FRANCHISE DISCLOSURE DOCUMENT
Chili's® Grill & Bar
Chili's® Special Venue
Chili's® Smalltown Prototype

Brinker International Payroll Company, L.P.
A Delaware Limited Partnership
6820 LBJ Freeway
Dallas, TX 75240
(972) 980-9917
www.chilis.com
www.facebook.com/chilis
www.twitter.com/chilis
www.youtube.com/chilis
www.instagram.com/chilis
https:/vine.co/chilis
http://plus.google.com/+chilis
www.pinterest.com/chilis
https://foursquare.com/chilis
www.chilis.tumblr.com

The franchise is for a Chili's® Grill & Bar, a Chili's® Special Venue or a Chili's® Smalltown Prototype restaurant (collectively, "Chili's Restaurants"). Chili's Grill & Bar restaurants are full service restaurants featuring a casual dining atmosphere and a full service bar. Chili's Special Venue is an abbreviated format that typically is based upon reduced square footage and/or a reduced menu.

The total investment necessary to begin operation ranges from $2,815,000 to $4,397,000 for a prototypical Chili's Grill & Bar, $1,240,000 to $3,217,000 for a Chili's Special Venue and $2,403,000 to $3,887,000 for a Chili's Smalltown Prototype. These totals include approximately $60,000 to $65,000 that must be paid to us or an affiliate if you enter into a Franchise Agreement to open and operate one Chili's Restaurant. Additionally, if you sign a Development Agreement, you will also pay a development fee which is based on the factors described in Item 5 and could range from $40,000 to $500,000.

This disclosure document summarizes certain provisions of your Franchise Agreement and Development 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. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

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

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

Date of Issuance: September 22, 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 F 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:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN DALLAS COUNTY, TEXAS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US IN DALLAS COUNTY, TEXAS THAN IN YOUR HOME STATE.

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

3. FAILURE TO SECURE THE REQUIRED LIQUOR LICENSES BY THE DATE THE RESTAURANT IS OTHERWISE READY (AND/OR REQUIRED) TO OPEN FOR BUSINESS MAY RESULT IN THE TERMINATION OF YOUR FRANCHISE AGREEMENT. IF YOUR FRANCHISE AGREEMENT IS TERMINATED, YOUR INITIAL FRANCHISE FEE (WITHOUT INTEREST), LESS ANY EXPENSES AND/OR DAMAGES FRANCHISOR HAS INCURRED WILL BE REFUNDED.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.

STATE EFFECTIVE DATE SUMMARY PAGE

FOR CHILI'S RESTAURANTS

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California -	Effective Date:	
Hawaii -	Effective Date:	
Illinois -	Effective Date:	
Indiana -	Effective Date:	
Maryland -	Effective Date:	
Michigan -	Effective Date:	September 22, 2017
Minnesota -	Effective Date:	
New York -	Effective Date:	
North Dakota -	Effective Date:	
Rhode Island -	Effective Date:	
South Dakota -	Effective Date:	
Virginia -	Effective Date:	
Washington -	Effective Date:	
Wisconsin -	Effective Date:	

ADDENDUM TO
DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(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 furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) a provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a 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.

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.

Address for notices to the Michigan Attorney General:

Department of the Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, MI 48909
517-373-7117

CHILI'S RESTAURANTS FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

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E − AGENTS FOR SERVICE OF PROCESS

F − LIST OF STATE ADMINISTRATORS

G − LIST OF CURRENT U.S. FRANCHISEES

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I − STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Brinker International Payroll Company, L.P., referred to in this disclosure document as "Brinker," "we," "us" or "our." We refer to the person interested in buying a franchise as "you" or "your." If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise and Development Agreements will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were incorporated as a Delaware corporation in June 1987 under the name CBS Development Company. Our name was changed to CRM Payroll Corporation in January 1991 and changed again to Brinker International Payroll Corporation in July 1991. In December 2001 we were converted to a limited partnership and our name was changed to Brinker International Payroll Company, L.P. Our principal offices are located at 6820 LBJ Freeway, Dallas, Texas 75240 and our telephone number is (972) 980-9917. Our agents for service of process are listed in Exhibit E. Our general partner is BIPC Management, LLC, a Delaware limited liability company ("General Partner"). Our General Partner shares our principal business address.

We became the franchisor for Chili's Restaurants and assumed all of the existing Chili's Restaurant franchise agreements from our predecessor and parent, Brinker International, Inc. ("BII"), on July 1, 2010. BII was incorporated as a Delaware corporation in September 1983 to succeed to the business operated by Chili's, Inc., a Texas corporation formed in August 1977. BII shares our principal business address.

We do business under our company name and under the trademarks, trade names, and service marks "Chili's®" and "Chili's® Grill & Bar" and other trademarks and service marks, including those listed in Item 13. Certain operators use the "Chili's Southwest Grill & Bar®", "Chili's® Hamburger Grill & Bar", and "Chili's Too®" marks in connection with the operation of their Chili's Restaurants.

We or our predecessors have operated Chili's Restaurants since 1975 and have offered franchises for Chili's Restaurants since 1984. As of the end of our last fiscal year (June 28, 2017), in the United States, we and our wholly-owned subsidiaries operated 937 company-owned Chili's Restaurants, and in the United States we had 315 franchised Chili's Restaurants in operation. In certain areas of the United States, we have negotiated with qualified applicants to sell company-owned Chili's Restaurants as franchises and we may continue to do so in the future. We are also actively expanding in various international markets.

In addition to Chili's, we do business as, and operate Italian restaurants under, the names Maggiano's Little Italy® and/or Maggiano's®. BII acquired Maggiano's Little Italy by merger in August 1995. Maggiano's restaurants feature Italian food in a pre-World War II, "Little Italy" atmosphere, with a full service bar. As of June 28, 2017, BII operated 52 company-owned Maggiano's restaurants. Neither we nor any of our affiliates or predecessors have offered U.S. franchises for Maggiano's restaurants.

Our Affiliates

Except as described in this Item 1, neither we nor any predecessor or affiliate has conducted any other business and has not offered franchises in any other line of business. However, we or our subsidiaries or affiliates may in the future develop or acquire other businesses, including other restaurant concepts, some of which may be sold as franchises. We expect that any such concept would operate under marks different from the Proprietary Marks described in Item 13 and that you will have no rights regarding those restaurants.

The Franchise Offered

We offer qualified applicants a franchise arrangement for Chili's Restaurants. Chili's Grill & Bar restaurants are full service restaurants featuring a casual atmosphere and a varied menu of freshly prepared appetizers, chicken, beef and seafood entrees, hamburgers and other sandwiches, salads, barbecue ribs, fajitas and other southwestern and Mexican-style cuisine, flatbreads, desserts and a full service bar. Emphasis is placed on serving substantial portions of high quality food at modest prices. Chili's Restaurants also include abbreviated formats that typically are based upon reduced square footage and/or a reduced menu. We refer to these abbreviated formats in this disclosure document as "Chili's Special Venue" restaurants. Chili's Restaurants are generally open from 12 to 14 hours a day, 7 days a week, for lunch, dinner and late night meals and feature quick, efficient table service designed to minimize customer waiting time.

Chili's Restaurants are typically free-standing restaurants located in a metropolitan area or surrounding suburbs. Proximity to office buildings, shopping malls, shopping centers and other high traffic areas is desirable.

Chili's Restaurants are characterized by a system (the "System") which includes distinctive exterior and interior design, decor, color scheme and furnishings; special recipes and menu items; uniform standards, specifications and procedures for operation; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs. The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the marks "CHILI'S" and "CHILI'S GRILL & BAR" and other marks we authorize for use by Chili's Restaurants (the "Proprietary Marks").

We continue to improve and develop the System and provide new information and techniques to you by means of a Chili's Franchise Manual consisting of operations manuals, policies, specifications, standards, checklists, evaluation forms, spreadsheets, guides, recipes, handbooks, and documents (collectively, the "CFM"). We own the System.

A franchise applicant may be an individual, corporation, partnership or other form of legal entity. We offer a Development Agreement (the "Development Agreement"), which grants you the right to establish 2 or more Chili's Restaurants, and a separate Franchise Agreement (the "Franchise Agreement") for each restaurant you establish under the terms of the development schedule contained in the Development Agreement. The Franchise Agreement, which you must sign for each restaurant developed under the Development Agreement, will be in the form of the Franchise Agreement attached to this disclosure document as Exhibit C. We may also offer a Franchise Agreement for 1 Chili's Restaurant without offering a Development Agreement, in which case you must comply with the Site Development Obligations in Attachment I to the Franchise Agreement. The terms of previous and subsequent franchise agreements and development agreements may vary from the terms of the Development Agreement and Franchise Agreement offered under this disclosure document.

You must designate a Managing Owner and/or an Operating Partner (see Item 15). We may require your Managing Owner, Operating Partner and your Owners to sign agreements to be individually bound by certain covenants including covenants protecting our confidential and proprietary information and/or covenants not to compete. We may, at our sole discretion, require your Managing Owner, Operating Partner, and any other of your Owners to guarantee your performance under the Agreements. If a guarantee is not required by us upon execution of the Agreements, we reserve the right if you are in monetary default under the Agreements (even if cured), to require your Managing Owner to sign the Guaranty Agreement, in addition to our other rights and remedies under the Agreements.

Unless indicated otherwise, in this disclosure document references to "you", "your", or "Franchisee" includes your status both as a Developer under a Development Agreement and as a Franchisee under all related Franchise Agreements. Any reference to "Development/Franchise

Agreement" refers to the Development Agreement and the Franchise Agreement, respectively; any reference to "Agreements" includes both the Development Agreement and Franchise Agreement. Any reference in this disclosure document to your Owners includes the Owners of a Developer under a Development Agreement and the Owners of a Franchisee under all related Franchise Agreements.

Competition

The market for restaurant services is well established. The age group from 18 to 59 years old is the primary population age group attracted to restaurants similar to, and including, Chili's Restaurants. You will compete with a variety of table-service concept restaurants serving alcoholic beverages. The restaurant business is highly competitive based on price, service, restaurant location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population, and traffic patterns. Chili's Restaurants compete in each market with locally owned restaurants, as well as with national and regional restaurant chains, some of which operate more restaurants and have longer operating histories than us. Unless you have a Development Agreement, our company-owned Chili's Restaurants and our other restaurant concepts may compete with you. There may also be active competition between us for management personnel as well as for attractive commercial real estate sites suitable for restaurants.

Industry Specific Regulations

In addition to the laws, regulations and ordinances applicable to the businesses generally, like the Americans with Disabilities Act, Federal Wage and Hour Laws, the Immigration Reform and Control Act of 1986, and the Occupation, Health and Safety Act, you should consider that certain aspects of the restaurant and related bar business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration and the U.S. Department of Agriculture, as well as state and local departments of health and other agencies, have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation.

To operate the Restaurant, you will need to obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption. You will need to understand and comply with those laws in operating the Restaurant.

The payment card industry (PCI) Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state and local laws, regulations and ordinances related to privacy maters, including data and personally identifiable information.

ITEM 2

BUSINESS EXPERIENCE

Joseph M. DePinto
Chairman of the Board

Joseph M. DePinto has served on the Board of Directors of BII since August 2010. Mr. DePinto became Chairman of the Board effective November 2013. Mr. DePinto is currently President and Chief Executive Officer of 7-Eleven, Inc., based in Dallas, Texas, serving in this position since December 2005.

Mr. DePinto serves on the Board of Directors of 7-Eleven, Inc. based in Dallas, Texas and Seven & I Holdings Co. based in Tokyo, Japan. He also serves on the Boards of the UT Southwestern Medical Foundation based in Dallas, Texas, the Business Executives for National Security based in Washington, DC, the Johnny Mac Soldiers Fund based in Ashburn, Virginia, and the National Association of Convenience Stores based in Alexandria, Virginia.

Wyman T. Roberts
Chief Executive Officer and President

Wyman Roberts has been a member of the Board of Directors of BII since February 2013 and has served as Chief Executive Officer and President of BII and our General Partner since January 1, 2013. Mr. Roberts previously served as President of Chili's Grill & Bar from November 2009 to June 2016.

Kelli Valade
Executive Vice President and President of Chili's Grill & Bar

Kelli Valade has served as Executive Vice President of BII and our General Partner since March 2014. She has served as President of Chili's Grill & Bar since June 2016. Ms. Valade previously served as Executive Vice President and Chief Operating Officer of Chili's Grill & Bar from March 2014 to June 2016. Ms. Valade previously served as Chief Operating Officer of Chili's Grill & Bar from July 2009 to March 2014.

Joseph G. Taylor
Senior Vice President and Chief Financial Officer

Joseph G. Taylor has served as Senior Vice President and Chief Financial Officer for BII and our General Partners since August 2017. He served as Interim Chief Financial Officer, Treasurer, and Vice President of Investor Relations and Treasurer from April 2017 until August 2017. Mr. Taylor previously served as Treasurer and Vice President of Investor Relations from June 2016 to April 2017, and Vice President of Corporate Affairs and Investor Relations from June 2015 to June 2016. Mr. Taylor previously served as Vice President of Corporate Affairs from February 2003 to June 2015.

Steve Provost
Executive Vice President and Chief Marketing and Innovation Officer

Steve Provost has served as Executive Vice President and Chief Marketing and Innovation Officer of BII and our General Partner since March 2017. Mr. Provost previously served as President of Maggiano's Little Italy from November 2009 to March 2017.

Rick Badgley
Senior Vice President and Chief People Officer

Rick Badgley has served as Senior Vice President and Chief People Officer of BII since July 2016. He is also Senior Vice President and Chief People Office of our General Partner. Mr. Badgley previously served as Vice President of Talent Management and Retail for TOMS in Los Angeles, California from July 2013 to July 2016. Mr. Badgley previously served as Vice President of Global Talent Acquisition and Learning for Starbucks Corporation in Seattle, Washington from August 2011 to June 2013.

Doug Comings
Senior Vice President and Chief Operating Officer, Chili's Grill & Bar

Doug Comings has served as Senior Vice President and Chief Operating Officer of BII since June 2016. He is also Senior Vice President and Chief Operating Office of our General Partner. Mr. Comings previously served as Vice President of Domestic Franchise Operations for Chili's Grill and Bar from June 2013 to June 2016 and served as Chili's Regional Director from December 2010 to June 2013 and Chili's Area Director from May 2001 to December 2010.

David Doyle
Senior Vice President and Chief Information Officer

David Doyle has served as Senior Vice President and Chief Information Officer of BII since August 2013. He is also Senior Vice President and Chief Information Officer of our General Partner. Mr. Doyle previously served as Senior Vice President and Controller from February 2003 to August 2013.

Charles Lousignont
Senior Vice President of Supply Chain Management

Charles Lousignont has served as Senior Vice President of Supply Chain Management of BII and our General Partner since November 2014. Mr. Lousignont previously served as Chief Procurement Office for P.F. Chang's China Bistro in Scottsdale, Arizona from March 2013 to October 2014. Mr. Lousignont served as Vice President of Supply Chain Management for Aramark in Philadelphia, Pennsylvania from August 2009 to February 2013.

Scarlett May
Senior Vice President, General Counsel and Secretary

Scarlett May has served as Senior Vice President, General Counsel and Secretary of BII and our General Partner since December 2014. Ms. May previously served as Senior Vice President, Chief Legal Officer and Secretary of Ruby Tuesday, Inc. located in Maryville, Tennessee from June 2012 to December 2014, Vice President, General Counsel and Secretary from August 2004 to June 2012.

Chris Bremer
Vice President of Global and Domestic Franchise Development

Chris Bremer has served as Vice President of Global and Domestic Franchise Development of BII since January 2017. He is also Vice President of Global and Domestic Franchise Development for our General Partner. Mr. Bremer previously served as Vice President of Global Development and Finance from October 2010 to January 2017.

Susan Elbedeiwy
Vice President of Domestic Franchise and Canada

Susan Elbedeiwy has served as Vice President of Domestic Franchise and Canada for Chili's Grill & Bar since June 2016. Ms. Elbedeiwy previously served as Franchise Regional Director from June 2011 to June 2016.

Elaine M. Boltz
Director

Elaine M. Boltz has served on the Board of Directors of BII since February 2015. Ms. Boltz is the former Senior Vice President, E-Commerce, for The TJX Companies, Inc. in Framingham, Massachusetts having served in that position from March 2011 to November 2016. Ms. Boltz also sits on the Board of Directors of Shop.org based in Washington, DC and the Massachusetts Innovation & Technology Exchange based in Boston, Massachusetts.

Harriet Edelman
Director

Harriet Edelman has served on the Board of Directors of BII since March 2008. Ms. Edelman is currently Vice-Chairman of Emigrant Bank in New York, New York, having served in this position since November 2010, and she serves as a management member of the Board of Emigrant Bank. Ms. Edelman also serves on the Board of Trustees of Bucknell University, located in Lewisburg, Pennsylvania, and is a Trustee of the New York Blood Center based in New York, New York.

Michael A. George
Director

Michael A. George has served on the Board of Directors of BII since March 2013. Mr. George is currently President and Chief Executive Officer of QVC, the world's leading video and e-commerce retailer and has served in this position since November 2005 and is based in West Chester, Pennsylvania. Mr. George sits on the Board of Directors for Liberty Interactive Corporation based in Englewood, Colorado, the Kimmel Center in Philadelphia, Pennsylvania, Alex's Lemonade Stand Foundation based in Wynnewood, Pennsylvania, Pennsylvania Business Council based in Harrisburg, Pennsylvania, and is Chair of the Corporate Advisory Council for the National Constitution Center based in Philadelphia, Pennsylvania.

William T. Giles
Director

William T. Giles has served on the Board of Directors of BII since March 2013. Mr. Giles is currently Chief Financial Officer and Executive Vice President for Finance and Information Technology for AutoZone Inc. in Memphis, Tennessee since October 2012, and previously served as Chief Financial Officer and Executive Vice President for Finance, Information Technology and Store Development from June 2007 to October 2012. Mr. Giles sits on the Board of Directors for Youth Villages based in Dallas, Texas, the AutoZone Liberty Bowl based in Memphis, Tennessee, and Lausanne Collegiate School in Memphis, Tennessee.

Gerardo I. Lopez
Director

Gerardo I. Lopez has served on the Board of Directors of BII since February 2013. Mr. Lopez is currently President and Chief Executive Officer and Director of Extended Stay America, Inc. and its paired-share REIT, ESH Hospitality, Inc. in Charlotte, North Carolina since August 2015. Mr. Lopez previously served as President, Chief Executive Officer and Director of AMC Entertainment, Inc. based in Leawood, Kansas from March 2009 to August 2015. Mr. Lopez serves on the Board of Directors of Extended Stay America, Inc. based in Charlotte, North Carolina and CBRE, Inc. based in Los Angeles, California.

George R. Mrkonic
Director

George R. Mrkonic has served on the Board of Directors of BII since September 2003. Mr. Mrkonic is currently the Non-Executive Chairman of Paperchase Products Limited, London, UK (Chairman since 2005; director since 1999). Mr. Mrkonic also serves as a Director for Autozone, Inc. based in Memphis, Tennessee, and Ulta Salon, Cosmetics & Fragrance, Inc. based in Bolingbrook, Illinois.

Jose L. Prado
Director

Jose L. Prado has served on the Board of Directors of BII since June 2015. Mr. Prado was President of Quaker Oats North American, a division of PepsiCo, Inc. in Purchase, New York from January 2011 to September 2014 and as President and Chief Executive Officer of Grupo Gamesa-Quaker, PepsiCo International, in Monterrey, Mexico from August 2002 to December 2010. Mr. Prado also serves as a Director for Northern Trust Corporation based in Chicago, Illinois, and Chicago Council on Global Affairs based in Chicago, Illinois, Lyric Opera based in Chicago, Illinois, the National Museum of Mexican Art based in Chicago, Illinois and the Chicago Symphony Orchestra based in Chicago, Illinois.

Unless noted above, all of our officers and directors listed in this Item 2 are located in our Dallas, Texas office.

ITEM 3

LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

Hatfield Restaurants Limited, a corporation incorporated under the laws of England and Wales and a subsidiary of Brinker International, Inc., owned and operated 8 restaurants located in the United Kingdom. These restaurants were closed at the end of business on Tuesday, June 16, 2009 and the company was voluntarily placed into administration under UK laws on June 17, 2009. The administration process was formally concluded in October 2012, and this matter was closed.

Other than the 1 proceeding described above, there is no bankruptcy required to be disclosed in this Item.

ITEM 5

INITIAL FEES

All of the fees in this Item 5 are the same for all Chili's Restaurants unless otherwise specified.

Initial Development Fee:

When you sign a Development Agreement for more than 1 restaurant, you must pay us a nonrefundable development fee. The development fee will be determined by mutual agreement before you sign the Development Agreement and is based on the size of the territory, the number of restaurants to be developed, demographic data and trends like density and growth rates, and other variable conditions. The development fee could range from $20,000 to $500,000, depending on the conditions stated above. For our fiscal year ended June 28, 2017, development fees were generally $20,000 per Restaurant to be developed under the Development Agreement. The development fee is determined uniformly but is not uniform for all franchisees due to the variable conditions stated above.

Initial Franchise Fee:

(1) If you are developing only 1 Chili's Restaurant, when you sign the Franchise Agreement, you will pay us an initial franchise fee of $60,000.

(2) If you enter into a Development Agreement with us, at or before the date on which you begin construction of a Chili's Restaurant, you must pay us an initial franchise fee of $40,000. We may reduce or waive the initial franchise fee under certain circumstances in our sole discretion.

The initial franchise fee is nonrefundable except in the following circumstances:

(1) If you entered into a Development Agreement, and if you are in compliance with the Development Agreement and all other agreements with us and you open your Chili's Restaurants at least 90 days before the opening dates set forth in the Development Schedule, you will be entitled to a $10,000 credit against the initial franchise fee, which we may directly pay to you or apply as a monthly credit against your royalty fee and/or technical services fee.

(2) If you fail to secure the required liquor licenses by the date the Restaurant is otherwise ready (and/or required) to open for business, then we may terminate the Franchise Agreement on 10 days

prior written notice. If we do, we will refund your initial franchise fee (without interest), less any expenses and/or damages we have incurred.

Except as described above, we are not obligated to return any portion of the initial franchise fee if the Franchise Agreement is terminated by you or us for any reason.

Initial Training Fee:

If the opening date of your Restaurant is moved after your personnel have completed initial training, we may require your personnel to repeat our initial training program. If we do, you must pay us a training fee at our then-current rates (currently, $3,500 per trainee), as well as paying the expenses of your personnel. We may also require you to pay a training fee if we train the Managing Owner, Operating Partner, and/or managers for your third and subsequent Restaurants or any replacements. All training costs are nonrefundable. Training fees and costs are determined uniformly but may vary among franchisees based on the circumstances described in this paragraph.

Construction/Design Evaluation and Market Data:

We will provide you 1 construction/design evaluation of your first Restaurant at no charge. If you request additional evaluation for your first Restaurant, or if we initiate additional evaluation for your first Restaurant because of reasonable concerns with your construction/design process, and we perform such additional evaluation, you must reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for each such evaluation visit. If we perform additional evaluation for reasons not related to our reasonable concerns with your construction/design process, we will bear the costs of such evaluation. You must also reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for all construction/design evaluations that we perform for your second or subsequent Restaurants, if you develop more than one Restaurant. Our costs for construction/design evaluations vary depending on the amount of time and personnel utilized in the actual evaluation. During our last fiscal year, construction/design evaluation costs ranged from $0 to $2,500.

We may also choose to make available to you at a reasonable cost reports containing demographic and market data and real estate analyses. In determining the cost for these reports, we take into account the nature, type, and amount of information requested as well as the administrative time necessary to organize the information and third party resources. Each report costs between $0 to $2,500, which would be payable to a third party.

ITEM 6

OTHER FEES

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	1.25% of Gross Sales (2)	Payable by the 10th of each month (2)	See Note 2 for definition of Gross Sales. The Royalty Fee payment must be accompanied by a Monthly Financial Statement.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Technical Services Fee (2)	2.75% of Gross Sales (2)	Payable by the 10th of each month (2)	See Note 2 for definition of Gross Sales. The Technical Services Fee must be accompanied by a Monthly Financial Statement.
Advertising Production Fee(3)	0.5% of Gross Sales	Payable by the 10th of each month (2)	You must pay the Production Fee regardless of the advertising program we designate. Production Fees are used to maintain, direct, administer and prepare advertising and promotional activities, including creative costs.
Local Advertising Program (LAP) Fee (3)	Minimum - 2.5% of Gross Sales	As incurred by you, with quarterly reports to us	If we require you to participate in LAP, you must spend at least 2.5% of Gross Sales on local advertising and may spend more if you choose. See Note 3.
Regional Advertising Program (RAP) Fee (3)	Maximum - 4% of Gross Sales	Payable by the 10th of each month	See Note 3.
National Advertising Program (NAP) Fee (3)	Currently, 2.84% of Gross Sales; Maximum – 4% of Gross Sales	Payable by the 10th of each month	See Note 3.
Supplemental Marketing Programs	Currently, 0.06% of Gross Sales	Payable by the 10th of each month	See Note 4.
Replacement and Supplemental Training	Currently, $3,500, plus costs of your personnel attending training.	On demand	We may charge a training fee if we train a replacement Managing Owner, Operating Partner or manager or if your personnel attend supplemental training.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Product Testing Fee	Approximately $1,500 per product annually typically charged to the supplier; additional product testing may be required due to specification non-compliance	30 days after billing	If we have not previously approved a supplier and/or an item you wish to use, you must apply to us for approval and pay the cost of the test.
Supplier Facility Inspection	Currently, approximately $1,025 per day plus travel expenses normally charged to the supplier or distributor	30 days after billing	If we have not previously approved a supplier, distributor, and/or item you wish to use, you must apply to us for approval and pay the cost of the facility inspection. Multiple day inspections may be necessary for larger facilities.
Licensing Fees	Currently, none	As invoiced	You may be required to pay a license fee for any computer or point-of-sale system we make available to you.
Restaurant Inspection	Varies	On demand	If you fail within a reasonable time to correct any deficiencies that we identify during our inspection, you must pay us a reasonable fee if we must assist in the correction of these deficiencies.
Mandatory Sanitation and Food Safety Program (SAFE)	Currently, approximately $262 per visit if you do not receive a passing grade. There is no charge for a grade of 0 (perfect score) to 1.	30 days after billing	Participation in the Brinker (Safe-Sanitation and Food Evaluation) restaurant assessment program is required. Unannounced assessments will be conducted at least twice per year. All restaurants are required to participate in food safety training in the first quarter of the fiscal year. We reserve the right to include the rules, terms, and conditions of the assessment program in the CFM and modify the rules, terms, and conditions of the assessment program from time to time.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer	Franchise/Development Agreements – $5,000 or any greater amount necessary to reimburse us for our expenses, with a single transfer maximum of $25,000	Before transfer	No fee is charged to an individual or partnership franchisee that transfers its rights to a wholly-owned corporation.
Offering	Franchise/Development Agreements – $10,000	30 days after billing	This covers our cost to review the proposed offering of your securities.
Audit	Cost of audit, including travel, lodging, wages, and legal and accounting costs.	On demand	Payable only if we find that you have underpaid or understated any amount owed to us by at least 2%.
Interest	Lesser of 18% per annum or maximum legal rate (the maximum legal rate in California is 10% per annum).	On demand	Payable on all overdue amounts.
Indemnification	Franchise/Development Agreements - Will vary depending on loss.	On demand	You must indemnify us for all losses and expenses we incur because of your actions.
Enforcement Costs	Franchise/Development Agreements - Will vary.	When determined	In any judicial or other proceeding, the prevailing party will be entitled to recover its reasonable costs and expenses (including court costs, attorneys' fees, and discovery costs) from the other party. In any other situation in which we must enforce your obligations under the Agreements, you must pay our costs and expenses.
Liquidated Damages for Unauthorized Solicitation of Employees	Franchise/Development Agreements - Three (3) times the employee's salary plus our enforcement costs	On demand	If you employ one of our (or another of our franchisee's or developer's) employees in violation of your Agreement with us, we may require you to pay liquidated damages.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Liquidated Damages for Failure to Meet Development Schedule	$10,000/month Maximum period: 1 year	Monthly during any period of non-compliance	If you are not in compliance with your development schedule, we may, at our sole option, grant you a period of forbearance, if you pay liquidated damages to compensate us for lost royalties and other fees. We will not terminate the Development Agreement during this forbearance period as long as liquidated damages are paid; however, if you are still not in compliance after this forbearance period, then we may terminate the Development Agreement.
Successor Fee	100% of our then-current Franchise Fee	When the successor franchise agreement is signed	We may offer to you a successor franchise if you meet our qualifications to remain a franchisee for one 20 year successor term. The successor fee is in addition to any costs for remodeling that we may require as a condition of entering into a successor franchise agreement with us after the term of your Franchise Agreement expires.
Décor Items, Certain Furniture and Fixtures	Currently, the prices that we charge our company-owned restaurants for the items, including a 15% administration fee; prices are subject to change with prior written notice.	Prior to placing order	We are an approved supplier of décor items, including certain furniture and fixtures. You may establish buying relationships with other approved suppliers. See Item 8.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Gift Cards	Approximately $1,500 per year/per restaurant	As invoiced	You must participate in and bear certain costs associated with our gift card program. First Data Prepaid Services ("First Data") (formerly known as Valuelink) is our third party gift card provider. First Data may bill you for certain items related to start-up, but generally First Data will bill us and we will bill you monthly. Our billing will include a reconciliation of certain costs and benefits of program participation.

Notes:

(1) All fees and expenses described in this Item 6 are nonrefundable. Unless we have otherwise indicated in the preceding chart, all fees and expenses are imposed by, and are payable to, us. Generally, all fees are uniformly imposed on our franchisees, but we may, in our sole discretion, negotiate some fees under certain circumstances. Except as specifically stated above, these amounts may be subject to increases based on changes in market conditions, our cost of providing services, and future policy changes.

(2) The Technical Services Fee is paid as consideration for your right to use the System and receive certain services under the Franchise Agreement.

Unless we notify you in writing of a change, royalties and other monthly payments must be paid by the 10th day of each month on Gross Sales for the preceding month, and must be submitted to us together with any required reports or statements. You may not withhold or offset payments based on our alleged non-performance under the Franchise Agreement. If any payment is overdue, you must pay us the overdue amount plus interest from the due date at the stated rate and at our option we may charge a $500 late fee. We reserve the right to require payment on a twice-a-month basis and/or to implement electronic debiting of your account for payment. Currently, we have not implemented either of these payment options.

"Gross Sales" includes the total value of all services and products provided by and/or from the Restaurant and all revenue from any sale of all services and products and all other income of every kind and nature related to the Restaurant (including, the full value of on-premise sales, off-premise sales, catering sales, Internet sales, sales from tabletop and other digital media, complimentary sales, coupon sales, sales to employees, employee meals, and any other type of sale related to the Restaurant), whether for cash or credit (and regardless of collection in the case of credit), with no deductions or exclusions whatsoever, except federal, state, or municipal sales taxes you collect from customers and pay to the appropriate taxing authority.

(3) Advertising programs are described in greater detail in Item 11. You must participate in the advertising program we designate. This may be either the Local Advertising Program, the Regional Advertising Program or the National Advertising Program. Currently, our franchisees are required to participate in the National Advertising Program. We may change the required

advertising program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the advertising fees for a specific franchisee in our sole discretion.

(4) You must participate in any supplemental marketing programs we designate and pay for certain costs related to such programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion. We currently require our franchisees to participate in a supplemental marketing program and pay a fee equal to 0.06% of Gross Sales to fund the digital guest experience program.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CHILI'S GRILL & BAR[1]

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Initial Franchise Fee[2]	$40,000-$60,000	Lump Sum	See Item 5	Brinker
Leasehold Expense[3]	$8,000-$25,000	Monthly	As arranged	Lessor
Pre-Construction[4a]	$90,000-$400,000	As arranged	As arranged	Suppliers
Construction Costs[4b]	$1,300,000-$1,500,000	As arranged	As arranged	Contractors/ suppliers
Site Work[5]	$150,000-$500,000	As arranged	As arranged	Contractors/ suppliers
Exterior Signage[6]	$20,000-$80,000	As arranged	As arranged	Contractors/ suppliers
Furniture/Fixtures/ Sound System/TVs[7]	$135,000-$190,000	As arranged	As incurred	Suppliers/equipment financers
Kitchen/Bar	$375,000-$425,000	As arranged	As incurred	Contractors/

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Equipment/[8]				suppliers
Opening Advertising[9]	$5,000-$10,000	As arranged	As incurred	Suppliers
Initial Training[10]	$60,000-$350,000	As arranged	As arranged	Suppliers of food, lodging, transportation
Opening Team Costs[11]	$65,000-$100,000	As arranged	As arranged	Brinker/suppliers of food, lodging, transportation
Working Capital[12]	$12,000-$22,000	As arranged	As incurred	Contractors/ suppliers
Inventory[13]	$15,000-$20,000	As arranged	As incurred	Suppliers
Bar/Kitchen Accessories[14]	$50,000-$60,000	As arranged	As arranged	Suppliers
Liquor License[15]	Varies	As arranged	As arranged	Government Agencies; your attorneys or other third party
Computer POS System/Kitchen display system/ Installation[16]	$40,000-$55,000	As arranged	As arranged	Suppliers
Additional Funds[17](3 months)	$450,000-$600,000	As arranged	3 months	Lessor/Suppliers
TOTAL[18]	$2,815,000-$4,397,000			

Notes:

1 The above chart provides an estimate of your initial investment for 1 Chili's Grill & Bar restaurant based on our experience with our Prototype 16 building. Your actual costs may vary significantly

from these estimates. Prototype 16 is a free-standing building which includes a facility of approximately 6,028 square feet (which includes 363 square feet for a walk-in cooler/freezer). Prototype 16 has a total seating capacity of 246 seats consisting of 172 seats in the dining area and 74 seats in the bar area of the building. We reserve the right to modify Prototype 16 or develop new prototypes, and all franchisees will be required to use the prototype then used by us for each of their franchised Chili's Restaurants. Prototype 16 can be enlarged or decreased to suit individual market and volume needs. You must adapt the Prototype 16 plans to accommodate the particular circumstances of the proposed site for your Restaurant. (See Item 8.) We may provide suggestions on such adaptations, and you must obtain our approval of the final plans. Changes in existing prototypes or development of new prototypes may increase or otherwise change the initial investment costs described above.

[2] The low end of the range represents the initial franchise fee for each restaurant developed under a Development Agreement and does not include the development fee. The high end of the range is the initial franchise fee if you sign a franchise agreement that is not entered into under a Development Agreement. See Item 5.

[3] Due to the cost of land acquisition, the premises for Chili's Restaurants are normally leased. These amounts assume that you will lease the premises for the restaurant and do not include costs of land acquisition. If land for the restaurant site is purchased, purchase costs will vary significantly depending on the market in which the Chili's Restaurant will be located; however, these costs generally range from $500,000 to $1,500,000 based on our experience in acquiring restaurant sites nationwide. We estimate that rent payments typically range from $14,000 to $25,000 per month based on a build to suit lease and from $8,000 to $21,000 for a ground lease based on our experience in leasing restaurant sites nationwide. Land and site preparation costs will vary substantially depending on the lot size, geographic area and market conditions. Costs related to evaluation of the restaurant site are not included in this estimate.

[4a] This estimate includes pre-construction costs for architectural and related drawings, engineering, testing, permits, utility tap fees and other fees. Costs may vary significantly if you lease an in-line site for the restaurant, and utility tap fees can vary substantially from location to location.

[4b] This estimate includes foundation, slab, materials, hardware, roof, plumbing, electrical, HVAC equipment, and labor. Costs may vary significantly based on the site and regional construction costs.

[5] This work includes the cost to cover the extension of utilities to the building from a point on the site where the landlord/developer has delivered them, paving of parking areas, pouring sidewalks and curbs, and installation of outdoor lighting. If the property is a pad site, the cost would be between $90,000 and $105,000 for pad development plus $25,000 to $40,000 for landscaping, and up to $500,000 for a full site (based on between $90,000 and $105,000 for the cost of the pad plus $1,800 to $3,000 per parking space constructed plus $35,000 to $55,000 for landscaping).

[6] The range given includes exterior graphics and door signage. The low end of the range includes standard building signage of 2 exterior building signs; the high end of the range also includes a to-go sign, a free-standing pole sign and a free-standing monument sign.

[7] We require you to purchase benches, chairs, stools, décor, decorative elements, and tables that meet our specifications. We are an approved supplier of certain furniture and decor packages.

[8] The estimate given covers the cost of kitchen and bar equipment, hood ventilation and refrigeration equipment. We require you to purchase certain kitchen equipment that meets our specifications.

[9] The advertising you may need to purchase before opening the restaurant includes geo-targeted digital and social media, direct mail and/or radio.

[10] We provide initial training for up to 5 of your managers (in addition to your Managing Owner and

Operating Partner). This is an estimate of the costs that you will incur for transportation, lodging and food, and wages for attendees of our initial training program. The low end of the estimate assumes that your Managing Owner, Operating Partner, and 1 other representative will attend initial training, and the high end of the estimate assumes that your Managing Owner, Operating Partner, and 5 other representatives will attend initial training. The actual cost will depend on the distance the attendees must travel and the type of accommodations you choose.

[11] The figures given include the cost of an opening crew provided by us. See Item 5.

[12] This estimate for working capital is for organizational expenses.

[13] We estimate that the range given will be sufficient to cover your inventory needs for the first month of operation.

[14] The estimate includes restaurant smallwares, like cooking, serving, and other utensils for food preparation.

[15] License fees will vary significantly, depending on the locale and the requirements of the applicable state, county or municipal liquor licensing laws and related liquor licensing authorities, so we cannot provide an accurate estimate. In some states, liquor licenses must be purchased at costs ranging from $5,000 to $500,000.

[16] This estimate is for the cost of a computerized point-of-sale system, kitchen display system and Table Top Devices (defined below), including installation.

[17] This is our estimate of the amount needed to cover your expenses for the start-up phase of the business, including lease payments, inventory (including restaurant equipment and food), payroll, facility expenses like utilities, insurance, pest control, security, repairs and maintenance and complimentary sales and other costs. The range provided also includes our best estimate of the cash requirements including Builders Risk insurance (at preferred months of operations). For the purpose of this disclosure document, we have estimated the start-up phase to be 3 months from the date the restaurant opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the restaurant. Your actual cost will depend on factors like your management skill, experience and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

[18] See Notes 3 and 14 describing significant additional expenses related to the purchase of a restaurant site and the acquisition of a liquor license for the restaurant, which expenses are not included in the estimated total investment. The total estimated initial investment does not include the development fee described in Item 5. The numbers above are representative of costs expended for construction of a Chili's Restaurant in the State of Texas (a right-to-work state). You should consult a construction standard index to determine whether these costs accurately reflect the costs of construction in the area in which you will develop.

To our knowledge, none of the expenditures described above are refundable, unless otherwise indicated. Except as specifically described above, the stated amounts may be subject to increases based on changes in market conditions, the cost of providing services, and future policy changes. At the present time, we have no plans to increase payments over which we have control.

CHILI'S SPECIAL VENUE[1]

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Initial Franchise Fee[2]	$40,000-$60,000	Lump Sum	See Item 5	Brinker
Leasehold Expense[3]	$5,000-$20,000	Monthly	As arranged	Lessor
Pre-Construction[4a]	$45,000-$200,000	As arranged	As arranged	Suppliers
Construction Costs[4b]	$400,000-$1,000,000	As arranged	As arranged	Contractors/ suppliers
Site Work[5]	$50,000-$300,000	As arranged	As arranged	Contractors/ suppliers
Exterior Signage[6]	$15,000-$75,000	As arranged	As arranged	Contractors/ suppliers
Furniture/Fixtures/ Sound System/ TVs[7]	$55,000-$100,000	As arranged	As incurred	Suppliers/ equipment financers
Kitchen/Bar Equipment[8]	$190,000-$350,000	As arranged	As incurred	Contractors/ suppliers
Opening Advertising[9]	$5,000-$10,000	As arranged	As incurred	Suppliers
Initial Training[10]	$60,000-$350,000	As arranged	As arranged	Suppliers of food, lodging, transportation
Opening Team Costs[11]	$65,000-$100,000	As arranged	As arranged	Brinker/suppliers of food, lodging, transportation

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Working Capital[12]	$12,000-$22,000	As arranged	As incurred	Contractors/ suppliers
Inventory[13]	$8,000-$15,000	As arranged	As incurred	Suppliers
Bar/Kitchen Accessories[14]	$40,000 - $50,000	As arranged	As arranged	Suppliers
Liquor License[15]	Varies	As arranged	As arranged	Government Agencies; your attorneys or other third party
Computer POS system/Kitchen display system/ Installation[16]	$25,000-$40,000	As arranged	As arranged	Suppliers
Additional Funds[17](3 months)	$225,000-$525,000	As arranged	3 months	Lessor/Suppliers
TOTAL[18]	$1,240,000-$3,217,000			

Notes:

1 The above chart provides an estimate of your initial investment for 1 Chili's Special Venue restaurant. The Chili's Special Venue concept does not have a specific prototype building, but instead is designed as a "special" building using a standardized kit of design elements. It may be built as either a free-standing unit, food court finish-out, an existing in-line/end-cap type of finish-out or as a counter service interior finish-out. Because of the flexibility in the design, Chili's Special Venue units currently operate in a square foot range of 2,000 to 5,000. Seat counts could vary significantly depending on the square footage, service style, inclusion/exclusion of bar, and the type of bar, but most current units contain anywhere from 70 to 210 seats.

