer will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Big Boy's Burgers and Shakes Restaurants, for qualifying for, and obtaining and maintaining, all such licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors Area Developer understands and agrees that this Agreement does not grant to nor provide Area Developer with any right to sell franchises in the Territory or elsewhere as a subfranchisor or master franchisee

5.2 Applications for Franchises
The Franchisor will grant the Area Developer franchises for the operation of the cumulative number of Big Boy Restaurants set forth in the Development Schedule and located within the Territory, subject to the following conditions

(a) The Area Developer must submit to the Franchisor in accordance with procedures established by the Franchisor from time to time, a complete application for a franchise (application fee waived) and Franchisor's then current "Franchise Site Package" for each site for a Big Boy's Burgers and Shakes Restaurant that the Area Developer proposes to develop and operate and that the Area Developer in good faith believes to conform to the Franchisor's then current standard site selection criteria for Big Boy's Burgers and Shakes Restaurants

(b) The Franchisor will notify the Area Developer as to whether each site for which the Area Developer submits complete applications in accordance with Article 5 2(a) either meets or does not meet Franchisor's current site selection criteria Franchisor's site acceptance letter, duly executed by the Franchisor, is the exclusive means by which the Franchisor accepts a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of Franchisor's officers, employees or agents, shall be effective or bind the Franchisor The Franchisor will use all reasonable efforts to make a site decision and, if the site is accepted, deliver a site acceptance letter to the Area Developer, within thirty (30) days after Franchisor acknowledge receipt of the complete Franchise Site Package and any other materials the Franchisor has requested In deciding whether to accept or reject a site the Area Developer proposes, the Franchisor may consider such factors as the Franchisor, in its sole discretion, deems appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments (including other Big Boy's Burgers and Shakes Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site Neither the Franchisor's acceptance of a proposed site, nor any information communicated to the Area Developer regarding the Franchisor's standard site selection criteria or the proposed site, constitutes a warranty or representation of any kind, express or implied, as to the suitability of the proposed site for a Big Boy's Burgers and Shakes Restaurant of for any other purpose Franchisor's acceptance of a proposed site merely signifies that Franchisor is willing to grant a franchise for a Big Boy's Burgers and Shakes Restaurant for that site Area Developer's decision to develop and operate a Big Boy's Burgers and Shakes Restaurant at any site is based solely on Area Developer's own independent investigation of the suitability of the site for a Big Boy's Burgers and Shakes Restaurant If the Area Developer chooses to locate a Big Boy's Burgers and Shakes Restaurant at a proposed site for which the Franchisor has notified the Area developer that certain site criteria has not been met, then the Area Developer must execute a release, in the form prescribed by the Franchisor, releasing the Franchisor and its officers, directors, shareholders, agents and employees, in their corporate and individual capacities, from any and all claims arising from, in connection with, or as a result of developing the Big Boy's Burgers and Shakes Restaurant at the site proposed by the Area Developer, or relating in any way to the Franchisor's review of the proposed site

(c) The Franchisor may also require that Area Developer and/or the Owners furnish the Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information regarding Area Developer, the Owners and the development and operation of any Big Boy's Burgers and Shakes Restaurant the Area Developer proposes, as well as any then existing Big Boy's Burgers and Shakes Restaurants Area Developer and its Affiliates own All such information shall be verified by the Area Developer and the Owners as being complete and accurate in all respects, shall be submitted to the Franchisor in accordance with its requirements and will be relied on by the Franchisor in determining whether to grant a franchise for the proposed Big Boy's Burgers and Shakes Restaurant The Franchisor may refuse to grant Area Developer a franchise for a Big Boy's Burgers and Shakes Restaurant if Area Developer fails to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Big Boy's Burgers and Shakes Restaurant and the then existing Big Boy's Burgers and Shakes Restaurants Area Developer and its Affiliates own The Franchisor will evaluate such financial and management capabilities in accordance with standards the Franchisor uses to establish Big Boy's Burgers and Shakes Restaurants in other comparable market areas

(d) Upon the Franchisor's acceptance of a proposed site, and provided the Area Developer has demonstrated the requisite financial and management capabilities, all as above required, the Franchisor will offer Area Developer a franchise to operate a Big Boy's Burgers and Shakes Restaurant at the proposed site by delivering to Area Developer the Franchisor's then-current form of standard Franchise Agreement, together with all standard ancillary documents (including exhibits, Owner guarantees and other related documents) that the Franchisor then customarily use in granting franchises for the operation of Big Boy's Burgers and Shakes Restaurant in the state in which the Big Boy's Burgers and Shakes Restaurant is to be located The Franchise Agreement must be executed by Area Developer and the Owners and returned to the Franchisor not earlier than fourteen (14) days and not later than twenty-one (21) days after the Area Developer receives it, with payment of the initial fees required thereunder If the Franchisor does not receive the fully executed Franchise Agreement and payment of the required initial fees, the Franchisor may revoke its offer to grant the Area Developer a franchise to operate a Big Boy's Burgers and Shakes Restaurant at the proposed site and may revoke the Franchisor's acceptance of the proposed site

(e) Notwithstanding any provision in this Agreement to the contrary, if the Area Developer or any Controlled Entity (as defined in Article 5 3 below) has been notified of a breach of any of the Franchise Agreements previously executed pursuant to this Agreement or any other agreement with the Franchisor, the Franchisor shall have no obligation to deliver to Area Developer or the Controlled Entity, as the case may be, Franchise Agreement(s) for additional Big Boy's Burgers and Shakes Restaurant(s) required to be opened pursuant to the Development Schedule unless and until the Area Developer or such Controlled Entity cures such breach within the applicable time period and is in good standing under every Franchise Agreement and other agreement with the Franchisor Any delay caused by any such breach by the Area Developer or any Controlled Entity shall not extend the Development Schedule

5.3 Execution of Franchise Agreements

For each Big Boy's Burgers and Shakes Restaurant that will be opened, owned and operated by the Area Developer in the Territory pursuant to this Agreement, the Area Developer or an entity in which (a) the Area Developer is the Owner of at least 51% of the Ownership Interests in the entity or (b) the Area Developer's Owners are the Owners of at least 51% of the Ownership Interests in the entity (the "Controlled Entity") must execute the Franchisor's then current Franchise Agreement and must comply with the other requirements of this Agreement The failure of the Area Developer or the Controlled Entity to provide the Franchisor with an executed Franchise Agreement within the time specified in Article 5 2(d) will constitute a material breach of this Agreement and the Franchisor will have the right to terminate this Agreement as provided for herein If the Franchise Agreement required to be executed pursuant to this Article and the other provisions of this Agreement will be executed by the Controlled Entity, then (i) the Area Developer (or the Area Developer's Owners) will, at all times during the term of the Franchise Agreement, be required to maintain at least a 51% Ownership Interest in the Controlled Entity, (ii) the Area Developer will not be relieved from complying with the terms, conditions and obligations under this Agreement, and (iii) the Area Developer will be required to guarantee the obligations and liabilities of the Controlled Entity under the Franchise Agreement and will execute a guaranty in the form approved by Franchisor If the Area Developer elects to have a Controlled Entity execute the Franchise Agreement for any Big Boy Restaurant being developed under this Agreement, then all terms, conditions and obligations under this Agreement relating to the Franchise Agreement for that Big Boy Restaurant will be the absolute obligation of the Controlled Entity and for the purpose of this Agreement, the word Area Developer will also mean Controlled Entity

5 4 Modifications to Franchise Agreement.

The Area Developer acknowledges that the terms, conditions and economics of the Franchise Agreement may be modified from time to time by the Franchisor and that reasonable modifications and amendments to the Franchise Agreement will not alter the Area Developer's obligations under this Agreement

5 5 Interests of Operating Company

The Area Developer's operating company will be dedicated solely to the development and operation of the Big Boy's Burgers and Shakes Restaurants in the Territory and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of the Franchisor

ARTICLE 6
ASSIGNMENT

6 1 Assignment by Franchisor

This Agreement may be unilaterally assigned by the Franchisor to a person or entity without the approval of the Area Developer and, in such event, this Agreement will inure to the benefit of the successors and assigns of the Franchisor The Franchisor will provide the Area Developer with written notice of any such Assignment, and the assignee will be required to fully perform all obligations of the Franchisor under this Agreement

6 2 Assignment by Individual Area Developer in Event of Death or Permanent Disability

If the Area Developer is an individual, then in the event of the death or permanent disability of the Area Developer, or the death or permanent disability of an Owner of a controlling interest in the Area Developer, the executor, administrator or other personal representative of such person shall Assign this Agreement to a third party approved by the Franchisor in accordance with the applicable provisions of this Article 6 within a reasonable period of time not to exceed 9 months following such death or permanent disability Notwithstanding the foregoing, in the event of any such Assignment, the Area Developer will not be required to pay the Assignment Fee