2 The low end of the range represents the initial franchise fee for each restaurant developed under a Development Agreement and does not include the development fee. The high end of the range is the initial franchise fee if you sign a franchise agreement that is not entered into under a Development Agreement. See Item 5.

[3] Due to the cost of land acquisition, the premises for Chili's Special Venue restaurants are normally leased. These amounts assume that you will lease the premises for the restaurant and do not include costs of land acquisition. If land for the restaurant site is purchased, purchase costs will vary significantly depending on the market in which the Chili's Special Venue restaurant will be located; however, these costs generally range from $250,000 to $1,500,000 based on our experience in acquiring restaurant sites nationwide. We estimate that rent payments typically range from $8,000 to $20,000 per month based on a build to suit lease and from $5,000 to $15,000 for a ground lease based on our experience in leasing restaurant sites nationwide. Rent amounts may vary significantly for airport locations. Land and site preparation costs will vary substantially depending on the lot size, geographic area and market conditions. Costs related to evaluation of the restaurant site are not included in this estimate.

[4a] This estimate includes pre-construction costs for architectural and related drawings, engineering, testing, permits, utility tap fees and other fees. Costs may vary significantly if you lease an in-line site for the restaurant, and utility tap fees can vary substantially from location to location.

[4b] This estimate includes foundation, slab, materials, hardware, roof, plumbing, electrical, HVAC equipment, and labor. If you lease an in-line site, the cost of construction of improvements is estimated to range from $400,000 to $1,000,000. Costs may vary significantly based on the site and regional construction costs.

[5] This work includes the cost to cover the extension of utilities to the building from a point on the site where the landlord/developer has delivered them, paving of parking areas, pouring sidewalks and curbs, and installation of outdoor lighting. If the property is a pad site, the cost would be $50,000, and up to $300,000 for a full site.

[6] This will depend on the building type.

[7] We require you to purchase benches, chairs, stools, décor, decorative elements, and tables that meet our specifications. We are an approved supplier of certain furniture and decor packages.

[8] The estimate given covers the cost of kitchen and bar equipment, hood ventilation and refrigeration equipment. We require you to purchase certain kitchen equipment to meet our specifications.

[9] The advertising you may need to purchase before opening the restaurant includes geo-targeted digital and social media, direct mail and/or radio.

[10] We provide initial training for up to 5 of your representatives (in addition to your Managing Owner and Operating Partner). This is an estimate of the costs that you will incur for transportation, lodging and food, and wages for attendees of our initial training program. The low end of the estimate assumes that your Managing Owner, Operating Partner, and 1 other representative will attend initial training, and the high end of the estimate assumes that your Managing Owner, Operating Partner, and 5 other representatives will attend initial training. The actual cost will depend on the distance the attendees must travel and the type of accommodations you choose.

[11] The figures given include the cost of an opening crew provided by us. See Item 11.

[12] This estimate for working capital is for organizational expenses.

[13] We estimate that the range given will be sufficient to cover your inventory needs for the first month of operation.

[14] The estimate includes restaurant smallwares, like cooking, serving, and other utensils for food preparation.

[15] License fees will vary significantly, depending on the locale and the requirements of the applicable state, county or municipal liquor licensing laws and related liquor licensing authorities, so we cannot provide an accurate estimate. In some states, liquor licenses must be purchased at costs ranging from

$5,000 to $500,000. Franchise taxes that some states require to be paid by franchisees that are certain types of business entities are not included.

[16] This estimate is for the cost of a computerized point-of-sale system, kitchen display system and Table Top Devices, including installation.

[17] This amount is our estimate of the amount needed to cover your expenses for the start-up phase of the business, including lease payments, inventory (including restaurant equipment and food), payroll, facility expenses like utilities, insurance, pest control, security, repairs and maintenance and complimentary sales and other costs. The range provided also includes our best estimate of the cash requirements including Builders Risk insurance (at preferred months of operations). For the purpose of this disclosure document, we have estimated the start-up phase to be 3 months from the date the restaurant opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the restaurant. Your actual cost will depend on factors like your management skill, experience and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

[18] See Notes 3 and 14 describing significant additional expenses related to the purchase of a restaurant site and the acquisition of a liquor license for the restaurant, which expenses are not included in the estimated total investment. The total estimated initial investment does not include the development fee described in Item 5. The numbers above are representative of costs expended for construction of a Chili's Special Venue restaurant in the State of Texas (a right-to-work state). You should consult a construction standard index to determine whether these costs accurately reflect the costs of construction in the area in which you will develop.

To our knowledge, none of the expenditures described above are refundable, unless otherwise indicated. Except as specifically described above, the stated amounts may be subject to increases based on changes in market conditions, the cost of providing services, and future policy changes. At the present time, we have no plans to increase payments over which we have control.

CHILI'S SMALL TOWN PROTOTYPE[1]

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Initial Franchise Fee[2]	$40,000-$60,000	Lump Sum	See Item 5	Brinker
Leasehold Expense[3]	$6,000-$20,000	Monthly	As arranged	Lessor
Pre-Construction[4a]	$50,000-$300,000	As arranged	As arranged	Suppliers
Construction Costs[4b]	$1,100,000-$1,300,000	As arranged	As arranged	Contractors/ suppliers

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Site Work[5]	$105,000-$500,000	As arranged	As arranged	Contractors/ suppliers
Exterior Signage[6]	$20,000-$80,000	As arranged	As arranged	Contractors/ suppliers
Furniture/Fixtures[7]	$100,000-$120,000	As arranged	As incurred	Suppliers equipment financers
Kitchen/Bar Equipment/Sound System[8]	$350,000-$400,000	As arranged	As incurred	Contractors/ suppliers
Opening Advertising[9]	$5,000-$10,000	As arranged	As incurred	Suppliers
Initial Training[10]	$60,000-$250,000	As arranged	As arranged	Suppliers of food, lodging, transportation
Opening Team Costs[11]	$65,000-$100,000	As arranged	As arranged	Brinker/suppliers of food, lodging, transportation
Working Capital[12]	$12,000-$22,000	As arranged	As incurred	Contractors/ suppliers
Inventory[13]	$10,000-$20,000	As arranged	As incurred	Suppliers
Bar/Kitchen Accessories[14]	$50,000-$60,000	As arranged	As arranged	Suppliers
Liquor License[15]	Varies	As arranged	As arranged	Government Agencies; your attorneys or other third party

Column 1 Type of expenditure	Column 2 Actual or Estimated Cost Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Made
Computer POS system/Kitchen display system/ Installation[16]	$30,000-$45,000	As arranged	As arranged	Suppliers
Additional Funds[17] (3 months)	$400,000-$600,000	As arranged	3 months	Lessor/Suppliers
TOTAL[18]	$2,403,000-$3,887,000			

Notes:

1 The above chart provides an estimate of your initial investment for 1 Chili's Small Town Prototype restaurant based on our projected costs for our Prototype ST4500 building. Your actual costs may vary significantly from these estimates. The Prototype ST4500 is a free-standing building, which includes a facility of approximately 4,249 square feet (plus 262 square feet for walk-in cooler/freezer). Prototype ST4500 has a total seating capacity of 164 seats consisting of 134 seats in the dining area and 30 seats in the bar area of the building. We reserve the right to modify Prototype ST4500 or develop new prototypes, and all franchisees will be required to use the prototype then used by us for each of their franchised Chili's Small Town Prototype restaurants. You must adapt the Prototype ST4500 plans to accommodate the particular circumstances of the proposed site for your Restaurant. (See Item 8.) We may provide suggestions on such adaptations, and you must obtain our approval of the final plans. Changes in existing prototypes or development of new prototypes may increase or otherwise change the initial investment costs described above.

2 The low end of the range represents the initial franchise fee for each restaurant developed under a Development Agreement and does not include the development fee. The high end of the range is the initial franchise fee if you sign a franchise agreement that is not entered into under a Development Agreement. See Item 5.

3 Due to the cost of land acquisition, the premises for Chili's Small Town Prototype restaurants are normally leased. These amounts assume that you will lease the premises for the restaurant and do not include costs of land acquisition. If land for the restaurant site is purchased, purchase costs will vary significantly depending on the market in which the Chili's Small Town Prototype restaurant will be located; however, these costs generally range from $400,000 to $1,500,000 based on our experience in acquiring restaurant sites nationwide. We estimate that rent payments typically range from $10,000 to $20,000 per month based on a build to suit lease and from $6,000 to $15,000 for a ground lease. Land and site preparation costs will vary substantially depending on the lot size, geographic area and market conditions. Costs related to evaluation of the restaurant site are not included in this estimate.

4a This estimate includes pre-construction costs for architectural and related drawings, engineering, testing, permits, utility tap fees and other fees. Costs may vary significantly, if you lease an in-line site for the restaurant, and utility tap fees can vary substantially from location to location.

[4b] This estimate includes foundation, slab, materials, hardware, roof, plumbing, electrical, HVAC equipment, and labor. Costs may vary significantly based on the site and regional construction costs.

[5] This work includes the cost to cover the extension of utilities to the building from a point on the site where the landlord/developer has delivered them, paving of parking areas, pouring sidewalks and curbs, and installation of outdoor lighting. If the property is a pad site, the cost will be between $85,000 and $100,000 for pad development plus $20,000 to $35,000 for landscaping, and up to $500,000 for a full site (based on between $105,000-$135,000 for the cost of the pad plus $1,600 to $3,000 per parking space constructed plus $30,000 to $40,000 for landscaping).

[6] The range given includes exterior graphics and door signage. The low end of the range includes standard building signage of 2 exterior building signs; the high end of the range includes a to-go sign, a free-standing pole sign and a free-standing monument sign.

[7] We require you to purchase benches, chairs, stools, décor, decorative elements, and tables that meet our specifications. We are an approved supplier of certain furniture and décor packages.

[8] The estimate given covers the cost of kitchen and bar equipment, hood ventilation and refrigeration equipment. We require you to purchase certain kitchen equipment that meets our specifications.

[9] The advertising you may need to purchase before opening the restaurant includes geo-targeted digital and social media, direct mail and/or radio.

[10] We provide initial training for up to 5 of your representatives (in addition to your Managing Owner and Operating Partner). This is an estimate of the costs that you will incur for transportation, lodging and food, and wages for attendees of our initial training program. The low end of the estimate assumes that your Managing Owner, Operating Partner, and 1 other representative will attend initial training, and the high end of the estimate assumes that your Managing Owner, Operating Partner, and 5 other representatives will attend initial training. The actual cost will depend on the distance the attendees must travel and the type of accommodations you choose.

[11] The figures given include the cost of an opening crew provided by us. See Item 11.

[12] This estimate for working capital is for organizational expenses.

[13] We estimate that the range given will be sufficient to cover your inventory needs for the first month of operation.

[14] The estimate includes restaurant smallwares, like cooking, serving, and other utensils for food preparation.

[15] License fees will vary significantly, depending on the locale and the requirements of the applicable state, county or municipal liquor licensing laws and related liquor licensing authorities, so we cannot provide an accurate estimate. In some states, liquor licenses must be purchased at costs ranging from $5,000 to $400,000. Franchise taxes that some states require to be paid by franchisees that are certain types of business entities are not included.

[16] This estimate is for the cost of a computerized cash accounting system, kitchen display system and Table Top Devices (defined below), including installation.

[17] This is our estimate of the amount needed to cover your expenses for the start-up phase of the business, including lease payments, inventory (including restaurant equipment and food), payroll, facility expenses like utilities, insurance, pest control, security, repairs and maintenance and complimentary sales and other costs. The range provided also includes our best estimate of the cash requirements including Builders Risk insurance (at preferred months of operations). For the purpose of this disclosure document, we have estimated the start-up phase to be 3 months from the date the restaurant opens for business. These figures are estimates and we cannot assure you that you will not have additional expenses starting the restaurant. Your actual cost will depend on factors like your

management skill, experience and business acumen; local economic conditions; the local market for the restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for debt service.

[18] See Notes 3 and 15 describing significant additional expenses related to the purchase of a restaurant site and the acquisition of a liquor license for the restaurant, which expenses are not included in the estimated total investment. The total estimated initial investment does not include the development fee described in Item 5. The numbers above are representative of costs expended for construction of a Chili's Small Town Prototype restaurant in the State of Texas (a right-to-work state). You should consult a construction standard index to determine whether these costs accurately reflect the costs of construction in the area in which you will develop.

To our knowledge, none of the expenditures described above are refundable, unless otherwise indicated. Except as specifically described above, the stated amounts may be subject to increases based on changes in market conditions, the cost of providing services, and future policy changes. At the present time, we have no plans to increase payments over which we have control.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Designated and Approved Suppliers

You generally have no obligation to purchase or lease from us, our affiliates, or other designated third party suppliers any of the products, services, supplies, fixtures, equipment, inventory or real estate used in establishing or operating the Restaurant. However, you must obtain gift card processing services from our designated third party supplier, purchase computer hardware and software and electronic cash register systems and kitchen display systems from our designated third party supplier and lease Table Top Devices from our designated third party supplier. We are an approved supplier (but not the only approved supplier) of the other items listed below.

Gift Cards – You may only purchase and sell gift cards that have been approved by us. The only gift card processor you may use is First Data. The estimated cost to purchase gift cards for sale in your restaurant is approximately $1,500 per year/per restaurant. We will reconcile costs and benefits of the gift card program and generate periodic accountings to franchisees. We have implemented a comprehensive gift card policy that is applicable to you and with which you must comply. We may supplement, replace, revise, or otherwise modify the gift card policy at any time, and you must comply with any revised gift card policy. We may require you to sign a gift card participation agreement in the future.

Computer System – You must purchase and install a POS system and kitchen display system that we approve. The Aloha POS system is the only approved POS system, and the QSR kitchen display system is the only approved kitchen display system. You must purchase the Aloha platform (hardware and software) from NCR, if NCR sells the required system. If not, you must purchase the required system from a supplier we approve. NCR and QSR Automations, Inc. are the only approved suppliers of QSR kitchen display systems. Currently, you may use one of several designated suppliers for ongoing service, although we may in the future require you to use a single designated supplier source for required hardware, software and/or database maintenance services (and that single designated supplier may be us or an affiliate).

Table Top Devices – You must lease, install and use approved portable table-top digital ordering, point-of-sale, and entertainment devices that allow customers the ability to review the menu, place food and drink orders, access premium content, view advertisements and make payments at their table ("Table Top Devices"). Currently, TableTop Media, LLC is the only approved supplier of Table Top Devices. There is no initial fee to lease the Table Top Device, but you must make continuing lease payments that

we anticipate will be fully offset by revenue sharing that you will receive from the Table Top Device supplier.

Décor Products, Furniture & Fixtures – We are an approved supplier of the decor packages and certain restaurant furniture and fixtures.

Merchandise, Marketing and Training Products & Supplies – You must purchase certain merchandise, marketing and training products and supplies from our approved suppliers.

Advertising and Promotional Materials – You must purchase certain advertising and promotional materials from our approved suppliers.

None of our officers owns an interest in any privately held suppliers, or a material interest in any publicly held suppliers, of the Chili's franchise system. From time to time, our officers may own non-material interests in publicly held companies that may be suppliers to our franchise system.

Purchases According to Specifications

Food, Beverages, FF&E and Other Items – You must comply with all of our standards and specifications for the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used or offered for sale at the Restaurant.

Site Selection – The site for your Restaurant must satisfy our site selection criteria. Before you acquire a site for a Restaurant, you must submit to us the information we require, as well as a letter of intent or other evidence satisfactory to us confirming your favorable prospects for obtaining the site. We will have 30 days after we receive the information from you to approve or disapprove the proposed site. We will not unreasonably withhold our approval, but no site will be deemed approved unless we have expressly approved it in writing. (See Item 11)

Lease Terms – If you enter into a lease for the Restaurant premises, we have the right to ask you to provide us with a copy of the executed lease and you must provide us with a copy within 3 business days of our request. Unless we agree to waive a particular provision, any lease for a Chili's Restaurant must contain the provisions listed at Section 4.2 (a) – (h) of the Development Agreement. These provisions are designed to protect our rights as your franchisor.

Construction and Opening – You must begin construction of the Restaurant in compliance with our standards and specifications within 180 days after we approve the site (or, if the premises is then occupied, immediately after you gain possession). Among other requirements, you must employ a qualified architect and engineer, reasonably acceptable to us, to prepare for our approval preliminary plans and specifications for site improvement and construction of the Restaurant based upon prototype drawings furnished by us. You may not use our prototype plans as construction plans or blue-prints, but only as required design concepts, which you must adapt to your site. You must complete construction within 240 days after construction begins (unless construction is delayed by strikes, lockouts, fire, other casualties, acts of God, weather and other factors beyond your reasonable control). Before opening your Restaurant for business, you must comply with all opening requirements we specify in the Agreements, the CFM, and/or elsewhere in writing (which includes email communications). You may not open a Restaurant to the public until you have received written "Authorization to Open" from us.

Advertising and Promotional Materials – All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them if we have not prepared them or previously approved them during the 12 months preceding the date of their proposed use. You must submit any unapproved plans and materials to us, and we will use reasonable efforts to approve or disapprove them within 14 days after we receive them. You

must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials if we notify you to do so.

Public Relations and Crisis Communications – You must inform us if and when you have retained a local public relations firm and provide us with the identity of the firm. Regardless of whether you have retained a local public relations firm, you must allow us to review and approve, in our sole discretion, any press releases before their distribution to the media. You must also alert us to any actual crisis situation that develops (or any potential crisis situation).

Insurance – You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim for personal injury, death or property damage, or any loss, liability or expense related to the operation of the Restaurant.

These policies must be written by a responsible insurance carrier or carriers which are rated "A" or better by the A.M. Best Company, Inc., are responsible and authorized to do business in the state your Restaurant is located, and are acceptable to us. At a minimum, you must carry:

(i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, completed operations, products liability, and fire damage coverage in the amount of $2,000,000 per occurrence for bodily injury and property damage, $2,000,000 for liquor liability, $3,000,000 general aggregate;

(ii) property insurance against damage or loss by fire and such other hazards (including earthquake and flood (where applicable), lightning, windstorm, hail, explosion, vandalism, malicious mischief, aircraft, vehicle and smoke) on an "all risk" basis for the full cost of replacement of the Restaurant premises;

(iii) worker's compensation insurance covering all of your employees with employer's liability limits not less than $500,000 for each bodily injury by accident and $500,000 for each bodily injury of an employee by disease, and you are required to carry this insurance regardless of waiver or exemption of coverage under any applicable state statute;

(iv) "all risk" builder's risk insurance and performance and completion bonds in forms and amounts satisfactory to us for any construction, remodeling, renovation or refurbishing of the Restaurant;

(v) automobile liability insurance for all owned, non-owned and hired vehicles covering bodily injury, death and property damage with a minimum combined single coverage limit of $1,000,000; and

(vi) commercial umbrella liability or excess liability insurance with a minimum limit of $5,000,000 per occurrence, which policy must provide excess limits for the general liability, automobile liability and employer's liability forms required above or at least as broad in coverage; and

(vii) cyber liability insurance with a minimum coverage of $5,000,000 general aggregate.

You may, with our written consent, elect reasonable deductibles for the coverages described in (i), (ii), (v), and (vi) above. You may not, without our prior written consent, agree to sublimits in the insurance policies listed above. Except for worker's compensation insurance, all insurance policies must name us, our affiliates, successors and assigns (and their officers, directors, shareholders, partners, employees, servants, representatives and agents) as additional insureds. In addition, all insurance policies must waive subrogation in favor of us, our affiliates, successors and assigns (and their officers, directors, shareholders, partners, employees, servants, representatives and agents).

Supplier Approval Procedure

You must purchase all food items, ingredients, supplies, materials and other products used or offered for sale at the Restaurant solely from suppliers (including manufacturers, distributors (including distributors of groceries, bakery, dairy, produce, seafood and meat items) and other sources) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably; who have been approved in writing by us before you make any purchases from any supplier; and who have not been disapproved. We may change the number of approved suppliers at any time and may designate ourselves, our affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of your purchases. If you wish to purchase any products from an unapproved supplier, you or the proposed supplier must submit a written request for approval to us and you will be required to have the supplier sign a confidentiality agreement. You may not purchase from any supplier unless and until we have approved the supplier in writing. We (and our representatives) will have the right to inspect the supplier's facilities and take samples from the supplier for testing at your or the supplier's expense. (See Item 6) We also have the right to re-inspect the facilities and products of any approved supplier periodically and to revoke our approval if the supplier fails to continue to meet any of our then-current criteria. We may use an audit company that we select to conduct such inspections, and the proposed supplier must achieve a score that we approve.

Among other things, we consider the following in determining whether to approve a supplier:

Technical – Whether the proposed supplier offers innovations or expertise not available elsewhere that would give the System some competitive advantage in the marketplace.

Quality – Whether the proposed supplier fills a need in quality.

Supply – Whether the proposed supplier offers needed additional capacity or fills a geographical weakness in the supply chain.

Cost – Whether the proposed supplier offers an opportunity to reduce System costs while maintaining or improving quality, supply and service.

Safety – Whether the manufacturing processes are effective to maintain the required food safety standards.

Although we are not required to approve or disapprove supplier requests within any particular time period, we generally respond within 45 days after we receive the written request. We are not required to approve any particular supplier (and may make that determination in our sole discretion).

Purchasing Arrangements

During our 2017 fiscal year we had no revenues based on the sale of required items to Chili's franchisees. Our parent, BII, had revenues of $159,589.00 based on the sale of required items to Chili's franchisees during our 2017 fiscal year.

We negotiate purchase arrangements for the benefit of our company-owned restaurants. We may, but are not required to, negotiate purchase arrangements that also benefit franchised units. In any event, you are responsible for coordinating payment directly with our approved suppliers and distributors.

We may receive rebates or discounts from certain unaffiliated suppliers of equipment, trade fixtures, furniture, food and beverages, and other general restaurant supplies, based on amounts purchased for our company-owned Restaurants and franchised Restaurants. During our last fiscal year, we did not receive any rebates or discounts based on purchases of those products by Chili's franchisees.

Our franchisees are responsible for negotiating their own discounts and rebates from our suppliers and distributors and may earn discounts and rebates from suppliers on a different basis than we do

because of volume purchasing, servicing, timing and several other purchasing factors.

We estimate that the purchase and lease of all equipment, trade fixtures, decor items, restaurant supplies, and other items you must purchase or lease from us or our affiliates, or from unaffiliated approved or designated suppliers, will represent approximately 1% to 15% of your total purchases and leases to establish the franchised business and 0% to 1% of your total purchases and leases to operate the Chili's Restaurant. Of your total purchases and leases which must conform to our specifications or which you must purchase from approved suppliers, we estimate that you will purchase 1% to 5% from us in establishing your Chili's Restaurant and 0% to 5% from us in operating your Chili's Restaurant.

We will consider many factors when we evaluate whether or not to renew or grant additional franchises to a particular franchisee, including whether or not the franchisee has complied with the sourcing requirements described above.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	Section 3.6; Attachment I	Sections 4.1, 4.2, and 6.1	Items 8 and 11
b. Pre-opening purchases/leases	Article 3	Section 4.3	Items 5, 7 and 11
c. Site development and other pre-opening requirements	Sections 3.2 and 3.6; Attachment I	Section 4.4	Items 8 and 11
d. Initial and ongoing training	Sections 3.1, 3.4, and 3.7	Section 6.4	Item 11
e. Opening	Sections 3.2, 3.5 and 3.6	Sections 4.3(e), and 4.4(d)	Item 11
f. Fees	Sections 4.1, 4.2, 4.3, 11.8, and 11.9	Article 2 Section 3.4	Items 5, 6 and 7
g. Compliance with standards and policies/manuals	Article 7 Sections 5.2 and 5.3	Sections 6.5, 6.6, and 6.7	Items 8, 11, 13 and 14

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
h. Trademarks and proprietary information	Articles 8 and 9 Sections 7.7 and 16.2	Sections 6.5, 6.6 and 6.7	Items 1, 13 and 14
i. Restrictions on products/services offered	Sections 7.1,7.5, 7.6, and 7.7	N/A	Item 16
j. Warranty and customer service requirements	Section 7.4	N/A	N/A
k. Territorial development and sales quotas	Recitals	Section 1.1	Item 12
l. Ongoing product/service purchases	Sections 7.6 and 7.7	N/A	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7.1, 7.8, 7.9, 7.10, and 7.11	N/A	Items 8 and 11
n. Insurance	Article 12	Sections 4.3 and 11.8	Items 7 and 8
o. Advertising and promotions	Article 11	N/A	Items 6 and 11
p. Indemnification	Sections 13.9, 17.2, and 17.3	Sections 8.7, 11.2, 11.3, and 11.8	Item 6
q. Owner's participation/staffing/ management	Sections 7.2 and 7.4	Section 6.3	Items 1 and 15
r. Records and reports	Article 10	N/A	Items 6 and 11
s. Inspections and audits	Sections 7.11 and 10.5	Sections 4.4(a) and 4.4(c)	Items 6 and 11

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
t. Transfer	Article 13	Article 8	Items 6 and 17
u. Renewal	Section 2.2	N/A	Item 17
v. Post-termination obligations	Sections 15.1, 16.3(b) and 16.3(c)	Sections 7.7, 9.3(b), and 9.3(c)	Item 17
w. Non-competition covenants	Article 16	Section 9.3	Items 15 and 17
x. Dispute resolution	Article 21	Article 14	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee any notes, leases, or other obligations you may make to others.

ITEM 11

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

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

Pre-Opening Obligations:

Before you open your Restaurant, we will:

Development Agreement:

1. Promptly after you sign the Development Agreement, provide you with site selection counseling and assistance, as we deem advisable. We will also, at our option, make available, at a reasonable cost, reports containing demographic and market data and real estate analyses. (Development Agreement, Article 6, Section 6.1(a); Franchise Agreement, Article 3, Section 3.6 and Attachment I)

The site for the Restaurant is selected by you, but must be approved by us. The Restaurant may not be relocated without first obtaining our written consent. We will assist you in the site selection process under the terms of the Development Agreement by providing site selection guidelines and criteria, and certain site selection counseling and assistance. Our criteria for site selection requires an evaluation of the demographics of the location (including the age and income level of residents of the market area for the location), traffic patterns, the size of the location, and the proximity to shopping and other centers of population concentration.

The Development Agreement provides a specified Territory within which you must select sites for your Restaurants. Before you acquire any site, you must submit to us, in writing in the form we require, a description of the site, and a market feasibility study for the site, which must include demographic information, traffic counts, site plans, relationship of the site to potential competition and Restaurants, and such other information or materials as we may reasonably require, together with a letter of intent or evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We have 30 days after receiving the site information and materials from you to approve or disapprove, in our sole discretion, the proposed site as the location for the Restaurant. No site is approved until it has been expressly approved in writing by us. You may be in default under the Development Agreement if you have not opened the cumulative number of Restaurants within the time periods specified in the Development Schedule.

2. Provide you 1 construction/design evaluation of your first Restaurant at no charge. If you request additional evaluation for your first Restaurant, or if we initiate additional evaluation for your first Restaurant because of reasonable concerns with your construction/design process, and we perform such additional evaluation, you must reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for each such evaluation visit. If we perform additional evaluation for reasons not related to our reasonable concerns with your construction/design process, we will bear the costs of such evaluation. You must also reimburse us our reasonable expenses, including the cost of travel, lodging, and meals for all construction/design evaluations that we perform for your second or subsequent Restaurants, if you develop more than one Restaurant. Our costs for construction/design evaluations vary depending on the amount of time and personnel utilized in the actual evaluation. (Development Agreement, Article 6, Sections 6.1(b) and 6.1(c); Franchise Agreement, Article 3, Section 3.6 and Attachment I)

3. Within a reasonable period after you sign the Development Agreement, make available, at no charge to you, standard prototype plans and specifications, which indicate the exterior and interior design and layout, fixtures, furniture, and signs for a prototype restaurant. These should be used as reference, and you must adapt the standard prototype design to your location, at your own expense. (Development Agreement, Article 6, Section 6.1(d); Franchise Agreement, Article 3, Section 3.6 and Attachment I)

Franchise Agreement:

1. Provide you with an initial training program for your Managing Owner and Operating Partner and up to 5 of your managers. (Franchise Agreement, Article 3, Section 3.1)

2. Provide you with on-site pre-opening and opening supervision and assistance (which may include, at your expense, an opening crew), as we deem advisable, depending on the availability of personnel. (Franchise Agreement, Article 3, Section 3.2)

3. Provide you with access to 1 copy of the CFM. (Franchise Agreement, Article 5, Section 5.1)

Typical Length of Time Before You Open Your Restaurant

We estimate the time from the date you sign the Development Agreement to the date you begin operating your first Restaurant will be approximately 12 to 18 months, and that the Franchise Agreement will be signed at least 10 days before commencement of construction. This time may be extended or reduced depending on the time necessary to obtain a site, the availability of financing, your ability to obtain financing, and the amount of time required to obtain the permits and licenses necessary for operation, none of which are within our control. If you fail to open your Restaurant at a site approved by us within 240 days after you sign the Franchise Agreement, we can terminate the Franchise Agreement and your initial franchise fee will not be refunded.

Continuing Obligations:

During the operation of your Restaurant, we will:

1. Make available other training programs, as we deem appropriate. (Franchise Agreement, Article 3, Sections 3.3, 3.4)

2. Provide continuing advisory assistance to you in the operation of the Restaurant, as we deem advisable. (Franchise Agreement, Article 3, Section 3.3)

3. Make available research data and other materials relating to merchandising, marketing, and advertising. We have the right to review and approve or disapprove all advertising and promotional materials, which you propose to use. (Franchise Agreement, Article 3, Section 3.3 and Article 11, Section 11.6)

4. Revise the contents of the CFM as needed. (Franchise Agreement, Article 5, Section 5.1). We reserve the right to charge a reasonable fee (based on our costs and expenses) for any replacement CFM or pages of the CFM you request, if the replacement is needed because you failed to properly maintain or update the CFM as provided or due to your loss of the Manual.

5. Provide you, as we deem appropriate, advice and written materials concerning techniques of managing and operating the Restaurant, including new developments and improvements in restaurant equipment, food products, packaging, and preparation. (Franchise Agreement, Article 3, Section 3.3(c))

6. At our option, establish, maintain and administer a regional advertising program or a national advertising program and may require you to conduct local advertising. (Franchise Agreement, Article 11, Sections 11.1, 11.2, 11.3, 11.4)

7. Provide you with access to 1 copy of "The Chili's Grill & Bar Public Relations Guide" and "The Chili's Grill & Bar Crisis Communications Manual." We may also make our Public Relations department available to you from time-to-time to provide public relations counsel and crisis communications assistance. (Franchise Agreement, Article 5, Section 5.3)

Advertising

We may require you to participate in either our Local Advertising Program, our Regional Advertising Program or our National Advertising Program. We may change the program in which you are required to participate during the term of the Franchise Agreement.

National Advertising Program

Currently, our franchisees must participate in our National Advertising Program, which we established on September 1, 2000. The National Advertising Program is organized, governed, and operated in accordance with our written guidelines (the "NAP Guidelines") and we are responsible for maintaining and administering advertising programs in accordance with the NAP Guidelines. No advertising or promotional plans or materials may be used under the National Advertising Program without our prior written consent.

Under the National Advertising Program, you may be required to pay to us up to 4% of Restaurant Gross Sales to be used by us for maintaining, administering, directing, and preparing advertising and promotional activities for the benefit of the System. Currently, the required National Advertising fee is 2.84% of Restaurant Gross Sales, but we may increase that amount at our discretion at any time in the future. This fee (the "NAP Fee") is used exclusively by us for any and all costs incurred in the National Advertising Program including the cost of (i) maintaining, directing, and preparing advertising materials like the preparation and coordination of television, radio, magazine, direct mail, and newspaper advertising campaigns, outdoor billboard advertising; marketing surveys and other public relations activities; (ii) the employment of advertising agencies; (iii) the preparation and distribution of

promotional brochures and other marketing materials; (v) the cost of developing and maintaining any website(s) related to the National Advertising Program; and (vi) reasonable administrative costs and overhead we incur in activities reasonably related to the administration or direction of the National Advertising Program; and (v) other items as set forth in the NAP Guidelines. We will direct all advertising and production programs in the National Advertising Program, and we will have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the National Advertising Program.

Under the National Advertising Program, we may also require you to participate in a Regional Advertising Program (if such a program exists for your Restaurant). If we do, we reserve the right to allocate the NAP Fee between the National Advertising Program and the Regional Advertising Program.

If the NAP Fee is less than 4% of Restaurant Gross Sales, then we may also require you to spend an amount equal to the difference between the actual NAP Fee and 4% of Restaurant Gross Sales on local advertising for the Restaurant. All local advertising is subject to the requirements in Attachment G to the Franchise Agreement and to our prior written approval. You will have the discretion to spend local advertising funds as and when you reasonably determine to be appropriate, so long as your expenditure schedule is acceptable to us in our reasonable discretion. Within 15 days after each fiscal quarter, you must submit to us written documentation (signed and certified by you and your Managing Owner) to show that you have complied with these requirements, as well as other reports we may require. If you do not comply with these requirements and/or if you fail to spend the required amount on approved local advertising, then you will be in default of the Franchise Agreement and (in addition to any other rights available to us) we may require you to remit the funds to us and we will spend the funds on local advertising for the Restaurant.

We expect that the NAP Fee (including any portion allocable to a Regional Advertising Program) will be spent for advertising and/or promotional purposes during our fiscal year in which they are received. If excess amounts remain at the end of the fiscal year, then all expenditures in the following fiscal year(s) will be made first out of accumulated fees from previous years and then from fees collected during the current year. The National Advertising Program (and any Regional Advertising Program) is operated as a conduit for the collection and expenditure of advertising fees. A statement of the operations of the National Advertising Program (and any Regional Advertising Program) will be prepared annually and will be made available to you upon request. We are not required to audit the statements of operations.

We reserve the right to terminate the National Advertising Program (and any Regional Advertising Program), but the program will not be terminated until all monies have been expended for advertising and/or promotional purposes or other appropriate arrangements have been made.

During our last fiscal year, 79% of the NAP Fee was spent on national media (with 84% spent on advertising campaigns and 16% spent on online advertising), 15% spent on production, agency fees, miscellaneous fees, 3% spent on website, email and social media, 1% spent on administrative expenses, and 2% spent on research and development.

Regional Advertising Program

We have the right to designate any geographical area (for example, an area of dominant influence or "ADI") as a region for purposes of a Regional Advertising Program.

The Regional Advertising Program may be composed of one or more Chili's Restaurants operated by us and/or by you and/or our other franchisees (and/or their parent company or affiliates). If we establish a Regional Advertising Program for the geographic area where the Restaurant is located, then you must become a member of the Regional Advertising Program. We have the discretion to exclude Chili's Restaurants we operate from the Regional Advertising Program and, upon written request (including the reasons for the request), we may grant you (or any other franchisee in the Regional Advertising Program) an exemption for any length of time from membership in the Regional Advertising

Program. As a condition of granting an exemption, we may require that you comply with the local advertising requirements under Section 11.2 of the Franchise Agreement but in an amount equal to the amounts you would have otherwise been obligated to pay under the Regional Advertising Program. Our decision concerning an exemption request is final.

Any Regional Advertising Program will be organized, governed, and operated in accordance with our written guidelines (the "RAP Guidelines") and we will be responsible for maintaining and administering regional advertising programs under the RAP Guidelines. No advertising or promotional plans or materials may be used under a Regional Advertising Program without our prior written consent. We will direct all advertising and production programs in the Regional Advertising Program, and we will have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the Regional Advertising Program.

Under the Regional Advertising Program, we may require you to pay to us a continuing monthly advertising fee of 4% or less of Restaurant Gross Sales (the "RAP Fee"). We will use the RAP Fee for purposes similar to those purposes described above for the National Advertising Program, but on a regional basis. If the RAP Fee is less than 4% of Restaurant Gross Sales, then we may require that you spend an amount equal to the difference between the actual RAP Fee and 4% of Gross Sales on local advertising that complies with Attachment G to the Franchise Agreement and that we have approved. The restrictions on your expenditure of local advertising funds (including reporting requirements) are similar to those described under the National Advertising Program.

Local Advertising Program

Under our Local Advertising Program, you must spend no less than 2.5% of Restaurant Gross Sales ("LAP Fee") on local advertising for the Restaurant. "Local advertising" is advertising that complies with the requirements on Attachment G to the Franchise Agreement. We must approve all local advertising before you use it.

In general, you will have the discretion to spend the LAP Fee when you deem appropriate, so long as your determination is reasonable, your expenditure schedule is acceptable to us and you submit written documentation to us (signed and certified by you and your Managing Owner) within 15 days after the expiration of each fiscal quarter demonstrating that you have complied with the local advertising requirements. However, we reserve the right to require you to remit up to 100% of the LAP Fee to us on 10 days notice for use by us for advertising and promotional activities in the Restaurant's local area. In addition, if you do not comply with the local advertising requirements and/or if you fail to spend the entire LAP Fee on local advertising we approve, then you will be in default of the Franchise Agreement and (in addition to any other rights available to us) we may require you to remit the LAP Fee to us and we will spend it on local advertising for the Restaurant.

Supplemental Marketing Program

In addition to the advertising programs described above, we have the right to require your participation in supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) that we establish from time-to-time. You will be responsible for payment of certain costs associated with these supplemental marketing programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion. We currently require our franchisees to participate in a supplemental marketing program and pay a fee equal to 0.06% of Gross Sales to fund the digital guest experience program.

Advertising Media

We advertise Chili's Restaurants and the products offered by the Restaurants in various media including television, radio, magazine and newspaper advertising campaigns, and direct mail and outdoor billboard advertising. The majority of our advertising is developed by our outside advertising agencies with the assistance of our in-house advertising department. We may use outside advertising agencies, which may be either regional or national in scope.

Production Fee

In addition to the amounts you are required to pay under the designated advertising program, you must pay us 0.5% of Restaurant Gross Sales as an advertising Production Fee for the production of advertising and promotional materials. During our last fiscal year, 100% of the Production Fee was spent on the production of advertising and promotional materials.

Other Advertising Requirements

All advertising and promotion by you in any medium must be conducted in a dignified manner and conform to our standards and requirements as stated in the CFM or otherwise. You must obtain our approval of all advertising and promotional plans and materials that you desire to use before you use them if they have not been prepared or previously approved by us within one year. You must submit any unapproved plans and materials to us (by personal delivery or through the mail, return receipt requested), and we must approve or disapprove the plans and materials within 14 days from the date of receipt. You may not use any plans or materials until they have been approved by us and must promptly discontinue use of any advertising or promotional plans or materials upon receiving notice from us.

You must participate in supplemental marketing programs, like limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs as we may periodically require. You may be responsible for certain costs associated with these supplemental marketing programs. We may change the required supplemental marketing program designation periodically. Under certain limited circumstances (e.g., for a significant multi-unit development plan, a large metropolitan area, airports or unique restaurant sites), we may modify the contributions or participation for a specific franchisee in our sole discretion.

We currently do not have a formal franchisee advisory council or association.