6.3 Assignment to Controlled Entity

If the Area Developer is an individual or a partnership, this Agreement may be Assigned by the Area Developer to a Controlled Entity that is owned or controlled by the Area Developer without paying any Assignment Fee, provided that (a) the Area Developer and the Owners of the new Controlled Entity sign or have signed a personal guaranty in the form attached to this Agreement, (b) the Area Developer furnishes prior written proof to the Franchisor substantiating that the assignee Controlled Entity will be financially able to perform all of the terms and conditions of this Agreement, and (c) none of the Owners operate, franchise, develop, manage or control any Competitive Restaurant The Area Developer will give the Franchisor 15 days prior written notice of the Assignment of this Agreement to an Entity owned or controlled by the Area Developer; however, the Assignment of this Agreement will not be valid or effective until the Franchisor has received the documents which its attorneys reasonably deem necessary to properly and legally document the Assignment of this Agreement as provided herein

6 4 Assignment by Area Developer

The Area Developer will not assign any interest in or any part of this Agreement to any person or entity without the prior written approval of the Franchisor Except as provided for in Article 6 8 of this Agreement, the Franchisor will not withhold its written consent to any Assignment of this Agreement that does not violate any of the terms of this Agreement if the Area Developer and/or the transferee area developer are in full compliance with the following terms and conditions (a) the Area Developer has provided written notice to the Franchisor of the proposed Assignment of this Agreement at least 90 days prior to the transaction, (b) all of the Area Developer's monetary obligations due to the Franchisor have been paid in full, and the Area Developer is not otherwise in default under this Agreement, (c) the Area Developer has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement, (d) the Franchisor and the Area Developer have executed a joint and mutual release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and the Area Developer and their respective officers, directors, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement including, without limitation, all claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance, provided, however, that the Franchisor and the Area Developer may specifically exclude from the coverage of the release any prior or concurrent written agreements or other franchise agreements between them for other Big Boy Restaurants owned by the Area Developer, (e) the assignee area developer has demonstrated to the satisfaction of the Franchisor that he, she or it meets the managerial, financial and business standards required by the Franchisor for new area developers, possesses a good business reputation and credit rating, and its management possesses the aptitude and ability to operate the Big Boy's Burgers and Shakes Restaurants in the Territory in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise), (f) the assignee area developer and the assignee area developer's Owners and Personal Guarantors execute the legal agreements required by the Franchisor or its legal counsel to document the Assignment of this Agreement to the assignee area developer, including, without limitation, a Personal Guaranty in the form attached to this Agreement, and (g) the assignee area developer and the employees specified in the Franchise Agreement, have successfully completed the initial training program then prescribed by the Franchisor

6 5 <u>Sale by Owners</u>
No Owner will have the right to assign an Ownership Interest in the Area Developer without the prior written approval of the Franchisor The Franchisor will not withhold its written consent if the Assignment of the Ownership Interest by the Owner complies in all respects with the terms of this Agreement and the assignee of the Ownership and such assignee's spouse execute a Personal Guaranty in the form attached to this Agreement. If the Assignment is to (a) a relative of the Owner, or (b) one of the Owners of the Area Developer, then the provisions of Article 6 7 will not apply to the Assignment if it complies with the provisions of Article 6 4

6 6 <u>Acknowledgment of Restrictions</u>
The Area Developer and the Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect the Restaurant System and the Marks, as well as the reputation and image of the Franchisor, and are for the protection of the Franchisor, the Area Developer and all other area developers who own and operate Big Boy's Burgers and Shakes Restaurants Any Assignment permitted by this Article will not be effective until the Franchisor receives a completely executed copy of all Assignment documents and the Franchisor consents to the Assignment in writing Any attempted Assignment made without complying with the requirements of this Article will be void

6 7 <u>Assignment Fee</u>
If this Agreement is assigned to another person or entity, or if any of the Owners transfer any Ownership Interest in the Area Developer to a third party, then except as provided for in Article 6 2, the Area Developer will pay the Franchisor, on or before the date of the Assignment, an Assignment Fee of $10,000 The Assignment Fee is to cover the costs incurred by the Franchisor in connection with the Assignment and the costs to provide the initial training program to the assignee area developer and its Management Team The assignee area developer will be responsible for the Salaries and Benefits, Travel Expenses and other expenses incurred by all people attending the initial training program on behalf of the assignee area developer

6 8 <u>Assignment to Competitor Prohibited.</u>
The Area Developer and the Owners will not assign this Agreement or their Ownership Interests to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any restaurant that competes with Big Boy's Burgers and Shakes Restaurants If the Franchisor refuses to permit an Assignment of this Agreement under this provision, then the Area Developer's and the Owners' only remedy will be to have the Arbitrators determine whether the proposed assignee owns or operates a restaurant that competes with Big Boy's Burgers and Shakes Restaurants

ARTICLE 7
TERMINATION RIGHTS OF FRANCHISOR

7 1 Conditions of Breach

In addition to its other rights of termination contained in this Agreement, the Franchisor will have the right to terminate this Agreement if (a) the Area Developer fails to comply with the Development Schedule set forth in Article 4 1, (b) the Area Developer voluntarily or otherwise abandons any of the Big Boy's Burgers and Shakes Restaurants, (c) the Area Developer violates any material provision, term or condition of this Agreement, (d) the Area Developer, or any of its directors, officers or majority Owners, is convicted of, or pleads guilty to a violation of any law that has a material adverse effect on the operations of the Big Boy's Burgers and Shakes Restaurants, (e) the Area Developer fails to timely pay any of its uncontested obligations or liabilities (where there is no reasonable commercial dispute) due and owing to the Franchisor, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government, (f) the Area Developer is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law, (g) the Area Developer makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors, (h) any check issued by the Area Developer is dishonored because of insufficient funds (except where the check is dishonored because of bank error or an error in bookkeeping or accounting) or closed accounts, (i) the Area Developer makes any unapproved transfer of this Agreement or any Ownership Interest in violation of the terms of this Agreement, (j) the Area Developer is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy®," any other of the Marks or the Restaurant System, (k) any Franchise Agreement between the Franchisor and the Area Developer or any of its Owners or a Controlled Entity is terminated by either party for any reason or the Area Developer or any of its Owners or Affiliates or any Controlled Entity breaches any other agreement with Franchisor, or (l) the Area Developer made any material representation in the acquisition of its rights under this Agreement from Big Boy

7 2 Notice of Breach

Except as provided in Article 7 5 and Article 7 6 of this Agreement, the Franchisor will not have the right to terminate this Agreement until (a) written notice setting forth the alleged breach in detail has been delivered to the Area Developer by the Franchisor; and (b) after receiving the written notice, the Area Developer fails to correct the alleged breach within the period of time specified by applicable law If applicable law does not specify a time period to correct an alleged breach, then the Area Developer will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that the Area Developer is delinquent in the payment of any fees to the Franchisor pursuant to this Agreement or any other agreement, in which case the Area Developer will have 10 days after receipt of written notice to correct the breach by making full payment (including interest) to the Franchisor If the Area Developer fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated the Franchisor as provided for herein For the purposes of this Agreement, an alleged breach of this Agreement by the Area Developer will be deemed to be "corrected" if both the Franchisor and the Area Developer agree in writing that the alleged breach has been corrected

7 3 Notice of Termination

Except as provided in Article 7 4 and Article 7 5, if the Franchisor has complied with the provisions of Article 7 2 and the Area Developer has not corrected the alleged breach set forth in the written notice within the applicable time period specified in this Agreement, then the Franchisor will have the absolute right to terminate this Agreement by giving the Area Developer written notice of termination and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Area Developer as provided for in Article 14

7 4 Immediate Termination Rights of Franchisor

Notwithstanding Article 7 2, the Franchisor will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if the Area Developer (a) fails to comply with the Development Schedule set forth in Article 4 1, (b) voluntarily or otherwise abandons any of its Big Boy's Burgers and Shakes Restaurants, (c) or any of its current directors, officers or majority Owners are convicted of, or plead guilty to or no contest to a charge of violating any law, and such conviction or plea could have a material adverse effect on the Area Developer's right or ability to operate the Big Boy's Burgers and Shakes Restaurants or could have a material adverse effect on the Marks, (d) is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against the Area Developer, or the Area Developer files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law, (e) makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors, (f) is involved in any act or conduct which materially impairs the goodwill associated with the name "Big Boy's Burgers and Shakes™," any other of the Marks or with the Restaurant System and the Area Developer fails to correct the breach within 24 hours after deemed receipt of written notice of the breach from the Franchisor as provided in Article 14, or (g) the Area Developer made any material representation in the acquisition of its rights under this Agreement from Big Boy

7 5 Notice of Immediate Termination

Except as provided in Article 7 4(f), if this Agreement is terminated by the Franchisor pursuant to Article 7 4 above, then the Franchisor will give the Area Developer written notice as provided in Article 14 hereof that this Agreement is terminated and in that event, the effective date of termination of this Agreement will be the day the written notice of termination is deemed received by the Area Developer If this Agreement is terminated by the Franchisor pursuant to Article 7 4(f), then this Agreement will terminate on the first minute of the 25th hour after deemed receipt of the written notice of termination if the Area Developer fails to correct the alleged breach within 24 hours after deemed receipt of the written notice of termination as provided for in Article 14

7 6 Other Remedies

Nothing in this Article will preclude the Franchisor from seeking other remedies or damages under state or federal laws, common law, or under this Agreement against the Area Developer including, but not limited to, attorneys' fees, and injunctive relief If this Agreement is terminated by the Franchisor pursuant to this Article, or if the Area Developer breaches this Agreement by a wrongful termination, then the Franchisor will be entitled to seek recovery of all the damages that the Franchisor has sustained and will sustain in the future as a result of the Area Developer's breach of this Agreement

ARTICLE 8
OBLIGATIONS UPON TERMINATION OR EXPIRATION

8 1 Obligations upon Termination, Reversion of Rights

Upon termination of this Agreement for any reason, all rights to open and operate additional Big Boy's Burgers and Shakes Restaurants in the Territory and all other rights granted to the Area Developer pursuant to this Agreement will automatically revert to the Franchisor, and the Franchisor will have the right to develop the Territory or to contract with another area developer for the future development of the Territory In addition, the Area Developer will comply with all other applicable provisions of this Agreement, including those provisions with obligations that continue beyond the termination of this Agreement

8 2 Franchise Agreements Not Affected.