Computer System

You must record all sales on a computerized POS system and utilize a kitchen display system that we have approved and report your Gross Sales weekly via our Web portal in the manner we specify in the CFM or through other electronic data interfaces that we may define at a future date. The computerized POS system and kitchen display system are comprised of terminals, monitors, printers and all hardware, software and data used to record and analyze sales, labor, inventory, product usage and tax information to operate the Restaurant (the "Computer System"). We require all Chili's Grill & Bar restaurants to use the Aloha POS system and the QSR kitchen display system. You must purchase the Aloha POS system (hardware and software) from NCR, if NCR sells the required system. If not, you must purchase the required system from a supplier we approve. You must purchase the QSR kitchen display system from NCR or from QSR Automations, Inc. or, if we designate, another supplier. The cost to obtain a Computer System, which includes all BOH and FOH equipment and software and, depending on the size of the restaurant, 2 to 8 POS terminals for a Chili's Grill & Bar (the specific components of which are described more fully in the CFM) is typically in the range of approximately $40,000 to $55,000 per restaurant; for a Chili's Special Venue is typically in the range of approximately $25,000 to $40,000; and for a Chili's Smalltown Prototype is typically in the range of approximately $30,000 to $45,000. Your estimated annual per-restaurant recurring software and hardware maintenance costs may be between $2,000 and $5,000. Neither we, our affiliates, nor any third parties are required or designated to provide ongoing

maintenance, repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the Computer System. We can require you to replace your existing Computer System with one designated by us and, in such event, you will be given a reasonable timeframe not to exceed 24 months. Currently, we do not have direct access to the information and data on the Computer System, however we have the right under the Franchise Agreement to establish such access in the future. We also have the right to designate changes or enhancements to the Computer System used in your Restaurant including the POS terminals, computer hardware, software and other equipment. At such time as we designate the changes or enhancements to the Computer System, you may be required to make certain payments to our designated suppliers. You must acquire the right to use hardware, software, peripheral equipment, and accessories and arrange for installation, maintenance, and support services of the initial equipment and services and changes or enhancements, all at your cost.

In addition, franchisees may participate in a table management system, NoWait, which allows guests to see if a wait is at any given Restaurant or put their names on a wait list. If you choose to use NoWait, you will contract with NoWait, Inc. and you will incur an estimated one-time implementation fee of $530 as well as monthly fees and maintenance fees of approximately $117 per restaurant.

You must participate in the integrated online ordering solution we designate. Currently, the Chili's online ordering platform is Olo; it is the mandatory and exclusive online ordering platform for all Chili's Restaurants. Currently, the cost of the online ordering system is a flat fee of $690 per Restaurant per year. In connection with using Olo, you will be required to secure an additional eCommerce merchant ID for each Restaurant from your payment processor. If you elect to use a payment processer not affiliated with Olo, then you will have to use Olo's Braintree solution and pay the associated costs.

You must participate in any loyalty program that we designate. We are currently testing a new loyalty platform and may implement the loyalty program (and operating system) for franchisees in 2018. You will be required to pay all costs you incur associated with the loyalty program. We expect that the loyalty program will be fully integrated with the Computer System and any other guest-facing technology platforms with which we choose to integrate including the Table Top Devices.

Table Top Devices

You must lease, install and use approved Table Top Devices in your Restaurant. Currently, TableTop Media, LLC is the only approved supplier of Table Top Devices (known as Ziosk). There is no initial fee to lease the Table Top Devices, but you must make continuing lease payments that we anticipate will be fully offset by revenue sharing that you will receive from the Table Top Device supplier. The lease is inclusive of all necessary hardware (Ziosk devices, Content Server & Wireless Network hardware), software to operate the Table Top Devices, Tier 2 help desk support and break/fix repairs. You are responsible for integrating the Table Top Devices with your POS system. You will be responsible for providing an Internet connection with sufficient bandwidth to support Ziosk management and content updates. You will be required to maintain a monthly Internet subscription at your sole cost for such Internet connectivity. There is no additional annual cost to franchisees for upgrades or maintenance outside of your lease payments. We will not have independent access to the information generated and stored by the Table Top Devices; however, we are provided information through the supplier.

Operations Manual

The Table of Contents of our CFM is attached as Exhibit D to this disclosure document. The CFM has 487 pages.

Training

Your Managing Owner or Operating Partner and up to 5 of your managers (if you open only one Restaurant) or 10 of your managers (if you open two or more Restaurants) must attend and complete our initial management training program to our satisfaction. All new managers hired by you and any

Managing Owner or Operating Partner later appointed by you must attend and complete our initial training program to our satisfaction.

We will provide instructors and training materials for the initial training of your Managing Owner or Operating Partner and up to 5 of your managers (if you open only one Restaurant) or up to 10 of your managers (if you open two or more Restaurants) at no additional charge to you, provided that you or your employees will be responsible for expenses incurred in attending the training, including meals, lodging and transportation.

For initial training: (i) of your personnel in excess of the six (or eleven) representatives noted above; or (ii) of any person later employed by you in the position of manager; or (iii) for each replacement Operating Partner or Managing Owner; or (iv) after your first two Chili's Restaurants are opened or (v) if the opening of the Restaurant is moved to a later date and we require you to attend another initial training program, you must pay a training fee at the then current rate being charged by us to franchisees operating under the System. You are responsible for all costs and expenses like meals, lodging and transportation of the persons attending training.

We may send an opening team to your Restaurant to help with the opening if we believe it is necessary, considering factors such as your previous restaurant experience and the size and location of your Restaurant. If we do, our training representatives will be at the Restaurant for a period of approximately 20 total days before and after the opening date. You must reimburse us for our reasonable expenses incurred in providing the opening team, including costs of transportation, lodging, meals and wages. Costs may vary depending on factors like the number of opening team members, the distance they must travel and the time period they are at the Restaurant. Historically, the cost of our opening teams have ranged between $65,000 and $100,000 for a Chili's Grill & Bar, Chili's Special Venue and Chili's Smalltown Prototype. Although we do not always require an opening team, if we do, the types of costs assessed are uniform.

Initial training programs are offered at various times during the year depending on the number of franchisees entering the System, the number of replacement personnel needing training, the number of new restaurants we open and the timing of scheduled restaurant openings. The initial training program will generally last 15 weeks.

If you operate more than one Chili's Restaurant and your Managing Owner, Operating Partner, and at least 3 managers at your second Restaurant have completed our initial training program to our satisfaction, we may approve your Chili's Restaurant as a Certified Training Restaurant. If we do, then with our approval you may conduct the initial training for your managers at your Certified Training Restaurant. If you train your managers, we will have the right to review and determine (by written certification) whether your managers have satisfactorily complete training.

The subjects covered, approximate hours of classroom and on the job training, and other information about our initial training program are described below:

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom (See Note 1)**	**Column 3** **Hours of On-The-Job (See Note 1)**	**Column 4** **E Learning Courses** **Saba-e learning courses (remote)**	**Column 5** **Location (See Note 2)**
FOH Function Training • Includes: Bartender, Server, Host, QA, & ToGo position required modules	70 hours	48 hours	9 hours	Certified Training Restaurant
HOH Function Training • Includes: Line Cook, Prep Cook, & Dishwasher position required modules	17.5 hours	36 hours	3 hours	Certified Training Restaurant
Management	60	240	15 hours	Certified Training Restaurant

Notes:

(1) The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained.

(2) All required pre-opening training will be held at one of our Certified Training Restaurants and must be completed to our satisfaction at least 2 months (but not more than 5 months) before the Restaurant opens. Our Certified Training Restaurants are located throughout the U.S., and the location of the Certified Training Restaurant to which you are assigned will vary depending upon the region of the U.S. in which your Restaurant is located.

Instructional materials for the initial training program include the CFM, standard accounting forms, employee manuals, personnel forms, and the pre-opening procedural manual.

Dom Perry, Vice President of Chili's PeopleWorks, supervises the conduct of all initial training programs and restaurant openings. Mr. Perry has served in this position since September 2016. He was previously Vice President of Operations Services and Learning & Development from December 2015 to September 2016, Sr. Director Operations Services from July 2015 to December 2015, Sr. Director

Learning & Development from October 2013 to June 2015, Director Operations Services from February 2012 to September 2013 and Sr. Manager Strategic Operations from March 2011 to February 2012.

Our initial training and pre-opening training will be conducted by persons who have worked in our Chili's Restaurants for at least 6 months and successfully completed our training certification course. The training certification requirements vary depending on the subject matter for which the employee has been certified to provide training. The instructor will vary depending on the time, location, and subject matter taught. Although we maintain a certified training staff (hourly workers, managers, General Manager, Area Director, and Regional Director) for our restaurants, there is no formal franchisee training staff. Your training programs will be conducted by one or more members of our certified training staff from our Certified Training Restaurants or "CTRs." We currently have 6,000 certified trainers and also expect to draw on the substantial experience of our management and other restaurant personnel in conducting training.

We may require your personnel to attend supplemental training programs. We have the right to charge a reasonable fee for these supplemental training programs. You must also pay all expenses you or your personnel incur in any training program, including the cost of travel, lodging, and meals (Franchise Agreement, Section 3.4)

In addition to required training programs, we may provide conferences for general managers in a designated area. Attendance at these meetings is voluntary, and you will be responsible for your expenses. We may also hold annual conferences for general managers and quarterly meetings for unit supervisors. Your representatives may attend these meetings, at your expense.

As disclosed in Item 16, you may not advertise, promote, post or list information relating to the Restaurant on the Internet (through the creation of a Website or otherwise) without our prior written consent.

ITEM 12

TERRITORY

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

Development Agreement

We may sign a Development Agreement with you, although we have no obligation to do so. The Development Agreement grants you an assigned geographic area ("Territory"). The size of the Territory may range from a portion of a city or an unincorporated area to a single or multi-county area, or a single or multi-state area, and will be described in Article 1 of each Development Agreement by county or state lines or a description of municipal boundaries. Airports, schools, railroad/railway stations, government institutions, military installations, stadiums, sports arenas, casinos, "big box" retail stores, and other institutional or public service operations will not be included in the Territory even if they fall totally or partially inside the boundaries of the Territory.

If you are in compliance with the Development Agreement and any franchise agreement with us, we will not establish, or license anyone other than you to establish, any Chili's Restaurant under the System in the Territory during the term of the Development Agreement. However, we and/or any other Chili's franchisees and any other authorized person or entity may, at any time, advertise or promote the System and fulfill customer orders in the Territory without compensation to you. We may also offer and sell and authorize any person or entity to offer and sell products and services in the Territory other than through a Chili's Restaurant. These products and services may be similar to those offered by the Restaurants and may be offered and sold under the Proprietary Marks (e.g. prepackaged food and

beverage items, shirts, clothing or other Chili's memorabilia) or under other names and marks (see below).

The territorial exclusivity granted to you is not dependent on your achievement of a certain sales volume, market penetration, or other contingency except as stated in the next paragraph. Also, except as

stated in the next paragraph, there are no circumstances under which the Territory granted to you may be altered before the expiration or the termination of the Development Agreement. After the term of the Development Agreement, we and/or any other Chili's franchisees and any other authorized person or entity may, at any time, develop Chili's Restaurants in the Territory.

If you are in default of the Development Agreement, we may, in addition to other remedies, modify, reduce or accelerate the development schedule; terminate, modify and/or reduce your territorial exclusivity; or modify and/or reduce the Territory.

Franchise Agreement

The Franchise Agreement grants you the right to operate the Restaurant only at the approved location, which is described in Attachment A to the Franchise Agreement. You may not relocate the Restaurant without first obtaining our written consent. There are no territorial rights granted with the Franchise Agreement. There is no requirement that you achieve any specified sales volume or market penetration under the Franchise Agreement.

Other Concepts and Distribution Channels

We have established other franchises and company-owned restaurants which may be considered competitive to a Chili's Restaurant or which sell similar products or services under different trade names or trademarks. These include Maggiano's Little Italy restaurants. (See Item 1) The Maggiano's Little Italy concept maintains its principal place of business at 6820 LBJ Freeway, Dallas, Texas 75240, and we do not maintain physically separate offices or training facilities for this concept. In addition, we offer pre-packaged food and beverage items under the Chili's trademarks through supermarkets and other retail outlets. To the extent that these restaurants and products compete for customers in their various market segments and all restaurants compete for customers generally, your Restaurant may compete for customers with our other company-owned or franchised restaurants that operate under other trademarks or retail products that are sold under the Chili's trademarks. We currently have no mechanism for resolving conflicts between franchisees of Chili's Restaurants and the franchised or company-owned restaurants operating under different marks or trade names. Any conflicts would be resolved on a case-by-case basis and, since there have been no conflicts in the past, no formal procedure or mechanism has been adopted for such disputes.

Other than those described above, we do not have any additional concepts or alternative distribution methods that we are currently planning on implementing; however, we are constantly evaluating the need to develop additional restaurant concepts or other means to deliver our products to the marketplace. We or our present or future affiliates may establish other franchises or company-owned restaurants selling or leasing similar products or services under the trade names or trademarks described above or under different trade names or trademarks, and any of these units may be located in the Territory granted to you by the Development Agreement. You may use the Internet to advertise only in compliance with the Franchise Agreement.

Options/Rights of First Refusal

We generally do not grant any right of first refusal to obtain additional restaurant locations. If you wish to obtain an additional location, it must be included within your development schedule and you will be required to enter into a separate Franchise Agreement for the restaurant location.

ITEM 13

TRADEMARKS

The Franchise Agreement grants you the right to use the Proprietary Marks designated by us only in the manner we authorize and only for the operation of the Restaurant at the location specified in the Franchise Agreement.

Depending on the type of Restaurant you are authorized to operate, you must operate the Restaurant under the service mark "Chili's" or "Chili's Grill & Bar".

The following Proprietary Marks are registered with the United States Patent and Trademark Office ("USPTO"). We have renewed (and intend to renew) the registration(s) and have filed (and intend to file) all appropriate affidavits at the times required by law.

MARK	REGISTER	REGISTRATION NUMBER	REGISTRATION DATE
Chili's	Principal	1,104,978	October 24, 1978
Chili's and Design	Principal	1,465,971	November 17, 1987
Chili's Southwest Grill & Bar	Principal	1,651,125	July 16, 1991
Chili's Too	Principal	1,989,089	July 23, 1996
Chili's Bar & Bites	Principal	2,070,674	June 10, 1997
Chili's Too and Design	Principal	2,093,049	September 2, 1997
Like No Place Else	Principal	2,665,837	December 24, 2002
Pepper S and Design (2001 version)	Principal	2,674,260	January 14, 2003
Pepper Logo (flat) (2001 version)	Principal	2,674,259	January 14, 2003
Pepper S To-Go (& design)	Principal	2,639,505	October 22, 2002
Presidente Margarita	Principal	2,518,657	December 11, 2001
Presidente Margarita (logo only)	Principal	2,503,744	November 6, 2001
Presidente Margarita & Design	Principal	2,518,659	December 1, 2001
Big Mouth Burgers	Principal	2,236,373	April 6, 1999

MARK	REGISTER	REGISTRATION NUMBER	REGISTRATION DATE
Big Mouth Burgers & Design	Principal	2,240,877	April 20, 1999
Pepper S and Design (red and green) (2010 version)	Principal	3,947,703	April 19, 2011
Pepper S and Design (no color claimed) (2010 version)	Principal	3,947,699	April 19, 2011
Chili's (stylized) (B&W) (2010 version)	Principal	4,114,832	March 20, 2012
Chili's & Design (Pepper) (color) (2010 version)	Principal	4,258,631	December 11, 2012
Chili's & Design (Pepper) (b&w) (2010 version)	Principal	4,231,149	October 23, 2012
More Life Happens Here	Principal	4,448,804	December 10, 2013

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which is relevant to their ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Proprietary Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

If any infringement of or challenge to your use of the Proprietary Marks or litigation involving the Proprietary Marks is instituted or threatened against you, you must promptly notify us and must cooperate fully in defending or settling the litigation. You and your owners agree that neither you nor they will communicate with any person other than us and our counsel concerning any action, claim or infringement. We will have sole discretion to take action, as we deem appropriate and the right to exclusively control any litigation, USPTO action, or other proceeding involving any infringement, challenge or claims relating to the Proprietary Marks.

We are not obligated by the Franchise Agreement to specifically protect any rights granted to you to use the Proprietary Marks or to protect you against claims of infringement or unfair competition involving them. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Proprietary Marks if the proceeding is resolved unfavorably to you.

You may not use any of the Proprietary Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel

determine are necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

The license of the Proprietary Marks granted in the Franchise Agreement is non-exclusive to you except for the location of the Restaurant. We have and retain the right, among others:

1. To grant other licenses for the Proprietary Marks in addition to those licenses already granted to existing franchisees.

2. To use the Proprietary Marks in selling products and services.

3. To develop and establish other systems using the same or similar Proprietary Marks or any other Proprietary Marks and grant licenses or franchises under those systems without providing you any rights.

4. To develop other marks that may be similar to the Proprietary Marks and exclude those similar marks from the Proprietary Marks, in which case you will have no right to use them.

We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under it if our currently owned Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System. You will be responsible for all expenses related to the substitution of different Proprietary Marks and must complete the substitution in accordance with the deadlines we reasonably establish.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any registered patents, and do not have any pending patent applications, that are material to the franchise. We do not own any copyrights that are material to the franchise except as described below.

We claim copyright protection in original materials used in the System, including the CFM, menus, construction plans and specifications, training, and advertising and promotional materials used in the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Agreements, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

Confidential Manuals and Other Confidential Information

You and your owners must at all times treat the CFM, any other manuals we authorize, and the information contained in those manuals, as confidential. You must not copy, duplicate, record or otherwise reproduce those materials, or make them available to any unauthorized person. The CFM is our sole property and must at all times be kept in a secure place on the Restaurant premises. We may revise the contents of the CFM, and you must comply with each new or changed standard. You must at all times ensure that the CFM is kept current and up-to-date, and, if there is any dispute as to the contents of the CFM, the terms of the master copy of the CFM we maintain at our home office will be controlling.

In addition to our manuals, you and your owners must protect our other confidential information.

You and your owners may not, during the term of the Agreements or after their termination or expiration, communicate, divulge, or use for the benefit of any other person or legal entity, any confidential information, drawings, knowledge, or know-how concerning the methods of development or operation of Chili's Restaurants which may be communicated to you or them or of which you or they may learn in operating Chili's Restaurants under the Agreements. You and your owners may divulge the confidential information only to those of your employees, as must have access to it in order to develop or operate the Restaurants. All information, drawings, knowledge, know-how, and techniques used in or related to the Restaurant which we communicate in writing or otherwise to you, including, software licensed or provided by us, the CFM, recipes, plans and specifications, marketing information and strategies, and site evaluation and selection techniques are confidential for purposes of the Agreements.

If you or your owners fail to comply with the requirements of the Agreements concerning confidentiality, it will cause us irreparable injury (in addition to any other remedies we have) and you and your owners must pay all our court costs and our reasonable attorneys' fees incurred in obtaining specific performance of, or an injunction against any violation of, the requirements of the agreements concerning confidentiality.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign the Agreements, you must designate an individual to serve as your "Managing Owner." The same person must act as your Managing Owner under the Development Agreement and all Franchise Agreements between us. If you are an individual, you will be the Managing Owner.

If you are operating as a corporation, a partnership or other business entity, your Managing Owner must (i) own the largest percentage share of ownership in you, but in no event less than 10%, (ii) be authorized by you to bind you in any dealings with us and your authorized distributors, suppliers, and contractors, (iii) be authorized by you to direct any actions necessary to ensure compliance with the Agreements, and (iv) unless an Operating Partner is appointed, devote his or her full time and best efforts to the operations of the Restaurant and your operations under the Development Agreement with no operational or management commitments to other businesses. Your Managing Owner must also satisfy our training requirements. Except as may be permitted under the Agreements, the Managing Owner's interest in you must remain free of any encumbrance (including any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options).

If your Managing Owner does not intend to devote full time and best efforts to the daily operation of the Restaurant and your operations under the Development Agreement, then you must also designate an Operating Partner. The Operating Partner must satisfy our training requirements and be approved by us. The Operating Partner must (i) be authorized by you to bind you in any dealings with us and your authorized distributors, suppliers, and contractors, (ii) be authorized by the you to direct any actions necessary to ensure compliance with the Agreements, and (iii) devote his or her full time and best efforts to the operations of the Restaurant and your operations under the Development Agreement with no operational or management commitments to other businesses. The Operating Partner must also live in the Territory and within a 100-mile radius of each Restaurant within the Territory. The Operating Partner need not have an ownership interest in you, but if he does, it must remain free of encumbrances except as may be permitted under the Agreements. Even if we permit you to designate an Operating Partner to supervise your operations under the Agreements, we consider your Managing Owner ultimately responsible for the Operating Partner's performance.

Your Managing Owner, Operating Partner, and any other of your Owners are generally not required to individually guarantee your obligations in accordance with the Guaranty Agreement, but if

you are in monetary default under the Agreements (even if cured), we reserve the right to require your Managing Owner to sign the Guaranty Agreement, in addition to our other rights and remedies under the Agreements.

You cannot change your Managing Owner or Operating Partner without our prior written consent.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your Owners, managers and any other employees or agents who have received or will receive access to our training or confidential information. All of the required covenants must be substantially in the form attached to the agreements as Attachment B.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Restaurant premises solely for the operation of the Chili's Restaurant and must keep the restaurant open and in normal operation for the hours and days we specify in the CFM or otherwise in writing You must refrain from using or permitting the premises to be used for any other purpose or activity at any time without first obtaining our written consent.

You must meet and maintain the highest applicable health standards and ratings. You must furnish to us, within 5 days after receipt, a copy of any inspection report, warning citation, certificate and/or rating which indicates you failed to meet or maintain the highest applicable health or safety standards in operating the Restaurant. If you fail to meet or maintain the health and safety standards or, if there is a public health, safety and/or sanitation emergency involving the Restaurant, then you must temporarily close the Restaurant immediately upon receipt of written notice from us and you shall not re-open the Restaurant until you have (a) cured such health and safety deficiency (-ies) and/or resolved such emergency (-ies) and (b) received written permission from us to re-open the Restaurant.

To ensure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards, and specifications we require in the CFM, as it is amended in our discretion.

You must maintain in sufficient supply, and use and/or sell at all times, only the menu items, ingredients, products, materials, supplies, and paper goods that meet our standards and specifications, and must refrain from deviating from those standards by using or offering non-conforming items, without first obtaining our written consent. You are required to offer or sell only the menu items, products, and services as have been expressly approved for sale in writing by us; to offer or sell all types of menu items, products, and services specified by us; to refrain from any deviation from our standards and specifications without first obtaining our written consent; and to discontinue selling and offering for sale any menu items, products, or services which we may, in our discretion, disapprove in writing at any time. We may change the goods and services you are authorized to sell at any time in our discretion, and there are no limits on our right to do so.

You have discretion as to the prices to be charged customers for the offer and/or sale of any menu item, products, and/or services, subject to our reasonable rules, limitations and regulations regarding such pricing. To the fullest extent permitted by applicable law, we reserve the right to establish maximum, minimum, or other pricing requirements with respect to the prices that you may charge for products or services offered at the Restaurant.

You are required to offer or sell authorized products and services only at the Restaurant and to refrain from off-premises sales or catering unless expressly authorized by us in writing.

You are prohibited from installing or permitting to be installed on or about the Restaurant

premises, any fixtures, furnishings, equipment, computer software, decor, signs, games, vending machines, or other items not previously approved as meeting our standards and specifications without first obtaining our written consent.

You may only employ advertising materials and promotional activities which conform to the standards and specifications listed in the CFM or otherwise and which have been approved by us.

You may not advertise, promote, post or list information relating to the Restaurant on the Internet (through the creation of a website or otherwise), including, social channels such as Facebook, Instagram, Twitter, SnapChat or Tumblr without our prior written consent.

We do not impose any other restrictions in the Agreements or otherwise, as to the goods or services which you may offer or as to the customers to whom you may sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement. You should read these provisions in the franchise agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Category	Section	Summary
a. Length of the term of the Franchise	2.1	Term will begin on the effective date of your Franchise Agreement and, unless terminated sooner, will expire on the last day of last calendar month of the 20th year following the date on which the franchised restaurant is opened for business.
b. Renewal or extension of the term	2.2	The term of the successor franchise agreement will be 20 years.

Category	Section	Summary
c. Requirements for franchisee to renew or extend	2.2(a) thru (h)	Your right to obtain a successor franchise agreement permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions for obtaining a successor franchise, including signing our then-current form of franchise agreement, which may be materially different from the form attached to this disclosure document, including higher fees and payment of a successor fee. Other conditions are: you must give us notice at least 12 months (but not more than 24 months) before the end of the initial term; you must renovate and modernize your franchised restaurant; you must not be in default of any provisions of your Franchise Agreement; you must have satisfied all monetary obligations owed to us or our subsidiaries and affiliates; you must have the right to remain in possession of your franchised restaurant location for the entire term of the successor franchise agreement; you must execute a general release; and you must comply with our then-current qualification and training requirements.
d. Termination by Franchisee	Not applicable	Not applicable
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with "cause"	Article 14	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.

Category	Section	Summary
g. "Cause" defined - curable defaults	7.5, 14.3, 14.4, and 14.5	If you: abandon the Franchised Restaurant for 3 or more consecutive days unless the Franchised Restaurant has been closed for a reason approved in writing by us or due to governmental order or for reasons beyond your control; breach your lease agreement; lose the right to transact business; engage in conduct that reflects unfavorably on us; fail to comply with your Franchise Agreement, the System, and/or any health, safety, or sanitation law, rule, or regulation relating to cleanliness and sanitation, failure to resolve any public health or safety emergency; misuse the Chili's Marks; enter into a subfranchise or similar agreement or a management or consulting arrangement relating to your Franchise Agreement and/or the Franchised Restaurant; fail to pay amounts owed under the Franchise Agreement; fail (or repeatedly fail) to comply with any provision of your Franchise Agreement; fail to open the Restaurant to the general public within 240 days after signing the Franchise Agreement.
h. "Cause" defined - defaults which cannot be cured	14.2 and 14.5	If you: become insolvent or make a general assignment for the benefit of creditors; make a transfer in violation of the Franchise Agreement; file a voluntary petition for bankruptcy (or an involuntary petition involving you is filed); are adjudicated bankrupt or insolvent in proceedings filed against you; consent to a bill of equity or other proceeding for the appointment of a receiver or other custodian; have a receiver or other custodian appointed by any court; have proceedings for a composition of creditors instituted; have outstanding judgments against you for over 30 days; are dissolved; have execution levied against your business or property; are sued (or otherwise proceeded against) to foreclose any lien or mortgage against the Franchised Restaurant (or equipment therein) and not dismissed within 30 days; have real or personal property of restaurant sold after levy; convicted of a felony or a crime involving moral turpitude; submit documentation containing any material false/misleading statements or omitting any material facts; violates or deal with anyone who violates any anti-terrorism laws.

Category	Section	Summary
i. Franchisee's obligations on termination/non-renewal	15.1	You must: immediately cease operating the Franchised Restaurant; cease using the System, the Chili's Marks, the CFM, and the Confidential Information; de-identify the Franchised Restaurant; return the CFM, Confidential Information, all written materials bearing the Chili's Marks, and all computer hardware and software which may have been provided or licensed by us; cancel any assumed name or equivalent registration which contains the Chili's Marks and give us evidence of compliance; and pay all amounts owed to us under this Franchise Agreement.
j. Assignment of contract by Franchisor	13.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. "Transfer" by Franchisee – defined	13.2	Transfer includes selling, assigning, transferring, conveying, giving away, pledging, mortgaging or otherwise encumbering any direct or indirect interest in the Franchisee, Franchise Agreement, Franchised Restaurant, and/or Chili's Marks.
l. Franchisor approval of transfer by Franchisee	13.2 and 13.3	You must obtain our written consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for Franchisor approval of transfer	13.3	You must: pay all amounts due us or our subsidiaries and affiliates; not be in default of your franchise agreement; execute a general release; pay a transfer fee; remain liable for pre-transfer obligations. Your proposed transferee must sign a written agreement agreeing to assume all obligations of your franchise agreement; meet our criteria for becoming a Chili's franchisee; sign our then-current franchise agreement; remodel and/or upgrade the Franchised Restaurant; complete our training program; if proposed transferee is an entity, it must show us its compliance with the representations and warranties and covenants in the Franchise Agreement; and satisfy other reasonable conditions that we reasonably require.
n. Franchisor's right of first refusal to acquire Franchisee's business	13.6 and Attachment "E"	Within 30 calendar days after notice, we have the option to purchase the transferred interest on the same terms and conditions.

Category	Section	Summary
o. Franchisor's option to purchase Franchisee's business	15.2 and Attachment "F"	Within 30 days before expiration or termination of your Franchise Agreement we have the option (but not the obligation) to purchase your building shell including any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to your Franchised Restaurant (excluding liabilities related to you and/or the Franchised Restaurant).
p. Death or disability of Franchisee	13.7	Upon death or permanent disability of any person with interest in the Franchise Agreement and/or Franchisee, a distributee must be approved by us, or the franchise must be transferred to someone approved by us within 12 months from death or for permanent disability, 6 months after notice to you.
q. Non-competition covenants during the term of the franchise	16.3(a)	You are prohibited from: diverting or attempting to divert any business or customer to any competitor or taking any actions that injure or prejudice the Chili's Marks and System; employing or seeking to employ any person who is employed by us or any of our developers; having any interest in any restaurant business which is in the casual dining market segment of the restaurant industry and has a primary menu consisting of hamburgers or other sandwiches, steaks, salads, barbecue ribs, fajitas, or other Southwestern or Mexican-style cuisine, as well as any restaurant business which is in the fast-casual market segment of the restaurant industry and has hamburgers as a primary menu item.

Category	Section	Summary
r. Non-competition covenants after the franchise is terminated or expires	16.3(b) and (c)	For a period of 2 years after the termination or expiration of your Franchise Agreement and/or after you transfer all of your interest in the Franchise Agreement, you are prohibited from: diverting or attempting to divert any business or customer to any competitor or taking any actions that injure or prejudice the Chili's Marks and System; employing or seeking to employ any person who is employed by us or any of our franchisees or developers; having any interest in any restaurant business located within the United States which is in the casual dining market segment of the restaurant industry and has a primary menu consisting of hamburgers or other sandwiches, steaks, salads, barbecue ribs, fajitas, or other Southwestern or Mexican-style cuisine, as well as any restaurant business located within the United States which is in the fast-casual market segment of the restaurant industry and has hamburgers as a primary menu item.
s. Modification of the agreement	20.1	Except for changes we are permitted to make under your Franchise Agreement, no amendment, change, or variance from the Franchise Agreement will be binding unless mutually agreed to and executed by the parties.
t. Integration/Merger clause	20.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. We may not disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	21.2	Either party may submit claims or disputes to non-binding mediation; the non-binding mediation will be conducted through either an individual mediator or a mediation service organization.

Category	Section	Summary
v. Choice of forum	21.3	Unless contrary to applicable state law, the venue for all proceedings related to the Franchise Agreement is under the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division. In addition to the provisions noted in this chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Sections 21.7 and 21.8. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	21.3	Unless contrary to applicable state law, the Franchise Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules). Any State law regarding the offer and sale of franchises, franchise relationships and/or business opportunities will not apply unless the applicable jurisdictional requirements are met.

This table lists certain important provisions of the development agreement. You should read these provisions in the development agreement attached to this disclosure document.

Category	Section	Summary
a. Length of the term	Article 5	Term will expire (unless terminated sooner) on the first to occur of (i) the date on which you complete your Development Schedule and your last required Franchised Restaurant is open and operating or (ii) the date specified by us in the Development Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for Developer to renew or extend	Not applicable	Not applicable

Category	Section	Summary
d. Termination by Developer	Not applicable	Not applicable
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with "cause"	Article 7	Each of your obligations under the Development Agreement is a material and essential obligation, the breach of which may result in termination of your Development Agreement or modification of your territorial rights or your Development Schedule.
g. "Cause" defined - curable defaults	Not applicable	Not applicable

Category	Section	Summary
h. "Cause" defined - defaults which cannot be cured	7.3, 7.4 and 7.5	We may terminate you for cause based on certain noncurable defaults, including if you, your Managing Owner, Operating Partner, Owners, affiliates, subsidiaries, successors, and/or assigns: become insolvent; make a transfer in violation of the Development Agreement; make a general assignment for benefit of creditors; file a voluntary petition for bankruptcy; are adjudicated bankrupt or insolvent in proceedings filed against you; consent to a bill of equity or other proceeding for the appointment of a receiver or other custodian; have a receiver or other custodian appointed by any court; have proceedings for a composition of creditors initiated; have outstanding judgments against you for over 30 days; are dissolved; have execution levied against your business or property; are sued to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant and not dismissed with 30 days; have real or personal property of restaurant sold after levy; fail to comply with the Development Schedule; fail to pay amounts owed under the Development Agreement; fail to lease or purchase and construct and open each Franchised Restaurant within the required time period; are convicted of a felony or crime involving moral turpitude; engage in conduct that reflects unfavorably on us; fail to maintain a positive credit rating; enter into a subfranchise or similar agreement or a management or consulting arrangement relating to your development rights and obligations; submit documentation containing any material false/misleading statements or omitting any material facts; repeatedly breach your Development Agreement; fail to comply with any provision of your Development Agreement, Franchise Agreement, or any other related agreement; violates or deal with anyone who violates any anti-terrorism laws.

Category	Section	Summary
i. Developer's obligations on termination/non-renewal	7.7	You must cease developing restaurants or, on a partial termination of territorial or development rights under 7.5(c), (d) or (e), continue to develop only in accordance with any modified Development Schedule; comply with all applicable confidentiality and non-competition covenants; cease using the System, the Chili's Marks (to the extent we have granted you written approval to use the Chili's Marks, if any), the CFM, and the Confidential Information; return the CFM, Confidential Information, and all written materials bearing the Chili's Marks; and cancel any assumed name or equivalent registration which contains the Chili's Marks (to the extent we have granted you written approval to use the Chili's Marks, if any) and give us evidence of compliance. You must continue to develop and operate any Restaurant if a Franchise Agreement has been signed and delivered to you before termination.
j. Assignment of contract by Franchisor	8.1	We have the right to transfer or assign the Development Agreement to any person or entity without restriction.
k. "Transfer" by developer – defined	8.2(a)	Transfer includes selling, assigning, transferring, conveying, giving away, pledging, mortgaging or otherwise encumbering any direct or indirect interest in the Developer, Development Agreement the Franchised Restaurant and/or the Chili's Marks.
l. Franchisor approval of transfer by Developer	8.2	You must obtain our written consent before transferring any interest. We will not unreasonably withhold our consent.

Category	Section	Summary
m. Conditions for Franchisor approval of transfer	8.2	You must: pay all amounts due to us or our subsidiaries, affiliates, and third party suppliers; not be in default of your Development Agreement; execute a general release; pay a transfer fee; remain liable for pre-transfer obligations. Your proposed transferee must sign a written agreement agreeing to assume all obligations of your Development Agreement; meet our criteria for becoming a Chili's developer; sign our then-current development agreement; complete our training programs; if the proposed transferee is an entity, it must show us its compliance with the representation, warranties, and covenants in the Franchise Agreement; and satisfy other conditions that we reasonably require.
n. Franchisor's right of first refusal to acquire Developer's business	8.4 and Attachment "D"	Within 30 calendar days after notice, we have the option to purchase the transferred interest on the same terms and conditions.
o. Franchisor's option to purchase Franchisee's business	Not applicable	Not applicable
p. Death or disability of Developer	8.5	Upon death or permanent disability of any person with an interest in the Development Agreement and/or Developer, a distributee must be approved by us, or the development rights must be transferred to someone approved by us within 12 months from death or for permanent disability, 6 months after notice to you.

Category	Section	Summary
q. Non-competition covenants during the term of the Development Agreement	9.3(a)	You are prohibited from: diverting or attempting to divert any business or customer to any competitor or taking any actions that injure or prejudice the Chili's Marks and System; employing or seeking to employ any person who is employed by us or any of our developers; having any interest in any restaurant business which is in the casual dining market segment of the restaurant industry and has a primary menu consisting of hamburgers or other sandwiches, steaks, salads, barbecue ribs, fajitas, or other Southwestern or Mexican-style cuisine, as well as any restaurant business which is in the fast-casual market segment of the restaurant industry and has hamburgers as a primary menu item.
r. Non-competition covenants after the Development Agreement is terminated or expires	9.3(b) and (c)	For a period of two years after the termination or expiration of your Development Agreement and/or after you transfer all of your interest in the Development Agreement, you are prohibited from: diverting or attempting to divert any business or customer to any competitor or taking any actions that injure or prejudice the Chili's Marks and System; employing or seeking to employ any person who is employed by us or any of our developers; having any interest in any restaurant business located within the United States which is in the casual dining market segment of the restaurant industry and has a primary menu consisting of hamburgers or other sandwiches, steaks, salads, barbecue ribs, fajitas, or other Southwestern or Mexican-style cuisine, as well as any restaurant business located within the United States which is in the fast-casual market segment of the restaurant industry and has hamburgers as a primary menu item.
s. Modification of the agreement	15.9	Except for changes we are permitted to make under your Development Agreement, no amendment, change, or variance from the Development Agreement will be binding unless mutually agreed to and executed by the parties.

Category	Section	Summary
t. Integration/merger clause	15.9	Only the terms of the Development Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. We may not disclaim representations made in the disclosure document.
u. Dispute resolution by Arbitration or Mediation	Not applicable	Not applicable
v. Choice of forum	14.2	Unless contrary to applicable state law, the venue for all proceedings related to the Development Agreement is under the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division. In addition to the provisions noted in this chart, the Development Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Sections 14.6 and 14.7. We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	14.2	Unless contrary to applicable state law, the Development Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules), except that any State law regarding the offer and sale of franchises, franchise relationships, and/or business opportunities will not apply unless the applicable jurisdictional requirements are met.

ITEM 18

PUBLIC FIGURES

We currently do not use any public figure to promote the sale of our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

I. COMPANY-OWNED CHILI'S RESTAURANTS

Part I of this Financial Performance Representation provides the actual average and median Reported Net Sales[1] of certain company-operated Chili's Restaurants.

BASES AND ASSUMPTIONS

This sales information is based on the operating results for the 12 periods ended June 28, 2017 of the 808 company-operated Chili's Restaurants that were open for at least 30 months before June 28, 2017 ("Company-Owned Restaurants"). Data represented in Item 19 reflects a 52 week fiscal year that ended June 28, 2017.

We closed 8 company-owned Chili's Restaurants during our 2017 fiscal year. These 8 closed restaurants were located in California (2), Colorado, Florida, Massachusetts, Michigan, Tennessee, and Texas. This sales information excludes the 8 restaurants as we did not operate these restaurants for the full year.

We temporarily closed one location for 12 weeks due to flooding in Louisiana during our 2017 fiscal year. This location is not included in this information.

The 808 Company-Owned Restaurants represent 86.2% of the 937 total company-operated Chili's Restaurants in the United States open as of the end of the reporting period. Information for company-operated Chili's Restaurants outside of the 50 United States is not included in this Item 19.

The average length of time the 808 Company-Owned Restaurants have been open is 16.7 years.

Typically, company-operated Chili's Restaurants are located in large, metropolitan areas. The location of a restaurant (whether company-operated or franchised) and the demographics of the geographic area can have a material impact on sales and expenses.

The Company-Owned Restaurants offer substantially the same products and services to the public that franchised Chili's Restaurants are expected to offer.

Our company-operated Chili's Restaurants use a uniform accounting system, and the sales data pertaining to the Company-Owned Restaurants was prepared by our in-house accountants on a basis consistent with generally accepted accounting principles during the period covered. This sales information has not been audited.

[1] Reported Net Sales are Gross Sales (as defined in the Franchise Agreement) less the value of complimentary products provided by the Restaurants to customers and employees.

AVERAGE AND MEDIAN GROSS SALES OF THE COMPANY-OWNED RESTAURANTS FOR 52 WEEKS ENDED JUNE 28, 2017 [(1)(3)]

Average Reported Net Sales[(2)]	Median Reported Net Sales[(2)]
$2,860,000	$2,779,000

(1) Our fiscal year is based on 52 or 53 weeks, rather than the full calendar year. Data represented in Item 19 reflects a 52 week fiscal year that ended June 28, 2017.

(2) Reported Net Sales include the total of all in-restaurant, "to go," and catering food and beverage sales, including beer, wine and liquor sales. Sales do not include the dollar amount for discounts, coupons, and other promotional discounts.

(3) Of the 808 Company-Owned Restaurants, 363 or 45% met or exceeded (and 445 or 55% were below) the average Reported Net Sales figures for the 52 weeks ended June 28, 2017 and 404 or 50% met or exceeded (and 404 or 50% were below) the median Reported Net Sales figures for the 52 weeks ended June 28, 2017. Of the Company-Owned Restaurants, the Restaurant with the highest Reported Net Sales had Reported Net Sales of $6,130,815 during the reporting period, and the Restaurant with the lowest Reported Net Sales had Reported Net Sales of $1,343,992 during the reporting period.

II. FRANCHISED CHILI'S RESTAURANTS

Part II of this Financial Performance Representation provides the actual average and median Gross Sales of certain franchised Chili's Restaurants.