The Area Developer will continue to operate the Big Boy's Burgers and Shakes Restaurants owned by the Area Developer in the Territory pursuant to the terms of the applicable Franchise Agreements signed by the Franchisor and Area Developer prior to the termination of this Agreement, and the rights and obligations of the Franchisor and the Area Developer with respect to the Big Boy's Burgers and Shakes Restaurants in the Territory will be governed by the terms of the applicable Franchise Agreements

8 3 Continuation of Obligations
The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

ARTICLE 9
AREA DEVELOPER'S COVENANTS NOT TO COMPETE

9 1 Consideration
The Area Developer, the Owners and the Personal Guarantors acknowledge that the Area Developer, its Owners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from the Franchisor pertaining to the Restaurant System and the operation of the Big Boy's Burgers and Shakes Restaurants In consideration for this information, the Area Developer, the Owners and the Personal Guarantors will comply in all respects with the provisions of this Article The Franchisor has advised the Area Developer that this provision is a material provision of this Agreement, and that the Franchisor will not enter into a development agreement with any person or entity that owns or intends to own, operate or be involved in any Competitive Restaurant (as defined in Section 9 2 below), however, Area Developer may, under certain circumstances, exclude from the coverage of Article 9 2 and Article 9 3 existing operational restaurant(s) owned and operated by the Area Developer on the Effective Date, and the Area Developer may, with the written consent of the Franchisor, continue to own and operate such restaurants during the term of this Agreement and thereafter The Area Developer warrants and represents that it does not own, operate, or have any involvement with or interest in any restaurant that competes with a Big Boy Restaurant

9 2 In-Term Covenant Not to Compete
The Area Developer, the Owners and the Personal Guarantors will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, affiliate, licensee, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any international, national, regional or local fast casual restaurant (including, by way of illustration only, Five Guys Burgers and Fries, Smash Burger, Shake Shack, Halo Burger, Burger 21, Whataburger, Burger Lounge, Wahlburgers, Mooyah Burgers and Fries, Fat Burger, Burger Fi, B Spot, The Habit Burger), any restaurant that sells double deck hamburgers or any restaurant that sells food products under the name "Bob's," or "Boy" or any other local, regional, state, national or international restaurant group, chain, franchise, licensed arrangement and/or business opportunity family-style restaurant employing a locally advertised, marketed, and/or recognized name, with a fast casual restaurant system("Competitive Restaurant")

9 3 Post-Term Covenant Not to Compete
The Area Developer, the Owners and the Personal Guarantors will not, for a period of twelve (12) months after the termination or expiration of this Agreement (a) on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director, member or shareholder of any other person, firm, entity, partnership, corporation, or limited liability company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any Competitive Restaurant which is located within five (5) miles of the Territory, within five miles of any Big Boy's Burgers and Shakes Restaurant, or within any territory granted by the Franchisor or any affiliate of the Franchisor pursuant to a development agreement or other

territorial agreement, or (b) convert any Restaurant developed by the Area Developer pursuant to this Agreement to a Competitive Restaurant The Area Developer, the Owners and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Franchisor and its area developers if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit the Franchisor the opportunity to resell and/or develop new Big Boy's Burgers and Shakes Restaurants within or near the Territory

9 4 Injunctive Relief

The Area Developer, the Owners and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interest of the Franchisor and its area developers including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other confidential information to competitors of the Franchisor and its area developers, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the Franchisor's franchise system, preventing duplication of the Restaurant System by unauthorized third parties, and preventing damage to and/or loss of goodwill associated with the Marks The Area Developer, the Owners and the Personal Guarantors also agree that damages alone cannot adequately compensate the Franchisor if there is a violation of this Article by the Area Developer, the Owners or the Personal Guarantors, and that injunctive relief against the Area Developer is essential for the protection of the Franchisor and its area developers The Area Developer, the Owners and the Personal Guarantors agree therefore, that if the Franchisor alleges that the Area Developer, the Owners or the Personal Guarantors have breached or violated this Article, then the Franchisor will have the right to petition a court of competent jurisdiction for injunctive relief against the Area Developer, the Owners and the Personal Guarantors, in addition to all other remedies that may be available to the Franchisor The Franchisor will not be required to post a bond or other security for any injunctive proceeding If the Franchisor is granted ex parte injunctive relief against the Area Developer, the Owners or the Personal Guarantors, then the Area Developer, the Owners or the Personal Guarantors will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court

9 5 Severability

It is the desire and intent of the parties to this Agreement, including the Owners and the Personal Guarantors, that the provisions of this Article be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement of the provisions of this Article is sought Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this Article in the particular jurisdiction in which the adjudication is made Further, to the extent any provision of this Article is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including the Owners and the Personal Guarantors, agree that the scope and limitation provisions will nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought

9 6 Effect on Other Agreements

The covenants not to compete set forth in this Article will apply and be enforced independently of any covenant not to compete set forth in any other agreements between the Franchisor and any other party to this Agreement

ARTICLE 10
INDEPENDENT CONTRACTORS

10 1 Independent Contractors
The Franchisor and the Area Developer are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Franchisor and the Area Developer The Area Developer will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of the Franchisor or represent that their relationship is other than that of licensor and licensee Neither the Franchisor nor the Area Developer will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties

10 2 Operation of Big Boy Restaurants
The Area Developer will be solely responsible for the development and daily management and operation of its Big Boy's Burgers and Shakes Restaurants in the Territory and will control, supervise and manage all the employees, agents and independent contractors who work for or with the Area Developer The Area Developer will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations The Franchisor will not have any right, obligation or responsibility to control, supervise or manage the Area Developer's employees, agents or independent contractors

ARTICLE 11
INDEMNIFICATION

11 1 Indemnification
The Franchisor, its member(s) and affiliates, including their respective officers, members and directors ("Indemnitees"), will not be obligated to any person or entity for any damages arising out of, from, in connection with, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of the Area Developer's Big Boy's Burgers and Shakes Restaurants Therefore, the Area Developer will indemnify and hold the Indemnitees harmless against, and will reimburse the Franchisor for, all damages that the Franchisor is held liable and for all costs incurred by the Indemnitees in the defense of any claim or action brought against any of the Indemnitees arising from, in connection with, arising out of, or as a result of the Area Developer's negligence, the Area Developer's wrongdoing or the operation of its Big Boy's Burgers and Shakes Restaurants including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses The Area Developer will indemnify the Indemnitees, without limitation, for all claims and damages arising from, out of, in connection with, or as a result of (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of the Area Developer or its employees, agents or representatives, (b) any failure on the part of the Area Developer to comply with any requirement of any laws or any governmental authority, (c) any failure of the Area Developer to pay any of its obligations to any person or entity, (d) any failure of the Area Developer to comply with any requirement or condition of this Agreement or any other agreement with the Franchisor, (e) any misfeasance or malfeasance by the Area Developer; and (f) any tort committed by the Area Developer or its employees, agents or representatives The Indemnitees will have the right to defend any claim made against them arising from, out of, as a result of, or in connection with this Agreement or the operation of the Big Boy's Burgers and Shakes Restaurants by the Area Developer

11 2 Payment of Costs and Expenses, Continuing Obligations

The Area Developer will indemnify the Franchisor for costs and expenses, including, without limitation, attorneys' fees, investigation expenses, court costs, deposition expenses, and Travel Expenses incurred by the Franchisor in enforcing any term, condition or provision of this Agreement and/or in enjoining any violation of this Agreement by the Area Developer The indemnification and other obligations of the Area Developer contained herein will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

ARTICLE 12
ARBITRATION

12 1 Disputes Subject to Arbitration

Except as expressly provided in Article 12 5 of this Agreement, all disputes and controversies between the Franchisor and the Area Developer and their respective officers, directors, shareholders, members, governors, partners, employees, and agents, arising under, as a result of, or in connection with this Agreement, the Territory or the Big Boy's Burgers and Shakes Restaurants, including (a) allegations of fraud, misrepresentation and violation of any state or federal laws, rules, or regulations, and (b) claims against any officer, director, shareholder, member, governor, partner employee or agent, are subject to and will be resolved exclusively by arbitration conducted by the Southfield Michigan office of the American Arbitration Association, ("AAA") and in accordance with its procedures

12.2 Demand for Arbitration

Following any required notice and applicable cure period, if any, either party may demand arbitration by giving written notice to the other party and to the office of the AAA Unless agreed otherwise by the parties, one (1) Arbitrator will be selected to hear the matter in accordance with the selection procedures of the AAA