BASES AND ASSUMPTIONS

This sales information is based on the operating results for the 12 periods ended June 28, 2017 of the 284 franchised Chili's Restaurants that were open for at least 30 months before June 28, 2017 ("Franchised Restaurants"). Data represented in Item 19 reflects a 52 week fiscal year that ended June 28, 2017.

Eleven franchised Chili's Restaurants were closed during our 2017 fiscal year. These 11 closed restaurants were located in Florida (2), Idaho, Illinois, Maryland (2), Mississippi (2), Texas, and Virginia (2). This sales information excludes the 11 restaurants as these restaurants were not operated for the full year.

We have also excluded 6 restaurants that were closed 2 or more weeks during the fiscal year for renovation or due to the seasonal nature of the location.

The 284 Franchised Restaurants represent 90.2% of the 315 total franchised Chili's Restaurants in the United States open as of the end of the reporting period. Information for franchised Chili's Restaurants outside of the 50 United States is not included in this Item 19.

Typically, franchise-operated Chili's Restaurants are located in large, metropolitan areas. The location of a restaurant (whether company-operated or franchised) and the demographics of the geographic area can have a material impact on sales and expenses. In addition to metropolitan areas, our franchised restaurants also operate in non-traditional locations such as college campuses, airports, and military bases.

We compiled these figures from the individual Franchised Restaurants' actual Reported Net Sales for the 52 week fiscal year that ended June 28, 2017. This information has not been audited or otherwise verified by us.

The average length of time the Franchised Restaurants have been open is 11.7 years.

AVERAGE AND MEDIAN GROSS SALES OF THE FRANCHISED RESTAURANTS FOR 52 WEEKS ENDED JUNE 28, 2017 [(1)(2)]

Average Gross Sales	Median Gross Sales
$2,511,000	$2,272,000

(1) Our fiscal year is based on 52 or 53 weeks, rather than the full calendar year. Data represented in Item 19 reflects a 52 week fiscal year that ended June 28, 2017.

(2) Of the 284 Franchised Restaurants, 112 or 39% met or exceeded (and 172 or 61% were below) the average Reported Net Sales figures for the 52 weeks ended June 28, 2017 and 142 or 50% met or exceeded (and 142 or 50% were below) the median Reported Net Sales figures for the 52 weeks ended June 28, 2017. Of the Franchised Restaurants, the Restaurant with the highest Reported Net Sales had Reported Net Sales of $8,767,770 during the reporting period (this restaurant is located in an airport). The Restaurant with the lowest Gross Sales had Gross Sales of $438,627, during the reporting period (this restaurant is a counter service only in an airport).

This financial performance representation reflects only revenue of the Company-Owned Restaurants and Franchised Restaurants and does not reflect any costs of sales, operating expenses, and other costs or expenses that you will incur in operating the Restaurant, including the royalty fees and advertising contributions that you must pay under the terms of the Franchise Agreement. This financial performance representation also does not include debt service or equipment lease costs that may be incurred in the operation of a Chili's Restaurant. In addition, this financial performance representation does not include any information about the federal income taxes payable on any net income derived from the operation of the Restaurant or state or local net income or gross profits taxes that may be applicable in the jurisdiction in which your Restaurant is located.

You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees and former franchisees listed in this disclosure document may be one source of information.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

You should use this information only as a reference to conduct your own analysis of the franchise opportunity in consultation with your financial, business, legal, and tax advisers.

We have written substantiation in our possession to support the information appearing in this Item 19 and such substantiation will be made available to you on reasonable request.

Other than the preceding financial performance representation, Brinker International Payroll, L.P. does not make any financial performance representations. 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 Scarlett May at 6820 LBJ Freeway, Dallas, Texas 75240 or (972) 980-9917, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2015 to 2017[(1)]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2015	438	433	-5
	2016	433	322	-111[(2)]
	2017	322	315	-7
Company-Owned	2015	824	826	+2
	2016	826	937	+111[(2)]
	2017	937	937	0
Total Outlets	2015	1262	1259	-3
	2016	1259	1259	0
	2017	1259	1252	-7

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2015, 2016, and 2017 are as follows respectively, June 24, June 29, June 28.

Note 2: Reflects 103 franchised restaurants reacquired by Franchisor.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2015 to 2017[(1)]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Idaho	2015	0
	2016	7
	2017	0
Montana	2015	0
	2016	2
	2017	0
Washington	2015	0
	2016	2
	2017	0
Total	2015	0
	2016	0
	2017	11

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2015, 2016, and 2017 are as follows respectively, June 24, June 29, June 28.

Table No. 3

Status of Franchised Outlets
For years 2015 to 2017[(1)]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2015	12	1	0	0	0	0	13
	2016	13	0	0	0	0	2	11
	2017	11	0	0	0	0	0	11
Alaska	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
California	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Connecticut	2015	19	0	0	0	0	0	19
	2016	19	0	0	0	19	0	0
	2017	0	0	0	0	0	0	0
Delaware	2015	2	0	0	0	0	0	2
	2016	2	0	0	1	0	0	1
	2017	1	0	0	0	0	0	1
Florida	2015	11	0	0	0	0	0	11
	2016	11	0	0	1	0	0	10
	2017	10	1	0	1	0	2	8

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Georgia	2015	9	0	0	0	0	0	9
	2016	9	0	0	0	0	0	9
	2017	9	0	0	0	0	0	9
Hawaii	2015	6	0	0	0	0	1	5
	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
Idaho	2015	7	0	0	0	0	0	7
	2016	7	0	0	0	0	0	7
	2017	7	0	0	0	0	1	6
Illinois	2015	52	0	0	0	0	0	52
	2016	52	0	0	0	0	0	52
	2017	52	0	0	0	0	1	51
Indiana	2015	27	0	0	0	0	0	27
	2016	27	0	0	0	0	0	27
	2017	27	0	0	0	0	0	27
Iowa	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
Kansas	2015	13	0	0	0	0	0	13
	2016	13	0	0	0	0	0	13
	2017	13	0	0	0	0	0	13

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Kentucky	2015	12	0	0	0	0	0	12
	2016	12	2	0	1	0	0	13
	2017	13	0	0	0	0	0	13
Maine	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	2	0	0
	2017	0	0	0	0	0	0	0
Maryland	2015	8	0	0	0	0	0	8
	2016	8	1	0	0	0	1	8
	2017	8	1	0	0	0	2	7
Massachusetts	2015	23	0	0	0	0	0	23
	2016	23	0	0	0	23	0	0
	2017	0	0	0	0	0	0	0
Michigan	2015	12	0	0	1	0	0	11
	2016	11	1	0	0	0	0	12
	2017	12	0	0	0	0	0	12
Minnesota	2015	11	0	0	0	0	0	11
	2016	11	0	0	2	0	0	9
	2017	9	0	0	0	0	0	9
Mississippi	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	2	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Missouri	2015	15	0	0	0	0	0	15
	2016	15	0	0	0	0	0	15
	2017	15	0	0	0	0	0	15
Montana	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Nebraska	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
Nevada	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	1	1
	2017	1	1	0	0	0	0	2
New Hampshire	2015	8	0	0	0	0	0	8
	2016	8	0	0	0	8	0	0
	2017	0	0	0	0	0	0	0
New Jersey	2015	10	1	0	1	0	0	10
	2016	10	0	0	1	0	0	9
	2017	9	0	0	0	0	0	9
New York	2015	14	0	0	0	0	0	14
	2016	14	0	0	0	11	0	3
	2017	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
North Carolina	2015	22	0	0	2	0	0	20
	2016	20	0	0	0	19	0	1
	2017	1	1	0	0	0	0	2
North Dakota	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Ohio	2015	15	1	0	0	0	0	16
	2016	16	1	0	0	0	0	17
	2017	17	0	0	0	0	0	17
Oklahoma	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Pennsylvania	2015	19	0	0	2	0	0	17
	2016	17	0	0	0	0	0	17
	2017	17	0	0	0	0	0	17
Rhode Island	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	6	0	0
	2017	0	0	0	0	0	0	0
South Carolina	2015	17	0	0	0	0	0	17
	2016	17	0	0	1	5	0	11
	2017	11	0	0	0	0	0	11

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
South Dakota	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Texas	2015	7	1	0	0	0	0	8
	2016	8	0	0	3	0	0	5
	2017	5	0	0	0	0	1	4
Vermont	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	2	0	0
	2017	0	0	0	0	0	0	0
Virginia	2015	32	0	0	0	0	2	30
	2016	30	0	0	0	8	0	22
	2017	22	1	0	0	0	2	21
Washington	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	1	0	0	3
West Virginia	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Wisconsin	2015	15	0	0	0	0	0	15
	2016	15	0	0	0	0	0	15
	2017	15	0	0	0	0	0	15
Wyoming	2015	2	0	0	0	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Totals	2015	438	5	0	6	0	4	433
	2016	433	7	0	10	103	5	322
	2017	322	6	0	2	0	11	315

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2015, 2016, and 2017 are as follows respectively, June 24, June 29, June 28. These numbers include Kiosk locations of which there were 2 as of June 24, 2015, 1 as of June 29, 2016, and 0 as of June 28, 2017.

Table No. 4

Status of Company-Owned Outlets
For years 2015 to 2017(1))

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Alabama	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Arizona	2015	30	1	0	0	0	31
	2016	31	1	0	0	0	32
	2017	32	0	0	0	0	32
Arkansas	2015	15	0	0	0	0	15
	2016	15	1	0	0	0	16

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
	2017	16	0	0	0	0	16
California	2015	115	2	0	2	0	115
	2016	115	0	0	0	0	115
	2017	115	0	0	2	0	113
Colorado	2015	36	0	0	1	0	35
	2016	35	0	0	0	0	35
	2017	35	0	0	1	0	34
Connecticut	2015	0	0	0	0	0	0
	2016	0	0	19	1	0	18
	2017	18	0	0	0	0	18
Florida	2015	130	3	0	2	0	131
	2016	131	2	0	0	0	133
	2017	133	1	0	1	0	133
Georgia	2015	37	0	0	0	0	37
	2016	37	0	0	0	0	37
	2017	37	2	0	0	0	39
Kansas	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
Louisiana	2015	29	0	0	0	0	29
	2016	29	1	0	0	0	30
	2017	30	0	0	0	0	30

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Maine	2015	0	0	0	0	0	0
	2016	0	0	2	0	0	2
	2017	2	0	0	0	0	2
Maryland	2015	5	0	0	0	0	5
	2016	5	1	0	0	0	6
	2017	6	0	0	0	0	6
Massachusetts	2015	0	0	0	0	0	0
	2016	0	0	23	0	0	23
	2017	23	0	0	1	0	22
Michigan	2015	17	0	0	0	0	17
	2016	17	0	0	0	0	17
	2017	17	0	0	1	0	16
Mississippi	2015	10	0	0	0	0	10
	2016	10	0	0	0	0	10
	2017	10	0	0	0	0	10
Missouri	2015	3	0	0	0	0	3
	2016	3	1	0	0	0	4
	2017	4	0	0	0	0	4
Nevada	2015	9	1	0	0	0	10
	2016	10	0	0	0	0	10
	2017	10	0	0	0	0	10

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
New Hampshire	2015	0	0	0	0	0	0
	2016	0	0	8	0	0	8
	2017	8	0	0	0	0	8
New Jersey	2015	18	0	0	0	0	18
	2016	18	0	0	0	0	18
	2017	18	0	0	0	0	18
New Mexico	2015	15	1	0	0	0	16
	2016	16	2	0	0	0	18
	2017	18	0	0	0	0	18
New York	2015	16	0	0	0	0	16
	2016	16	0	11	0	0	27
	2017	27	1	0	0	0	28
North Carolina	2015	27	0	0	0	0	27
	2016	27	1	19	0	0	47
	2017	47	0	0	0	0	47
Oklahoma	2015	28	1	0	0	0	29
	2016	29	1	0	1	0	29
	2017	29	0	0	0	0	29
Oregon	2015	1	0	0	1	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Pennsylvania	2015	15	0	0	0	0	15
	2016	15	0	0	0	0	15
	2017	15	1	0	0	0	16
Rhode Island	2015	0	0	0	0	0	0
	2016	0	0	6	0	0	6
	2017	6	0	0	0	0	6
South Carolina	2015	0	0	0	0	0	0
	2016	0	0	5	0	0	5
	2017	5	0	0	0	0	5
Tennessee	2015	35	0	0	0	0	35
	2016	35	0	0	0	0	35
	2017	35	1	0	1	0	35
Texas	2015	209	0	0	1	0	208
	2016	208	3	0	4	0	207
	2017	207	2	0	1	0	208
Utah	2015	16	0	0	0	0	16
	2016	16	0	0	0	0	16
	2017	16	0	0	0	0	16
Vermont	2015	0	0	0	0	0	0
	2016	0	0	2	0	0	2
	2017	2	0	0	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Virginia	2015	1	0	0	0	0	1
	2016	1	0	8	0	0	9
	2017	9	0	0	0	0	9
West Virginia	2015	5	0	0	0	0	5
	2016	5	0	0	0	0	5
	2017	5	0	0	0	0	5
Totals	2015	824	9	0	7	0	826
	2016	826	14	103	6	0	937
	2017	937	8	0	8	0	937

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2015, 2016, and 2017 are as follows respectively, June 24, June 29, June 28.

Table No. 5

Projected Openings As Of June 28, 2017 (1)

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
Arkansas	0	1	0
Delaware	0	1	0
Florida	0	0	1
Idaho	0	1	0
Illinois	0	2	0
New York	0	0	2

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
Oklahoma	1	2	0
Tennessee	0	0	1
Texas	1	1	1
Total	2	8	5

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2015, 2016, and 2017 are as follows respectively, June 24, June 29, June 28.

The names, addresses and telephone numbers of our U.S. franchisees and their Restaurants as of June 28, 2017 are attached as Exhibit G.

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every U.S. franchisee who has had a Franchise Agreement terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit H. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this disclosure document, we are not offering to a prospective franchisee any outlets we currently control that were previously owned by a franchisee. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

As of June 28, 2017, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the Chili's franchise system.

As of June 28, 2017, there are no trademark-specific franchisee organizations associated with the Chili's franchise system.

ITEM 21

FINANCIAL STATEMENTS

The financial statements listed below begin on page F-15 of the financial report and are attached to this disclosure document as Exhibit A.

Audited consolidated balance sheets of BII and subsidiaries as of June 28, 2017, June 29, 2016, and June 24, 2015, and the related consolidated statements of comprehensive income, shareholders' (deficit) equity, and cash flows for each of the same years.

BII has executed a Guarantee of Performance relating to our obligations under the Development Agreements and Franchise Agreements. A copy of the Guarantee of Performance is included in Exhibit A.

ITEM 22
CONTRACTS

Attached as exhibits to this disclosure document are the following contracts and their attachments:

1.	Development Agreement (with attachments and state amendments)	Exhibit B
2.	Franchise Agreement (with attachments and state amendments)	Exhibit C

ITEM 23

RECEIPTS

Attached as the last 2 pages of this disclosure document are duplicate Receipts. Please sign and date both Receipts and return one to us.

EXHIBIT A

FINANCIAL STATEMENTS

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Brinker International, Inc.:

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 28, 2017 and June 29, 2016, and the related consolidated statements of comprehensive income, shareholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 28, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Brinker International, Inc. and subsidiaries as of June 28, 2017 and June 29, 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended June 28, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 28, 2017, expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

Dallas, Texas
August 28, 2017

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Brinker International, Inc.:

We have audited Brinker International, Inc.'s (the Company) internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Brinker International Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective internal controls over the measurement and presentation of deferred income taxes, resulting from a lack of skilled resources in the tax department with sufficient understanding of internal control over financial reporting, has been identified and included in management's assessment.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Brinker International, Inc. and subsidiaries as of June 28, 2017 and June 29, 2016, and the related consolidated statements of comprehensive income, shareholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 28, 2017. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2017 consolidated financial statements, and this report does not affect our report dated August 28, 2017, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, Brinker International, Inc. has not maintained effective internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We do not express an opinion or any other form of assurance on management's statements referring to corrective actions taken after June 28, 2017, relative to the aforementioned material weakness in internal control over financial reporting.

KPMG LLP

Dallas, Texas
August 28, 2017

EXHIBIT 13

BRINKER INTERNATIONAL, INC.
SELECTED FINANCIAL DATA
(in thousands, except per share amounts and number of restaurants)

	Fiscal Years				
	2017	2016 (a) (b)	2015 (a)	2014	2013
Income Statement Data:					
Revenues:					
Company sales	$ 3,062,579	$ 3,166,659	$ 2,904,746	$ 2,823,069	$ 2,766,618
Franchise and other revenues	88,258	90,830	97,532	86,426	83,100
Total revenues	3,150,837	3,257,489	3,002,278	2,909,495	2,849,718
Operating Costs and Expenses:					
Company restaurants (excluding depreciation and amortization)					
Cost of sales	791,321	840,204	775,053	758,028	758,377
Restaurant labor	1,017,945	1,036,005	929,206	905,589	892,413
Restaurant expenses	773,510	762,663	703,334	686,314	658,834
Company restaurant expenses	2,582,776	2,638,872	2,407,603	2,349,931	2,309,624
Depreciation and amortization	156,409	156,368	145,242	136,081	131,481
General and administrative	132,819	127,593	133,467	132,094	134,538
Other gains and charges	22,655	17,180	4,764	49,224	17,300
Total operating costs and expenses	2,894,659	2,940,013	2,691,076	2,667,330	2,592,943
Operating income	256,178	317,476	311,202	242,165	256,775
Interest expense	49,547	32,574	29,006	28,091	29,118
Other, net	(1,877)	(1,485)	(2,081)	(2,214)	(2,658)
Income before provision for income taxes	208,508	286,387	284,277	216,288	230,315
Provision for income taxes	57,685	85,767	89,618	62,249	66,956
Net income	$ 150,823	$ 200,620	$ 194,659	$ 154,039	$ 163,359
Basic net income per share	$ 2.98	$ 3.47	$ 3.09	$ 2.33	$ 2.28
Diluted net income per share	$ 2.94	$ 3.42	$ 3.02	$ 2.26	$ 2.20
Basic weighted average shares outstanding	50,638	57,895	63,072	66,251	71,788
Diluted weighted average shares outstanding	51,250	58,684	64,404	68,152	74,158
Balance Sheet Data:					
Working capital	$ (292,036)	$ (257,209)	$ (233,304)	$ (271,426)	$ (191,796)
Total assets (c)	1,413,700	1,458,450	1,421,450	1,485,612	1,444,762
Long-term obligations (c)	1,460,953	1,248,375	1,091,734	956,408	905,018
Shareholders' (deficit) equity	(493,681)	(225,576)	(90,812)	63,094	149,357
Dividends per share	$ 1.36	$ 1.28	$ 1.12	$ 0.96	$ 0.80
Number of Restaurants Open (End of Year):					
Company-owned	1,003	1,001	888	884	877
Franchise	671	659	741	731	714
Total	1,674	1,660	1,629	1,615	1,591
Revenues of franchisees (d)	$ 1,331,908	$ 1,348,616	$ 1,644,015	$ 1,616,747	$ 1,632,076

(a) We discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. While we concluded that the impact of these errors on our previously-issued consolidated financial statements was not material, we revised our previously-reported consolidated financial statements for the fiscal years ended June 29, 2016 and June 24, 2015. For additional information, see Note 16—Immaterial Correction of Prior Period Financial Statements in the Notes to Consolidated Financial Statements in this Form 10-K.

(b) Fiscal year 2016 consisted of 53 weeks while all other periods presented consisted of 52 weeks.

(c) Debt issuance costs are presented in the balance sheet as a direct deduction from the associated debt liability. Amounts presented for fiscal years prior to fiscal 2017 were reclassified from other assets to long-term debt to conform with the current year's presentation.

(d) Royalty revenues are recognized based on the sales generated and reported to the company by franchisees.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand our company, our operations, and our current operating environment. For an understanding of the significant factors that influenced our performance during the past three fiscal years, the MD&A should be read in conjunction with the consolidated financial statements and related notes included in this annual report. Our MD&A consists of the following sections:

- **Overview**—a general description of our business and the casual dining segment of the restaurant industry
- **Results of Operations**—an analysis of our consolidated statements of comprehensive income for the three years presented in our consolidated financial statements
- **Liquidity and Capital Resources**—an analysis of cash flows, including capital expenditures, aggregate contractual obligations, share repurchase activity, known trends that may impact liquidity, and the impact of inflation
- **Critical Accounting Estimates**—a discussion of accounting policies that require critical judgments and estimates

We have a 52/53 week fiscal year ending on the last Wednesday in June. Fiscal years 2017 and 2015, which ended on June 28, 2017 and June 24, 2015, respectively, each contained 52 weeks. Fiscal year 2016 ended on June 29, 2016 and contained 53 weeks. The 53rd week in fiscal 2016 contributed additional revenue of approximately $58.3 million. While certain expenses increased in direct relationship to additional revenue from the 53rd week, other expenses, such as fixed costs, are incurred on a calendar month basis.

OVERVIEW

We are principally engaged in the ownership, operation, development, and franchising of the Chili's Grill & Bar ("Chili's") and Maggiano's Little Italy ("Maggiano's") restaurant brands. At June 28, 2017, we owned, operated, or franchised 1,674 restaurants.

We are committed to strategies and initiatives that are centered on long-term sales and profit growth, enhancing the guest experience and team member engagement. These strategies are intended to differentiate our brands from the competition, reduce the costs associated with managing our restaurants and establish a strong presence for our brands in key markets around the world.

Growing sales and traffic continues to be a challenge with increasing competition and heavy discounting in the casual dining industry. Lower oil prices have continued to negatively impact sales in our markets with oil dependent economies. We also believe that casual dining traffic was negatively impacted by lower retail traffic in general, including during the December, 2016 holiday season. U.S. economic growth has been steady in recent years, but wage growth has been slow comparative to the post-recession economic recovery. This wage pressure and increased costs for healthcare has challenged both casual dining restaurant operators and consumers as discretionary income available for restaurant visits has been limited. More consumers are opting to eat at home as the decline in grocery costs relative to casual dining prices allows consumers to save money. Consumers are also taking advantage of discounted fast food options which has placed additional pressure on the casual dining sector. Overall, the industry was softer than we anticipated this year. In response to these economic factors and industry pressures, we have developed both short and long-term strategies that we believe are appropriate for all operating conditions and will provide a solid foundation for future earnings growth.

We continually evaluate our processes and menu at Chili's to identify opportunities where we can improve our service quality and food. We plan to simplify our menu and back of house operations by reducing the number of menu items. We believe this initiative will improve kitchen efficiency and result in meals being delivered hotter and faster to our guests. During fiscal 2017, we upgraded the quality of our chicken crispers to an all-natural chicken and added new flavors such as buffalo bleu cheese crispers and honey chipotle chicken and waffles. We also implemented a new "smash" burger cooking procedure across our burger platform that produces a juicier product and cuts the cooking time nearly in half. We believe that guests are responding favorably to the new products. We were also pleased with the guest preference results from the smokehouse platform added to the menu in fiscal 2017, which features jalapeño cheese sausage, bone-in chicken and our signature baby-back ribs. Additionally, we launched our new line of craft beers in fiscal 2017 featuring regional and national favorites and our Presidente Margarita on tap.

We remain competitive with our value offerings at both lunch and dinner and are committed to offering consistent, quality products at a compelling every day value. We offered a promotional "3 for Me™" platform in January 2017 that allowed guests to combine a salad and mini molten dessert with their choice of fajitas, burgers, smoked chicken or ribs for just $10.00. We will continue to seek opportunities to reinforce value and create interest for the Chili's brand with new and varied offerings to further enhance sales and drive incremental traffic.

During the third quarter of fiscal 2017, we completed a reorganization of the Chili's restaurant operations team and certain departments at the corporate headquarters to better align staffing with our current strategy. This reorganization resulted in pre-tax savings of over $5 million in fiscal 2017. We anticipate pre-tax savings of approximately $12 million on an annualized basis.

The Chili's brand has leveraged technology initiatives to create a digital guest experience that we believe will help us engage our guests more effectively. We have launched a new online ordering system that expands our current capabilities and gives our guests greater control of their to-go experience. Our upgraded Chili's mobile app provides the capability for digital curbside service so that guests can order, pay and notify us of their arrival through the app. We have leveraged our tabletop technology to power our loyalty programs and anticipate that guest loyalty programs will be a significant part of our marketing strategy going forward. We believe guest loyalty programs allow us to drive sales and profits by creating more relevant and customized incentives for our guests.

We believe that improvements at Chili's will have a significant impact on the business; however, our results will also benefit through additional contributions from Maggiano's and our global business. Maggiano's opened two restaurants in fiscal 2017 based on our new prototype, which includes a flexible dining area that may be used for banquets or opened up for general seating. This new prototype allows the brand to enter new markets for which the prior model was not suited, but still accommodate smaller banquets. We introduced a new menu at Maggiano's in the third quarter of fiscal 2017 that includes the addition of Saturday and Sunday brunch, and we believe guests are responding favorably to the new menu and brunch offering. Maggiano's is committed to delivering high quality food and a dining experience in line with this brand's heritage.

Our global Chili's business continues to grow with locations in 30 countries and two territories outside of the United States. Our international franchisees opened 30 new restaurants in fiscal 2017.

RESULTS OF OPERATIONS FOR FISCAL YEARS 2017, 2016, AND 2015

The following table sets forth selected operating data as a percentage of total revenues (unless otherwise noted) for the periods indicated. All information is derived from the accompanying consolidated statements of comprehensive income:

	Fiscal Years		
	2017	2016	2015
Revenues:			
Company sales	97.2 %	97.2%	96.8 %
Franchise and other revenues	2.8 %	2.8%	3.2 %
Total revenues	100.0 %	100.0%	100.0 %
Operating Costs and Expenses:			
Company restaurants (excluding depreciation and amortization)			
Cost of sales (a)	25.8 %	26.5%	26.7 %
Restaurant labor (a)	33.2 %	32.7%	32.0 %
Restaurant expenses (a)	25.3 %	24.1%	24.2 %
Company restaurant expenses (a)	84.3 %	83.3%	82.9 %
Depreciation and amortization	5.0 %	4.8%	4.8 %
General and administrative	4.2 %	3.9%	4.4 %
Other gains and charges	0.7 %	0.5%	0.2 %
Total operating costs and expenses	91.9 %	90.3%	89.6 %
Operating income	8.1 %	9.7%	10.4 %
Interest expense	1.6 %	0.9%	1.0 %
Other, net	(0.1)%	0.0%	(0.1)%
Income before provision for income taxes	6.6 %	8.8%	9.5 %
Provision for income taxes	1.8 %	2.6%	3.0 %
Net income	4.8 %	6.2%	6.5 %

(a) As a percentage of company sales.

REVENUES

Revenues are presented in two separate captions on the consolidated statements of comprehensive income to provide more clarity around company-owned restaurant revenue and operating expense trends. Company sales includes revenues generated by the operation of company-owned restaurants including gift card redemptions. Franchise and other revenues includes royalties, development fees, franchise fees, Maggiano's banquet service charge income, gift card breakage and discounts, digital entertainment revenue, Chili's retail food product royalties and delivery fee income.

Total revenues for fiscal 2017 decreased to $3,150.8 million, a 3.3% decrease from the $3,257.5 million generated for fiscal 2016 driven primarily by a 3.3% decrease in company sales. The decrease in company sales for fiscal 2017 was primarily due to a decline in comparable restaurant sales as well as one less operating week in fiscal 2017, partially offset by an increase in restaurant capacity (see table below). The 53rd week in fiscal 2016 contributed additional revenue of approximately $58.3 million.

	Fiscal Year Ended June 28, 2017				
	Comparable Sales (1)	Price Increase	Mix Shift (2)	Traffic	Restaurant Capacity (3)
Company-owned	(2.1)%	1.8%	1.6%	(5.5)%	0.4%
Chili's	(2.3)%	1.8%	1.7%	(5.8)%	0.3%
Maggiano's	(0.6)%	2.1%	0.3%	(3.0)%	2.7%
Chili's Franchise[4]	(2.1)%				
U.S.	(1.1)%				
International	(3.7)%				
Chili's Domestic[5]	(2.0)%				
System-wide[6]	(2.1)%				

(1) Comparable restaurant sales includes all restaurants that have been in operation for more than 18 months. Amounts are calculated based on comparable 52 weeks in each fiscal year.
(2) Mix shift is calculated as the year-over-year percentage change in company sales resulting from the change in menu items ordered by guests.
(3) Restaurant capacity is measured by sales weeks. Amounts are calculated based on comparable 52 weeks in each fiscal year.
(4) Revenues generated by franchisees are not included in revenues on the consolidated statements of comprehensive income; however, we generate royalty revenue and advertising fees based on franchisee revenues, where applicable. We believe including franchise comparable restaurant sales provides investors information regarding brand performance that is relevant to current operations and may impact future restaurant development.
(5) Chili's domestic comparable restaurant sales percentages are derived from sales generated by company-owned and franchise operated Chili's restaurants in the United States.
(6) System-wide comparable restaurant sales are derived from sales generated by company-owned Chili's and Maggiano's restaurants in addition to the sales generated at franchise-operated Chili's restaurants.

Chili's company sales decreased 3.7% to $2,653.3 million in fiscal 2017 from $2,754.9 million in fiscal 2016. The decrease was primarily due to a decline in comparable restaurant sales as well as one less operating week in fiscal 2017, partially offset by an increase in restaurant capacity. Chili's comparable restaurant sales decreased 2.3% for fiscal 2017 compared to the prior year. Chili's company-owned restaurant capacity increased 0.3% compared to the prior year due to one net restaurant opening during fiscal 2017.

Maggiano's company sales decreased 0.6% to $409.3 million in fiscal 2017 from $411.8 million in fiscal 2016. The decrease was primarily driven by a decline in comparable restaurant sales as well as one less operating week in fiscal 2017, partially offset by an increase in restaurant capacity. Maggiano's comparable restaurant sales decreased 0.6% for fiscal 2017 compared to the prior year. Maggiano's company-owned restaurant capacity increased 2.7% compared to the prior year due one net restaurant opening during fiscal 2017.

Franchise and other revenues decreased 2.8% to $88.3 million in fiscal 2017 compared to $90.8 million in fiscal 2016 primarily driven by a decrease in royalty revenues due to a decline in domestic and international franchise comparable restaurant sales, partially offset by an increase in gift card related revenues. Our franchisees generated approximately $1,332 million in sales in fiscal 2017.

Total revenues for fiscal 2016 increased to $3,257.5 million, an 8.5% increase from the $3,002.3 million generated for fiscal 2015 driven by a 9.0% increase in company sales, partially offset by a 6.9% decrease in franchise and other revenues. The increase in company sales was driven by an increase in restaurant capacity resulting primarily from the acquisition of Pepper Dining as well as additional revenues attributed to the 53rd operating week, partially offset by a decline in comparable restaurant sales (see table below). The 53rd week contributed additional revenue of approximately $58.3 million in fiscal 2016.

	Fiscal Year Ended June 29, 2016				
	Comparable Sales (1)	Price Increase	Mix Shift (2)	Traffic	Restaurant Capacity (3)
Company-owned	(2.4)%	1.1%	(0.1)%	(3.4)%	12.3%
Chili's[4]	(2.6)%	1.0%	0.1 %	(3.7)%	12.8%
Maggiano's	(1.3)%	1.9%	(1.6)%	(1.6)%	3.6%
Chili's Franchise[5]	(0.7)%				
U.S.	(1.2)%				
International	0.2 %				
Chili's Domestic[6]	(2.2)%				
System-wide[7]	(1.9)%				

(1) Comparable restaurant sales includes all restaurants that have been in operation for more than 18 months. Amounts are calculated based on comparable 52 weeks in each fiscal year.
(2) Mix shift is calculated as the year-over-year percentage change in company sales resulting from the change in menu items ordered by guests.
(3) Restaurant capacity is measured by sales weeks. Amounts are calculated based on comparable 52 weeks in each fiscal year.
(4) Chili's company-owned comparable restaurant sales includes 103 Chili's restaurants acquired from a franchisee in the first quarter of fiscal 2016.
(5) Revenues generated by franchisees are not included in revenues on the consolidated statements of comprehensive income; however, we generate royalty revenue and advertising fees based on franchisee revenues, where applicable. We believe including franchise comparable restaurant sales provides investors information regarding brand performance that is relevant to current operations and may impact future restaurant development.
(6) Chili's domestic comparable restaurant sales percentages are derived from sales generated by company-owned and franchise operated Chili's restaurants in the United States.
(7) System-wide comparable restaurant sales are derived from sales generated by company-owned Chili's and Maggiano's restaurants in addition to the sales generated at franchise-operated Chili's restaurants.

Chili's company sales increased to $2,754.9 million in fiscal 2016, a 10.1% increase from $2,503.1 million in fiscal 2015. The increase was primarily driven by increased restaurant capacity as well as the additional operating week, partially offset by a decline in comparable restaurant sales. Chili's company-owned restaurant capacity increased 12.8% compared to the prior year due to the acquisition of 103 Chili's restaurants on June 25, 2015 from a franchisee and to eight net restaurant openings during fiscal 2016. Comparable restaurant sales decreased 2.6% for fiscal 2016.

Maggiano's company sales increased to $411.8 million in fiscal 2016, a 2.5% increase from $401.6 million in fiscal 2015 primarily driven by increases in restaurant capacity as well as the additional operating week. Maggiano's restaurant capacity increased 3.6% for fiscal 2016 compared to the prior year due to two restaurant openings during the fiscal year.

Franchise and other revenues decreased 6.9% to $90.8 million in fiscal 2016 compared to $97.5 million in fiscal 2015 driven by a decrease in royalty revenues resulting from the acquisition of 103 Chili's restaurants from a former franchisee, partially offset by higher revenues associated with digital entertainment revenue and higher franchise and development fees. Our franchisees generated approximately $1,349 million in sales in fiscal 2016.

COSTS AND EXPENSES

Cost of sales, as a percent of company sales, decreased 0.7% in fiscal 2017 due to increased menu pricing, favorable commodity pricing primarily related to beef and poultry and favorable menu item mix, partially offset by unfavorable commodity pricing related to avocados. Cost of sales, as a percent of company sales, decreased 0.2% in fiscal 2016 due to increased menu pricing and favorable commodity pricing related to burger meat, seafood and cheese, partially offset by unfavorable menu item mix and commodity pricing primarily related to steak and poultry.

Restaurant labor, as a percent of company sales, increased 0.5% in fiscal 2017 primarily due to higher wage rates and sales deleverage. Restaurant labor, as a percent of company sales, increased 0.7% in fiscal 2016 primarily driven by higher wage rates, partially offset by lower incentive bonus.

Restaurant expenses, as a percent of company sales, increased 1.2% in fiscal 2017 primarily due to higher advertising and marketing related expenses, sales deleverage due to a decline in comparable restaurant sales as well as one less operating week compared to the prior year, and increased workers' compensation insurance expenses. Restaurant expenses, as a percent of company sales, decreased 0.1% in fiscal 2016 primarily driven by leverage related to the additional operating week, decreased advertising and workers' compensation insurance expenses, partially offset by higher repairs and maintenance and rent expenses.

Depreciation and amortization was flat in fiscal 2017 compared to fiscal 2016. Depreciation on asset replacements and new restaurant openings was offset by an increase in fully-depreciated assets and restaurant closures. Depreciation and amortization increased $11.1 million in fiscal 2016 primarily due to depreciation on acquired restaurants, asset replacements, new restaurant openings and investments in the Chili's reimage program, partially offset by an increase in fully-depreciated assets.

General and administrative expenses increased $5.2 million in fiscal 2017 primarily due to higher performance-based compensation and professional fees, partially offset by lower payroll due to reduced headcount and lower stock-based compensation expenses. General and administrative expenses decreased $5.9 million in fiscal 2016 due to lower performance-based compensation, partially offset by the termination of accounting and information technology support fees resulting from the acquisition of 103 Chili's restaurants.

Other gains and charges were $22.7 million in fiscal 2017. We incurred $6.6 million in severance and other benefits related to organizational changes to better align our staffing with the current management strategy and resource needs. Additionally, we recorded restaurant impairment charges of $5.2 million primarily related to the long-lived assets and reacquired franchise rights of ten underperforming Chili's restaurants which will continue to operate. We also recorded restaurant closure charges of $4.1 million primarily related to lease charges and other costs associated with closed restaurants. Furthermore, we incurred $2.7 million of professional fees and severance associated with our information technology restructuring offset by a $2.7 million gain on the sale of property. We also recorded accelerated depreciation charges of $2.0 million related to long-lived assets to be disposed of and lease guarantee charges of $1.1 million related to leases that were assigned to a divested brand. Other charges primarily include $2.4 million of expenses for consulting fees related to a special project.

Other gains and charges were $17.2 million in fiscal 2016. We recorded impairment charges of $10.7 million primarily related to seven underperforming restaurants that either continue to operate or closed in fiscal 2017 and $1.0 million related to a cost method investment. We recorded restaurant closure charges of $3.8 million that primarily consisted of additional lease and other costs associated with closed restaurants. We also incurred $3.3 million in severance and other benefits related to organizational changes. We were a plaintiff in a class action lawsuit against US Foods styled as *In re U.S. Foodservice, Inc. Pricing Litigation*. A settlement agreement was fully executed by all parties in September 2015, and we received approximately $2.0 million during the second quarter of fiscal 2016 in settlement of this litigation. We also received net proceeds of $1.2 million from British Petroleum in the fourth quarter of fiscal 2016 related to the 2010 Gulf of Mexico oil spill judgment. Additionally, we recorded a $2.9 million gain on the sale of several properties and $0.7 million of transaction costs related to the acquisition of Pepper Dining. Other charges primarily included $1.4 million of expenses to reserve for royalties, rents and other outstanding amounts related to a bankrupt franchisee and $1.2 million of professional service fees associated with organizational changes.

Other gains and charges in fiscal 2015 were $4.8 million. We were a plaintiff in the antitrust litigation against Visa and MasterCard styled as *Progressive Casualty Insurance Co., et al. v. Visa, Inc., et al.* A settlement agreement was fully executed by all parties in January 2015 and we recognized a gain of approximately $8.6 million. During the second quarter of fiscal 2015, the class action lawsuit styled as *Hohnbaum, et al. v. Brinker Restaurant Corp., et al.* ("Hohnbaum case") was finalized resulting in an additional charge of approximately $5.8 million to adjust our previous estimate of the final settlement amount. In February 2015, we funded the settlement in the amount of $44.0 million against our previously established reserve. Additionally, during fiscal 2015 we recorded restaurant impairment charges of $2.3 million related to underperforming restaurants that either continue to operate or closed during fiscal 2017. We also recorded restaurant closure charges of $1.7 million primarily related to lease termination charges and a $1.1 million loss primarily related to the sale of two company-owned restaurants located in Mexico. We incurred $1.2 million in severance and other benefits related to organizational changes made during the fiscal year. The severance charges included expenses related to the accelerated vesting of stock-based compensation awards. We incurred expenses of approximately $1.1 million during fiscal 2015 related to the acquisition of 103 Chili's restaurants subsequent to the end of the year.

Interest expense increased $17.0 million in fiscal 2017 resulting from higher borrowing balances. Interest expense increased $3.6 million in fiscal 2016 resulting from higher borrowing balances, partially offset by lower interest rates.

Other, net in fiscal 2017, 2016, and 2015 includes $1.6 million, $1.2 million and $1.8 million, respectively, of sublease income primarily from franchisees as part of the respective sale agreements, as well as other subtenants.

SEGMENT RESULTS

Chili's revenues decreased 3.7% to $2,720.0 million in fiscal 2017 from $2,823.4 million in fiscal 2016. The decrease was primarily due to a decline in comparable restaurant sales as well as one less operating week in fiscal 2017, partially offset by an increase in restaurant capacity. Chili's operating income, as a percent of total revenues, was 11.8% in fiscal 2017 compared to 13.3% in fiscal 2016. The decrease was primarily driven by sales deleverage, higher restaurant labor wage rates and higher advertising and marketing related expenses, partially offset by

increased menu pricing and favorable commodity pricing. The decrease in Chili's operating income was also due to costs incurred for severance and other benefits related to organizational changes and restaurant closure charges.

Chili's revenues increased 9.5% to $2,823.4 million in fiscal 2016 from $2,579.0 million in fiscal 2015. The increase was primarily driven by increased restaurant capacity as well as the additional operating week, partially offset by a decline in comparable restaurant sales. Chili's operating income, as a percent of total revenues, was 13.3% in fiscal 2016 compared to 14.5% in fiscal 2015. The decrease was primarily driven by higher restaurant labor wage rates, repairs and maintenance and rent expenses, depreciation related to acquired and new restaurants, and impairment charges for underperforming restaurants, partially offset by leverage related to the additional operating week and decreased advertising expenses. Cost of sales was flat due to increased menu pricing and favorable commodity prices offset by unfavorable mix.

Maggiano's revenues decreased 0.8% to $430.8 million in fiscal 2017 from $434.1 million in fiscal 2016. The decrease was primarily driven by a decline in comparable restaurant sales as well as one less operating week in fiscal 2017, partially offset by an increase in restaurant capacity. Maggiano's operating income, as a percent of total revenues, was 10.7% in fiscal 2017 compared to 10.3% in fiscal 2016. The increase was primarily due to favorable commodity pricing and increased menu pricing, partially offset by sales deleverage, higher workers' compensation insurance expenses, advertising expenses and unfavorable menu item mix. The increase in Maggiano's operating income was also due to an impairment charge in fiscal 2016 for an underperforming restaurant.

Maggiano's revenues increased 2.6% to $434.1 million in fiscal 2016 from $423.3 million in fiscal 2015 primarily driven by an increase in restaurant capacity as well as the additional operating week. Maggiano's operating income, as a percent of total revenues, was 10.3% in fiscal 2016 compared to 10.0% in fiscal 2015. The increase was primarily driven by lower cost of sales related to increased menu pricing and favorable commodity pricing and mix, leverage related to the additional operating week and decreased advertising expenses, partially offset by higher restaurant labor wage rates, repairs and maintenance expense and an impairment charge for an underperforming restaurant.

INCOME TAXES

The effective income tax rate for fiscal 2017 decreased to 27.7% compared to 29.9% in the prior year due to the decline in profit in fiscal 2017 compared to the prior year coupled with no significant change in realized tax credits, most notably the FICA tip credit. The FICA tip credit in fiscal 2017 was consistent with prior year and therefore the decline in profit before taxes resulted in a decrease in the effective tax rate in comparison to fiscal 2016. The resolution of uncertain tax positions resulted in a net reduction in tax expense for fiscal 2017 but to a lesser extent than in fiscal 2016.

The effective income tax rate for fiscal 2016 decreased to 29.9% compared to 31.5% in the prior year due to the impact of tax benefits primarily related to permanent items in fiscal 2016 such as the FICA tax credit and state income taxes, net of Federal benefit. The decrease in the fiscal 2016 effective income tax rate is also attributable to the benefits associated with the release of the valuation allowance for state tax net operating losses and the resolution of certain tax positions.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Cash Flows From Operating Activities

During fiscal 2017, net cash flow provided by operating activities was $312.9 million compared to $394.7 million in the prior year. Cash flow from operations decreased due to the impact of adopting the final IRS tangible property regulations in fiscal 2016 and decreased earnings in the current year, partially offset by an increase due to the prior year impact of the acquisition of Pepper Dining in addition to lower payments related to performance-based compensation liabilities.

During fiscal 2016, net cash flow provided by operating activities was $394.7 million compared to $368.6 million in the prior year. Fiscal 2015 cash flow from operations was negatively impacted by the payment of the legal settlement in the Hohnbaum case. Fiscal 2016 cash from operations was negatively impacted by the settlement of liabilities assumed as part of the acquisition of Pepper Dining. Excluding the impact of these two items, cash flow from operations was relatively consistent between fiscal 2016 and fiscal 2015.

Cash Flows From Investing Activities

	2017	2016	2015
Net cash used in investing activities (in thousands):			
Payments for property and equipment	$ (102,573)	$ (112,768)	$ (140,262)
Proceeds from sale of assets	3,157	4,256	1,950
Payment for business acquisition, net of cash acquired	—	(105,577)	—
	$ (99,416)	$ (214,109)	$ (138,312)

Net cash used in investing activities for fiscal 2017 decreased to $99.4 million compared to $214.1 million in the prior year primarily due to the acquisition of Pepper Dining for $105.6 million in fiscal 2016. Capital expenditures decreased to $102.6 million for fiscal 2017 compared to $112.8 million for fiscal 2016 primarily due to a decrease in Chili's new restaurant construction, partially offset by the purchase of new beer taps for the new line of craft beers at Chili's.

Net cash used in investing activities for fiscal 2016 increased to $214.1 million compared to $138.3 million in the prior year primarily due to the acquisition of Pepper Dining for $105.6 million in fiscal 2016. Capital expenditures decreased to $112.8 million for fiscal 2016 compared to $140.3 million for fiscal 2015 primarily due to decreased spending on the Chili's reimage program in fiscal 2016 compared to the prior year, partially offset by increased normal asset replacements and new restaurant construction for Chili's. The reimage program was substantially completed in fiscal 2015.

Cash Flows From Financing Activities

	2017	2016	2015
Net cash used in financing activities (in thousands):			
Proceeds from issuance of long-term debt	$ 350,000	$ —	$ —
Purchases of treasury stock	(370,877)	(284,905)	(306,255)
Payments on revolving credit facility	(388,000)	(110,000)	(177,000)
Borrowings on revolving credit facility	250,000	256,500	480,750
Payments of dividends	(70,771)	(74,066)	(70,832)
Payments for debt issuance costs	(10,216)	—	(2,501)
Proceeds from issuances of treasury stock	5,621	6,147	16,259
Payments on long-term debt	(3,832)	(3,402)	(189,177)
Excess tax benefits from stock-based compensation	2,223	5,460	15,893
	$ (235,852)	$ (204,266)	$ (232,863)

Net cash used in financing activities for fiscal 2017 increased to $235.9 million compared to $204.3 million in the prior year. During fiscal 2017, we changed our capital structure by increasing leverage through the issuance of long-term debt and using the majority of the proceeds to return capital to shareholders in the form of share repurchases.

In September 2016, we entered into a $300.0 million accelerated share repurchase agreement ("ASR Agreement") with Bank of America, N.A. ("BofA"). The ASR Agreement settled in January 2017. Pursuant to the terms of the ASR Agreement, we paid BofA $300.0 million in cash and received 5.9 million shares of our common stock. We also repurchased approximately 1.6 million additional shares of common stock for a total of 7.5 million shares during fiscal 2017 for a total of $370.9 million. The repurchased shares included shares purchased as part of our share repurchase program and shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares.

On September 23, 2016, we completed the private offering of $350.0 million of our 5.0% senior notes due October 2024 (the "2024 Notes"). We received proceeds of $350.0 million prior to debt issuance costs of $6.2 million and utilized the proceeds to fund a $300 million accelerated share repurchase agreement and to repay $50.0 million on the amended $1 billion revolving credit facility. The notes require semi-annual interest payments which began on April 1, 2017.

The Indenture for the 2024 Notes contains certain covenants, including, but not limited to, limitations and restrictions on the ability of the Company and its Restricted Subsidiaries (as defined in the Indenture) to (i) create liens on Principal Property (as defined in the Indenture), (ii) enter into any Sale and Leaseback Transaction (as defined in the Indenture) with respect to any property, and (iii) merge, consolidate or amalgamate with or into any other person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of their property. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations.

On September 13, 2016, we amended the revolving credit facility to increase the borrowing capacity from $750 million to $1 billion. We capitalized debt issuance costs of $4.0 million associated with the amendment of the revolving credit facility, which is included in other assets

in the consolidated balance sheet as of June 28, 2017. During fiscal 2017, net payments of $138.0 million were made on the revolving credit facility. As of June 28, 2017, $392.3 million was outstanding under the revolving credit facility. Subsequent to the end of the fiscal year, an additional $110.0 million was drawn from the $1 billion revolving credit facility.

Under the amended $1 billion revolving credit facility, the maturity date for $890.0 million of the facility was extended from March 12, 2020 to September 12, 2021 and the remaining $110.0 million remains due on March 12, 2020. The amended revolving credit facility bears interest of LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 2.00%. Based on our current credit rating, we are paying interest at a rate of LIBOR plus 1.38% for a total of 2.60%. One month LIBOR at June 28, 2017 was approximately 1.22%. As of June 28, 2017, $607.8 million of credit was available under the revolving credit facility. As of June 28, 2017, we were in compliance with all financial debt covenants.

As of June 28, 2017, our credit rating by Fitch Ratings ("Fitch") and Standard and Poor's ("S&P") was BB+ and our Corporate Family Rating by Moody's was Ba1, all with a stable outlook. In August 2016, Fitch downgraded Brinker from BBB- to BB+ with a stable outlook and in September 2016 confirmed the rating. In September 2016, S&P downgraded Brinker's corporate credit rating from BBB- to BB+ with a stable outlook and Moody's downgraded Brinker's Corporate Family Rating from Baa3 to Ba1 with a stable outlook. We anticipated these credit rating downgrades as a result of the change in our capital structure in fiscal 2017. Our goal is to maintain strong free cash flow to support leverage that we believe is appropriate to allow ongoing investment in the business and return of capital to shareholders.

We paid dividends of $70.8 million to common stock shareholders in fiscal 2017 compared to $74.1 million in dividends paid in fiscal 2016. Our Board of Directors approved a 6.3% increase in the quarterly dividend from $0.32 to $0.34 per share effective with the dividend declared in August 2016. We also declared a quarterly dividend of $0.34 per share in May 2017 which was paid subsequent to the end of the fiscal year on June 29, 2017 in the amount of $16.6 million. Subsequent to the end of the fiscal year, our Board of Directors approved an 11.8% increase in the quarterly dividend from $0.34 to $0.38 per share effective with the dividend declared in August 2017.

In August 2016, our Board of Directors authorized a $150.0 million increase to our existing share repurchase program resulting in total authorizations of $4.3 billion. As of June 28, 2017, approximately $115.8 million was available under our share repurchase authorizations. Our stock repurchase plan has been and will be used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. Repurchased common stock is reflected as an increase in treasury stock within shareholders' deficit. During fiscal 2017, approximately 225,000 stock options were exercised resulting in cash proceeds of approximately $5.6 million. Subsequent to the end of the fiscal year, our Board of Directors authorized a $250 million increase to our existing share repurchase program, bringing the total amount available for repurchases to approximately $365 million.

Net cash used in financing activities for fiscal 2016 decreased to $204.3 million compared to $232.9 million in the prior year primarily due to an increase in net borrowing activity and a decrease in spending on share repurchases, partially offset by decreases in proceeds from issuance of treasury stock and excess tax benefits from stock-based compensation.

We repurchased approximately 5.8 million shares of our common stock for $284.9 million during fiscal 2016, including shares purchased as part of our share repurchase program and shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares.

During fiscal 2016, $256.5 million was drawn from the $750 million revolving credit facility primarily to fund the acquisition of Pepper Dining and for share repurchases. We repaid a total of $110.0 million of the revolving credit facility during fiscal 2016.

We paid dividends of $74.1 million to common stock shareholders in fiscal 2016 compared to $70.8 million in dividends paid in fiscal 2015. Our Board of Directors approved a 14.3% increase in the quarterly dividend from $0.28 to $0.32 per share effective with the September 2015 dividend. Additionally, we declared a quarterly dividend late in fiscal 2016 which was paid early in fiscal 2017 on June 30, 2016.

In August 2015, our Board of Directors authorized a $250.0 million increase to our existing share repurchase program resulting in total authorizations of $4.2 billion. As of June 29, 2016, approximately $333.0 million was available under our share repurchase authorizations. Repurchased common stock is reflected as an increase in treasury stock within shareholders' deficit. During fiscal 2016, approximately 234,000 stock options were exercised resulting in cash proceeds of $6.1 million.

Cash Flow Outlook

We believe that our various sources of capital, including future cash flow from operating activities and availability under our existing credit facility are adequate to finance operations as well as the repayment of current debt obligations. We are not aware of any other event or trend that would potentially affect our liquidity. In the event such a trend develops, we believe that there are sufficient funds available under our credit facility and from our internal cash generating capabilities to adequately manage our ongoing business.We periodically evaluate ways to monetize the value of our owned real estate and should alternatives become available that are more cost effective than our financing options currently available, we will consider execution of those alternatives.

Payments due under our contractual obligations for outstanding indebtedness, purchase obligations as defined by the Securities and Exchange Commission ("SEC"), and the expiration of the credit facility as of June 28, 2017 are as follows:

	Payments Due by Period (In thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt (a)	$ 1,292,250	$ 250,000	$ —	$ 392,250	$ 650,000
Interest (b)	250,419	45,824	78,647	70,573	55,375
Capital leases	59,419	11,823	14,800	8,722	24,074
Operating leases	606,855	122,598	207,883	146,291	130,083
Purchase obligations (c)	117,698	30,679	48,415	31,660	6,944

	Amount of Revolving Credit Facility Expiration by Period (In thousands)				
	Total Commitment	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Revolving credit facility	$ 1,000,000	$ —	$ 110,000	$ 890,000	$ —

(a) Long-term debt consists of principal amounts owed on the revolver, 2.60% notes, 3.88% notes, and 5.00% notes. Obligations under our 2.60% notes, which will mature in May 2018, have been classified as long-term, reflecting our ability to refinance these notes through our existing revolving credit facility. As of June 28, 2017, $607.8 million of credit is available under the revolving credit facility.

(b) Interest consists of remaining interest payments on the 2.60%, 3.88% and 5.00% notes totaling $207.5 million and remaining interest payments on the revolver totaling $42.9 million. The interest rates on the notes are fixed whereas the interest rate on the revolver is variable. We have assumed that the revolver balance remains outstanding at $392.3 million until the maturity date of September 12, 2021 using the interest rate as of June 28, 2017 which was approximately 2.60%.

(c) A "purchase obligation" is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase obligations primarily consist of long-term obligations for the purchase of fountain beverages and professional services contracts and exclude agreements that are cancelable without significant penalty.

In addition to the amounts shown in the table above, $3.1 million of unrecognized tax benefits have been recorded as liabilities. The timing and amounts of future cash payments related to these liabilities are uncertain.

IMPACT OF INFLATION

We have experienced impact from inflation. Inflation has caused increased food, labor and benefits costs and has increased our operating expenses. To the extent permitted by competition, increased costs are recovered through a combination of menu price increases and reviewing, then implementing, alternative products or processes, or by implementing other cost reduction procedures.

OFF-BALANCE SHEET ARRANGEMENTS

We have obligations for guarantees on certain lease agreements and letters of credit as disclosed in Note 14 - Commitments and Contingencies, in our consolidated financial statements included in this report. Other than these items, we do not have any off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are disclosed in Note 1 to our consolidated financial statements. The following discussion addresses our most critical accounting estimates, which are those that are most important to the portrayal of our financial condition and results, and that require significant judgment.

Stock-Based Compensation

We measure and recognize compensation cost at fair value for all share-based payments. We determine the fair value of our performance shares that contain a market condition using a Monte Carlo simulation model. The Monte Carlo method is a statistical modeling technique that requires highly judgmental assumptions regarding our future operating performance compared to our plan designated peer group in the future. The simulation is based on a probability model and market-based inputs that are used to predict future stock returns. We use the historical operating performance and correlation of stock performance to the S&P 500 composite index of us and our peer group as inputs to the simulation model. These historical returns could differ significantly in the future and as a result, the fair value assigned to the performance shares could

vary significantly to the final payout. We believe the Monte Carlo simulation model provides the best evidence of fair value at the grant date and is an appropriate technique for valuing share-based awards. We determine the fair value of our stock option awards using the Black-Scholes option valuation model. The Black-Scholes model requires judgmental assumptions including expected life and stock price volatility. We base our expected life assumptions on historical experience regarding option life. Stock price volatility is calculated based on historical prices and the expected life of the options. We measure and recognize compensation expense for our performance shares granted in fiscal 2017 that contain a company-specific performance condition at the grant date fair value of the awards that are expected to vest based on management's periodic estimates of the number of shares that will ultimately be issued. Management's estimates require highly judgmental assumptions regarding our future operating performance and could result in estimates of compensation expense that vary significantly over the vesting period. Changes in estimates of compensation expense are recognized as an adjustment in the period of the change, as appropriate. We recognize compensation expense for only the portion of share-based awards that are expected to vest. Therefore, we apply estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Income Taxes

We make certain estimates and judgments in the calculation of tax expense and the resulting tax liabilities and in the recoverability of deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense. When considered necessary, we record a valuation allowance to reduce deferred tax assets to a balance that is more likely than not to be recognized. We use an estimate of our annual effective tax rate at each interim period based on the facts and circumstances available at that time while the actual effective tax rate is calculated at year-end.

We have recorded deferred tax assets reflecting the benefit of income tax credits and state loss carryforwards, which expire in varying amounts. Realization is dependent on generating sufficient taxable income in the relevant jurisdiction prior to expiration of the income tax credits and state loss carryforwards. Although realization is not assured, management believes it is more likely than not that the recognized deferred tax assets will be realized. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

We record a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return. We recognize any interest and penalties related to unrecognized tax benefits in income tax expense. Significant judgment is required in assessing, among other things, the timing and amounts of deductible and taxable items. Tax reserves are evaluated and adjusted as appropriate, while taking into account the progress of audits of various taxing jurisdictions.

In addition to the risks related to the effective tax rate described above, the effective tax rate reflected in forward-looking statements is based on current tax law. Any significant changes in the tax laws could affect these estimates.

Impairment of Long-Lived Assets

We review the carrying amount of property and equipment semi-annually or when events or circumstances indicate that the carrying amount may not be recoverable. The impairment test is a two-step process. Step one includes comparing the operating cash flows of the restaurants over their remaining service life to their carrying value. If the cash flows exceed the carrying value, then the assets are not impaired and no further evaluation is required. If the carrying value of the property and equipment exceeds its cash flows, impairment may exist and performing step two is necessary to determine the impairment loss. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on discounted projected future operating cash flows of the restaurants over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment.

Impairment of Goodwill

We assess the recoverability of goodwill related to our restaurant brands on an annual basis or more often if circumstances or events indicate impairment may exist. We consider our restaurants brands, Chili's and Maggiano's, to be both our operating segments and reporting units. The impairment test is a two-step process. Step one includes comparing the fair value of our reporting units to their carrying value. If the fair value of the reporting unit exceeds the carrying value, then the goodwill balance is not impaired and no further evaluation is required. If the carrying value of the reporting unit exceeds its fair value, impairment may exist and performing step two is necessary to determine the impairment loss. The amount of impairment would be determined by performing a hypothetical analysis resulting in an implied goodwill value by performing a fair value allocation as if the unit were being acquired in a business combination. This implied value would be compared to the carrying value to determine the amount of impairment loss, if any.

We determine fair value based on a combination of market-based values and discounted projected future operating cash flows of the reporting units using a risk adjusted discount rate that is commensurate with the risk inherent in our current business model. We make assumptions regarding future profits and cash flows, expected growth rates, terminal values and other factors which could significantly impact the fair value calculations. In the event that these assumptions change in the future, we may be required to record impairment charges related to goodwill. The fair value of our reporting units was substantially in excess of the carrying values as of our fiscal 2017 goodwill impairment tests that were

performed at the end of the second quarter. No indicators of impairment were identified from the date of our impairment test through the end of fiscal year 2017.

Self-Insurance

We are self-insured for certain losses related to health, general liability and workers' compensation. We maintain stop loss coverage with third party insurers to limit our total exposure. The self-insurance liability represents an estimate of the ultimate cost of claims incurred and unpaid as of the balance sheet date. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates and is reviewed on a quarterly basis to ensure that the liability is appropriate. If actual trends, including the severity or frequency of claims, differ from our estimates, our financial results could be impacted.

Gift Card Revenue

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the holder. Breakage income represents the value associated with the portion of gift cards sold that will most likely never be redeemed. Based on our historical gift card redemption patterns and considering our gift cards have no expiration dates or dormancy fees, we can reasonably estimate the amount of gift card balances for which redemption is remote and record breakage income based on this estimate. We recognize breakage income within the franchise and other revenues caption in the consolidated statements of comprehensive income. We update our breakage rate estimate periodically and, if necessary, adjust the deferred revenue balance accordingly. If actual redemption patterns vary from our estimate, actual gift card breakage income may differ from the amounts recorded. Changing our breakage-rate assumption on unredeemed gift cards by 25 basis points would result in an impact to our consolidated statement of comprehensive income of approximately $6.8 million.

Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This update eliminates step two of the goodwill impairment analysis. Companies will no longer be required to perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, they will measure impairment as the difference between the carrying amount and the fair value of the reporting unit. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2019, which will require us to adopt these provisions in the first quarter of fiscal 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed with measurement dates after January 1, 2017. The update will be applied on a prospective basis. We do not expect the adoption of this guidance to have any impact on our consolidated financial statements as the fair value of our reporting units is substantially in excess of the carrying values.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230). This update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early adoption is permitted for financial statements that have not been previously issued. The update will be applied on a retrospective basis. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements or debt covenants.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718). This update was issued as part of the FASB's simplification initiative and affects all entities that issue share-based payment awards to their employees. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2016, which will require us to adopt these provisions in the first quarter of fiscal 2018. Adoption of the new guidance will require recognition of excess tax benefits and tax deficiencies in the consolidated statements of comprehensive income on a prospective basis, with a cumulative effect adjustment to retained earnings for any prior year excess tax benefits or tax deficiencies not previously recorded. In addition, this guidance will require reclassification of excess tax benefits from cash flows from financing activities to cash flows from operating activities on the consolidated statements of cash flows. We expect to apply this change on a retrospective basis. Based on our current stock price, we expect the adoption of the new guidance in the first quarter of fiscal 2018 will result in the recognition of a discrete tax expense of approximately $2 million in the provision for income taxes on our fiscal 2018 consolidated statements of comprehensive income. The inclusion of excess tax benefits and deficiencies within our provision for income taxes will increase its volatility as the amount of excess tax benefits or deficiencies from share-based compensation awards depends on our stock price at the date the awards vest. We expect that adoption of the remaining provisions in the update noted above will not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months

or less. The update also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which will require us to adopt these provisions in the first quarter of fiscal 2020. Early adoption is permitted for financial statements that have not been previously issued. This update will be applied on a modified retrospective basis. We anticipate implementing the standard by taking advantage of the practical expedient option. The discounted minimum remaining rental payments will be the starting point for determining the right-of-use asset and lease liability. We had operating leases with remaining rental payments of approximately $606.9 million at the end of fiscal 2017. We expect that adoption of the new guidance will have a material impact on our consolidated balance sheets due to recognition of the right-of-use asset and lease liability related to our current operating leases. The process of evaluating the full impact of the new guidance on our consolidated financial statements and disclosures is ongoing, but we anticipate the initial evaluation of the impact will be completed in fiscal 2018.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The FASB has subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU 2015-14 delaying the effective date of adoption. These updates are now effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early application in fiscal 2018 is permitted. These updates permit the use of either the retrospective or cumulative effect transition method. We do not believe these updates will impact our recognition of revenue from sales generated at company-owned restaurants or our recognition of royalty fees from franchisees. We are continuing to evaluate the impact the adoption of these updates will have on the recognition of revenue related to our gift card and loyalty programs and our franchise agreements, as well as which adoption method will be used. The process of evaluating the full impact of the new guidance on our consolidated financial statements and disclosures is ongoing, but we anticipate the initial evaluation of the impact will be completed in the first half of fiscal 2018.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk on short-term and long-term financial instruments carrying variable interest rates. The variable rate financial instruments consist of the outstanding borrowings on our revolving credit facility. At June 28, 2017, $392.3 million was outstanding under the revolving credit facility. The impact on our annual results of operations of a one-point interest rate change on the outstanding balance of these variable rate financial instruments as of June 28, 2017 would be approximately $3.9 million.

We purchase certain commodities such as beef, pork, poultry, seafood, produce, dairy and natural gas. These commodities are generally purchased based upon market prices established with vendors. These purchase arrangements may contain contractual features that fix the price paid for certain commodities. We do not use financial instruments to hedge commodity prices because these purchase arrangements help control the ultimate cost paid.

This market risk discussion contains forward-looking statements. Actual results may differ materially from this discussion based upon general market conditions and changes in domestic and global financial markets.

BRINKER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share amounts)

	Fiscal Years		
	2017	2016	2015
Revenues:			
Company sales	$ 3,062,579	$ 3,166,659	$ 2,904,746
Franchise and other revenues	88,258	90,830	97,532
Total revenues	3,150,837	3,257,489	3,002,278
Operating costs and expenses:			
Company restaurants (excluding depreciation and amortization)			
Cost of sales	791,321	840,204	775,063
Restaurant labor	1,017,945	1,036,005	929,206
Restaurant expenses	773,510	762,663	703,334
Company restaurant expenses	2,582,776	2,638,872	2,407,603
Depreciation and amortization	156,409	156,368	145,242
General and administrative	132,819	127,593	133,467
Other gains and charges	22,655	17,180	4,764
Total operating costs and expenses	2,894,659	2,940,013	2,691,076
Operating income	256,178	317,476	311,202
Interest expense	49,547	32,574	29,006
Other, net	(1,877)	(1,485)	(2,081)
Income before provision for income taxes	208,508	286,387	284,277
Provision for income taxes	57,685	85,767	89,618
Net income	$ 150,823	$ 200,620	$ 194,659
Basic net income per share	$ 2.98	$ 3.47	$ 3.09
Diluted net income per share	$ 2.94	$ 3.42	$ 3.02
Basic weighted average shares outstanding	50,638	57,895	63,072
Diluted weighted average shares outstanding	51,250	58,684	64,404
Other comprehensive loss:			
Foreign currency translation adjustment	$ (327)	$ (2,964)	$ (7,690)
Other comprehensive loss	(327)	(2,964)	(7,690)
Comprehensive income	$ 150,496	$ 197,656	$ 186,969
Dividends per share	$ 1.36	$ 1.28	$ 1.12

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	June 28, 2017	June 29, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 9,064	$ 31,446
Accounts receivable, net	44,658	45,612
Inventories	24,997	25,104
Restaurant supplies	46,380	45,455
Prepaid expenses	29,293	30,825
Total current assets	154,392	178,442
Property and Equipment, at Cost:		
Land	149,098	147,626
Buildings and leasehold improvements	1,655,227	1,626,924
Furniture and equipment	713,228	663,472
Construction-in-progress	21,767	23,965
	2,539,320	2,461,987
Less accumulated depreciation and amortization	(1,538,706)	(1,418,835)
Net property and equipment	1,000,614	1,043,152
Other Assets:		
Goodwill	163,953	164,007
Deferred income taxes, net	37,029	14,325
Intangibles, net	27,512	30,225
Other	30,200	28,299
Total other assets	258,694	236,856
Total assets	$ 1,413,700	$ 1,458,450
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current Liabilities:		
Current installments of long-term debt	$ 9,649	$ 3,563
Accounts payable	104,231	95,414
Gift card liability	126,482	122,329
Accrued payroll	70,281	70,999
Other accrued liabilities	121,582	121,324
Income taxes payable	14,203	22,022
Total current liabilities	446,428	435,651
Long-term debt, less current installments	1,319,829	1,110,693
Other liabilities	141,124	137,682
Commitments and Contingencies (Notes 9 and 14)		
Shareholders' Deficit:		
Common stock—250,000,000 authorized shares; $0.10 par value; 176,246,649 shares issued and 48,440,721 shares outstanding at June 28, 2017 and 176,246,649 shares issued and 55,420,656 shares outstanding at June 29, 2016	17,625	17,625
Additional paid-in capital	502,074	495,110
Accumulated other comprehensive loss	(11,921)	(11,594)
Retained earnings	2,627,073	2,545,716
	3,134,851	3,046,857
Less treasury stock, at cost (127,805,928 shares at June 28, 2017 and 120,825,993 shares at June 29, 2016)	(3,628,532)	(3,272,433)
Total shareholders' deficit	(493,681)	(225,576)
Total liabilities and shareholders' deficit	$ 1,413,700	$ 1,458,450

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Balances at June 25, 2014	64,559	$ 17,625	$ 484,320	$ 2,306,532	$ (2,744,443)	$ (940)	$ 63,094
Correction of error (a)	—	—	—	(10,317)	—	—	(10,317)
Net income (a)	—	—	—	194,659	—	—	194,659
Other comprehensive loss	—	—	—	—	—	(7,690)	(7,690)
Dividends ($1.12 per share)	—	—	—	(71,543)	—	—	(71,543)
Stock-based compensation	—	—	14,989	—	—	—	14,989
Purchases of treasury stock	(5,445)	—	(4,804)	—	(301,451)	—	(306,255)
Issuances of common stock	1,472	—	(20,386)	—	36,645	—	16,259
Excess tax benefit from stock-based compensation	—	—	15,992	—	—	—	15,992
Balances at June 24, 2015	60,586	17,625	490,111	2,419,331	(3,009,249)	(8,630)	(90,812)
Net income (a)	—	—	—	200,620	—	—	200,620
Other comprehensive loss	—	—	—	—	—	(2,964)	(2,964)
Dividends ($1.28 per share)	—	—	—	(74,235)	—	—	(74,235)
Stock-based compensation	—	—	15,207	—	—	—	15,207
Purchases of treasury stock	(5,842)	—	(3,796)	—	(281,109)	—	(284,905)
Issuances of common stock	677	—	(11,778)	—	17,925	—	6,147
Excess tax benefit from stock-based compensation	—	—	5,366	—	—	—	5,366
Balances at June 29, 2016	55,421	17,625	495,110	2,545,716	(3,272,433)	(11,594)	(225,576)
Net income	—	—	—	150,823	—	—	150,823
Other comprehensive loss	—	—	—	—	—	(327)	(327)
Dividends ($1.36 per share)	—	—	—	(69,466)	—	—	(69,466)
Stock-based compensation	—	—	14,453	—	—	—	14,453
Purchases of treasury stock	(7,451)	—	(1,753)	—	(369,124)	—	(370,877)
Issuances of common stock	471	—	(7,404)	—	13,025	—	5,621
Excess tax benefit from stock-based compensation	—	—	1,668	—	—	—	1,668
Balances at June 28, 2017	48,441	$ 17,625	$ 502,074	$ 2,627,073	$ (3,628,532)	$ (11,921)	$ (493,681)

(a) We discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. While we concluded that the impact of these errors on our previously-issued consolidated financial statements was not material, we revised our previously-reported consolidated financial statements for the fiscal years ended June 29, 2016 and June 24, 2015. The revisions to the consolidated statements of shareholder's (deficit) equity include a $10.3 million decrease to retained earnings at the beginning of fiscal 2015 and decreases to net income of $2.1 million and $0.1 million for fiscal 2015 and fiscal 2016, respectively, for a total reduction of $12.5 million. For additional information, see Note 16—Immaterial Correction of Prior Period Financial Statements.

See accompanying notes to consolidated financial statements.

BRINKER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Years		
	2017	2016	2015
Cash Flows from Operating Activities:			
Net income	$ 150,823	$ 200,620	$ 194,659
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	156,409	156,368	145,242
Stock-based compensation	14,568	15,159	14,802
Deferred income taxes, net	(22,704)	23,902	14,199
Restructure charges and other impairments	14,412	17,445	5,636
Net (gain) loss on disposal of assets	(377)	87	4,523
Undistributed loss (earnings) on equity investments	1	(571)	(368)
Other	3,009	1,918	250
Changes in assets and liabilities:			
Accounts receivable, net	3,487	(3,682)	1,932
Inventories	(62)	11	475
Restaurant supplies	(1,496)	(1,651)	518
Prepaid expenses	(1,694)	(11,479)	3,850
Other assets	308	72	(2,140)
Accounts payable	2,984	(5,783)	1,117
Gift card liability	4,153	6,190	10,348
Accrued payroll	(714)	(17,229)	5,330
Other accrued liabilities	(4,805)	1,026	(38,273)
Current income taxes	(9,915)	9,415	7,260
Other liabilities	4,499	2,882	(749)
Net cash provided by operating activities	312,886	394,700	368,611
Cash Flows from Investing Activities:			
Payments for property and equipment	(102,573)	(112,788)	(140,262)
Proceeds from sale of assets	3,157	4,256	1,950
Payment for business acquisition, net of cash acquired	—	(105,577)	—
Net cash used in investing activities	(99,416)	(214,109)	(138,312)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	350,000	—	—
Purchases of treasury stock	(370,877)	(284,905)	(306,255)
Payments on revolving credit facility	(388,000)	(110,000)	(177,000)
Borrowings on revolving credit facility	250,000	256,500	480,750
Payments of dividends	(70,771)	(74,066)	(70,832)
Payments for debt issuance costs	(10,216)	—	(2,501)
Proceeds from issuances of treasury stock	5,621	6,147	16,259
Payments on long-term debt	(3,832)	(3,402)	(189,177)
Excess tax benefits from stock-based compensation	2,223	5,460	15,893
Net cash used in financing activities	(235,852)	(204,266)	(232,863)
Net change in cash and cash equivalents	(22,382)	(23,675)	(2,564)
Cash and cash equivalents at beginning of year	31,446	55,121	57,685
Cash and cash equivalents at end of year	$ 9,064	$ 31,446	$ 55,121

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

We are principally engaged in the ownership, operation, development, and franchising of the Chili's Grill & Bar ("Chili's") and Maggiano's Little Italy ("Maggiano's") restaurant brands. At June 28, 2017, we owned, operated, or franchised 1,674 restaurants in the United States and 30 countries and two territories outside of the United States.

(b) Basis of Presentation

Our consolidated financial statements include the accounts of Brinker International, Inc. and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

We have a 52/53 week fiscal year ending on the last Wednesday in June. Fiscal years 2017 and 2015, which ended on June 28, 2017 and June 24, 2015, respectively, each contained 52 weeks. Fiscal year 2016 ended on June 29, 2016 and contained 53 weeks. The estimated impact of the 53rd week in fiscal 2016 was an increase in revenue of approximately $58.3 million. While certain expenses increased in direct relationship to additional revenue from the 53rd week, other expenses, such as fixed costs, are incurred on a calendar month basis.

In connection with the preparation of the consolidated financial statements for the year ended June 28, 2017, we discovered immaterial errors in prior years relating to the accuracy of certain tax accounts. While we concluded that the impact of these errors on our previously-issued consolidated financial statements was not material, we revised our previously-reported consolidated financial statements for the fiscal years ended June 29, 2016 and June 24, 2015. The revisions included a net increase in the provision for income taxes of $0.1 million and $2.1 million for fiscal 2016 and 2015, respectively. These revisions for fiscal 2016 offset and therefore resulted in no change to earnings per share for fiscal 2016 and a $0.03 decrease for fiscal 2015. The cumulative effect of the changes to retained earnings at the beginning of fiscal 2015, the earliest date presented in the consolidated financial statements for the year ended June 28, 2017, was a reduction of $10.3 million. For additional information, see Note 16 - Immaterial Correction of Prior Period Financial Statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, Simplifying the Presentation of Debt Issuance Costs. This update requires that debt issuance costs be presented in the balance sheet as a direct deduction from the associated debt liability. This update was effective for annual and interim periods for fiscal years beginning after December 15, 2015, which required us to adopt these provisions in the first quarter of fiscal 2017. Accordingly, we reclassified the debt issuance cost balances associated with the 2.60% notes and 3.88% notes of $1.0 million and $2.2 million, respectively, from other assets to long-term debt, less current installments on the consolidated balance sheet as of June 29, 2016. The reclassification did not have a material effect on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This update provides guidance to companies that purchase cloud computing services to determine whether or not the arrangement includes a software license and the related accounting treatment. This update was effective for annual and interim periods for fiscal years beginning after December 15, 2015, which required us to adopt these provisions in the first quarter of fiscal 2017. We adopted the guidance prospectively and the adoption did not have any impact on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This update requires management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. If such conditions or events exist, an entity should disclose that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Disclosure should include the principal conditions or events that raise substantial doubt, management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations, and management's plans that are intended to mitigate those conditions or events. This update was effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. We adopted the guidance effective June 28, 2017. Accordingly, we performed an evaluation and determined that there are no conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern through August 28, 2018. The adoption did not have any impact on our consolidated financial statements.

Revenues are presented in two separate captions on the consolidated statements of comprehensive income to provide more clarity around company-owned restaurant revenue and operating expense trends. Company sales includes revenues generated by the operation of company-owned restaurants including gift card redemptions. Franchise and other revenues includes royalties, development fees, franchise fees, Maggiano's banquet service charge income, gift card breakage and discounts, digital entertainment revenue, Chili's retail food product royalties and delivery fee income.

We report certain labor and related expenses in a separate caption on the consolidated statements of comprehensive income titled restaurant labor. Restaurant labor includes all compensation-related expenses, including benefits and incentive compensation, for restaurant team members at the general manager level and below. Labor-related expenses attributable to multi-restaurant (or above-restaurant) supervision is included in restaurant expenses.

(c) Use of Estimates

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

(d) Revenue Recognition

We record revenue from the sale of food, beverages and alcohol as products are sold. Initial fees received from a franchisee to establish a new franchise are recognized as income when we have performed our obligations required to assist the franchisee in opening a new franchise restaurant, which is generally upon the opening of such restaurant. Fees received for development arrangements are recognized as income upon satisfaction of our obligations, generally upon the execution of the agreement when the development rights are conveyed to the franchisee. Continuing royalties, which are a percentage of net sales of franchised restaurants, are accrued as income when earned.

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the holder. Breakage income represents the value associated with the portion of gift cards sold that will most likely never be redeemed. Based on our historical gift card redemption patterns and considering our gift cards have no expiration dates or dormancy fees, we can reasonably estimate the amount of gift card balances for which redemption is remote and record breakage income based on this estimate. We recognize breakage income within franchise and other revenues in the consolidated statements of comprehensive income. We update our estimate of our breakage rate periodically and, if necessary, adjust the deferred revenue balance accordingly.

(e) Fair Value Measurements

Fair value is defined as the price that we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the measurement date. In determining fair value, the accounting standards establish a three level hierarchy for inputs used in measuring fair value, as follows:

- Level 1—inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2—inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3—inputs are unobservable and reflect our own assumptions.

(f) Cash and Cash Equivalents

Our policy is to invest cash in excess of operating requirements in income-producing investments. Income-producing investments with original maturities of three months or less are reflected as cash equivalents.

(g) Accounts Receivable

Accounts receivable, net of the allowance for doubtful accounts, represents their estimated net realizable value. Provisions for doubtful accounts are recorded based on management's judgment regarding our ability to collect as well as the age of the receivables. Accounts receivable are written off when they are deemed uncollectible.

(h) Inventories

Inventories consist of food, beverages and supplies and are valued at the lower of cost or market, using the first-in, first-out or "FIFO" method.

(i) Property and Equipment

Property and equipment is stated at cost. Buildings and leasehold improvements are depreciated using the straight-line method over the lesser of the life of the lease, including certain renewal options, or the estimated useful lives of the assets, which range from 5 to 20 years. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

We review the carrying amount of property and equipment semi-annually or when events or circumstances indicate that the carrying amount may not be recoverable. We have determined the restaurant level is the lowest level of identifiable cash flows. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on discounted projected future operating cash flows of the restaurants over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk. Impairment charges are included in other gains and charges in the consolidated statements of comprehensive income.

(j) Definite-lived Intangible Assets

Definite-lived intangible assets primarily include reacquired franchise rights resulting from our acquisitions. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

We determine the fair value of reacquired franchise rights based on discounted projected future operating cash flows of the restaurants associated with these franchise rights. We review the carrying amount semi-annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. Impairment charges are included in other gains and charges in the consolidated statements of comprehensive income.

(k) Operating Leases

Rent expense for leases that contain scheduled rent increases is recognized on a straight-line basis over the lease term, including cancelable option periods where failure to exercise such options would result in an economic penalty such that the renewal appears reasonably assured. The straight-line rent calculation and rent expense includes the rent holiday period, which is the period of time between taking control of a leased site and the rent commencement date. Contingent rents are generally amounts due as a result of sales in excess of amounts stipulated in certain restaurant leases and are included in rent expense at the point in time we determine that it is probable that such sales levels will be achieved. Landlord contributions are recorded when received as a deferred rent liability and amortized as a reduction of rent expense on a straight-line basis over the lease term.

(l) Advertising

Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. Advertising costs, net of advertising contributions from franchisees, were $103.8 million, $93.6 million and $94.3 million in fiscal 2017, 2016, and 2015, respectively, and are included in restaurant expenses in the consolidated statements of comprehensive income.

(m) Goodwill

Goodwill is not subject to amortization, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill has been assigned to reporting units for purposes of impairment testing. Our two restaurant brands, Chili's and Maggiano's, are both operating segments and reporting units.

Goodwill impairment tests consist of a comparison of each reporting unit's fair value with its carrying value. We determine fair value based on a combination of market-based values and discounted projected future operating cash flows of the restaurant brands using a risk adjusted discount rate that is commensurate with the risk inherent in our current business model. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value. We determined that there was no goodwill impairment during our annual tests as the fair value of our reporting units was substantially in excess of the carrying values. No indicators of impairment were identified through the end of fiscal year 2017. See Note 5 for additional disclosures related to goodwill.