12.3 Venue and Jurisdiction

Unless otherwise agreed, all arbitration hearings will take place exclusively in Macomb County, Michigan, and will be held no later than six months after the Arbitrator has been selected The Franchisor and the Area Developer and its officers, directors, Owners, and the Personal Guarantors do hereby agree and submit to personal jurisdiction in the State of Michigan in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrator, and do hereby waive any rights to contest venue and jurisdiction in the State of Michigan and any claims that venue and jurisdiction are invalid

12 4 Powers of Arbitrators

The Federal Rules of Evidence (the "Rules") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules Both parties will have the absolute right to cross-examine any person who has testified against them or in favor of the other party The Arbitrator will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for arbitration and any counterclaim thereto, and the Arbitrator will have no authority to decide any other issues The Arbitrator will have the right and authority to issue appropriate preliminary and permanent injunctive relief, including, without limitation, ex parte temporary restraining orders The Arbitrator will not have the right or authority to award punitive or exemplary damages to either the Franchisor or the Area Developer or their respective officers, managers, directors, governors, shareholders, members, and partners, and each of them expressly waive their rights to plead or seek punitive or exemplary damages All findings, judgments, decisions and awards by the Arbitrator will be in writing, will be made within 60 days after the arbitration hearings have been completed, and will be final and binding on the Franchisor and the Area Developer The written decision of the Arbitrator, including any temporary or permanent injunctive relief, will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party If, during the course of Arbitration, either party fails to appear at a meeting or hearing duly scheduled in accordance with the procedures of the AAA, the Arbitrator will have the absolute right to enter a default judgment and to award attorneys' fees and costs against the party failing to appear

12 5 Alternative Forum for Certain Disputes
The following disputes between the Franchisor and the Area Developer may be submitted directly to a court of competent jurisdiction without first submitting such dispute to an arbitrator (a) the Area Developer's improper use of the Marks or the Restaurant System, (b) the obligations of the Area Developer upon termination or expiration of this Agreement, and (c) the Area Developer's violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete

12 6 No Collateral Estoppel or Class Actions
All arbitration findings, conclusions, orders and awards made by the Arbitrator will be final and binding on the Franchisor and the Area Developer, however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estoppel either the Franchisor or the Area Developer from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other area developers No person or entity except the Franchisor, the Area Developer, and their officers, managers, directors, governors, shareholders, members, and partners, and the Owners and Personal Guarantors will have the right to join in or participate in any arbitration proceeding arising under this Agreement, and therefore, the Arbitrator will not be authorized to permit class actions or to permit any other person or entity to be involved in or be named as a party to any arbitration proceeding brought by either party under this Agreement The Franchisor and the Area Developer agree that neither party will be entitled to allege or recover punitive or exemplary damages Thus, the Arbitrator will not have the right to award punitive or exemplary damages to either party and both parties expressly waive their rights to allege or claim punitive or exemplary damages

12 7 Confidentiality
All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between the Franchisor and the Area Developer will be secret and confidential in all respects The Franchisor and the Area Developer will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as required by law or as required to be included in the Franchisor's Franchise Disclosure Document Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either party

ARTICLE 13
ENFORCEMENT

13 1 Injunctive Relief
The Franchisor will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to (a) the Area Developer's improper use of the Marks or the Restaurant System, (b) the obligations of the Area Developer upon termination or expiration of this Agreement, and (c) the Area Developer's violation of the provisions of this Agreement relating to the covenants not to compete

13 2 Severability

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable Such modifications to this Agreement will be effective only in such jurisdiction

13.3 Waiver

The Franchisor and the Area Developer may, by written instrument signed by the Franchisor and the Area Developer, waive any obligation of or restriction upon the other under this Agreement Acceptance by the Franchisor of any payment by the Area Developer and the failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Area Developer of its obligations hereunder will not constitute a waiver by the Franchisor of any provision of this Agreement The Franchisor will have the right to waive obligations or restrictions for other area developers under their development agreements without waiving those obligations or restrictions for the Area Developer and, except to the extent provided by law, the Franchisor will have the right to negotiate terms and conditions, grant concessions and waive obligations for other area developers without granting those same rights to the Area Developer and without incurring any liability to the Franchisor whatsoever

13 4 Payments to Franchisor

The Area Developer will not, on grounds of the alleged nonperformance by the Franchisor of any of its obligations under this Agreement, any other contract between the Franchisor and the Area Developer, or for any other reason, withhold payments due the Franchisor pursuant to this Agreement, any Franchise Agreement or any other contract with the Franchisor The Area Developer will not have the right to "offset" or withhold any liquidated or unliquidated amounts, damages or other funds allegedly due to the Area Developer by the Franchisor against any payments due to the Franchisor by the Area Developer

13 5 Effect of Wrongful Termination

If either the Franchisor or the Area Developer take any action to terminate this Agreement except as provided for under the terms of this Agreement, then (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement, (b) the terms and conditions of this Agreement will remain in full force and effect, and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law

13 6 Miscellaneous.

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder will preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is entitled by law to enforce This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest If the Area Developer consists of more than one person or entity, their liability under this Agreement will be deemed to be joint and several, together with the liability of the Personal Guarantors

13 7 No Oral Modification

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of the Area Developer and the Chief Executive Officer of the Franchisor

13 8 Entire Agreement
This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either the Franchisor or the Area Developer that are not contained in this Agreement, any other agreements executed simultaneously herewith, or franchisor's Franchise Disclosure Document, will not be enforceable The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisor and the Area Developer relating to the subject matter of this Agreement This Agreement will not supersede any written franchise agreements or contracts that are signed concurrently with this Agreement or any franchise agreements signed by the Franchisor and the Area Developer prior to the date of this Agreement

13 9 Headings, Terms
The headings of the Articles are for convenience only and do not in any way define, limit or construe the contents of such Articles The term "Area Developer" as used herein is applicable to one or more individuals, a corporation, a limited liability company, a partnership, a limited partnership, or a Controlled Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine References to "Area Developer," "assignee" and "transferee" which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of the Area Developer or any such assignee or transferee if the Area Developer or such assignee or transferee is a corporation, a limited liability company, a partnership or a limited partnership

13 10 Venue and Jurisdiction
All litigation, court proceedings, arbitration proceedings, lawsuits, court hearings initiated by the Franchisor or the Area Developer, including any action to contest the arbitration provisions of this Agreement, must and will be venued exclusively in Macomb County, Michigan The Area Developer, its officers, managers, directors, governors, shareholders, members, partners, Owners, and Personal Guarantors do hereby agree and submit to personal jurisdiction in Macomb County, Michigan for the purposes of any suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Big Boy's Burgers and Shakes Restaurants operated by the Area Developer, and do hereby agree and stipulate that any such suits, proceedings and hearings will be exclusively venued and held in Macomb County, Michigan The Area Developer, its officers, managers, directors, governors, shareholders, members, partners, Owners, and Personal Guarantors waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid

13 11 Federal Arbitration Act
Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration

ARTICLE 14
NOTICES

All notices to the Franchisor will be in writing and will be sent to Big Boy Franchise Management LLC, 4199 Marcy Street, Warren, MI 48091-5628, or such other address as the Franchisor may subsequently designate in writing Except as otherwise provided by applicable law, all notices under this Agreement will be in writing and delivered to the addressee by any of the following means (a) by personal service, (b) by prepaid certified U S mail, (c) by facsimile, e-mail or other electronic transmission, or (d) by a recognized overnight delivery service (such as Federal Express, United States Express Mail, Airborne Express or UPS) which requires a written receipt or acknowledgement of delivery All notices to the Area Developer sent by (a), (b) and (d), above, will be sent or delivered to the last known address of the Area Developer or such other address as the Area Developer may subsequently designate in writing If the written notice is sent by either party by fax or electronic transmission, the notice will be sent to the last known fax number or the last known e-mail address provided to the sender by the person or entity receiving the written notice For the purposes of this Agreement, written notice will be deemed received by the addressee (i) on the day received, if it is delivered by personal service or by a recognized overnight delivery service, (ii) 3 days after mailing if sent by U S certified mail regardless of whether actually received or returned to sender, (iii) on the date of transmission, if it is sent by 5 00 p m at the recipient's location by facsimile and the transmission has been confirmed by the sender, or (iv) on the date of transmission, if sent by 5 00 p m at the recipient's location by e-mail or other electronic transmission and the sender does not receive a notice of non-delivery

ARTICLE 15
ACKNOWLEDGMENTS, DISCLAIMER

15 1 Disclaimer

The Franchisor does not warrant or guarantee that the Area Developer will derive income or profit from its Big Boy's Burgers and Shakes Restaurants, or that the Franchisor will refund all or part of the Development Fee or Initial Fees paid by the Area Developer or repurchase any of the supplies, products, services, technology, furniture, fixtures or equipment supplied or sold by the Franchisor or by an approved or designated supplier if the Area Developer is in any way unsatisfied with its Big Boy's Burgers and Shakes Restaurants The Franchisor expressly disclaims the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, gross income, business or financial success, or value of the Big Boy's Burgers and Shakes Restaurants except as contained in the Big Boy's Burgers and Shakes™ Franchise Disclosure Document received by the Area Developer

15.2 Acknowledgments by Area Developer

The Area Developer acknowledges that it has conducted an independent investigation of the Big Boy's Burgers and Shakes Restaurants and recognizes that the business venture contemplated by this Agreement and the operation of the Big Boy's Burgers and Shakes Restaurants involve business and economic risks The Area Developer acknowledges that the financial, business and economic success of the Big Boy's Burgers and Shakes Restaurants will be primarily dependent upon the personal efforts of the Area Developer, its management and employees, and on economic conditions in the area where the Big Boy's Burgers and Shakes Restaurants are located and economic conditions in general The Area Developer acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, gross revenues, gross income, income, profits, earnings, expenses, financial or business success, value of the Big Boy's Burgers and Shakes Restaurants, or other economic matters pertaining to the Big Boy's Burgers and Shakes Restaurants from the Franchisor or any of its agents that were not expressly set forth in the Big Boy's Burgers and Shakes® Franchise Disclosure Document received by the Area Developer ("Representations") The Area Developer further acknowledges that if it had received any such Representations, it would not have executed this Agreement, promptly notified an officer of the Franchisor in writing of the person or persons making such Representations, and provided to the Franchisor a specific written statement detailing the Representations made

15.3 Other Area Developers
The Area Developer acknowledges that other area developers have or will be granted development agreements at different times, for different areas, under different economic conditions and in different situations, and further acknowledges that the economics, terms and conditions of such other development agreements may vary substantially in form and in substance from those contained in this Agreement

15 4 Receipt of Agreement and Franchise Disclosure Document.
The Area Developer acknowledges that it received a copy of this Agreement with all material blanks fully completed at least five (5) business days prior to the date that this Agreement was executed by the Area Developer The Area Developer further acknowledges that it received a copy of the Big Boy's Burgers and Shakes™ Franchise Disclosure Document at least fourteen (14) business days prior to the date on which this Agreement was executed

ARTICLE 16
AREA DEVELOPER'S LEGAL COUNSEL

The Area Developer acknowledges that this Agreement constitutes a legal document which grants certain rights to and imposes certain obligations upon the Area Developer The Area Developer has been advised by the Franchisor to retain an attorney or advisor prior to the execution of this Agreement to review the Big Boy's Burgers and Shakes™ Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, to review the economics, operations and other business aspects of the Big Boy's Burgers and Shakes Restaurants, to determine compliance with franchising and other applicable laws, to advise the Area Developer on economic risks, liabilities, obligations and rights under this Agreement and to advise the Area Developer on tax issues, financing matters, applicable state and federal laws, beer and wine laws, health and safety laws, environmental laws, employee issues, insurance, structure of the restaurant business, and other legal and business matters

ARTICLE 17
GOVERNING LAW, STATE MODIFICATIONS

17 1 Governing Law
Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C § 1050 et seq), as amended, this Agreement shall be governed by the laws in the State of Michigan The parties agree, however, that if the Area Developer's Territory is not located in the State of Michigan, and if you are not a resident of the State of Michigan, the Michigan Franchise Investment Law and regulations promulgated thereunder shall not apply to this transaction or this Agreement Notwithstanding the foregoing, the parties recognize that if you are a resident of a state that has a law specifically governing the sale and operation of franchises of the type granted hereby to you, or if the Area Developer's Territory is located in such a state, then while the foregoing paragraph shall still be applicable, the franchise law of such other states shall also apply to this transaction In that event, to the extent that the provisions of this Agreement provide for periods of notice less than those required by such applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with such applicable law, such provisions shall, to the extent that such are not in accordance with such applicable law, be superseded by said law, and we shall comply with such applicable law in connection with each of these matters

17.2 Applicable State Laws

If applicable, the following states have statutes which may supersede the provisions of this Agreement in the Area Developer's relationship with the Franchisor in the areas of termination and renewal of the Franchise Arkansas [Stat Section 70-807], California [Bus & Prof Code Sections 20000-20043], Connecticut [Gen Stat Section 42-133e, *et seq*], Delaware [Code Section 2552], Hawaii [Rev Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Michigan [Stat Section 19 854(27)], Minnesota [Stat. Section 80C 14], Mississippi [Code Section 75-24-51], Missouri [Stat Section 407 400], Nebraska [Rev Stat Section 87-401], New Jersey [Stat Section 56 10-1], and Wisconsin [Stat Section 135 03] These and other states may have court decisions which may supersede the provisions of this Agreement in the Area Developer's relationship with the Franchisor in the areas of termination and renewal of the Franchise

17 3 State Law Modifications

If the Area Developer's Big Boy's Burgers and Shakes Restaurants are located in any one of the states indicated below in this Article, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows

(a) **California** If this Agreement is governed by the laws of the State of California, then (1) the covenant not to compete upon termination or expiration of this Agreement contained in Article 9 3 may be unenforceable, except in certain circumstances provided by law, and (2) provisions of this Agreement giving the Franchisor the right to terminate in the event of the Area Developer's bankruptcy may not be enforceable under federal bankruptcy laws (11 U S C Sec 101, *et seq*)

(b) **Illinois** If this Agreement is governed by the laws of the State of Illinois, then (1) any provision of this Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that this Agreement may provide for mediation or arbitration in a forum outside Illinois, (2) this Agreement is hereby amended to provide that the periods of limitation in Section 27 of the Illinois Franchise Disclosure Act and applicable court decisions will be applicable to any action maintained by the Franchisor to enforce any liability created by the Act, and (3) any condition, stipulation or provision of this Agreement requiring the Area Developer to waive compliance with any provision of the Illinois Franchise Disclosure Act is void, therefore, the acknowledgments contained in Article 15 2 and Article 15 4 of this Agreement may be unenforceable against the Area Developer

(c) **Minnesota** If this Agreement is governed by the laws of the State of Minnesota, then (1) Article 7 2 will be amended to require that, except as set forth in Article 7 5 and 7 6, in the event the Franchisor gives the Area Developer written notice that the Area Developer has breached this Agreement, such written notice will be given to the Area Developer at least 90 days prior to the date this Agreement is terminated by the Franchisor, and the Area Developer will have 60 days after such written notice within which to correct the breach specified in the written notice, (2) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Area Developer will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Franchisor against the Area Developer, the Area Developer's Owners or the Personal Guarantors, (3) Article 6 4(d) of this Agreement will be inapplicable to rights provided to the Area Developer or to any liability imposed by Minn Stat §§80C 01 to 80C 22, (4) notwithstanding any provisions of this Agreement to the contrary, the Area Developer will have no more than three years after the cause of action accrues to bring an action against the Franchisor pursuant to Minn Stat §80C 17, and (5) any provision of this Agreement which requires the Area Developer to waive its rights to jurisdiction or venue in the State of Minnesota will be inapplicable to the Area Developer

(d) **New York.** If this Agreement is governed by the laws of the State of New York, then (1) to the extent that Section 6 4 of the Agreement requires Area Developer to sign a general release as a condition of transfer, such release shall exclude claims arising under the General Business Laws, (2) to the extent that Section 6 1 of the Agreement allows Franchisor to assign the rights and obligations under this Agreement, this section is amended to provide that Franchisor shall not assign and transfer its rights under the Area Development Agreement unless, in Franchisor's good faith judgment, the transferee will be able to perform Franchisor's obligations under the Area Development Agreement and so long as transferee remains subject to the General Business Laws of the State of New York, and (3) Article 11 of this Agreement is amended to provide that Area Developer will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Area Developer's reliance upon and use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Area Developer in the manner required by Franchisor

(e) **North Dakota** If this Agreement is governed by the laws of the State of North Dakota, then (1) the covenant not to compete upon termination or expiration of this Agreement contained in Article 9 3 of this Agreement may be unenforceable, except in certain circumstances provided by law, (2) mediation or arbitration hearings will be conducted in North Dakota or at a mutually agreed upon location, and (3) the consent by the Franchisor to jurisdiction and venue in the State of Michigan contained in Article 13 10 may be inapplicable, provided, however, that such inapplicability will not be construed to mean that venue in the State of Michigan is improper, or that the Area Developer, its officers, managers, directors, governors, Owners and Personal Guarantors are not subject to jurisdiction in the State of Michigan or in any other state

(f) **Wisconsin** If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis Stat Chapter 135, will supersede any conflicting terms of this Agreement

ARTICLE 18
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions

18 1 Abandon
"Abandon" will mean the conduct of the Area Developer indicating the willingness, desire or intent of the Area Developer to discontinue operating any of the Big Boy's Burgers and Shakes Restaurants in accordance with the quality standards, uniformity requirements and the Restaurant System as described in this Agreement and the Operations Manual including, but not limited to, the failure of the Area Developer to operate any of the Big Boy's Burgers and Shakes Restaurants for five or more consecutive days without the prior written approval of the Franchisor or the failure to remain open for business during specified business hours

18.2 Assign or Assignment
"Assign" or "Assignment" will mean sale, assignment, pledge, bequeath, trade, transfer, lease or sublease

18.3 Dollars
"Dollars" will mean United States of America dollars

18 4 Franchise Agreement.