We occasionally acquire restaurants from our franchisees. Goodwill from these acquisitions represents the excess of the cost of the business acquired over the net amounts assigned to assets acquired, including identifiable intangible assets, primarily reacquired franchise rights. In connection with the sale of restaurants, we will allocate goodwill from the reporting unit, or restaurant brand, to the disposal group in the determination of the gain or loss on the disposition. The allocation is based on the relative fair values of the disposal group and the portion of the reporting unit that was retained. If we dispose of a restaurant brand and all related restaurants, the entire goodwill balance associated with the reporting unit or brand will be included in the disposal group for purposes of determining the gain or loss on the disposition. Additionally, if we sell restaurants with reacquired franchise rights, we will include those assets in the gain or loss on the disposition.

(n) Liquor Licenses

The costs of obtaining non-transferable liquor licenses from local government agencies are expensed over the specified term of the license. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets and included in intangibles.

Transferable liquor licenses are tested for impairment semi-annually or more frequently if events or circumstances indicate that the asset might be impaired. Impairment charges are recognized based on the excess of carrying value over fair value. We determine fair value based on prices in the open market for licenses in same or similar jurisdictions. Impairment charges are included in other gains and charges in the consolidated statements of comprehensive income.

(o) Sales Taxes

Sales taxes collected from guests are excluded from revenues. The obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

(p) Self-Insurance Program

We are self-insured for certain losses related to health, general liability and workers' compensation. We maintain stop loss coverage with third party insurers to limit our total exposure. The self-insurance liability represents an estimate of the ultimate cost of claims incurred and unpaid as of the balance sheet date. The estimated liability is not discounted and is established based upon analysis of historical data and actuarial estimates, and is reviewed on a quarterly basis to ensure that the liability is appropriate. If actual trends, including the severity or frequency of claims, differ from our estimates, our financial results could be impacted. Accrued and other liabilities include the estimated incurred but unreported costs to settle unpaid claims.

(q) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We record a liability for unrecognized tax benefits resulting from tax positions taken, or expected to be taken, in an income tax return that is not more-likely-than-not to be realized. We recognize any interest and penalties related to unrecognized tax benefits in income tax expense.

We reinvest foreign earnings, therefore, United States deferred income taxes have not been provided on foreign earnings.

(r) Stock-Based Compensation

We measure and recognize compensation cost at fair value for all share-based payments. We record compensation expense using a graded-vesting schedule or on a straight-line basis, as applicable, over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. We recognize compensation expense for only the portion of share-based awards that are expected to vest. Therefore, we apply estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Certain employees are eligible to receive stock options, performance shares, restricted stock and restricted stock units, while non-employee members of the Board of Directors are eligible to receive stock options, restricted stock and restricted stock units. Performance shares represent a right to receive shares of common stock upon satisfaction of company performance goals at the end of a three-year cycle. Vesting of performance shares granted in fiscal 2017 is contingent upon meeting company performance goals based on our rate of earnings growth at the end of the three-year period. Compensation expense for the performance shares granted in fiscal 2017 is recorded based on management's periodic estimates of the number of shares that will ultimately be issued and the fair value of the shares as determined by our closing stock price on the date of grant. A cumulative expense adjustment is recognized when that estimate changes. The fair value of our performance shares granted prior to fiscal 2017, which contain a market condition, was determined on the date of grant based on a Monte Carlo simulation model. The fair value of restricted stock and restricted stock units are based on our closing stock price on the date of grant.

Stock-based compensation expense totaled approximately $14.5 million, $15.2 million and $15.0 million for fiscal 2017, 2016 and 2015, respectively. The total income tax benefit recognized in the consolidated statements of comprehensive income related to stock-based compensation expense was approximately $5.7 million, $5.8 million and $5.5 million during fiscal 2017, 2016 and 2015, respectively.

The weighted average fair values of option grants were $9.30, $10.48 and $11.72 during fiscal 2017, 2016 and 2015, respectively. The fair value of stock options is estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2017	2016	2015
Expected volatility	25.5%	27.5%	31.0%
Risk-free interest rate	1.3%	1.5%	1.6%
Expected lives	5 years	5 years	5 years
Dividend yield	2.6%	2.4%	2.2%

Expected volatility and the expected life of stock options are based on historical experience. The risk-free rate is based on the yield of a Treasury Note with a term equal to the expected life of the stock options. The dividend yield is based on the most recent quarterly dividend per share declared and the closing stock price on the declaration date.

(s) Preferred Stock

Our Board of Directors is authorized to provide for the issuance of 1.0 million preferred shares with a par value of $1.00 per share, in one or more series, and to fix the voting rights, liquidation preferences, dividend rates, conversion rights, redemption rights, and terms, including sinking fund provisions, and certain other rights and preferences. As of June 28, 2017, no preferred shares were issued.

(t) Shareholders' Deficit

In August 2016, our Board of Directors authorized a $150.0 million increase to our existing share repurchase program resulting in total authorizations of $4.3 billion. In September 2016, we entered into a $300.0 million accelerated share repurchase agreement ("ASR Agreement") with Bank of America, N.A. ("BofA"). The ASR Agreement settled in January 2017. Pursuant to the terms of the ASR Agreement, we paid BofA $300.0 million in cash and received 5.9 million shares of our common stock. The accelerated share repurchase transaction qualified for equity accounting treatment. Repurchased common stock is reflected as an increase in treasury stock within shareholders' deficit. We also repurchased approximately 1.6 million additional shares of common stock for a total of 7.5 million shares repurchased during fiscal 2017 for $370.9 million. The repurchased shares included shares purchased as part of our share repurchase program and shares repurchased to satisfy team member tax withholding obligations on the vesting of restricted shares. As of June 28, 2017, approximately $115.8 million was available under our share repurchase authorizations. Our stock repurchase plan has been and will be used to return capital to shareholders and to minimize the dilutive impact of stock options and other share-based awards. We evaluate potential share repurchases under our plan based on several factors, including our cash position, share price, operational liquidity, proceeds from divestitures, borrowings, and planned investment and financing needs. Additionally, during fiscal 2017, approximately 225,000 stock options were exercised resulting in cash proceeds of approximately $5.6 million.

During fiscal 2017, we paid dividends of $70.8 million to common stock shareholders, compared to $74.1 million in the prior year. Our Board of Directors approved a 6.3% increase in the quarterly dividend from $0.32 to $0.34 per share effective with the dividend declared in August 2016. We also declared a quarterly dividend of $0.34 per share in May 2017 which was paid subsequent to the end of the year on June 29, 2017 in the amount of $16.6 million. The dividend accrual was included in other accrued liabilities on our consolidated balance sheet as of June 28, 2017.

(u) Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Fiscal 2017, 2016 and 2015 comprehensive income consists of net income and foreign currency translation adjustments. The foreign currency translation adjustment represents the unrealized impact of translating the financial statements of the Canadian restaurants and the Mexico joint venture with CMR, S.A.B. de C.V. from their respective functional currencies to U.S. dollars. This amount is not included in net income and would only be realized upon the sale or upon complete or substantially complete liquidation of the businesses. The accumulated other comprehensive loss is presented on the consolidated balance sheets.

(v) Net Income Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted net income per share, the basic weighted average number of shares is increased by the dilutive effect of stock options and restricted share awards. Stock options and restricted share awards with an anti-dilutive effect are not included in the dilutive earnings per share calculation.

Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

	2017	2016	2015
Basic weighted average shares outstanding	50,638	57,895	63,072
Dilutive stock options	192	316	569
Dilutive restricted shares	420	473	763
	612	789	1,332
Diluted weighted average shares outstanding	51,250	58,684	64,404
Awards excluded due to anti-dilutive effect on earnings per share	973	550	119

(w) Segment Reporting

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing operating performance. We manage our business on the basis of two operating segments, Chili's and Maggiano's. The brands operate company-owned restaurants principally in the U.S. within the full-service casual dining segment of the industry. The Chili's segment also has company-owned restaurants in Canada and franchised locations in the U.S and 30 countries and two territories outside of the U.S. Additional information about our segments, including financial information, is included in Note 15.

2. ACQUISITION OF CHILI'S RESTAURANTS

On June 25, 2015, we completed the stock acquisition of Pepper Dining Holding Corp. ("Pepper Dining"), a franchisee of 103 Chili's restaurants primarily located in the Northeast and Southeast United States. The purchase price of $106.5 million, excluding cash and customary working capital adjustments of $0.9 million, was funded with borrowings from our existing credit facility. The results of operations of these restaurants were included in our consolidated financial statements from the date of acquisition. The assets and liabilities of the restaurants were recorded at their respective fair values as of the date of acquisition.

The excess of the purchase price over the aggregate fair value of net assets acquired was allocated to goodwill. Of the $31.9 million recorded as goodwill, $12.8 million is expected to be deductible for tax purposes. The portion of the purchase price attributable to goodwill represents the benefits expected as a result of the acquisition, including sales and unit growth opportunities. The acquired restaurants generated approximately $259.6 million of revenue for the fifty-three week period ended June 29, 2016, approximately $2.5 million of average annual revenue per restaurant, partially offset by the loss of average annual royalty revenues of approximately $104,000 per restaurant. Pro-forma financial information of the combined entities is not presented due to the immaterial impact of the financial results of the acquired restaurants on our consolidated financial statements.

3. EQUITY METHOD INVESTMENT

We have a joint venture agreement with CMR, S.A.B. de C.V. to develop 50 Chili's restaurants in Mexico. At June 28, 2017, 45 Chili's restaurants were operating in the joint venture. We account for the Mexico joint venture investment under the equity method of accounting and record our share of the net income or loss of the investee within operating income since their operations are similar to our ongoing operations. These amounts have been included in restaurant expense in our consolidated statements of comprehensive income due to the immaterial nature of the amounts. The investment in the joint venture is included in other assets in our consolidated balance sheets.

4. OTHER GAINS AND CHARGES

Other gains and charges consist of the following (in thousands):

	2017	2016	2015
Severance and other benefits	$ 6,591	$ 3,304	$ 1,182
Restaurant impairment charges	5,190	10,651	2,255
Restaurant closure charges	4,084	3,780	1,736
Information technology restructuring	2,739	—	—
Accelerated depreciation	1,988	—	—
Lease guarantee charges	1,089	—	—
(Gain) loss on the sale of assets, net	(2,659)	(2,858)	1,093
Impairment of investment	—	1,000	—
Acquisition costs	—	700	1,100
Impairment of intangible assets	—	392	645
Litigation	—	(3,191)	(2,753)
Other	3,633	3,402	(494)
	$ 22,655	$ 17,180	$ 4,764

Fiscal 2017

During fiscal 2017, we completed a reorganization of the Chili's restaurant operations team and certain departments at the corporate headquarters to better align our staffing with the current management strategy and resource needs. This employee separation action resulted in severance charges and accelerated stock-based compensation expenses of $6.6 million. All of the severance amounts were paid by the end of fiscal 2017.

We recorded restaurant impairment charges of $5.2 million primarily related to the long-lived assets and reacquired franchise rights of ten underperforming Chili's restaurants which will continue to operate. See Note 10 for fair value disclosures. Additionally, we recorded restaurant closure charges of $4.1 million primarily related to lease charges and other costs associated with closed restaurants.

We incurred $2.7 million of professional fees and severance associated with our information technology restructuring offset by a $2.7 million gain on the sale of property. We also recorded accelerated depreciation charges of $2.0 million related to long-lived assets to be disposed of and lease guarantee charges of $1.1 million related to leases that were assigned to a divested brand. For additional lease guarantee disclosures, see Note 14 - Commitments and Contingencies. Other charges primarily include $2.4 million of expenses for consulting fees related to a special project.

Fiscal 2016

During fiscal 2016, we recorded impairment charges of $10.7 million primarily related to seven underperforming restaurants that either continue to operate or closed during fiscal 2017 and $1.0 million related to a cost method investment. We recorded restaurant closure charges of $3.8 million that primarily consisted of additional lease and other costs associated with closed restaurants. We also incurred $3.3 million in severance and other benefits related to organizational changes.

We were a plaintiff in a class action lawsuit against US Foods styled as *In re U.S. Foodservice, Inc. Pricing Litigation.* A settlement agreement was fully executed by all parties in September 2015, and we received approximately $2.0 million during the second quarter of fiscal 2016 in settlement of this litigation. We also received net proceeds of $1.2 million from British Petroleum in the fourth quarter of fiscal 2016 related to the 2010 Gulf of Mexico oil spill judgment.

Additionally, we recorded a $2.9 million gain on the sale of several properties and $0.7 million of transaction costs related to the acquisition of Pepper Dining. Other charges primarily included $1.4 million of expenses to reserve for royalties, rents and other outstanding amounts related to a bankrupt franchisee and $1.2 million of professional service fees associated with organizational changes.

Fiscal 2015

During fiscal 2015, we were a plaintiff in the antitrust litigation against Visa and MasterCard styled as *Progressive Casualty Insurance Co., et al. v. Visa, Inc., et al.* A settlement agreement was fully executed by all parties in January 2015 and we recognized a gain of approximately $8.6 million. Also during fiscal 2015, the class action lawsuit styled as *Hohnbaum, et al. v. Brinker Restaurant Corp., et al.* ("Hohnbaum case") was finalized resulting in an additional charge of approximately $5.8 million to adjust our previous estimate of the final settlement amount.

We recorded restaurant impairment charges of $2.3 million related to underperforming restaurants that either continue to operate or closed during fiscal 2017. We also recorded restaurant closure charges of $1.7 million primarily related to lease termination charges and a $1.1 million loss primarily related to the sale of two company-owned restaurants located in Mexico. Furthermore, we incurred $1.2 million in severance and other benefits related to organizational changes made during the fiscal year. The severance charges include expense related to the accelerated vesting of stock-based compensation awards. We also incurred expenses of approximately $1.1 million during fiscal 2015 related to the acquisition of Pepper Dining subsequent to the end of the year.

5. GOODWILL AND INTANGIBLES

The changes in the carrying amount of goodwill for the fiscal years ended June 28, 2017 and June 29, 2016 are as follows (in thousands):

	2017			2016		
	Chili's	Maggiano's	Consolidated	Chili's	Maggiano's	Consolidated
Balance at beginning of year	$ 125,610	$ 38,397	$ 164,007	$ 93,984	$ 38,397	$ 132,381
Changes in goodwill:						
Additions (a)	—	—	—	31,912	—	31,912
Foreign currency translation adjustment	(54)	—	(54)	(286)	—	(286)
Balance at end of year	$ 125,556	$ 38,397	$ 163,953	$ 125,610	$ 38,397	$ 164,007

(a) Fiscal 2016 additions reflect the goodwill acquired as a result of the acquisition of Pepper Dining. See Note 2 for additional disclosures.

Intangible assets, net for the fiscal years ended June 28, 2017 and June 29, 2016 are as follows (in thousands):

	2017			2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets						
Chili's reacquired franchise rights (a)	$ 16,170	$ (4,175)	$ 11,995	$ 17,284	$ (3,041)	$ 14,243
Chili's other	5,985	(1,070)	4,915	5,988	(713)	5,275
	$ 22,155	$ (5,245)	$ 16,910	$ 23,272	$ (3,754)	$ 19,518
Indefinite-lived intangible assets						
Chili's liquor licenses	$ 9,670			$ 9,775		
Maggiano's liquor licenses	932			932		
	$ 10,602			$ 10,707		

Amortization expense for all definite-lived intangible assets was $1.4 million, $1.5 million and $0.8 million in fiscal 2017, 2016 and 2015, respectively. Annual amortization expense for definite-lived intangible assets will approximate $1.5 million for each of the next five fiscal years.

(a) The gross carrying amount and accumulated amortization include the impact of foreign currency translation on existing balances of $0.1 million and $0.3 million for fiscal 2017 and 2016, respectively. We also recorded an impairment charge of $0.8 million and $0.2 million in fiscal 2017 and fiscal 2016, respectively. See Note 10 for additional disclosures.

6. ACCRUED AND OTHER LIABILITIES

Other accrued liabilities consist of the following (in thousands):

	2017	2016
Sales tax	$ 22,561	$ 26,280
Insurance	17,484	19,976
Property tax	16,566	15,762
Dividends	16,649	17,760
Other	48,322	41,546
	$ 121,582	$ 121,324

Other liabilities consist of the following (in thousands):

	2017	2016
Straight-line rent	$ 57,464	$ 56,896
Insurance	42,532	38,433
Landlord contributions	26,402	24,681
Unfavorable leases	5,398	6,521
Unrecognized tax benefits	3,116	4,070
Other	6,212	7,081
	$ 141,124	$ 137,682

7. INCOME TAXES

Income before provision for income taxes consists of the following (in thousands):

	2017	2016	2015
Domestic	$ 186,679	$ 258,905	$ 257,228
Foreign	21,829	27,482	27,049
Total income before provision for income taxes	$ 208,508	$ 286,387	$ 284,277

The provision for income taxes consists of the following (in thousands):

	2017	2016	2015
Current income tax expense:			
Federal	$ 64,407	$ 48,896	$ 60,575
State	13,358	10,843	11,990
Foreign	2,490	3,497	3,319
Total current income tax expense	80,255	63,236	75,884
Deferred income tax (benefit) expense:			
Federal	(19,647)	21,842	11,674
State	(3,064)	704	2,156
Foreign	141	(15)	(96)
Total deferred income tax (benefit) expense	(22,570)	22,531	13,734
	$ 57,685	$ 85,767	$ 89,618

A reconciliation between the reported provision for income taxes and the amount computed by applying the statutory Federal income tax rate of 35% to income before provision for income taxes is as follows (in thousands):

	2017	2016	2015
Income tax expense at statutory rate	$ 72,978	$ 100,236	$ 99,496
FICA tax credit	(20,657)	(20,497)	(18,633)
State income taxes, net of Federal benefit	5,928	9,614	8,646
Other	(564)	(3,586)	109
	$ 57,685	$ 85,767	$ 89,618

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities as of June 28, 2017 and June 29, 2016 are as follows (in thousands):

	2017	2016
Deferred income tax assets:		
Leasing transactions	$ 32,019	$ 32,826
Stock-based compensation	14,029	12,817
Restructure charges and impairments	3,533	2,211
Insurance reserves	19,700	18,015
Employee benefit plans	288	501
Gift cards	23,670	18,609
State net operating losses	2,554	3,030
Federal credit carryover	12,697	14,722
State credit carryover	3,148	3,238
Other, net	8,480	7,930
Less: Valuation allowance	(5,232)	(5,315)
Total deferred income tax assets	114,886	108,584
Deferred income tax liabilities:		
Prepaid expenses	19,506	17,360
Goodwill and other amortization	30,213	28,659
Depreciation and capitalized interest on property and equipment	26,375	43,858
Other, net	1,763	4,382
Total deferred income tax liabilities	77,857	94,259
Net deferred income tax asset	$ 37,029	$ 14,325

We have deferred tax assets of $6.4 million reflecting the benefit of state loss carryforwards, before federal benefit and valuation allowance, which expire at various dates between fiscal 2018 and fiscal 2037. We have deferred tax assets of $12.7 million of federal and $4.8 million state tax credits, before federal benefit and valuation allowance, which expire at various dates between fiscal 2024 and fiscal 2035. The recognized deferred tax asset for the state loss carryforwards is $0.5 million and the federal tax credits is $12.7 million. The federal credit carryover is limited by Section 382 of the Internal Revenue Code.

The valuation allowance decreased by $0.1 million in fiscal 2017 to recognize certain state net operating loss benefits management believes are more-likely-than-not to be realized.

No provision was made for the United States federal and state income taxes on certain outside basis differences, which primarily relate to accumulated unrepatriated foreign earnings of approximately $3.8 million as of June 28, 2017. It is not practicable to estimate the amount of tax that might be payable because our intent is to permanently reinvest these earnings or to repatriate earnings when it is tax effective to do so.

A reconciliation of unrecognized tax benefits for the fiscal years ended June 28, 2017 and June 29, 2016 are as follows (in thousands):

	2017	2016
Balance at beginning of year	$ 4,989	$ 3,843
Additions based on tax positions related to the current year	402	1,359
Additions based on tax positions related to prior years	31	2,332
Settlements with tax authorities	(681)	(1,963)
Expiration of statute of limitations	(679)	(582)
Balance at end of year	$ 4,062	$ 4,989

The total amount of unrecognized tax benefits that would affect income tax expense if resolved in our favor was $3.1 million and $3.9 million as of June 28, 2017 and June 29, 2016, respectively. We do not expect any material changes to our liability for uncertain tax positions during the next 12 months.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. During fiscal 2017, we recognized approximately $0.2 million in interest expense. During fiscal 2016 and 2015, we recognized expenses of approximately $1.3 million and $0.2

million, respectively, in interest due to the reduction of accrued interest from statute expirations and settlements, net of accrued interest for remaining positions. As of June 28, 2017, we had $0.6 million ($0.4 million net of a $0.2 million Federal deferred tax benefit) of interest and penalties accrued, compared to $0.8 million ($0.6 million net of a $0.2 million Federal deferred tax benefit) at June 29, 2016.

Our income tax returns are subject to examination by taxing authorities in the jurisdictions in which we operate. The periods subject to examination for our federal return are fiscal 2015 to fiscal 2016 and fiscal 2013 to fiscal 2016 for our Canadian returns. State income tax returns are generally subject to examination for a period of three to five years after filing. We have various state income tax returns in the process of examination or settlements. Our federal return for fiscal 2015 and 2016 are currently under examination through the Internal Revenue Service: Compliance Assurance Process (CAP) program. There are no unrecorded liabilities associated with these examinations.

8. DEBT

Long-term debt consists of the following (in thousands):

	2017	2016
Revolving credit facility	$ 392,250	$ 530,250
5.00% notes	350,000	—
3.88% notes	300,000	300,000
2.60% notes	250,000	250,000
Capital lease obligations (see Note 9)	45,417	37,532
Total long-term debt	1,337,667	1,117,782
Less unamortized debt issuance costs and discounts	(8,189)	(3,526)
Total long-term debt less unamortized debt issuance costs and discounts	1,329,478	1,114,256
Less current installments	(9,649)	(3,563)
	$ 1,319,829	$ 1,110,693

On September 23, 2016, we completed the private offering of $350.0 million of our 5.0% senior notes due October 2024 (the "2024 Notes"). We received proceeds of $350.0 million prior to debt issuance costs of $6.2 million and utilized the proceeds to fund a $300 million accelerated share repurchase agreement and to repay $50.0 million on the amended $1 billion revolving credit facility. See Note 1 for additional disclosures related to the accelerated share repurchase agreement. The notes require semi-annual interest payments which began on April 1, 2017.

The indenture for the 2024 Notes contains certain covenants, including, but not limited to, limitations and restrictions on the ability of the Company and its Restricted Subsidiaries (as defined in the indenture) to (i) create liens on Principal Property (as defined in the Indenture), (ii) enter into any Sale and Leaseback Transaction (as defined in the Indenture) with respect to any property, and (iii) merge, consolidate or amalgamate with or into any other person or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all of their property. These covenants are subject to a number of important conditions, qualifications, exceptions and limitations.

On September 13, 2016, we amended the revolving credit facility to increase the borrowing capacity from $750 million to $1 billion. We capitalized debt issuance costs of $4.0 million associated with the amendment of the revolving credit facility, which are included in other assets in the consolidated balance sheet as of June 28, 2017. During fiscal 2017, net payments of $138.0 million were made on the revolving credit facility.

Under the amended $1 billion revolving credit facility, the maturity date for $890.0 million of the facility was extended from March 12, 2020 to September 12, 2021 and the remaining $110.0 million remains due on March 12, 2020. The amended revolving credit facility bears interest of LIBOR plus an applicable margin, which is a function of our credit rating and debt to cash flow ratio, but is subject to a maximum of LIBOR plus 2.00%. Based on our current credit rating, we are paying interest at a rate of LIBOR plus 1.38% for a total of 2.60%. One month LIBOR at June 28, 2017 was approximately 1.22%.

During fiscal 2016, $256.5 million was drawn from the $750 million revolving credit facility primarily to fund the acquisition of Pepper Dining and for share repurchases. We repaid a total of $110.0 million of the revolving credit facility during fiscal 2016.

In May 2013, we issued $550.0 million of notes consisting of two tranches - $250.0 million of 2.60% notes due in May 2018 and $300.0 million of 3.88% notes due in May 2023. The notes require semi-annual interest payments which began in the second quarter of fiscal 2014.

As of June 28, 2017, $607.8 million of credit is available under the revolving credit facility. Obligations under our 2.60% notes, which will mature in May 2018, have been classified as long-term, reflecting our ability to refinance these notes through our existing revolving credit facility.

Our debt agreements contain various financial covenants that, among other things, require the maintenance of certain leverage and fixed charge coverage ratios. The financial covenants were not significantly changed as a result of the new and amended debt agreements. We are currently in compliance with all financial covenants.

Excluding capital lease obligations (see Note 9) and interest, our long-term debt maturities for the five years following June 28, 2017 and thereafter are as follows (in thousands):

Fiscal Year	Long-Term Debt
2018	$ 250,000
2019	—
2020	—
2021	—
2022	392,250
Thereafter	650,000
	$ 1,292,250

9. LEASES

(a) Capital Leases

We lease certain buildings under capital leases. The asset value of $38.8 million at June 28, 2017 and June 29, 2016, and the related accumulated amortization of $26.0 million and $24.1 million at June 28, 2017 and June 29, 2016, respectively, are included in buildings and leasehold improvements.

We also lease certain technology equipment under capital leases. The asset value of $12.4 million and $0.7 million at June 28, 2017 and June 29, 2016, and the related accumulated amortization of $0.7 million and $0.2 million at June 28, 2017 and June 29, 2016, respectively, are included in furniture and equipment. Amortization of assets under capital leases is included in depreciation and amortization expense.

(b) Operating Leases

We lease restaurant facilities and office space under operating leases. The majority having terms expiring at various dates through fiscal 2035. The restaurant leases have cumulative renewal clauses of 1 to 30 years at our option and, in some cases, have provisions for contingent rent based upon a percentage of sales in excess of specified levels, as defined in the leases. We include other rent-related costs in rent expense, such as common area maintenance, taxes and amortization of landlord contributions.

Rent expense consists of the following (in thousands):

	2017	2016	2015
Straight-lined minimum rent	$ 109,819	$ 107,776	$ 92,917
Contingent rent	3,821	4,408	4,774
Other	11,682	11,283	9,998
Total rent expense	$ 125,322	$ 123,467	$ 107,689

(c) Commitments

As of June 28, 2017, future minimum lease payments on capital and operating leases were as follows (in thousands):

Fiscal Year	Capital Leases	Operating Leases
2018	$ 11,823	$ 122,598
2019	7,636	110,238
2020	7,164	97,645
2021	4,820	82,707
2022	3,902	63,584
Thereafter	24,074	130,083
Total minimum lease payments(a)	59,419	$ 606,855
Imputed interest (average rate of 7%)	(14,002)	
Present value of minimum lease payments	45,417	
Less current installments	(9,649)	
	$ 35,768	

(a) Future minimum lease payments have not been reduced by minimum sublease rentals to be received in the future under non-cancelable subleases. The total of undiscounted future sublease rentals are approximately $25.0 million and $40.8 million for capital and operating subleases, respectively.

10. FAIR VALUE DISCLOSURES

(a) Non-Financial Assets Measured on a Non-Recurring Basis

We review the carrying amounts of property and equipment, reacquired franchise rights and transferable liquor licenses semi-annually or when events or circumstances indicate that the fair value may not exceed the carrying amount. We record an impairment charge for the excess of the carrying amount over the fair value.

We determine the fair value of property and equipment and reacquired franchise rights based on discounted projected future cash flows of the restaurants over their remaining service life using a risk adjusted discount rate that is commensurate with the inherent risk. Based on our semi-annual review, during fiscal 2017, long-lived assets and reacquired franchise rights with carrying values of $4.5 million and $0.8 million, respectively, primarily related to ten underperforming restaurants, were determined to have a total fair value of $0.2 million resulting in an impairment charge of $5.1 million. Based on our semi-annual review, during fiscal 2016, long-lived assets and reacquired franchise rights with carrying values of $7.0 million and $0.2 million, respectively, primarily related to five underperforming restaurants, were determined to have a total fair value of $0.2 million resulting in an impairment charge of $7.0 million. During the third quarter of fiscal 2016, two restaurants were identified for closure by management with a combined carrying value of $3.4 million. We determined these restaurants had no fair value resulting in an impairment charge of $3.4 million.

We determine the fair value of transferable liquor licenses based on prices in the open market for licenses in the same or similar jurisdictions. In fiscal 2017, six transferable liquor licenses with a carrying value of $1.3 million were written down to the fair value of $1.2 million resulting in an impairment charge of $0.1 million. In fiscal 2016, four transferable liquor licenses with a carrying value of $1.1 million were written down to the fair value of $0.9 million resulting in an impairment charge of $0.2 million.

During fiscal 2016, we recorded an impairment charge of $187,000 related to a parcel of undeveloped land that we own. The land had a carrying value of $937,000 and was written down to the fair value of $750,000. The fair value was based on the sales price of comparable properties. Additionally, we recorded an impairment charge of $231,000 related to a capital lease asset that is subleased to a franchisee. The capital lease asset had a carrying value of $338,000 and was written down to the fair value of $107,000. The fair value of the capital lease asset is based on discounted projected future cash flows from the sublease. We also recorded an impairment charge of $1.0 million related to a cost method investment which we determined to have no fair value.

All impairment charges were included in other gains and charges in the consolidated statements of comprehensive income for the periods presented.

The following table presents fair values for those assets measured at fair value on a non-recurring basis at June 28, 2017 and June 29, 2016 (in thousands):

	Fair Value Measurements Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Long-lived assets held for use:				
At June 28, 2017	$ —	$ —	$ 201	$ 201
At June 29, 2016	$ —	$ —	$ 208	$ 208
Liquor licenses:				
At June 28, 2017	$ —	$ 1,185	$ —	$ 1,185
At June 29, 2016	$ —	$ 857	$ —	$ 857
Other long-lived assets:				
At June 28, 2017	$ —	$ —	$ —	$ —
At June 29, 2016	$ —	$ 750	$ 107	$ 857

(b) Other Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts because of the short maturity of these items. The carrying amount of debt outstanding related to the amended revolving credit facility approximates fair value as the interest rate on this instrument approximates current market rates (Level 2). The fair values of the 2.60% notes, 3.88% and 5.00% notes are based on quoted market prices and are considered Level 2 fair value measurements.

The carrying amounts, which are net of unamortized debt issuance costs and discounts, and fair values of the 2.60% notes, 3.88% notes and 5.00% notes are as follows (in thousands):

	June 28, 2017		June 29, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2.60% Notes	$ 249,495	$ 250,480	$ 248,918	$ 252,445
3.88% Notes	$ 297,912	$ 286,077	$ 297,556	$ 302,655
5.00% Notes	$ 344,405	$ 347,956	$ —	$ —

11. STOCK-BASED COMPENSATION

Our shareholders approved stock-based compensation plans including the Stock Option and Incentive Plan and the Stock Option and Incentive Plan for Non-Employee Directors and Consultants (collectively, the "Plans"). The total number of shares authorized for issuance to employees and non-employee directors and consultants under the Plans is currently 37.3 million. The Plans provide for grants of options to purchase our common stock, restricted stock, restricted stock units, performance shares and stock appreciation rights.

(a) Stock Options

Expense related to stock options granted to eligible employees under the Plans is recognized using a graded-vesting schedule over the vesting period or to the date on which retirement eligibility is achieved, if shorter. Stock options generally vest over a period of 1 to 4 years and have contractual terms to exercise of 8 years. Full or partial vesting of awards may occur upon a change in control (as defined in the Plans), or upon an employee's death, disability or involuntary termination.

Transactions during fiscal 2017 were as follows (in thousands, except option prices):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Options outstanding at June 29, 2016	1,217	$ 39.12		
Granted	546	53.10		
Exercised	(225)	24.98		
Forfeited or canceled	(162)	52.01		
Options outstanding at June 28, 2017	1,376	$ 45.46	5.0	$ 4,014
Options exercisable at June 28, 2017	652	$ 37.82	3.1	$ 4,014

At June 28, 2017, unrecognized compensation expense related to stock options totaled approximately $1.6 million and will be recognized over a weighted average period of 1.9 years. The intrinsic value of options exercised totaled approximately $5.6 million, $5.3 million and $28.1 million during fiscal 2017, 2016 and 2015, respectively. The tax benefit realized on options exercised totaled approximately $1.6 million, $1.6 million and $9.2 million during fiscal 2017, 2016 and 2015, respectively.

(b) Restricted Share Awards

Restricted share awards consist of performance shares, restricted stock and restricted stock units. In fiscal 2017, eligible employees under the Plans were granted performance shares whose vesting is contingent upon meeting company performance goals based on our rate of earnings growth at the end of a three fiscal year period. Expense is recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter, based upon management's periodic estimates of the number of shares that ultimately will be issued. Prior to fiscal 2017, eligible employees under the Plans were granted performance shares containing a market condition which generally vest in full on the third anniversary of the date of grant. Most restricted stock units granted to eligible employees under the Plans generally vest in full on the third anniversary of the date of grant. Restricted stock units issued to eligible employees under our career equity plan generally vest upon each employee's retirement from the Company. Expense is recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. Restricted stock and restricted stock units granted to non-employee directors under the Plans generally vest in full on the fourth anniversary of the date of grant or upon each director's retirement from the Board. The non-employee directors' awards are non-forfeitable and are expensed upon grant. Full or partial vesting of awards may occur upon a change in control (as defined in the Plans), or upon an employee's death, disability or involuntary termination.

Transactions during fiscal 2017 were as follows (in thousands, except fair values):

	Number of Restricted Share Awards	Weighted Average Grant Date Fair Value Per Award
Restricted share awards outstanding at June 29, 2016	998	$ 42.68
Granted	262	53.11
Vested	(303)	39.55
Forfeited	(143)	47.71
Restricted share awards outstanding at June 28, 2017	814	$ 46.32

At June 28, 2017, unrecognized compensation expense related to restricted share awards totaled approximately $9.4 million and will be recognized over a weighted average period of 2.2 years. The fair value of shares that vested during fiscal 2017, 2016 and 2015 totaled approximately $12.8 million, $23.9 million and $34.2 million, respectively.

12. SAVINGS PLAN

We sponsor a qualified defined contribution retirement plan covering all employees who have attained the age of twenty-one and have completed one year and 1,000 hours of service. Eligible employees are allowed to contribute, subject to IRS limitations on total annual contributions, up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan, to various investment funds. We match in cash at a rate of 100% of the first 3% an employee contributes and 50% of the next 2% the employee contributes with immediate vesting. In fiscal 2017, 2016 and 2015, we contributed approximately $8.9 million, $8.9 million and $8.0 million, respectively.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest and income taxes is as follows (in thousands):

	2017	2016	2015
Income taxes, net of refunds	$ 89,035	$ 45,743	$ 50,437
Interest, net of amounts capitalized	39,767	28,989	26,190

Non-cash investing and financing activities are as follows (in thousands):

	2017	2016	2015
Retirement of fully depreciated assets	$ 21,185	$ 24,806	$ 40,775
Dividends declared but not paid	17,317	18,442	18,132
Accrued capital expenditures	12,738	7,094	4,109
Capital lease additions	11,717	—	—

14. COMMITMENTS AND CONTINGENCIES

In connection with the sale of restaurants to franchisees and brand divestitures, we have, in certain cases, guaranteed lease payments. As of June 28, 2017 and June 29, 2016, we have outstanding lease guarantees or are secondarily liable for $69.0 million and $72.9 million, respectively. This amount represents the maximum potential liability of future payments under the guarantees. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from fiscal 2018 through fiscal 2027. In the event of default, the indemnity and default clauses in our assignment agreements govern our ability to pursue and recover damages incurred.

In July 2017, subsequent to the end of the fiscal year, we were notified that a divested brand closed several of its properties for which we are secondarily liable. We believe a loss has been incurred based on the likely default under the lease contracts by the divested brand. As a result, a liability was established in fiscal 2017 based on an estimate of the obligation associated with these locations. Our total lease obligation liability recorded in accrued liabilities on the consolidated balance sheet at the end of fiscal 2017 related to divested brands was approximately $1.5 million. We will continue to assess the potential for further changes to our liability related to the outstanding lease guarantees and will pursue recovering any damages incurred. We have not been informed of any other lease defaults. No other liabilities have been recorded as of June 28, 2017.

We provide letters of credit to various insurers to collateralize obligations for outstanding claims. As of June 28, 2017, we had $31.2 million in undrawn standby letters of credit outstanding. All standby letters of credit are renewable annually.

Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events and the ultimate resolution of litigated claims may differ from our current analysis. Accordingly, we review the adequacy of accruals and disclosures pertaining to litigated matters each quarter in consultation with legal counsel and we assess the probability and range of possible losses associated with contingencies for potential accrual in the consolidated financial statements.

We are engaged in various legal proceedings and have certain unresolved claims pending. Reserves have been established based on our best estimates of our probable liability in certain of these matters. Based upon consultation with legal counsel, management is of the opinion that there are no matters pending or threatened which are expected to have a material adverse effect, individually or in the aggregate, on our consolidated financial condition or results of operations.

15. SEGMENT INFORMATION

Our operating segments are Chili's and Maggiano's. The Chili's segment includes the results of our company-owned Chili's restaurants in the U.S. and Canada as well as the results from our domestic and international franchise business. The Maggiano's segment includes the results of our company-owned Maggiano's restaurants.

Company sales are derived principally from the sales of food and beverages. Franchise and other revenues primarily includes royalties, development fees, franchise fees, banquet service charge income, gift card breakage and discounts, digital entertainment revenue, Chili's retail food product royalties and delivery fee income. We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our operating segments are predominantly in the U.S. There were no material transactions amongst our operating segments.

Our chief operating decision maker uses operating income as the measure for assessing performance of our segments. Operating income includes revenues and expenses directly attributable to segment-level results of operations. Company restaurant expenses include food and beverage costs, restaurant labor costs and restaurant expenses. The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP (in thousands):

	Fiscal Year Ended June 28, 2017			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 2,653,301	$ 409,278	$ —	$ 3,062,579
Franchise and other revenues	66,693	21,565	—	88,258
Total revenues	2,719,994	430,843	—	3,150,837
Company restaurant expenses (a)	2,220,607	361,700	469	2,582,776
Depreciation and amortization	129,335	16,172	10,902	156,409
General and administrative	37,005	6,191	89,623	132,819
Other gains and charges	13,229	783	8,643	22,655
Total operating costs and expenses	2,400,176	384,846	109,637	2,894,659
Operating income	$ 319,818	$ 45,997	$ (109,637)	$ 256,178
Segment assets	$ 1,173,797	$ 163,733	$ 76,170	$ 1,413,700
Equity method investment	10,171	—	—	10,171
Payments for property and equipment	75,992	13,288	13,293	102,573

	Fiscal Year Ended June 29, 2016			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 2,754,904	$ 411,755	$ —	$ 3,166,659
Franchise and other revenues	68,484	22,346	—	90,830
Total revenues	2,823,388	434,101	—	3,257,489
Company restaurant expenses (a)	2,272,771	364,466	1,635	2,638,872
Depreciation and amortization	131,306	15,046	10,016	156,368
General and administrative	35,845	6,225	85,523	127,593
Other gains and charges	6,973	3,472	6,735	17,180
Total operating costs and expenses	2,446,895	389,209	103,909	2,940,013
Operating income	$ 376,493	$ 44,892	$ (103,909)	$ 317,476
Segment assets	$ 1,218,009	$ 163,753	$ 76,688	$ 1,458,450
Equity method investment	10,257	—	—	10,257
Payments for property and equipment	80,277	17,540	14,971	112,788

	Fiscal Year Ended June 24, 2015			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 2,503,133	$ 401,613	$ —	$ 2,904,746
Franchise and other revenues	75,860	21,672	—	97,532
Total revenues	2,578,993	423,285	—	3,002,278
Company restaurant expenses (a)	2,044,521	360,903	2,179	2,407,603
Depreciation and amortization	122,093	14,233	8,916	145,242
General and administrative	37,131	6,722	89,614	133,467
Other gains and charges	600	(1,009)	5,173	4,764
Total operating costs and expenses	2,204,345	380,849	105,882	2,691,076
Operating income	$ 374,648	$ 42,436	$ (105,882)	$ 311,202
Payments for property and equipment	$ 114,416	$ 14,408	$ 11,438	$ 140,262

(a) Company restaurant expenses includes cost of sales, restaurant labor and restaurant expenses, including advertising.