"Franchise Agreement" will mean the then-current standard Big Boy's Burgers and Shakes™ Franchise Agreement

18 5 Marks

Marks" will include the name "Big Boy's Burgers and Shakes®" and the specific trademarks, trade names, service marks, logos and commercial symbols, Big Boy statue, phrases, slogans, and tag lines created and developed by the Franchisor for use in connection with the operation of Big Boy's Burgers and Shakes Restaurants that are specified in this Agreement, the Operations Manual, or otherwise in writing by the Franchisor

18 6 Owner

"Owner" will mean any person or entity who owns shares of capital stock in the Area Developer if the Area Developer is a corporation, a membership interest in the Area Developer if the Area Developer is a limited liability company, a partnership interest in the Area Developer if the Area Developer is a partnership, a limited or general partnership interest if the Area Developer is a limited partnership and will include all other persons or entities owning any other type of Ownership Interest

18 7 Ownership Interests

"Ownership Interests" will mean capital stock if the Area Developer is a corporation, membership interest if the Area Developer is a limited liability company, partnership interest if the Area Developer is a partnership, limited or general partnership interests if the Area Developer is a limited partnership and will include all other types and means of ownership of the Area Developer

18 8 Personal Guarantors

"Personal Guarantor(s)" will mean the Owners and their spouses

18 9 Restaurant System

"Restaurant System" will mean the distinctive foods, beverages, food products, and other products and services which are associated with the Marks, copyrights, distinctive interior and exterior building designs, decor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising and instructions promulgated by the Franchisor

18 10 Salaries and Benefits

"Salaries and Benefits" will mean the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, and all other expenses related to employment

18 11 Travel Expenses

"Travel Expenses" will mean all costs incurred for travel, transportation, food, lodging, telephone, automobile rental and all related travel expenses

18 12 Terms Defined in Franchise Agreement.

Capitalized terms used but not defined in this Agreement will, if defined in the Franchise Agreement, have the meanings ascribed to such terms in the Franchise Agreement

IN WITNESS WHEREOF, the Franchisor, the Area Developer and the Area Developer's Owners have respectively signed this Agreement effective as of the day and year first above written

In the Presence of

Big Boy Franchise Management LLC

____

By______________________________
Its______________________________
(Office Held)

"Developer"

____
Legal Name

____

By______________________________
Its______________________________
(Office Held)

and

____

By______________________________
Its______________________________
(Office Held)

The undersigned Owners hereby agree to be bound by the terms and conditions of this Agreement applicable to the Owners, including without limitation, Articles 6 4, 6 5, 6 6, 6 7, 12 4, 12 5, 13 9 and 13 10, which in no event will limit any of the obligations undertaken by the Owners in any other capacity or under any other agreement or guaranty

In the Presence of	Names of Owners	Percentage of Ownership
______________	______________	________
______________	______________	________
______________	______________	________
______________	______________	________

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "Personal Guaranty") is made and entered into this ____ day of ____________, by and between Big Boy Franchise Management LLC, a Michigan limited liability company (the "Franchisor"), and the undersigned personal guarantors (the "Personal Guarantors")

WHEREAS, the Franchisor and ____ (a/an) ____________________________ (the "Area Developer") have entered into an Area Development Agreement, dated the same date as set forth above, for the development of franchised Big Boy's Burgers and Shakes Restaurants in a defined Territory (the "Area Development Agreement")

WHEREAS, it is the desire of the undersigned Personal Guarantors to personally guaranty the obligations of the Area Developer under the Area Development Agreement and to be individually, jointly and severally bound by the terms and conditions of the Area Development Agreement

NOW, THEREFORE, in consideration of the execution of the Area Development Agreement by the Franchisor, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Area Development Agreement, including the covenants not to compete, to be paid, kept and performed by the Area Developer

Obligations under Agreement The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed a development agreement containing the identical terms and conditions of the Area Development Agreement The Personal Guarantors acknowledge having received a copy of the Area Development Agreement which is incorporated herein by reference

Default of Area Developer If any default should at any time be made therein by the Area Developer, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Franchisor the Initial Fees, the Development Fee, and all other monies due and payable to the Franchisor under the terms and conditions of the Area Development Agreement

Non-Compliance by Area Developer If the Area Developer fails to comply with any other terms and conditions of the Area Development Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Area Development Agreement for and on behalf of the Franchisor

Obligations of Area Developer If the Area Developer is at any time in default on any obligation to pay monies to the Franchisor or any subsidiary or affiliate of the Franchisor, whether for the Development Fees, Initial Fees, merchandise, products, supplies, furniture, fixtures, equipment or other products purchased by the Area Developer from the Franchisor or any subsidiary or affiliate of the Franchisor, or for any other indebtedness of the Area Developer to the Franchisor or any subsidiary or affiliate of the Franchisor, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable by the Area Developer to the Franchisor or any subsidiary or affiliate of the Franchisor upon default by the Area Developer

Continuing Obligations Each of the Personal Guarantors agrees that the discharge or release of any obligations of the Franchisee or of any Personal Guarantor or other person now or hereafter liable hereunder or under the Franchise Agreement by reason of bankruptcy or insolvency laws or otherwise shall not diminish or impair the liability of each other Personal Guarantor in any respect Such discharge or release may be done without notice to the Personal Guarantors

Binding Agreement. The Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will be bound by all of the terms and conditions of this Personal Guaranty The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Franchisor

Jurisdiction and Venue Except as precluded by applicable law, all litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with Articles 12 3 and 13 10 of the Area Development Agreement

PERSONAL GUARANTORS

Individually			Individually		
Address			Address		
City	State	Zip Code	City	State	Zip Code
Telephone			Telephone		
Individually			Individually		
Address			Address		
City	State	Zip Code	City	State	Zip Code
Telephone			Telephone		

EXHIBIT A
TO
BIG BOY FRANCHISE MANAGEMENT LLC
AREA DEVELOPMENT AGREEMENT

DESCRIPTION OF TERRITORY

BIG BOY FRANCHISE MANAGEMENT LLC

By__________________________________

Its__________________________________
(Office Held)

AREA DEVELOPER

By__________________________________

Its__________________________________
(Office Held)

18 917 569 1\088888-00162
07/17/17

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D STATE AGENCIES AND

AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws

CALIFORNIA
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of Business Oversight
320 W 4th Street, Suite 750
Los Angeles, California 90013

Commissioner of Business Oversight
1515 K St, Suite 200
Sacramento, California 95814
(866) 275-2677

CONNECTICUT
Department of Banking
Securities Division
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8299/Toll-free (800) 831-7225
Fax (860) 240-8295

FLORIDA
Florida Department of Agricultural and Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2500 Apalachee Parkway
Tallahassee, Florida 32399
Out of State (850) 488-2221
Toll-Free FL (800) 435-7372

HAWAII
Hawaii Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Franchise Division
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA
Franchise Division
Office of Secretary of State
302 W Washington Street, Rm E111
Indianapolis, Indiana 46204
(317) 232-6330

KENTUCKY
Office of Kentucky Attorney General
Office of Consumer Protection
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
(502) 696-5389

MAINE
Banking Bureau
Securities Division
State House- Station 121
Augusta, Maine 04333
(207) 624-8551

MARYLAND
Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN
Consumer Protection Division
Franchise Section
P O Box 30213
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA
Franchise Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101-2198
(651) 296-6328

NEBRASKA
Nebraska Department of Banking and Finance
1230 "O" Street, Suite 400
P O Box 95006
Lincoln, Nebraska 68509-5006
(877) 471-3445
(402) 471-2171

NEW YORK
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

NORTH CAROLINA
Department of Secretary of State
P O Box 29622
Raleigh, NC 27626-0622
(919) 807-2000

NORTH DAKOTA
North Dakota Securities Department
Office of Securities Commission
600 East Boulevard - 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

OREGON
Corporate Securities Section
Department of Insurance and Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND
Franchise Office
Division of Securities
1511 Pontiac Avenue
John O Pastore Complex Building 69-1
Cranston, RI 02910
(401) 222-3048

SOUTH CAROLINA
South Carolina Secretary of State
1205 Pendleton Street, Suite 525
Columbia, South Carolina 29201
P O Box 11350
Columbia, South Carolina 29211
(803) 734-1958

SOUTH DAKOTA
Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

TEXAS
Statutory Document Section
Texas Secretary of State
P O Box 12887
1019 Brazos Street
Austin, Texas 78701-2887
(512) 475-1769

UTAH
Division of Consumer Protection
1600 East 300 South
Salt Lake City, Utah 84111
(801) 530-6601

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
The Department of Financial Institutions
Securities Division
P O Box 9033
Olympia, Washington 98507-9033
Voice (360) 902-8760
Fax (360) 586-5068

WISCONSIN
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-3364

AGENTS FOR SERVICE OF PROCESS

Arizona

Arizona Corporation Commission
Corporations Division
1300 West Washington
Phoenix, AZ 85007-2929
(602) 542-4100

California

Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104

Commissioner of Business Oversight
320 W 4th Street, Suite 750
Los Angeles, California 90013

Commissioner of Business Oversight
1515 K St , Suite 200
Sacramento, California 95814
(866) 275-2677

Florida

Florida Department of Agricultural and
Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2500 Apalachee Parkway
Tallahassee, Florida 32399
Out of State (850) 488-2221
Toll-Free FL (800) 435-7352

Georgia

Office of Consumer Affairs
2 Martin Luther King Drive Suite 356
Plaza Level, East Towner
Atlanta, GA 30334-9077
(404) 651-8600
(800) 869-1123

Hawaii

Commissioner of Securities
Hawaii Department of Commerce
And Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Maryland

Maryland Securities Commissioner
Securities Division
200 St Paul Place
Baltimore, MD 21202-2020
(888) 743-0023

Michigan

Keith E Sirois
Big Boy Restaurants International LLC
4199 Marcy
Warren, MI 48091
(586) 759-6000

Minnesota

Commissioner of Commerce
Department of Commerce
133 E Seventh Street
St Paul, Minnesota 55101
(651) 296-6328

Nevada

Secretary of State
Nevada State Capital Building
101 North Carson Street, Suite 3
Carson City, NV 89701
(775) 684-5708
Fax (775) 684-5725

North Carolina

Department of Secretary of State
P O Box 29622
Raleigh, NC 27626-0622
(919) 807-2000

North Dakota

Securities Commissioner
Office of Securities Commission
600 East Boulevard Avenue- 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

South Carolina

South Carolina Secretary of State
1205 Pendleton Street, Suite 525
Columbia, SC 29201
P O Box 11350
Columbia, SC 29211
(803) 734-1958

Texas

Secretary of State's Office
Statutory Documents Section
1019 Brazos Street
Austin, TX 78701
(512) 475-1769

Utah

Division of Consumer Protection
1600 East 300 South
Salt Lake City, UT 84111
(801) 530-6601

Virginia

Clerk of the State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9276

Washington

Director of Financial Institutions
The Department of Financial Institutions
Securities Division
P O Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Wisconsin

Administrator, Division of Securities
Wisconsin Securities Commission
P O Box 1768
Madison, Wisconsin 53701
(608) 266-3364

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

<u>EXHIBIT E   LIST OF CURRENT FRANCHISEES</u>

(This information is current as of December 25, 2016)

<u>Currently there are no existing Big Boy's Burgers and Shakes Franchisees at this time</u>

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F LIST OF COMPANY RESTAURANTS

(This information is current as of December 25, 2016)

EXHIBIT F
List of Company Restaurants

Ohio

Cuyahoga County

2100 1288 SOM Center Rd
Mayfield Heights, OH 44124
Phone 440-459-1082
Fax 440-683-1285

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G   FORMER FRANCHISEES

EXHIBIT G

FRANCHISEES WHO HAVE CLOSED A LOCATION OR CEASED DOING BUSINESS IN 2016

Currently Big Boy's Burgers and Shakes does not have any Franchisee locations that have been closed or ceased doing business in 2016

EXHIBIT I

BIG BOY FRANCHISE MANAGEMENT LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE LAW ADDENDA

FRANCHISE AND AREA DEVELOPMENT AGREEMENT ADDENDA

ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

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 FRANCHISE DISCLOSURE DOCUMENT

The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

Neither Big Boy nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A Sec 78a, *et seq* , suspending or expelling such persons from membership in such association or exchange

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination or nonrenewal of a franchise If the Franchise Agreement or the Area Development Agreement contains provisions that are inconsistent with California law, California law will control

You must sign a release of claims if you transfer your franchise 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 Consequently, California Corporations Code, Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code, Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043)

The Franchise Agreement and the Area Development Agreement contain covenants not to compete which extend beyond the termination or expiration of the Agreements These provisions may not be enforceable under California law

California Corporations Code, Section 31125 requires franchisors to give California franchisees a disclosure document, approved by the California Department of Corporations, before the solicitation of a proposed material modification of an existing franchise

The Franchise Agreement and the Area Development Agreement require binding arbitration The arbitration will occur at Big Boy's general offices in Warren, Michigan with the costs being borne by the parties This provision may not be enforceable under generally applicable contract defenses, such as fraud, duress or unconscionability

The provisions of the Franchise Agreement and the Area Development Agreement requiring jurisdiction and venue in Michigan may not be enforceable under California law Business and Professions Code Section 20040 5 relating to forum selection clauses restricting venue outside the State of California for arbitration may be preempted by the Federal Arbitration Act Section 20040 5 may still apply to any provision relating to judicial proceedings

Neither the Franchise Agreement nor the Area Development Agreement contains a liquidated damages clause

ADDENDUM TO THE FRANCHISE AGREEMENT OF
BIG BOY FRANCHISE MANAGEMENT LLC
FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement between Big Boy Franchise Management, LLC ("Franchisor") and ____________________________ ("Franchisee") is dated this_______ day of __________________, 20___

1 In recognition of the requirements of the California Franchise Investment Law, Cal Corp Code §§31000-31516 and the California Franchise Relations Act, Cal Bus and Prof Code §§20000-20043, the Big Boy Franchise Agreement is amended as follows

a. The California Franchise Relations Act provides rights to Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement

b Termination of the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U S C Section 101, et seq)

c The covenant not to compete extends beyond the expiration or termination of the Agreement, this covenant may not be enforceable under California Law

d The Franchise Agreement requires arbitration to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law

e The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law

f The Franchise Agreement requires binding arbitration The arbitration will occur in Michigan with the costs being borne by each party Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California

2 To the extent this Addendum shall be deemed to be inconsistent with the terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms

Big Boy Franchise Management, LLC	Franchisee ____________________
By ____________________	By ____________________
Title ____________________	Title ____________________

FOR THE STATE OF ILLINOIS

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire

- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois

- Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act

- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void

ITEM 17 of the Disclosure Document is amended to add the following

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20

- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois

ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF BIG BOY FRANCHISE MANAGEMENT LLC REFLECTS CERTAIN REQUIREMENTS OF THE STATE OF MICHIGAN IT IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION, AND SHOULD BE REVIEWED IN CONJUNCTION WITH THE FRANCHISE DISCLOSURE DOCUMENT, OF WHICH THIS IS MADE A PART

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state* This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

> (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards
>
> (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor
>
> (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations
>
> (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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* A federal court held that this provision of the Michigan law was preempted by the Federal Arbitration Act and therefore is not enforceable We intend to enforce the arbitration clause as it is written in the agreements

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED ($100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED

Any questions regarding this notice should be directed to

Consumer Protection Division
Attention Franchise Section
P O Box 30213
Lansing, Michigan 48909
Telephone Number (517) 373-7117

ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE STATE OF MINNESOTA

1 Item 5, Paragraph 1 of the Franchise Disclosure Document is amended by the addition of the following language

Payment of the Initial Fee for your franchised Big Boys Burgers and Shakes Restaurant in the State of Minnesota will be deferred until the date of the Restaurant opening

2 Item 13 is amended by the addition of the following language

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchise from any loss costs or expenses arising out of any claim, suit or demand regarding the use of the name

3 Item 17 is amended by the addition of the 2 following paragraphs

With respect to franchisees governed by Minnesota law, we will comply with Minn Stat Sec 80C 14, Subds 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 day notice of termination (with 60 days to cure) and 180 day notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld

Under Minn rule 2860 4400J, (1) a franchisee cannot waive any rights, (2) the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief, and (3) a franchisee cannot be required to consent to waiver of a jury trial

Pursuant to Minn Rule 2860 4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

Under Minn Rule 286014400J, we are prohibited from requiring you to consent to liquidated damages

4 Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Franchise Disclosure Document

FOR THE STATE OF NEW YORK

1 All references made herein to a "Disclosure Document" shall be replaced with the term "Offering Prospectus" as used under New York Law

2 The FDD Cover Page is amended as follows

- REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE OFFICE OF THE NEW YORK STATE ATTORNEY GENERAL INVESTOR PROTECDTION BUREAU, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332 INFORMATION COMPARING FRANCHISORS IS AVAILABLE CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION

- THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE CIRCULAR HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS CIRCULAR.

3 ITEM 3 is amended by the addition of the following language

- Neither franchisor, its predecessor, a person identified in ITEM 2, nor an affiliate offering franchises under the franchisor's principal trademark, has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against that person alleging a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations In addition, neither franchisor nor any person identified in ITEM 2 has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations

- Neither franchisor, its predecessor, a person identified in ITEM 2, nor an affiliate offering franchises under the franchisor's principal trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations

- Neither franchisor, its predecessor, a person identified in ITEM 2, nor an affiliate offering franchises under the franchisor's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

4 ITEM 4 is amended to state that

- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has (a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U S Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership

5 ITEM 5 of the Disclosure Document is amended to add the following

- The franchise fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Restaurant for business

6 ITEMS 6 and 11 of the Disclosure Document are amended to add the following

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor

7 ITEM 17 of the Disclosure Document is amended to add the following

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687 4 and 687 5

- ITEM 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law

- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement

- ITEM 17(w) is amended to state that the forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York

8 Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact

ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC FRANCHISE DISCLOSURE DOCUMENT FOR NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, N D Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Big Boy Franchise Management LLC shall be amended by the addition of the following language

1 The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N D C C)

A Restrictive Covenants Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N D C C , without further disclosing that such covenants will be subject to this statute

B Situs of Arbitration Proceedings Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business

C Restriction on Forum Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota

D Liquidated Damages and Termination Penalties Requiring North Dakota franchisees to consent to liquidated damages or termination penalties

E Applicable Laws Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F Waiver of Trial by Jury Requiring North Dakota franchisees to consent to the waiver of a trial by jury