Reconciliation of operating income to income before provision for income taxes:

	Fiscal Years Ended		
	June 28, 2017	June 29, 2016	June 24, 2015
Operating income	$ 256,178	$ 317,476	$ 311,202
Less interest expense	(49,547)	(32,574)	(29,006)
Plus other, net	1,877	1,485	2,081
Income before provision for income taxes	$ 208,508	$ 286,387	$ 284,277

16. IMMATERIAL CORRECTION OF PRIOR PERIOD FINANCIAL STATEMENTS

In connection with the preparation of the consolidated financial statements for the year ended June 28, 2017, we discovered immaterial errors in prior years relating to the accuracy of the deferred income tax liability, primarily related to property and equipment. While we have concluded that the impact of these errors on our previously-issued consolidated financial statements was not material, we have revised our previously-reported consolidated financial statements for the years ended June 29, 2016 and June 24, 2015.

The revisions to our consolidated statements of comprehensive income for the years ended June 29, 2016 and June 24, 2015 are as follows (in thousands, except per share amounts):

	Fifty-Three Week Period Ended June 29, 2016		Fifty-Two Week Period Ended June 24, 2015	
	As Reported	As Revised	As Reported	As Revised
Income before provision for income taxes	$ 286,387	$ 286,387	$ 284,277	284,277
Provision for income taxes	85,642	85,767	87,583	89,618
Net income	$ 200,745	$ 200,620	$ 196,694	$ 194,659
Basic net income per share	$ 3.47	$ 3.47	$ 3.12	$ 3.09
Diluted net income per share	$ 3.42	$ 3.42	$ 3.05	$ 3.02
Basic weighted average shares outstanding	57,895	57,895	63,072	63,072
Diluted weighted average shares outstanding	58,684	58,684	64,404	64,404
Other comprehensive loss:				
Foreign currency translation adjustment	$ (2,964)	$ (2,964)	$ (7,690)	$ (7,690)
Other comprehensive loss	(2,964)	(2,964)	(7,690)	(7,690)
Comprehensive income	$ 197,781	$ 197,656	$ 189,004	$ 186,969

The revisions to our consolidated balance sheet as of June 29, 2016 were as follows (in thousands):

	June 29, 2016	
	As Reported	As Revised
Accounts receivable, net	$ 43,944	$ 45,612
Total current assets	176,774	178,442
Deferred income taxes, net	27,003	14,325
Total other assets (a)	249,534	236,856
Total assets (a)	1,469,460	1,458,450
Income taxes payable	18,814	22,022
Total current liabilities	432,443	435,651
Other liabilities	139,423	137,682
Total shareholders' deficit	(213,099)	(225,576)
Total liabilities and shareholders' deficit	$ 1,469,460	$ 1,458,450

(a) During the first quarter of fiscal 2017, we adopted ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, on a retrospective basis. Accordingly, we reclassified the debt issuance cost balances associated with the 2.60% notes and 3.88% notes of $1.0 million and $2.2 million, respectively, from other assets to long-term debt, less current installments on the consolidated balance sheet as of June 29, 2016.

The revisions had no impact on cash flows from operating, investing, or financing activities on the consolidated statements of cash flows for fiscal years 2016 and 2015. The revisions to the consolidated statements of shareholders' deficit include the changes to net income and comprehensive income, as noted above, and a $10.3 million decrease to retained earnings at the beginning of fiscal 2015.

17. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table summarizes the unaudited consolidated quarterly results of operations for fiscal 2017 and 2016 (in thousands, except per share amounts):

	Fiscal Year 2017 Quarters Ended			
	Sept. 28	Dec. 28	March 29	June 28
Revenues	$ 758,492	$ 771,043	$ 810,641	$ 810,661
Income before provision for income taxes	$ 32,966	$ 48,268	$ 59,612	$ 67,662
Net income	$ 23,233	$ 34,637	$ 42,369	$ 50,584
Basic net income per share	$ 0.42	$ 0.70	$ 0.87	$ 1.03
Diluted net income per share	$ 0.42	$ 0.69	$ 0.86	$ 1.02
Basic weighted average shares outstanding	54,844	49,833	48,954	48,917
Diluted weighted average shares outstanding	55,576	50,480	49,506	49,435

	Fiscal Year 2016 Quarters Ended			
	Sept. 23	Dec. 23	March 23	June 29 (a)
Revenues	$ 762,559	$ 788,610	$ 824,639	$ 881,681
Income before provision for income taxes	$ 48,753	$ 68,272	$ 78,150	$ 91,212
Net income	$ 33,207	$ 47,694	$ 57,502	$ 62,217
Basic net income per share	$ 0.55	$ 0.81	$ 1.01	$ 1.12
Diluted net income per share	$ 0.54	$ 0.80	$ 1.00	$ 1.10
Basic weighted average shares outstanding	60,225	59,198	56,673	55,657
Diluted weighted average shares outstanding	61,208	59,899	57,407	56,394

(a) This unaudited financial information has been revised to reflect the effect of the revisions described in Note 16-Immaterial Correction of Prior Period Financial Statements. The impact on fiscal 2016 was a reduction to net income of $0.1 million which has been reflected as a reduction in the fourth quarter of fiscal 2016. There were no impacts to the previously-reported quarterly results in fiscal 2017.

Net income for fiscal 2017 included severance charges of $0.3 million, $5.9 million and $0.4 million in the first, third and fourth quarters of fiscal 2017, respectively. Restaurant impairment charges of $1.9 million and $3.3 million were recorded in the second and fourth quarters, respectively. We also recorded additional lease and other costs associated with closed restaurants of $2.5 million, $0.3 million, $0.8 million and $0.5 million in the first, second, third and fourth quarters of fiscal 2017, respectively. We incurred professional fees and severance expenses of $2.5 million and $0.2 million in the first and second quarters, respectively, related to our information technology restructuring. We also recorded gains on the sale of property of $2.6 million in the second quarter of fiscal 2017. Additionally, we recorded accelerated depreciation related to long-lived assets to be disposed of $0.7 million, $0.7 million and $0.6 million in the first, second and fourth quarters of fiscal 2017, respectively. Furthermore, we recorded consulting fees of $2.4 million and lease guarantee charges of $1.1 million in the fourth quarter of fiscal 2017.

Net income for fiscal 2016 included restaurant impairment charges of $0.5 million, $3.4 million and $6.7 million recorded in the second, third and fourth quarters, respectively. We also recorded additional lease and other costs associated with closed restaurants of $3.8 million in the fourth quarter of fiscal 2016 related to restaurants closed in prior years. Severance charges of $2.2 million, $0.2 million and $0.9 million were incurred in the first, second and fourth quarters of fiscal 2016, respectively. We incurred expenses of $1.2 million and $0.2 million in the second and fourth quarters, respectively, to reserve for royalties, rent and other outstanding amounts related to a bankrupt franchisee. Additionally, we recorded charges of $0.6 million and $0.1 million in the first and third quarters of fiscal 2016, respectively, for acquisition costs incurred as part of completing the acquisition of Pepper Dining. Net income also included net gains of $2.0 million and $1.2 million related to litigation in the second and fourth quarters, respectively. We also recorded gains on the sale of several properties of $1.8 million and $1.1 million in the first and third quarters of fiscal 2016, respectively.

18. SUBSEQUENT EVENTS

On August 10, 2017, our Board of Directors declared a quarterly dividend of $0.38 per share effective with the September 2017 dividend. Our Board of Directors also authorized a $250 million increase to our existing share repurchase program, bringing the total amount available for repurchases to approximately $365 million.

Subsequent to the end of the fiscal year, an additional $110.0 million was drawn from the $1 billion revolving credit facility.

19. EFFECT OF NEW ACCOUNTING STANDARDS

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This update eliminates step two of the goodwill impairment analysis. Companies will no longer be required to perform a hypothetical purchase price allocation to measure goodwill impairment. Instead, they will measure impairment as the difference between the carrying amount and the fair value of the reporting unit. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2019, which will require us to adopt these provisions in the first quarter of fiscal 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed with measurement dates after January 1, 2017. The update will be applied on a prospective basis. We do not expect the adoption of this guidance to have any impact on our consolidated financial statements as the fair value of our reporting units is substantially in excess of the carrying values.

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230). This update provides clarification regarding how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early adoption is permitted for financial statements that have not been previously issued. The update will be applied on a retrospective basis. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements or debt covenants.

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718). This update was issued as part of the FASB's simplification initiative and affects all entities that issue share-based payment awards to their employees. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the statement of cash flows. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2016, which will require us to adopt these provisions in the first quarter of fiscal 2018. Adoption of the new guidance will require recognition of excess tax benefits and tax deficiencies in the consolidated statements of comprehensive income on a prospective basis, with a cumulative effect adjustment to retained earnings for any prior year excess tax benefits or tax deficiencies not previously recorded. In addition, this guidance will require reclassification of excess tax benefits from cash flows from financing activities to cash flows from operating activities on the consolidated statements of cash flows. We expect to apply this change on a retrospective basis. Based on our current stock price, we expect the adoption of the new guidance in the first quarter of fiscal 2018 will result in the recognition of a discrete tax expense of approximately $2 million in the provision for income taxes on our fiscal 2018 consolidated statements of comprehensive income. The inclusion of excess tax benefits and deficiencies within our provision for income taxes will increase its volatility as the amount of excess tax benefits or deficiencies from share-based compensation awards depends on our stock price at the date the awards vest. We expect that adoption of the remaining provisions in the update noted above will not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months or less. The update also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. This update is effective for annual and interim periods for fiscal years beginning after December 15, 2018, which will require us to adopt these provisions in the first quarter of fiscal 2020. Early adoption is permitted for financial statements that have not been previously issued. This update will be applied on a modified retrospective basis. We anticipate implementing the standard by taking advantage of the practical expedient option. The discounted minimum remaining rental payments will be the starting point for determining the right-of-use asset and lease liability. We had operating leases with remaining rental payments of approximately $606.9 million at the end of fiscal 2017. We expect that adoption of the new guidance will have a material impact on our consolidated balance sheets due to recognition of the right-of-use asset and lease liability related to our current operating leases. The process of evaluating the full impact of the new guidance on our consolidated financial statements and disclosures is ongoing, but we anticipate the initial evaluation of the impact will be completed in fiscal 2018.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The FASB has subsequently amended this update by issuing additional ASU's that provide clarification and further guidance around areas identified as potential implementation issues. These updates provide a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer

of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. These updates also require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. In August 2015, the FASB issued ASU 2015-14 delaying the effective date of adoption. These updates are now effective for annual and interim periods for fiscal years beginning after December 15, 2017, which will require us to adopt these provisions in the first quarter of fiscal 2019. Early application in fiscal 2018 is permitted. These updates permit the use of either the retrospective or cumulative effect transition method. We do not believe these updates will impact our recognition of revenue from sales generated at company-owned restaurants or our recognition of royalty fees from franchisees. We are continuing to evaluate the impact the adoption of these updates will have on the recognition of revenue related to our gift card and loyalty programs and our franchise agreements, as well as which adoption method will be used. The process of evaluating the full impact of the new guidance on our consolidated financial statements and disclosures is ongoing, but we anticipate the initial evaluation of the impact will be completed in the first half of fiscal 2018.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Brinker International, Inc.:

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 28, 2017 and June 29, 2016, and the related consolidated statements of comprehensive income, shareholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 28, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Brinker International, Inc. and subsidiaries as of June 28, 2017 and June 29, 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended June 28, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 28, 2017, expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Dallas, TX

August 28, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Brinker International, Inc.:

We have audited Brinker International, Inc.'s (the Company) internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Brinker International Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective internal controls over the measurement and presentation of deferred income taxes, resulting from a lack of skilled resources in the tax department with sufficient understanding of internal control over financial reporting, has been identified and included in management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Brinker International, Inc. and subsidiaries as of June 28, 2017 and June 29, 2016, and the related consolidated statements of comprehensive income, shareholders' (deficit) equity, and cash flows for each of the years in the three-year period ended June 28, 2017. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2017 consolidated financial statements, and this report does not affect our report dated August 28, 2017, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, Brinker International, Inc. has not maintained effective internal control over financial reporting as of June 28, 2017, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We do not express an opinion or any other form of assurance on management's statements referring to corrective actions taken after June 28, 2017, relative to the aforementioned material weakness in internal control over financial reporting.

/s/ KPMG LLP

Dallas, TX
August 28, 2017

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the reliability of the consolidated financial statements and related notes, which have been prepared in conformity with U. S. generally accepted accounting principles and include amounts based upon our estimates and judgments, as required. The consolidated financial statements have been audited and reported on by our independent registered public accounting firm, KPMG LLP, who were given free access to all financial records and related data, including minutes of the meetings of the Board of Directors and Committees of the Board. We believe that the representations made to the independent registered public accounting firm were valid and appropriate.

We maintain a system of internal control over financial reporting designed to provide reasonable assurance of the reliability of the consolidated financial statements. Our internal audit function monitors and reports on the adequacy of the compliance of the internal control system and appropriate actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Audit Committee of the Board of Directors, which is comprised solely of outside directors, provides oversight to the financial reporting process through periodic meetings with our independent registered public accounting firm, internal auditors, and management. Both our independent registered public accounting firm and internal auditors have free access to the Audit Committee.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the principal executive officer and principal financial officer, has conducted an assessment, including testing, of the effectiveness of the Company's internal control over financial reporting as of June 28, 2017, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - An Integrated Framework (2013). Based on this evaluation, management has identified a material weakness in our internal controls over the measurement and presentation of deferred income taxes. Specifically, the Company did not have effective controls over the completeness and accuracy of temporary taxable and deductible differences between the book carrying amount and the tax basis of the underlying assets and liabilities at interim and annual reporting dates and including when the tax returns were filed. These process level control deficiencies resulted from a lack of skilled resources in the tax department with sufficient understanding of internal controls over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The control deficiencies described above resulted in immaterial misstatements of the Company's provision for income taxes as well as the deferred tax liability, primarily related to property and equipment, and income taxes payable in our consolidated financial statements as at and for the year ended June 29, 2016 which was corrected in our consolidated financial statements for the year ended June 28, 2017 as further described in Note 16 to the notes to the consolidated financial statements. Moreover, these control deficiencies create a reasonable possibility that a material misstatement to our consolidated financial statements will not be prevented or detected on a timely basis. As a result, we concluded that the deficiencies represent a material weakness in our internal control over financial reporting and that our internal control over financial reporting is not effective as of June 28, 2017.

Our independent registered public accounting firm, KPMG LLP, has expressed an adverse report on the operating effectiveness of our internal control over financial reporting. KPMG LLP's report appears on page F-42 of this Form 10-K.

/s/ WYMAN T. ROBERTS

WYMAN T. ROBERTS
President and Chief Executive Officer

/s/ JOE TAYLOR

JOE TAYLOR
Senior Vice President and Chief Financial Officer

GUARANTEE OF PERFORMANCE

For value received, Brinker International, Inc., a Delaware corporation (the "Guarantor"), located at 6820 LBJ Freeway, Dallas, Texas 75240, absolutely and unconditionally guarantees to assume the duties and obligations of Brinker International Payroll Company, L.P., located at 6820 LBJ Freeway, Dallas, Texas 75240 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2017 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Dallas, Texas on the 22nd day of September 2017.

Guarantor:

Brinker International, Inc.,
a Delaware corporation

By: _____
Scarlett May, Senior Vice President

EXHIBIT B

DEVELOPMENT AGREEMENT

CHILI'S® GRILL & BAR
DOMESTIC DEVELOPMENT AGREEMENT

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CHILI'S® GRILL & BAR
DOMESTIC DEVELOPMENT AGREEMENT

This Chili's® Grill & Bar Domestic Development Agreement (this "Development Agreement") is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor"), and _____ ("Developer") to be effective as of _____ (the "Effective Date").

Recitals

- Franchisor (and/or its parent company, affiliates, and subsidiaries), as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of restaurants under such tradenames as Chili's® Grill and Bar and Chili's Too® (collectively, "Chili's Restaurants").

- The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

- Franchisor identifies the System by means of certain tradenames, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, Chili's® Grill and Bar and such other tradenames, service marks, and trademarks as are now designated (and may hereafter be designated) by Franchisor for use in connection with the System (collectively, the "Chili's Marks").

- Franchisor continues to develop and use (and control the use of) the Chili's Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

- Franchisor has established a high reputation and a positive image with the public as to the quality of products and services available at Chili's Restaurants, which reputation and image have been and continue to be unique benefits to Franchisor and its franchisees.

- Developer desires to acquire development rights to obtain licenses to establish and operate Chili's Restaurants under the System in the Territory specified in Article 1 of this Development Agreement.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

ARTICLE 1
TERRITORY AND DEVELOPMENT SCHEDULE

Section 1.1 Territory and Development Schedule. Subject to this Development Agreement, Franchisor hereby grants to Developer, and Developer accepts, certain rights to develop Chili's Restaurants (the "Franchised Restaurant(s)") in the "Territory" set forth in Section 1.1(a) and in accordance with the "Development Schedule" set forth in Section 1.1(b).

(a) Description of Territory. *[to be inserted]*

(b) Development Schedule. Recognizing that time is of the essence, Developer agrees to exercise each of the development rights granted hereunder in accordance with this Development Agreement and the "Development Schedule" set forth below. Developer's failure to comply to the Development Schedule shall constitute a material event of default under this Development Agreement as provided in Article 7.

BY DATE ----------	CUMULATIVE TOTAL NUMBER OF FRANCHISED RESTAURANTS WHICH DEVELOPER SHALL HAVE OPEN AND IN OPERATION IN THE TERRITORY ----------

Section 1.2 Territorial Exclusivity and Exceptions. Except as set forth below and otherwise subject to Developer's compliance with this Development Agreement and any Franchise Agreement, Franchisor shall not develop, nor license anyone other than Developer to develop, a Chili's Restaurant under the System in the Territory during the term of this Development Agreement.

(a) Franchisor, any franchisee of Franchisor, and any other authorized person or Entity (defined below) may, at any time, advertise or promote the System and fulfill customer orders in the Territory. The term "Entity" means a corporation, general partnership, joint venture, limited partnership, limited liability partnership, limited liability company, trust, estate or other business entity.

(b) Franchisor (on its behalf and on behalf of any other Entity which it may acquire, or be acquired by, or otherwise become affiliated with) retains all rights not expressly granted in this Development Agreement and reserves the right to establish other restaurants in the Territory (except a Chili's Restaurant under the System in the Territory during the term of this Development Agreement).

(c) Franchisor reserves the right to develop and establish other tradenames, service marks, trademarks, logos, emblems and indicia of origin which may be similar to, or different from, the Chili's Marks (collectively, the "Other Marks"). The Other Marks shall be separate and distinct from the Chili's Marks referenced in this Development Agreement; therefore, (A) Developer shall have no rights to the Other Marks, and (B) Franchisor (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise become affiliated with) reserves the right to establish, develop, construct, open, and operate restaurants, other food service operations and other businesses under the Other Marks at any location inside and outside the Territory (either directly or through a franchise, licensing, joint

venture or any other arrangement). The Other Marks may include, without limitation, brand extensions or related brands of Chili's Restaurants such as counter-service restaurants, quick-service restaurants or other such restaurants, and the Other Marks may include such restaurants operating under a similar tradename.

(d) The following locations are excluded from the Territory (even if any such location(s) fall within the geographic boundaries of the Territory): airports, railroad and railway stations, schools (including institutions of higher learning), government institutions, military installations, stadiums, sports arenas, casinos, "big box" retail stores, and other locations within institutional or public service operations. Accordingly, Franchisor shall be entitled to establish Chili's Restaurants and other restaurants in airports, railroad and railway stations, schools (including institutions of higher learning), government institutions, military installations, stadiums, sports arenas, and other locations within institutional or public service operations in the Territory whether directly or through one or more franchisees.

(e) Franchisor may offer and sell (or authorize any person or entity to offer and sell) products and services displaying the Chili's Marks or other tradenames and trademarks (e.g., prepackaged food and beverage items, T-shirts and other memorabilia) in the Territory to the public through other methods of distribution other than a Chili's Restaurant (e.g., internet sales, etc.) and Developer acknowledges such products or services may be similar to those offered by Franchised Restaurant(s).

ARTICLE 2
DEVELOPMENT FEE OBLIGATIONS

Section 2.1 Development Fee. In consideration of the development rights granted herein, Developer shall pay to Franchisor upon execution of this Development Agreement a non-refundable, aggregate "Development Fee" in the sum of _____ and 00/100 dollars ($_____). The aggregate Development Fee shall be fully earned by Franchisor upon execution of this Development Agreement for administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

Section 2.2 Payments/No Refunds. Under no circumstances will any amounts paid or payable to Franchisor under this Development Agreement be refunded by Franchisor for any reason. All amounts owed to Franchisor pursuant to this Development Agreement shall be paid to and received by Franchisor on or before the date such amount is due. All such payments must be made by wire transfer, electronic payment or other mechanism as designated from time to time by Franchisor, and each payment shall be accompanied by the electronic, digital or other reports as specified by Franchisor. Developer shall not withhold, retain, deduct, credit, and/or offset any amounts which may be owed by Franchisor to Developer (and/or its affiliates or subsidiaries) against any amounts due from Developer to Franchisor.

Section 2.3 Interest on Late Payments. In the event Franchisor does not receive payments when due under this Development Agreement, the unpaid balance due to Franchisor shall bear interest at a rate equal to the lesser of (i) eighteen percent (18%) or (ii) the highest permissible rate under applicable law.

Section 2.4 Taxes. Developer shall promptly pay when due all taxes, duties, and/or fees levied or assessed (including, without limitation, gross receipts taxes, franchise taxes, sales taxes, withholding taxes, value added taxes, and/or any similar taxes, duties, and/or fees) and all accounts and

other indebtedness of every kind incurred by Developer under this Development Agreement (collectively, "Taxes"). In the event of any bona fide dispute as to Developer's liability for Taxes, Developer may contest the validity or the amount of such Taxes in accordance with procedures of the taxing authority or applicable law; however, in no event shall Developer permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against this Development Agreement.

(a) All payments made by Developer to Franchisor under this Development Agreement shall be paid in U.S. Dollars and shall be grossed-up and paid by Developer to Franchisor without any retention, deduction, credit, and/or offset for any Taxes. Developer shall, at its sole cost, pay directly to the appropriate taxing authority all Taxes on any amounts paid by Developer under this Development Agreement or otherwise imposed on Franchisor by any taxing authority in the Territory.

(b) It is the parties' intention that all payments by Developer to Franchisor hereunder shall be grossed-up (and without any retention, deduction, credit, and/or offset) for any Taxes in order for Franchisor to receive the entire Development Fee and/or other amounts due to Franchisor under this Development Agreement without any retention, deduction, credit, and/or offset for any Taxes.

(c) Any Taxes imposed upon or with respect to this Development Agreement or any materials, supplies or specifications acquired by or provided to Developer pursuant to or in connection with this Development Agreement shall be paid by Developer.

(d) In the event Franchisor is required under applicable law or otherwise elects (all as determined by Franchisor in its sole discretion) to pay any Taxes to the appropriate taxing authority(ies) in the Territory arising out of this Development Agreement, then Developer shall immediately pay to Franchisor an amount equal to any amount(s) so paid by Franchisor to such taxing authority(ies).

ARTICLE 3
FORMATION OF FRANCHISE AGREEMENT

Section 3.1 Development Agreement Only – No Franchise or Subfranchise Rights. This Development Agreement is not a franchise agreement or subfranchise agreement. This Development Agreement does not grant any right to use (or license the use of) the Chili's Marks or the System. This Development Agreement does not grant any right to operate Franchised Restaurants. Developer or any of Developer's Owners shall not enter into any subfranchise agreement, management agreement, operating agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to the rights and obligations of Developer hereunder. This Development Agreement (including the rights, obligations, duties, and benefits hereunder) is intended solely for the parties hereto, and no other person or entity shall have any rights, obligations, duties, and benefits under this Development Agreement.

Section 3.2 Franchise Agreement. Each Franchised Restaurant shall be established at specific locations in the Territory to be designated in separate Chili's® Grill & Bar Franchise Agreements (the "Franchise Agreement(s)") and each Franchised Restaurant shall be operated in accordance with each Franchise Agreement.

Section 3.3 Execution of Franchise Agreement. Developer shall exercise each development

right granted herein only by executing a separate Franchise Agreement for each Franchised Restaurant at a site approved by Franchisor in the Territory as hereinafter provided. The Franchise Agreement for each development right exercised hereunder shall be in the form of the Franchise Agreement attached hereto as Attachment E and shall be executed by Developer (or an affiliated entity of Developer) as "Franchisee" at least 10 days prior to the commencement of construction of the Franchised Restaurant.

Section 3.4 Franchise Fee. In connection with each Franchise Agreement, Developer shall pay to Franchisor an initial Franchise Fee on or before the commencement of construction of the Franchised Restaurant as set forth in Section 4.1 of the Franchise Agreement. The Franchise Fee shall be fully earned by Franchisor when paid and is not refundable.

Section 3.5 Control and Ownership of Franchisee. In the event Developer will not be the "Franchisee" signing a particular Franchise Agreement, then Developer must own and control no less than fifty-one percent (51%) of the voting equity of Franchisee in question and otherwise subject to all other criteria and requirements concerning (including Franchisor's approval of) the ownership structure, approval, and qualification of Franchisee and Franchisee's Owners (as that term is defined in the Franchise Agreement).

ARTICLE 4
SITE SELECTION AND CONSTRUCTION

Section 4.1 Market Plan, Site Selection, and Site Approval. Developer assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing sites for each Franchised Restaurant and for constructing, equipping, and operating Franchised Restaurants at such sites. Developer's proposed development of a Franchised Restaurant at any site is subject to Franchisor's prior written approval in accordance with Franchisor's then-existing site approval procedures including, but not limited to, the procedures set forth below.

(a) Market Plan. Within thirty (30) days after the Effective Date, Developer agrees to prepare and deliver to Franchisor a market plan (in a form and manner prescribed by Franchisor) which incorporates a proposed build-out plan for the Territory in accordance with the Development Schedule and addresses such items as target trade areas in the Territory, development priority and timing, demographic considerations, advertising strategy, market demand analysis, traffic patterns, site selection and availability, and similar items (the "Market Plan").

(b) Site Selection and Site Approval. Prior to acquisition by lease or purchase of a site for a Franchised Restaurant in the Territory, Developer shall submit to Franchisor for each Franchised Restaurant, in the form prescribed by Franchisor, financial proformas, a description of the site, a market feasibility study for the site (which shall include, but not be limited to, demographic information, traffic count and patterns, site plans, relationship of the site to potential competition as well as relationship of the site to existing Chili's Restaurants and other information requested by Franchisor), and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor, which confirms Developer's favorable prospects for obtaining the site. Recognizing that time is of the essence, Developer agrees that it must submit such information and materials for each proposed site to Franchisor in writing for its approval. Franchisor shall have 30 days after receipt of such information and materials from Developer to approve or disapprove the proposed site as the location for a Franchised Restaurant, which approval shall not be unreasonably withheld. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(c) Execution of Franchise Agreement. At least 10 days prior to the commencement of construction of the Franchised Restaurant (but only after (i) the location for a Franchised Restaurant is approved by Franchisor, (ii) such location is leased or acquired by Developer in accordance with the requirements of this Article 4, and (iii) Developer has otherwise complied with this Article 4), Developer shall execute a Franchise Agreement relating to the Franchised Restaurant and its street address shall be recorded in the Franchise Agreement.

Section 4.2 Developer's Purchase Contract and/or Lease Agreement. If Developer will purchase the premises for any Franchised Restaurant, then upon request by Franchisor, Developer shall deliver a copy of the final purchase contract to Franchisor prior to its execution. Within three (3) days after request by Franchisor, Developer shall furnish to Franchisor a copy of the executed purchase contract. If the Developer will occupy the premises of any Franchised Restaurant under a lease agreement, then upon request by Franchisor, Developer shall deliver a copy of the final lease agreement to Franchisor prior to its execution. Within three (3) days after request by Franchisor, Developer shall furnish to Franchisor a copy of the executed lease agreement. Unless Developer has obtained Franchisor's written consent to the exclusion of a required provision, each lease agreement shall include the terms set forth in clauses (a)-(h) below.

(a) That the premises shall be used for the operation of the Franchised Restaurant.

(b) That lessor consents to the use of such Chili's Marks and signs, decor, color scheme and related components of the System as Franchisor may prescribe for the Franchised Restaurant.

(c) That lessor agrees to furnish Franchisor with copies of any and all letters and notices sent to Developer pertaining to the lease and the premises, at the same time that such letters and notices are sent to Developer.

(d) That Developer (or tenant) may not sublease or assign all or any part of its occupancy rights, or extend the term of or renew the lease, without Franchisor's prior written consent, which shall not be unreasonably withheld.

(e) That Franchisor shall have the right to enter the premises to make any modification necessary to protect the Chili's Marks or to cure any default under the lease, this Development Agreement, or the Franchise Agreement.

(f) That Developer shall have the right to assign the lease to Franchisor and the Franchisor shall have the option (but not the obligation) to assume Developer's occupancy rights, and the right to sublease, for all or any part of the term of the lease, without the lessor having any right to impose conditions on such assignment or assumption or to obtain payment in connection therewith.

(g) That Developer and lessor shall not amend or otherwise modify the lease in any manner that would materially affect any of the foregoing requirements without Franchisor's prior written consent.

(h) That lessor acknowledges and agrees that any furniture, fixtures, equipment or personal property maintained by Developer on the leased premises, whether leased or owned by Developer, are not the property of lessor and shall be subject to Franchisor's purchase option provided

for herein or in the Franchise Agreement for such Franchised Restaurant in the event of Developer's default under the lease or this Development Agreement or such Franchise Agreement, and may be removed at expiration or termination of the lease, so long as such removal is accomplished without damage to the leased facility.

Section 4.3 Pre-Construction Requirements. Before commencing any construction of a Franchised Restaurant, Developer, at its expense, shall comply, to Franchisor's reasonable satisfaction, with all of the following requirements:

(a) Developer shall employ a qualified architect and engineer who are reasonably acceptable to Franchisor to prepare, for Franchisor's approval, preliminary plans and specifications for site improvement and construction of each Franchised Restaurant based upon prototype drawings furnished by Franchisor. The prototype plans provided by Franchisor shall not be used as construction plans or blue-prints for the Franchised Restaurant, but only as required design concepts, which shall be adapted by Developer and its architect, engineer and contractor to Developer's site.

(i) The standard plans and specifications and/or prototype drawings provided to Developer are proprietary and confidential information belonging to Franchisor, may not be copied or reproduced except to the extent necessary by Developer's architects, engineers or contractors in the performance of their duties. Franchisor may require that such plans and specifications be returned to Franchisor after the opening of the Franchised Restaurant.

(ii) Developer hereby releases and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages relating to Developer's design, construction, and use of the Franchised Restaurant including, without limitation, liability, loss, or damages related to design or structural flaws in the construction of the Franchised Restaurant and the standard plans and specifications and/or prototype drawings provided to Developer.

(b) Developer shall be responsible for obtaining all zoning classifications and clearances which may be required by the state, provincial or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to each Franchised Restaurant location. After having obtained such approvals and clearances, Developer shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be materially changed or modified without the prior written permission of Franchisor.

(c) Developer shall obtain all permits and certifications required for the lawful construction and operation of each Franchised Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

(d) Developer shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct each Franchised Restaurant and to complete all improvements. Developer shall obtain and maintain in force during the entire period of construction builder's risk (or equivalent local) insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers reasonably satisfactory to Franchisor.

(e) Developer shall employ a qualified person who is responsible for the purchasing of materials, equipment and supplies for the Franchised Restaurant. In that regard, Developer shall require this person to attend an orientation at Franchisor's home office in Dallas, Texas, concerning information and issues related to the procurement and distribution of necessary items for the opening of the Franchised Restaurant.

Section 4.4 Construction and Authorization to Open. Developer shall commence, or make every diligent attempt toward commencement of, construction of a Franchised Restaurant (including acquisition of all necessary permits and licenses) within 180 days after approval by Franchisor of Developer's site or, if the approved location is occupied by an existing tenant on the date of execution of the lease for the premises, then immediately upon obtaining possession of the premises.

(a) Developer shall provide written notice to Franchisor of the date construction of each Franchised Restaurant commenced within 10 days after commencement. Construction shall be deemed to commence on the date on which excavation for footings is begun or other initial construction or remodeling work is commenced. Developer agrees that Franchisor and its agents shall have the right to inspect the construction at all reasonable times for the purpose of ascertaining that all work complies with the final plans approved by Franchisor. However, Developer shall assume full responsibility for completing construction of the Franchised Restaurant in accordance with the approved plans, employing its architect, as necessary, to oversee such construction in accordance with the plans. Developer shall warrant and certify to Franchisor upon completion of construction that the structure has been built in accordance with the Franchisor-approved plans and specifications, with such exceptions, subject to Franchisor approval, as are noted in such certification.

(b) Developer shall maintain reasonably continuous construction of each Franchised Restaurant and its premises and shall complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment and signs) in accordance with the approved final plans, at Developer's expense, within 240 days after commencement of construction (exclusive of time lost by reason of strikes, lockouts, fire, other casualties, acts of God, weather and other factors beyond the reasonable control of Developer).

(c) Developer shall notify Franchisor of the date of completion of construction and, within a reasonable time thereafter, Franchisor may at its option conduct a final inspection of each Franchised Restaurant and its premises.

(d) Prior to opening a Franchised Restaurant for business, Developer shall comply with all opening requirements set forth in this Development Agreement, the Franchise Agreement, the Chili's Franchise Manual (defined below), and/or elsewhere in writing by Franchisor. Franchisee shall not, in any event, open a Franchised Restaurant to the public for business until Franchisee has received authorization to open from Franchisor.

Section 4.5 Release by Developer. As stated above, Developer assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing sites for each Franchised Restaurant and for constructing, equipping, and operating Franchised Restaurants at such sites. Developer acknowledges that Franchisor's approval of a prospective site and the rendering of assistance in connection with the foregoing does not constitute a representation, promise, warranty, or guarantee by Franchisor that a Franchised Restaurant operated at that site will be profitable or otherwise successful.

Accordingly, Developer releases Franchisor and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages which may arise from Developer's locating, obtaining, and developing sites for each Franchised Restaurant and for constructing, equipping, and operating Franchised Restaurants at such sites.

ARTICLE 5
TERM

Unless sooner terminated in accordance with the provisions of this Development Agreement, the term of this Development Agreement (and all rights granted by Franchisor hereunder) shall expire on the first to occur of (i) date on which Developer has completed the Development Schedule in accordance with the terms hereof and the last Franchised Restaurant required by this Development Agreement is open and operating, or (ii) _____, 20___ (the "Term").

ARTICLE 6
DUTIES AND REPRESENTATIONS OF THE PARTIES

Section 6.1 Duties of Franchisor. Franchisor shall furnish to Developer the following:

(a) Promptly after the Effective Date, site selection counseling and assistance related to Chili's Restaurants as Franchisor may deem advisable. Additionally, Franchisor will from time to time, at its option, make available to Developer, at a reasonable cost, reports containing demographic and market data and real estate analyses.

(b) One (1) construction/design evaluation of the first Franchised Restaurant developed by Developer or the first "special" (i.e. "non-prototype") restaurant developed by Developer at no charge.

(c) Additional evaluation as Franchisor may deem advisable or in response to Developer's requests for site approval; provided that Franchisor shall not provide evaluation for any proposed site prior to the receipt of all required information and materials concerning such site. If additional evaluation is requested by Developer, then Developer shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation, including, without limitation, the cost of travel, lodging, and meals.

(i) Regardless of Developer's requests for such evaluation, Franchisor reserves the right to evaluate Developer's construction/design process and any such evaluation will be at Franchisor's sole cost and expense (unless such evaluation is required due to Franchisor's reasonable concerns with Developer's construction/design process and, in such event, Developer shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation(s) including, without limitation, the cost of travel, lodging and meals).

(d) Within a reasonable period after the Effective Date, standard plans and specifications for the construction of a Chili's Restaurant and for the exterior and interior design and layout, fixtures, furnishings and signs for use by Developer in accordance with Section 4.3.

Section 6.2 Representations of Developer. Developer makes the following representations, warranties and covenants and accepts the following obligations:

(a) Developer shall comply with all terms and conditions set forth in this Development Agreement. If Developer is a corporation, limited liability company, or partnership, then Developer is duly organized and validly existing under the state law of its formation.

(b) If Developer is a corporation, limited liability company, or partnership, then Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

(c) Developer's corporate charter, articles of organization, articles of incorporation, shareholder agreements, or written partnership agreement shall at all times provide that the activities of Developer are confined exclusively to developing and operating Franchised Restaurants unless otherwise consented to by Franchisor in writing.

(d) The execution of this Development Agreement and the performance of Developer's obligations hereunder have been duly authorized by Developer and are within Developer's corporate power or permitted under Developer's partnership or limited liability company agreement.

(e) If Developer is a corporation, then Developer has delivered to Franchisor copies of Developer's articles of incorporation, bylaws, resolution of the board of directors authorizing entry into and performance of this Development Agreement, other governing documents and any amendments thereto.

(f) If Developer is a limited liability company, then Developer has delivered to Franchisor copies of Developer's articles of organization, operating agreement, membership transfer agreement, a resolution of the members or manager authorizing entry into and performance of this Development Agreement, other governing documents and any amendments thereto.

(g) If Developer is a partnership, then Developer has delivered to Franchisor copies of Developer's written partnership agreement, evidence of consent or approval of the entry into and performance of this Development Agreement by the requisite number or percentage of partners (if such approval or consent is required by Developer's partnership agreement), other governing documents and any amendments thereto.

(h) Attachment A contains a complete list of all owners of any type of interest in Developer and such individuals and/or entities shall be deemed as "Developer's Owners" for the purposes of this Development Agreement. At all times, Developer shall maintain a current list of Developer's Owners and such list shall be certified by the Managing Owner and furnished to Franchisor upon request. If necessary, Developer shall execute an addendum to Attachment A to ensure the information contained in Attachment A complies with this Development Agreement.

(i) If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities of Developer and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon assignments by this Development Agreement.

(j) If Developer is a limited liability company, its operating agreement, membership transfer agreement, and any other relevant agreement, shall provide that ownership of an interest in Developer is held subject to all restrictions imposed upon assignments by this Development Agreement.

(k) If Developer is a partnership, then Developer's written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to all restrictions imposed upon assignments by this Development Agreement.

(l) If any officer or director of Developer shall cease to serve as such or any individual shall be elected as an officer or director of Developer subsequent to the execution of this Development Agreement, then Developer agrees to provide Franchisor with notice thereof within ten (10) days after such change. In the event such newly elected officer or director is a "Managing Owner" or "Operating Partner", then Developer shall cause such newly elected officer or director to comply with the relevant portions of this Development Agreement.

(m) Developer acknowledges and agrees that the representations, warranties and covenants set forth in Sections 6.2(a)-(l) are continuing obligations of Developer and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under Article 7 pursuant to which Franchisor may terminate this Development Agreement in addition to such other rights and remedies available to Franchisor hereunder. Developer shall cooperate with Franchisor in any efforts made by Franchisor to verify Developer's compliance with such representations, warranties and covenants.

Section 6.3 Managing Owner and Operating Partner.

(a) Managing Owner. Developer shall designate and retain an individual to serve as the "Managing Owner" of the Franchised Restaurant. The Managing Owner (i) shall be deemed as a "Franchisee's Owner" hereunder and must have the largest share of unencumbered equity ownership in Developer, (ii) must be authorized by the Developer to bind the Developer in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Developer, (iii) must be authorized by the Developer to direct any actions necessary to ensure compliance with this Development Agreement, and (iv) must devote his full time and best efforts toward the satisfaction of Developer's obligations under this Development Agreement. Managing Owner's interest in Developer shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(i) Developer has not taken and agrees that it will not hereafter take, whether directly or indirectly, any action to avoid the authority requirements of the Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. Developer agrees to furnish Franchisor with such evidence as Franchisor may request from time to time for the purpose of assuring Franchisor that the Managing Owner's authority remains as represented herein.

(b) Operating Partner. If the Managing Owner does not intend to devote his full time and best efforts toward the satisfaction of Developer's obligations under this Development Agreement (as referenced in clause (iv) of Section 6.3(a)), then Developer must also designate an individual "Operating

Partner" who must be approved by Franchisor and the Operating Partner (i) shall be deemed as a "Franchisee's Owner" hereunder and must be authorized by the Developer to bind the Developer in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Developer, (ii) must be authorized by the Developer to direct any actions necessary to ensure compliance with this Development Agreement, and (iii) must devote his full time and best efforts toward the satisfaction of Developer's obligations under this Development Agreement with no operational or management commitments to other businesses.