G Waiver of Exemplary and Punitive Damages Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages

H General Release Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise

2 Notwithstanding anything in the Offering Circular to the contrary, Big Boy Franchise Management LLC ("BBFM") agrees to do one of the following in its sole discretion

a It shall escrow 100% of the franchise fee paid by a franchisee who is a resident of North Dakota until the obligations of the franchisor to assist the franchisee to establish and open his or her business are fulfilled

b In lieu of the escrow funds or a guarantee of performance, BBFM may post a surety bond in an amount equal to 100% of the franchise fee, said bond to be issued by a corporate surety authorized to transact business in the State of North Dakota. BBFM shall determine the number of franchisees it hopes to sell in North Dakota and multiply the franchise fee times that number to determine the amount of the bond In no event, however, is the bond to be less than $25,000

c In lieu of the escrow funds or guarantee of performance or surety bond, BBFM may defer the initial franchise fee until such time as all initial obligations owed to franchisee under 2 the franchise agreement or other documents have been fulfilled by BBFM and the franchisee has commenced doing business pursuant to the franchise agreement

3 Each provision of this addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N D Cent Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this addendum to the Franchise Disclosure Document

ADDENDUM TO THE BIG BOY FRANCHISE MANAGEMENT LLC FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE OF WISCONSIN

REGISTRATION OF THIS FRANCHISE IN WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135

VET FRAN PROGRAM ADDENDUM
TO THE
FRANCHISE AGREEMENT
BETWEEN
BIG BOY FRANCHISE MANAGEMENT LLC ("BBFM")
AND

____

DATED

______________, _____
(The "Agreement")

1 Relationship to Agreement Notwithstanding anything to the contrary contained in the Agreement, the following provisions shall prevail All initially capitalized terms not defined in this Addendum shall have the same meaning as ascribed to them in the Agreement Except as expressly modified by this Addendum, the Agreement shall remain in full force and effect in accordance with its terms

2 Introduction BBFM has implemented an incentive program for veterans of the United States military forces (the "Vet Fran Program") For qualified veterans participating in the Vet Fran Program, we will reduce the amount of the initial franchise fee for the first Franchise Agreement with us, as described below

3 Initial Franchise Fee Notwithstanding anything to the contrary contained in the Agreement, Article 4 of the Agreement is revised to reflect that the Initial Fee due under the Agreement will be reduced from $40,000 to $20,000

4 Qualifications In order to obtain the initial franchise fee reduction described in Paragraph 3 above, you must (a) be a veteran of the United States military, (b) have been honorably discharged from the United States military, as evidenced by your submission to BBFM of a form DD 214, and (c) have at least a 51% ownership interest in the Franchisee entity signing the Agreement, or the Restaurant to be operated pursuant to the Agreement

5 Transfers If, prior to the opening of the Restaurant, you request and BBFM approve a Transfer of the Franchise in accordance with Article 17 of the Agreement, you will be required to pay BBFM, as a condition to such transfer, the $20,000 portion of the initial franchise fee that was waived pursuant to paragraph 3 above

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum on the day and year first above written

BBFM
FRANCHISOR
BIG BOY FRANCHISE MANAGEMENT LLC,
a Michigan limited liability company

By ______________________________
Print Name ______________________
Title ___________________________

FRANCHISEE

If a corporation, partnership, limited liability company or other legal entity

____
(Name of corporation, partnership, limited liability company or other legal entity)

By ______________________________
Print Name ______________________
Title ___________________________

By ______________________________
Print Name ______________________
Title ___________________________

By ______________________________
Print Name ______________________
Title ___________________________

If individuals

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

____
(Signature)

____
(Print Name)

ADDENDUM
RELATING TO
BIG BOY FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on __________, 20___, by BIG BOY FRANCHISE MANAGEMENT LLC, located at 4199 Marcy, Warren, Michigan 48091 (Franchisor), and ____________________, located at ____________________ (Franchisee)

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on __________, 20__, (Franchise Agreement) The Franchisee agreed among other things to operate and maintain a franchise located at ______________ designated by Franchisor as Unit #________ (Unit) Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA) SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows

A The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof

B Notwithstanding the language in Section 7 27 and Section 27 13, Franchisor will agree to subordinate its interest to any lien required by the Lender/SBA under the SBA Loan Authorization

C Section 17 2(i) and Section 18 8 of the Franchise Agreement are both deleted in their entirety

D Notwithstanding the provisions of Section 17 5 of the Franchise Agreement, Franchisor shall not have the option to accept any ownership interests in the Franchise location

E Section 18 1 of the Franchise Agreement provides that the Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its right of first refusal to exercise said option when the Franchisee decides to sell partial interest(s) in the business This Section is hereby amended to reflect that the Franchisor (or any third party assignee of the Franchisor) will not exercise the option for any partial sale of the Franchisee's business The Franchisor (third party assignee of the Franchisor) may not become a partial owner of any SBA financed franchises

F If the Franchise Agreement is terminated and the Franchised Location or its contents are to be sold under Section 18 6 of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, then, notwithstanding the provisions of Sections 18 3, 18 4 and 18 5 of the Franchise Agreement, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser The decision of the majority of the appraisers so chosen shall be conclusive The cost of the third appraiser shall be shared equally by the parties The valuation methods set forth in Sections 18 4 and 18 5 of the Franchise Agreement shall be inapplicable

G Notwithstanding the provisions of Section 18 6 of the Franchise Agreement, Franchisor shall not have the option to purchase the Real Estate upon the expiration or termination of the Franchise Agreement and Section 18 6 shall apply to the Business Assets other than Real Estate

H Notwithstanding anything else to the contrary in Section 18 7, Section 19 1(e), Section 19 2, and Section 19 4 of the Franchise Agreement and the provisions of the Landlord's Consent to Assignment of Lease, if the Franchisee or any of its affiliates own the real estate on which the franchise business is located, Franchisor may lease the real estate for the remainder of the Franchisee's term, (excluding additional renewals) for fair market value

I This Addendum automatically terminates on the earliest to occur of the following (i) a Termination occurs under the Franchise Agreement, (ii) the Loan is paid, or (iii) SBA no longer has any interest in the Loan

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written

FRANCHISOR
BIG BOY FRANCHISE MANAGEMENT LLC

By ____________________________

Print Name Keith E Sirois

Title Chief Executive Officer

FRANCHISEE

By ____________________________

Print Name __________________

Title ________________________

EXHIBIT J

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 BIG BOY FRANCHISE MANAGEMENT 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 BIG BOY FRANCHISE MANAGEMENT LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND THE STATE AGENCY LISTED IN THE STATE AGENCY EXHIBIT (SEE EXHIBIT D)

FRANCHISE SELLER(S)

The following individuals, whose address is 4199 Marcy Street, Warren, Michigan 48091-5628, phone (586) 759-6000, may be involved in the selling of a franchise to you

Keith Sirois
David Crawford
Tom Jablonski
Tom Ennis

I have received a disclosure document of Big Boy Franchise Management LLC, effective as of the date indicated above This disclosure document includes the following Exhibit A - Franchisee Questionnaire, Exhibit B – Franchise Agreement, Exhibit C –Area Development Agreement, Exhibit D – State Agencies and Agents for Service of Process, Exhibit E – List of Current Franchisees, Exhibit F – List of Company Restaurants, Exhibit G – Former Franchisees, Exhibit H - Financial Statements, and Exhibit I - State Law Disclosure Addenda, Franchise and Area Development Agreement Addenda

Signed ______________________	Signed ______________________
Print Name __________________	Print Name __________________
Address ____________________	Address ____________________
City/State/Zip _______________	City/State/Zip _______________
Telephone __________________	Telephone __________________
Dated ______________________	Dated ______________________

DATE OF ISSUANCE May 31, 2017

(Franchisor Copy)

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 BIG BOY FRANCHISE MANAGEMENT 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 BIG BOY FRANCHISE MANAGEMENT LLC DOES NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D C 20580 AND THE STATE AGENCY LISTED IN THE STATE AGENCY EXHIBIT (SEE EXHIBIT D)

FRANCHISE SELLER(S)

The following individuals, whose address is 4199 Marcy Street, Warren, Michigan 48091-5628, phone (586) 759-6000, may be involved in the selling of a franchise to you

Keith Sirois
David Crawford
Tom Jablonski
Tom Ennis

I have received a disclosure document of Big Boy Franchise Management LLC, effective as of the date indicated above This disclosure document includes the following Exhibit A – Franchisee Questionnaire, Exhibit B –Franchise Agreement, Exhibit C –Area Development Agreement, Exhibit D – State Agencies and Agents for Service of Process, Exhibit E –List of Current Franchisees, Exhibit F – List of Company Restaurants, Exhibit G – Former Franchisees, Exhibit H- Financial Statements, and Exhibit I- State Law Disclosure Addenda, Franchise and Area Development Agreement Addenda

Signed ______________________	Signed ______________________
Print Name ______________________	Print Name ______________________
Address ______________________	Address ______________________
City/State/Zip ______________________	City/State/Zip ______________________
Telephone ______________________	Telephone ______________________
Dated ______________________	Dated ______________________

DATE OF ISSUANCE May 31, 2017

(Franchisee Copy)