(i) The Operating Partner must live within the Territory. Except as may otherwise be provided in this Development Agreement, the Operating Partner's interest in Developer shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(c) Developer shall not change the Managing Owner and/or Operating Partner without the prior written consent of Franchisor. Any sale, transfer or assignment of the Managing Owner's interest in Developer, or any portion thereof, shall be subject to the restrictions on transfer described in Article 8 and any failure to comply with such requirements shall be deemed a material event of default by Developer under Article 7. Any sale, transfer or assignment of the Operating Partner's interest in Developer, or any portion thereof (if any), shall be subject to the restrictions on transfer described in Article 8 and any failure to comply with such requirements shall be deemed a material event of default by Developer under Article 7.

Section 6.4 Initial and Continuing Training. Developer, Managing Owner, and Operating Partner shall complete, to Franchisor's satisfaction, all initial and continuing training required by Franchisor under this Development Agreement or any Franchise Agreement and Developer shall bear all expenses (including training materials, travel, lodging and food) of such training.

Section 6.5 Confidential Information. Developer and Developer's Owners shall not, during the term of this Development Agreement and for a period of five (5) years thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, trade secrets, knowledge, or know-how concerning the Chili's Marks, System, Chili's Franchise Manual (defined below), and methods of development and operation of the Franchised Restaurant (collectively, the "Confidential Information"). The foregoing items shall be deemed as Confidential Information regardless of whether such items are disclosed to Developer under a "confidentiality notice". In addition to the foregoing, any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurants including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(a) Developer and Developer's Owners (i) shall disclose Confidential Information only to such of Developer's employees as must have access to it in order to develop and operate the Franchised Restaurant(s), (ii) shall not copy, duplicate, record, or otherwise reproduce the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person, and (iii) shall be solely responsible to ensure that Developer's managers, employees, agents, or independent

contractors of Developer having access to Confidential Information comply with this Article 6 and do not communicate, divulge or use Confidential Information in violation of this Article 6.

Section 6.6 Confidentiality Agreement. In addition to Developer's obligations under Section 6.5(a), Franchisor may request that Developer require Developer's Owners and its managers, employees, agents, or independent contractors having access to Confidential Information to execute a "Confidentiality Agreement" in the form contained in Attachment B.

Section 6.7 Chili's Franchise Manual. The term "Chili's Franchise Manual" or "CFM" (a/k/a the Manual of Operating Data or the MOD Manual) means the manuals, policies, specifications, standards, checklists, evaluation forms, spreadsheets, guides, recipes, handbooks, documents, and other information designated by Franchisor from time-to-time regarding the System and Chili's Restaurants. For convenience, the Manual of Operating Data, MOD Manual, and the Chili's Franchise Manual are collectively referenced in this Franchise Agreement as the CFM. The CFM is part of the System and may be updated, modified, and/or revised by Franchisor from time-to-time in its sole discretion. The CFM also includes such other manuals, policies, specifications, standards, guides, documents, and other information as may be designated by Franchisor in the future with respect to Chili's Restaurants.

(a) During the Term, Developer shall remain in strict conformity with the System and the CFM and Developer shall also develop the Franchised Restaurants in strict conformity with the CFM and this Development Agreement.

(b) Franchisor has the right, at its option, to furnish the CFM to Developer in the form of paper copies, electronic copies, on computer diskette or CD-Rom, or electronic copies accessed through the internet, designated website(s), or other media. The CFM (in whole or in part) is currently located at the following website (https://franchise.brinker.com), but Franchisor may update, modify, and/or revise such website from time-to-time in its sole discretion.

(c) Franchisor has the right to update, modify, and/or revise the System and/or the CFM in the future to reflect changes to Chili's Restaurants and changes in the System, image, specifications, standards, procedures, approved products, and other items. In such event, Developer shall thereafter comply with the System and/or CFM, as updated, modified, and/or revised.

Section 6.8 Breach of Confidentiality. Developer acknowledges that any failure to comply with the requirements of Sections 6.5, 6.6, and/or 6.7 shall constitute a material event of default under Article 7 and will cause Franchisor irreparable injury. Therefore (in addition to any other remedies under Article 7), Developer agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of such Sections.

Section 6.9 Compliance with Laws and Industry Standards. Developer shall comply with all requirements of federal, state and local laws, rules and regulations and shall be responsible for all costs associated with such compliance. Developer shall, at its sole cost, comply (i) with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Chili's Restaurants also comply with such rules and regulations and/or (ii) rules and regulations promulgated by Franchisor which are reasonably consistent with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Chili's Restaurants also comply with such rules and regulations.

Section 6.10 Limitations on Developer's Use of Chili's Marks. As referenced in Section 3.1, this Development Agreement does not grant any right to use (or license the use of) the Chili's Marks or the System. Accordingly, Developer agrees that:

(a) Franchisor is the owner or licensee of all right, title and interest in and to the Chili's Marks and the goodwill associated with and symbolized by them.

(b) The Chili's Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(c) Developer shall not directly or indirectly contest the validity or Franchisor's ownership of the Chili's Marks.

(d) Developer's use (if any and subject to prior written approval of Franchisor for each such use) of the Chili's Marks under this Development Agreement does not give Developer any ownership interest or other interest in or to the Chili's Marks.

(e) Any and all goodwill arising from Developer's use of the Chili's Marks under this Development Agreement shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Development Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Developer's use of the Chili's Marks.

(f) The right and license of the Chili's Marks granted hereunder to Developer (if any and subject to prior written approval of Franchisor for each such use) is non-exclusive, and Franchisor thus has and retains the rights, among others:

(i) To use the Chili's Marks itself in connection with selling products and services;

(ii) To grant other licenses for the Chili's Marks, in addition to those licenses already granted to existing franchisees;

(iii) To develop and establish other systems using the same or similar Chili's Marks, or other Chili's Marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and

(iv) To develop and establish the Other Marks and exclude the Other Marks from the Chili's Marks pursuant to and in accordance with Section 1.2(b) of this Development Agreement.

Section 6.11 Internet and Electronic Commerce. Developer shall not advertise or use the Chili's Marks over the Internet (or any other form of electronic commerce and/or electronic media) without Franchisor's prior written consent. Developer shall not develop, create, establish, and/or use any website or other electronic media which uses, and/or creates any association with, the System and/or the Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation).

(a) All domain names using, and/or creating any association with, the System and/or the Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) shall be registered in Franchisor's name. Franchisor may grant to Developer a non-exclusive license to use

domain name(s) selected by Franchisor for Developer's use in accordance with this Development Agreement. Developer shall not register any domain name in any class or category that uses or creates any association with the System and/or Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) without Franchisor's prior written consent.

(b) Developer agrees that any consent by Franchisor to develop, create, establish, advertise, register, and/or use any of the Chili's Marks over the Internet (or any other form of electronic commerce and/or electronic media) shall be subject to certain conditions including, without limitation, requirements as to form, content, and appearance; requirement of a hypertext link to Franchisor's website(s); prohibitions on hypertext links to third-party websites; and other requirements, restrictions, and prohibitions deemed necessary by Franchisor.

(c) On termination or expiration of this Development Agreement (or in the event Developer fails to comply with this Section 6.11), then Franchisor shall have the right (in addition to Franchisor's other rights and remedies hereunder) to revoke its consent to Developer's development, creation, establishment, advertisement, registration, and/or use any of the Chili's Marks over the Internet or any other form of electronic commerce and/or electronic media (including, without limitation, website(s) and domain names) and, in such event, Developer shall immediately cease all such activities and shall immediately take all actions reasonably required to disassociate Developer from all such activities.

Section 6.12 Outsourcing by Franchisor. Franchisor may, in its sole discretion, elect to outsource and/or subcontract certain of Franchisor's obligations set forth in this Development Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided (i) any such outsourcing and/or subcontracting shall not discharge Franchisor from its obligations under this Development Agreement, and (ii) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Development Agreement.

Section 6.13 Copyrights. Developer acknowledges that Franchisor or its affiliates own the worldwide copyright and other ownership rights to the CFM, and all components of the System that are written, electronic, and/or magnetic media subject to copyright (collectively, the "Copyright Materials"). Developer acknowledges and agrees that it may only make modifications to the Copyright Materials upon receiving the prior written consent of Franchisor. Developer agrees to use proper copyright and other proprietary notices in connection with all Copyright Materials or translations, modifications or adaptations of the Copyright Materials and conform to Franchisor's standards for protecting its rights. Developer agrees to promptly cause the execution of any assignments, waivers of rights, or other documents, and take any further actions needed or advisable to ensure that Franchisor has such copyright and other rights described in this Section 6.13.

ARTICLE 7
DEFAULT AND TERMINATION

Section 7.1 Obligations Material. Developer acknowledges and agrees that each of the Developer's obligations described in this Development Agreement is a material and essential obligation of Developer; that nonperformance of such obligations will adversely and substantially affect Franchisor and the System; and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable.

Section 7.2 Reliance by Franchisor. The rights granted to Developer in this Development Agreement have been granted in reliance on Developer's representations that Developer will timely perform and discharge Developer's obligations under this Development Agreement in accordance with the terms of this Development Agreement.

Section 7.3 Default and Automatic Termination.

(a) Developer shall be deemed to be in default under this Development Agreement, and all rights granted herein, at Franchisor's option, shall automatically terminate without notice to Developer, if Developer shall become insolvent or make a general assignment for the benefit of creditors; or if Developer files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Developer is adjudicated a bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Restaurant developed hereunder is instituted against Developer and not dismissed within 30 days; or if the real or personal property of any Franchised Restaurants developed hereunder shall be sold after levy thereupon by any sheriff, marshal or constable.

(b) Developer or any of Developer's Owners (i) violates any "Anti-Terrorism Laws", as defined below, (ii) is listed under any such Anti-Terrorism Laws, (iii) has any dealings with any person listed under any such Anti-Terrorism Laws, and/or (iv) assets are blocked under any such Anti-Terrorism Laws.

(i) The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(c) Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Developer and/or Developer's Owners which does not comply with Article 8.

Section 7.4 Other Defaults by Developer. Each of the following shall be deemed an event of default by Developer under this Development Agreement.

(a) Developer fails to comply with the Development Schedule.

(b) Developer fails to pay the Development Fee and/or any other amounts due hereunder.

(c) Developer fails to lease or purchase and construct and open each Franchised Restaurant pursuant to the time limits as provided in Article 4 hereof.

(d) If Developer or any of Developer's Owners is convicted (regardless of any pending appeal) of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on Franchisor, the System, the Chili's Marks, and/or the goodwill associated therewith.

(e) Developer or any of Developer's Owners engages in conduct that is deleterious or reflects unfavorably on Franchisor, the System, the Chili's Marks, and/or the goodwill associated therewith including, without limitation, conduct which exhibits a disregard for the physical and mental well-being of employees, customers, Franchisor's representatives, the public at large (e.g., battery, assault, sexual harassment, discrimination, and other forms of threatening, outrageous, or socially unacceptable behavior).

(f) Failure by Developer to maintain a responsible credit rating by failing to make prompt payment of undisputed bills, invoices and statements from suppliers of goods and services to Developer (including where such supplier is Franchisor).

(g) Developer or any of Developer's Owners enters into a subfranchise agreement, management agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to the rights and obligations of Developer hereunder.

(h) Submission by Developer or any of Developer's Owners of a franchise application and/or management commitment form (or other documentation required under this Development Agreement) which contains any material false or misleading statements or omits any material fact.

(i) Repeated breaches of provisions of this Development Agreement, whether or not cured after notice.

(j) Failure by Developer, Developer's Owners, Managing Owner, and/or Operating Partner to comply with any other provisions of this Development Agreement.

(k) Developer (including affiliates, subsidiaries, successors, and assigns), Developer's Owners, Managing Owner, and/or Operating Partner fail to comply with the terms of any other agreement between Developer and Franchisor (including any Franchise Agreement).

(l) The "Franchisee" under a Franchise Agreement fails to comply with the terms of any Franchise Agreement (and such failure is not cured within the applicable cure period, if any, set forth in such Franchise Agreement).

Section 7.5 Remedies for Default by Developer. In the event of a default under Section 7.4, then Franchisor may, at its option, elect any one or more of the following remedies.

(a) Franchisor may terminate this Development Agreement and all rights granted hereunder, effective immediately upon notice to Developer.

(b) If Developer shall fail to comply with the Development Schedule (as referenced in Section 7.4(a) above), then Franchisor shall have the right, at its sole option, to temporarily forbear the pursuit of its other remedies under this Section 7.5 by requiring Developer to pay Franchisor the sum of Ten Thousand and 00/100 United States Dollars (US$10,000) per month for up to one (1) year, and, so long as Developer is making these payments as they become due, then Franchisor will not terminate this Development Agreement during such temporary forbearance period. If Developer is still not in compliance with the Development Schedule upon expiration of such temporary forbearance period, then Franchisor shall be entitled to all other rights and remedies set forth in this Section 7.5. Franchisor and Developer agree that (i) the foregoing sum is a reasonable estimate of the lost royalties and other fees which would have otherwise been paid to Franchisor under Franchise Agreement(s) in the event Developer had opened and operated Franchised Restaurant(s) in accordance with the Development Schedule and (ii) Franchisor's rights under this Section 7.5(b) are reasonable under the circumstances.

(c) Franchisor may modify, reduce, and/or accelerate the Development Schedule.

(d) Franchisor may terminate, modify, and/or reduce any territorial exclusivity granted Developer in Section 1.2.

(e) Franchisor may modify and/or reduce the Territory granted to Developer in Section 1.1(a).

(f) Franchisor may elect any other right or remedy available to Franchisor under this Development Agreement, at law, or in equity.

Section 7.6 No Cure Period. Developer acknowledges there is no cure period for any of the events of default described above. If any applicable law or rule requires a notice period and/or a cure period, then the notice period and/or cure period required under such law or rule shall be substituted for the requirements herein.

Section 7.7 Rights and Duties upon Termination.

(a) Upon termination of this Development Agreement, (i) Developer's rights under this Agreement shall immediately terminate and Developer shall have no right to develop or operate any Franchised Restaurant(s), except any such restaurant where a Franchise Agreement has been executed and delivered to Developer prior to such termination; (ii) Developer and Developer's Owners shall not identify themselves as a developer or franchisee of the System, except pursuant to rights which may be granted under any Franchise Agreement which is then in effect, and remains in effect; and (iii) Developer and Developer's Owners shall comply with Section 6.5 regarding Confidential Information. Without limiting Sections 3.1 or 6.10 of this Development Agreement, Developer and Developer's Owners shall also comply with the following obligations:

(i) Developer shall immediately and permanently cease to use, in any manner whatsoever, the System, the Chili's Marks (if any and subject to the prior, written approval of Franchisor for each such use), the CFM, and the Confidential Information, except pursuant to rights which may be granted under any Franchise Agreement which is then in effect and remains in effect following the termination of this Development Agreement. In connection with the promotion, advertising, marketing, and/or operation of any other business conducted by Developer and/or Developer's Owners, Developer and Developer's Owners shall not, under any circumstances, use any reproduction, counterfeit, copy or colorable imitation of the Chili's Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Chili's Marks. Developer and Developer's Owners shall not use any designation of origin, description, or representation which falsely suggests or represents an association and/or connection with Franchisor.

(ii) Developer shall immediately deliver to Franchisor the CFM, Confidential Information, all written materials bearing the Chili's Marks, and all other records, files, instructions, correspondence, brochures, agreements, invoices, and other materials relating to the development of Franchised Restaurants. Developer shall retain no copy or record of any of the foregoing, except Developer's copy of this Development Agreement and copies of any correspondence between the parties.

(iii) Developer shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Chili's Marks (if any and subject to the prior, written approval of Franchisor for each such use), except pursuant to rights which may be granted under any Franchise Agreement which is then in effect and remains in effect following the termination of this Development Agreement; Developer shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Development Agreement.

(b) If Franchisor exercises any of the remedies in Sections 7.5(c), 7.5(d), and/or 7.5(e), then Developer shall remain obligated under this Development Agreement and shall comply with the terms hereof (as such terms may have been revised pursuant to Franchisor's exercise of such remedies).

(c) If Franchisor exercises any of the remedies in Sections 7.5(a), 7.5(d), and/or 7.5(e), then Franchisor shall be entitled to establish, and to license others to establish, Chili's Restaurants in the former Territory or in the portion thereof no longer part of the Territory or pursuant to any other modifications of Developer's territorial exclusivity, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

Section 7.8 No Waiver. Franchisor's exercise of its options under Section 7.5 shall not, in the event of a default, constitute a waiver by Franchisor to exercise its option to terminate this Development Agreement at any time with respect to any subsequent event of default of a similar or different nature.

Section 7.9 Remedies Not Exclusive. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

Section 7.10. Default By Franchisor. If Franchisor defaults in the performance of any term of this Development Agreement, then Developer shall deliver written notice of such default to Franchisor within thirty (30) days after such default and such notice shall clearly and definitively specify each act or omission constituting such default. If Developer does not believe that Franchisor has cured such default within sixty (60) days after delivery of such default notice to Franchisor, then Developer shall notify

Franchisor that Developer believes such default has not been cured. If Developer fails to notify Franchisor within such 60-day period that such default has not been cured, then such default shall be deemed as cured.

ARTICLE 8
ASSIGNMENT AND TRANSFER

Section 8.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Development Agreement and all or any part of its rights or obligations herein to any person or legal entity. Specifically, and without limitation to the foregoing, Developer agrees that Franchisor may sell its assets, the Chili's Marks, and/or the System to a third party; may offer its securities privately or publicly; may merge, acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Chili's Marks (or any variation thereof) and/or the System from Franchisor to any other party. Nothing contained in this Development Agreement shall require Franchisor to offer any services or products, whether or not bearing the Chili's Marks, to Developer if Franchisor assigns it rights under this Development Agreement.

Section 8.2 Transfer by Developer. Developer agrees the rights and duties set forth in this Development Agreement are personal to Developer and that Franchisor entered into this Development Agreement in reliance on the business skill, financial capacity and personal character of the Developer and Developer's Owners.

(a) Developer and/or Developer's Owners (i) shall not sell, assign, transfer, convey, give away, gift, pledge, mortgage or otherwise encumber any direct or indirect interest in this Development Agreement and/or the Chili's Marks and (ii) shall not grant a security interest or collateral interest in this Development Agreement and/or Chili's Marks. Developer and/or Developer's Owners shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in Developer and/or any Franchised Restaurant without the prior written consent of Franchisor which Franchisor may condition upon any or all of the requirements set forth in this Section 8.2 (as determined by Franchisor in its sole discretion).

(b) Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Developer and/or Developer's Owners which does not comply with this Article 8 (including, without limitation, the prior written consent of Franchisor) shall be null and void and shall constitute an event of default under Section 7.3(c).

(c) Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer or in this Development Agreement. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

(i) All of Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries and its affiliates and third-party suppliers shall have been satisfied.

(ii) Developer is not in default of any provision of this Development Agreement, any amendment hereof or successor hereto, or any other agreement between Developer and Franchisor, or its subsidiaries and affiliates.

(iii) Developer, Developer's Owners, and the proposed transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents, in their corporate and individual capacities, including, without limitation, claims arising under this Development Agreement and federal, state and local laws, rules and ordinances.

(iv) The proposed transferee shall, at Franchisor's election, consistent with then current Franchisor policy, either (a) enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Development Agreement; or (b) execute, for a term ending on the expiration date of this Development Agreement, the standard form development agreement then being offered to new System developers and such other ancillary agreements as Franchisor may require; and if proposed transferee is a corporation, limited liability company or a partnership, transferee's shareholders, members, partners or other investors, as applicable, shall execute such agreements as transferee's principals and shall guarantee the performance of all such obligations, contracts and agreements in writing in a form satisfactory to Franchisor. If such transferee is required to execute a new development agreement, then such agreement shall supersede this Development Agreement and its ancillary documents in all respects and the terms of such agreements may differ from the terms of this Development Agreement.

(v) The proposed transferee shall demonstrate to Franchisor's satisfaction that transferee and transferee's owners meet the criteria considered by Franchisor when reviewing a prospective developer's application for development rights, including but not limited to Franchisor's educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to perform Developer's obligations under this Development Agreement (as may be evidenced by prior related business experience or otherwise); transferee's ability, financial resources, infrastructure, and capital to meet the Development Schedule and to operate a multi-unit restaurant business; and the geographic proximity of other Chili's Restaurants owned or operated by transferee and the territories or areas with respect to which transferee is obligated to develop Chili's Restaurants pursuant to any development agreement between Franchisor and transferee, in relation to development of the Franchised Restaurants hereunder.

(vi) The proposed transferor shall remain liable for all of the obligations to Franchisor in connection with the development activities prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

(vii) At the proposed transferee's expense, the transferee, the transferee's managing owner and the transferee's operating partner shall complete any training programs then in effect for System developers upon such terms and conditions as Franchisor may reasonably require.

(viii) Developer shall pay a "Transfer Fee" of $5,000.00 or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application to transfer this Development Agreement, including, without limitation, legal and accounting fees (in addition to any other transfer fees that may be payable under applicable Franchise Agreement(s); provided that the total transfer fees payable to Franchisor in connection with any single transfer shall not exceed $25,000.00).

(ix) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Section 6.2. Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Section 6.2 have been satisfied and are true and correct on the date of transfer.

(x) Developer, Developer's Owners, and the proposed transferor and transferee shall comply with any other conditions that Franchisor reasonably requires from time to time as part of Franchisor's transfer policies including, without limitation, evidence of landlord consent, subordination of purchase price to monetary obligations under this Development Agreement, any Franchise Agreement(s), execution of confidentiality and non-compete agreements, etc.

(d) Developer acknowledges and agrees that each condition that must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

Section 8.3 Transfer for Convenience of Ownership. Any proposed assignment and/or transfer of this Development Agreement by Developer to an affiliated or subsidiary corporation or other entity formed by Developer solely for the convenience of ownership shall be subject to Franchisor's prior written consent which Franchisor may condition upon any or all of the requirements set forth in Section 8.2 (as determined by Franchisor in its sole discretion). With respect to any proposed assignment or transfer under this Section 8.3, Developer shall be the owner of all of the voting stock or interest of such corporation or entity and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or entity as such individual had in Developer prior to the transfer.

Section 8.4 Right of First Refusal. The "Right of First Refusal" attached hereto as Attachment D is hereby incorporated into this Development Agreement.

Section 8.5 Transfer Upon Death or Permanent Disability.

(a) Upon the death of any person with an interest in this Development Agreement and/or Developer (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months

after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

(b) Upon the permanent disability of any person with an interest in this Development Agreement or Developer, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 8 within six (6) months after notice to Developer. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Development Agreement or in the Guaranty attached to this Development Agreement for at least ninety consecutive days and from which condition recovery within ninety days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of the person; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Article 8. The costs of any examination required by this Section 8.5(b) shall be paid by Franchisor.

(c) Upon the death or claim of permanent disability of any person with an interest in this Development Agreement or Developer, Developer or a representative of Developer must promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in Article 8 for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section 8.5, then Franchisor may terminate this Development Agreement.

Section 8.6 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in the Developer or in this Development Agreement granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Development Agreement by the transferee.

Section 8.7 Offerings by Developer. Securities or interests in Developer may be offered to third-parties, by public offering, by private offering, or any other type of offering only with the prior written consent of Franchisor (regardless of whether Franchisor's consent is required under this Article 8), which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No Developer offering shall imply (by use of the Chili's Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Developer or Developer securities; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Developer and Franchisor. Franchisor may, at its option, require Developer's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Developer shall pay to Franchisor a non-refundable fee of Ten Thousand and 00/100 Dollars ($10,000.00). Developer shall give Franchisor written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section 8.7.

ARTICLE 9
NO-COMPETE CLAUSE AND RELATED COVENANTS

Section 9.1 Best Efforts. During the Term, Developer, Managing Owner, and Operating Partner agree to devote full time and best efforts to Developer's obligations under this Development Agreement.

Section 9.2 Receipt of Confidential Information. Developer and Developer's Owners agree (i) they will receive valuable specialized training and Confidential Information which is beyond their present skills and experience, and (ii) that such training and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of Franchised Restaurant(s), (iii) access to such training and Confidential Information is a primary reason for entering into this Development Agreement, (iv) such training and Confidential Information are provided by Franchisor for the benefit of the System and each Chili's Restaurant under the System and (v) that the System and each such restaurant individually and mutually benefit from all Developer's compliance with the covenants described below.

Section 9.3 No-Compete Clause. In consideration for such training and Confidential Information (and the other benefits provided to Developer by this Development Agreement), Developer and Developer's Owners agree as follows:

(a) During the Term, Developer and Developer's Owners shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any Competitive Restaurant (defined below) or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant.

(iv) The term "Competitive Restaurant" shall be deemed to mean any broad-menu, casual-dining restaurant featuring hamburgers, sandwiches, steaks, salads, barbecue ribs, fajitas, and/or Mexican/Southwestern cuisine as a primary menu item including, without limitation, such restaurants as Applebee's, Beef O' Brady's, Bennigan's, BJ's Restaurant and Brewpub, Buffalo Cafe, Buffalo Wild Wings, Cheddar's Casual Cafe, Cooker Bar & Grill, Garfield's Restaurant & Pub, Hooter's, Hops Grillhouse & Brewery, Houlihan's, Island's, Johnny Rocket's, Logan's Roadhouse, Longhorn Steakhouse, Max & Erma's, Ninety-Nine, O'Charley's, On The Border Mexican Grill & Cantina, Rafferty's, Red Robin, RJ Gator's Florida Food-n-Fun, Roadhouse Grill, Ruby Tuesday, Texas Roadhouse, TGI Friday's, and Tumbleweed. The term "Competitive Restaurant" shall also be deemed to mean any fast-casual restaurant featuring

hamburgers as a primary menu item, including, without limitation, such restaurants as Five Guys Burgers and Fries and Smashburger.

(b) Commencing on (i) the expiration or termination of this Development Agreement or (ii) on the date of an approved transfer of all of Developer's interest in this Development Agreement and continuing for a period of two (2) years after such date, Developer shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any Competitive Restaurant or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(c) Commencing on (i) the expiration or termination of this Development Agreement or (ii) on the date which an individual or entity ceases to satisfy the definition of "Developer's Owner" and continuing for a period of two (2) years after such date, such Developer's Owner(s) shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any Competitive Restaurant or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(d) In addition to any other rights and remedies available to Franchisor under this Development Agreement and in the event of a violation of Sections 9.3(a)(ii), 9.3(b)(ii), and/or 9.3(c)(ii), Franchisor may elect, in its sole discretion, to require Developer to pay to Franchisor an amount equal to three (3) times the annual salary of the person(s) involved in such violation plus an amount equal to costs and attorney's fees incurred by Franchisor in connection with such violation and such amounts shall be deemed as liquidated damages.

Section 9.4 Survival. The terms of this Article 9 shall survive the termination, expiration, or any transfer of this Development Agreement. The parties agree this Article 9 shall be construed as independent of any other provision of this Development Agreement. If all or any portion of this Article 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and Developer's Owners expressly agree to be

bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 9.

Section 9.5 Reduction in Scope. Developer and Developer's Owners agree; that Franchisor shall have the right, in its sole discretion, to reduce the scope of any provision, or portion thereof, in this Article 9 without their consent, effective immediately upon notice to Developer; and Developer and Developer's Owners agree that they shall comply forthwith with any provision as so modified, which shall be fully enforceable notwithstanding Section 15.9.

Section 9.6 No Defense. Developer and Developer's Owners expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Development Agreement, shall not constitute a defense to the enforcement by Franchisor of the provisions of this Article 9. In addition to any other rights and remedies, Developer and Developer's Owners agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 9.

Section 9.7 Consent to Injunctive Relief. Developer and Developer's Owners acknowledge that a violation of the terms of this Article 9 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and Developer's Owners accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or Developer's Owners in violation of the terms of this Article 9.

Section 9.8 Guaranty of Developer's Obligations. At the sole discretion of Franchisor, Franchisor may require the Managing Owner, Operating Partner, and any other of Developer's Owners may be obligated to execute the Guaranty in the form set forth on Attachment C upon execution of this Development Agreement. If no Guaranty is executed with this Development Agreement, in the event of a monetary default under this Development Agreement (even if such monetary default is cured), Franchisor may, at its option, require the Managing Owner and any of Developer's Owners to sign the Guaranty in the form set forth on Attachment C, in addition to Franchisor's other rights and remedies hereunder.

ARTICLE 10
NOTICE PROVISIONS

Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Development Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, and/or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within one (1) business day after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this Article 10, then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the other party in accordance with this Article 10 with new notice information. Franchisor may elect (in its sole

discretion) to deliver copies of any notices to Developer under this Development Agreement to Developer's lender(s), landlord(s), and other similar parties.

Notices To Franchisor:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: Chili's Grill & Bar Franchise Department
w/ a copy to:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: General Counsel
Notices To Developer and Developer's Owners:	_____ _____ _____ Attn: _____

ARTICLE 11
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 11.1 Independent Contractor. The parties agree that Developer is an independent contractor, this Development Agreement does not create a fiduciary relationship between them, and nothing in this Development Agreement is intended to designate either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

(a) During the Term, Developer shall hold itself out to the public as an independent contractor developing Franchised Restaurant(s) under this Development Agreement and operating such restaurants under Franchise Agreements with Franchisor. Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Franchised Restaurant(s), the content of which Franchisor reserves the right to specify.

(b) The parties agree that nothing in this Development Agreement authorizes Developer or any of Developer's Owners to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Developer or Developer's Owners or for any claim or judgment arising therefrom against Developer, any of Developer's Owners or Franchisor.

(c) Developer shall be the sole and exclusive employer of its employees with the sole right to hire, discipline, and discharge such employees and the sole right to establish wages, hours, benefits, employment policies, and other terms and conditions of employment for such employees all as determined by Developer in its sole discretion without consultation or approval by Franchisor.

Section 11.2 Indemnity. Developer is responsible for all liability, losses, damages, claims, costs, expenses, and/or debts related to Developer's obligations under this Development Agreement and

the development and operation of Franchised Restaurant(s). Developer shall, at all times, indemnify and hold Franchisor (including its subsidiaries, affiliates, successors and assigns and their respective officers, directors, attorneys, shareholders, partners, agents, representatives, independent contractors and employees -- collectively referenced hereinafter as "Indemnitees") harmless to the fullest extent permitted by law (without regard to the cause thereof or the negligence of Indemnitees) from all liability, losses, damages, claims, costs, expenses, and/or debts related to Developer's obligations under this Development Agreement and the development and operation of Franchised Restaurant(s) including, without limitation, liability, losses, damages, claims, costs, expenses, and/or debts related to the following matters:

(a) The infringement, alleged infringement, or any other violation or alleged violation by Developer or any of Developer's Owners of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Chili's Marks or other proprietary information granted hereunder).

(b) The violation, breach or asserted violation or breach by Developer or any of Developer's Owners of any federal, state or local law, regulation, ruling, standard or directive or any industry standard (including, without limitation, any claims related to the employment of Developer's employees).

(c) Libel, slander or any other form of defamation of Franchisor, the System or any developer or Developer operating under the System, by Developer or by any of Developer's Owners;

(d) The violation or breach by Developer or by any of Developer's Owners of any provision of this Development Agreement or in any other agreement between Developer, its subsidiaries and affiliates and Franchisor, its subsidiaries and affiliates or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees thereof.

(e) Acts, errors, or omissions of Developer, any of Developer's subsidiaries or affiliates and any of Developer's Owners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer and its subsidiaries and affiliates in connection with the development and operation of Franchised Restaurant(s).

Section 11.3 Notice to Franchisor. Developer and each of Developer's Owners agree to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Developer and each of Developer's Owners, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer and each of Developer's Owners to indemnify the Indemnitees and to hold them harmless.

Section 11.4 Settlement or Other Remedial Actions. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective actions it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that (i) any of the acts or circumstances enumerated in Section 11.2 have occurred or (ii) any act, error, or omission as described in Section 11.2(e) may result directly or indirectly in damage, injury, or harm to any person or any property.

(a) All losses and expenses incurred under this Article 11 shall be chargeable to and paid by Developer or any of Developer's Owners pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

Section 11.5 Definition of Losses and Expenses. As used in this Article 11, the phrase "liability, losses, damages, claims, costs, expenses, and/or debts" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorney's fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

Section 11.6 No Liability. Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Developer, any of Developer's Owners, Developer's subsidiaries and affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Developer, its subsidiaries or affiliates may contract, regardless of the purpose.

Section 11.7 No Requirement to Pursue Third Party. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Developer or any of Developer's Owners. Developer and each of Developer's Owners agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Developer or any of Developer's Owners by the Indemnitees.

Section 11.8 Indemnity and Insurance. Developer's obligations under this Article 11 are separate and distinct from any obligations to maintain insurance under this Development Agreement or any Franchise Agreement. Furthermore, Developer's obligation to indemnify and hold Indemnitees harmless shall not be limited by the amount of Developer's insurance (or lack thereof).

Section 11.9 Survival. The terms of this Article 11 shall survive the termination, expiration, or any transfer of this Development Agreement.

ARTICLE 12
APPROVALS

Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor, and except as may be otherwise expressly provided herein, any approval or consent granted shall be in writing. Franchisor makes no warranties or guarantees upon which Developer or Developer's Owners may rely, and assumes no liability or obligation to Developer or such persons, by providing any waiver, approval, advice, consent, or services to Developer or Developer's Owners in connection with this Development Agreement, or by reason of any neglect, delay, or denial of any request therefor.

ARTICLE 13
NO WAIVER

No failure of Franchisor to exercise any power reserved to it in this Development Agreement or to insist upon compliance by Developer or Developer's Owners with any obligation or condition in this Development Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Development Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer or Developer's Owners of any of the terms, provisions, or covenants of this Development Agreement affect or impair Franchisor's rights; nor shall such constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

ARTICLE 14
DISPUTE RESOLUTION

Section 14.1 Injunctive Relief. Developer agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Developer's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived).

Section 14.2 Consent to Jurisdiction, Venue, and Governing Law. Developer and Developer's Owners irrevocably (i) submit themselves to the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waive all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agree that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Development Agreement (including the relationship contemplated by this Development Agreement) by any means allowed by Texas or Federal law; and (iv) agree that venue for any proceeding relating to, or arising out of, this Development Agreement shall be in Dallas County, Texas; provided Franchisor may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Development Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules), except that any State law regarding (i) the offer and sale of franchises, (ii) franchise relationships, and/or (iii) business opportunities will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

Developer, Developer's Owners, and Franchisor acknowledge the terms of this Section 14.2 provide each of the parties with the mutual benefit of uniform interpretation of this Development Agreement and any dispute arising out of the relationship contemplated by this Development Agreement. Developer, Developer's Owners, and Franchisor acknowledge the receipt and sufficiency of mutual consideration for such benefit.

Section 14.3 Place of Execution of Development Agreement. Developer, Developer's Owners, and Franchisor acknowledge (i) this Development Agreement was executed in Dallas County, Texas; and (ii) performance of certain obligations of Developer and Developer's Owners under this

Development Agreement, including payment of monetary sums due hereunder, shall occur at Franchisor's principal offices in Dallas, Texas.

Section 14.4 Costs and Attorneys' Fees. Prior to the commencement of litigation, arbitration, or other dispute resolution procedure and in the event Franchisor incurs costs and expenses (including attorneys' fees) in connection with Developer's failure to comply with (and/or failure to timely pay amounts owing to Franchisor under) this Development Agreement, then Developer shall promptly reimburse Franchisor for such reasonable costs and expenses. In the event of litigation, arbitration, or other dispute resolution procedure between the parties to enforce this Development Agreement, the prevailing party in any such action shall be entitled to recover reasonable costs and expenses from the other party, including, without limitation, court costs, attorneys' fees, and discovery costs.

Section 14.5 Rights of Parties are Cumulative. Franchisor's and Developer's rights under this Development Agreement are cumulative and the exercise or enforcement of any right or remedy under this Development Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Development Agreement which it is entitled by law or this Development Agreement to exercise or enforce.

Section 14.6 Waiver of Punitive Damages and Jury Trial. To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.

Section 14.7 Limitation of Claims. Any and all claims arising out of or relating to this Development Agreement or the relationship among the parties to this Development Agreement will be barred unless an action or proceeding is commenced within one year from the date Developer or Franchisor knew or should have known of the facts giving rise to such claim.

ARTICLE 15
GENERAL PROVISIONS

Section 15.1 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Development Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Development Agreement as may remain otherwise intelligible and legally enforceable, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be part of this Development Agreement.

Section 15.2 No Benefit. Except as expressly provided to the contrary herein, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Franchisor, Franchisor's officers, directors, managers and employees, and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by Article 8 hereof, any rights or remedies under or by reason of this Development Agreement.

Section 15.3 Agreement to be Bound. Developer and Developer's Owners, as applicable, expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Development Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

Section 15.4 Captions. All captions in this Development Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

Section 15.5 Survival. Any obligation of Developer or Developer's Owners that contemplates performance of such obligation after termination or expiration of this Development Agreement or the transfer of any interest of Developer or Developer's Owners shall be deemed to survive such termination, expiration or transfer.

Section 15.6 Gender. All references herein to the masculine, feminine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and vice versa; and, without limiting the obligations individually undertaken by Developer's Owners hereunder, all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by all those executing this Development Agreement on behalf of Developer.

Section 15.7 References to Corporation or Partnership. Each reference in this Development Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other Entity or organization similar thereto. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Development Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other Entity or organization similar thereto.

Section 15.8 Multiple Counterparts. This Development Agreement may be executed in one or more counterparts and each counterpart copy so executed shall be deemed an original.

Section 15.9 Entire Agreement. This Development Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full, and complete agreement between Franchisor and Developer concerning the subject matter hereof and shall supersede all prior agreements, discussions, correspondence, understandings and/or communication in any form or format between the parties hereto with respect to the subject matter hereof. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Development Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. In entering into this Development Agreement, no party is relying on any promise, warranty, inducement or representation of the other party other than those expressly set forth herein; provided, however, that nothing in this Development Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Developer by Franchisor.

Section 15.10 Business Days. The term "business days" means any days excluding Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving and Christmas.

Section 15.11 Developer's Responsibility For Developer's Owners. Developer shall be solely and completely responsible to ensure (and cause) each of Developer's Owners to comply with the terms of this Development Agreement. Developer agrees that any violation of the terms of this Development Agreement by Developer's Owners shall constitute an event of default under Article 7.

ARTICLE 16
ACKNOWLEDGMENTS

Section 16.1 Investigation by Developer and Developer's Owners. Developer and Developer's Owners acknowledge that they have conducted an independent investigation of the business venture contemplated by this Development Agreement and recognize that such business venture involves substantial business risks and that Developer's success will be largely dependent upon the ability of Developer and Developer's Owners as independent business people. Franchisor expressly disclaims the making of, and Developer and Developer's Owners acknowledge not having received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Development Agreement. Further, Developer and Developer's Owners acknowledge that Franchisor has made no representations that the Developer or any of Developer's Owners may or will derive income from any Chili's Restaurant developed hereunder.

Section 16.2 Receipt of Documents. Developer and Developer's Owners acknowledge they have received a copy of Franchisor's franchise disclosure document and have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Development Agreement by counsel of their own choosing at least fourteen (14) calendar days prior to its execution and is entering into this Development Agreement after having made an independent investigation of Franchisor's operations and not upon any representation as to the profits and/or sales volume which Developer might be expected to realize.

Section 16.3 Acknowledgment by Developer and Developer's Owners. Developer and each of Developer's Owners acknowledges they have read and understood this Development Agreement, the Attachments hereto, and agreements relating hereto, if any, and that Franchisor has accorded Developer and each of Developer's Owners ample time and opportunity to consult with advisors of Developer's or such Developer's Owners own choosing about the potential benefits and risks of entering into this Development Agreement.

Section 16.4 Franchisor's Right to Vary the System and Other Standards. Developer and Developer's Owners acknowledge and agree that other developers of the System may be granted development rights at different times and in different situations pursuant to development agreements which may substantially differ from this Development Agreement (including, without limitation, development fees, training fees, and other fees). Developer and Developer's Owners acknowledge and agree that Franchisor reserves the right to vary the System and other standards, specifications, and operating procedures (including standards and specifications related to building, furniture, fixtures, equipment, and signage) to address different circumstances or for other reasons deemed sufficient by Franchisor, in its sole discretion.

IN WITNESS WHEREOF, the parties hereto have executed this Development Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Developer:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

ATTACHMENT A TO DEVELOPMENT AGREEMENT

DEVELOPER'S OWNERS, MANAGING OWNER, AND OPERATING PARTNER

Managing Owner: _____

Operating Partner: _____

Developer's Owners	Percentage of Ownership

ATTACHMENT B TO DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT

This Agreement for Protection of Chili's Grill & Bar Trade Secrets and Confidential Information (this "Confidentiality Agreement") is entered into between Brinker International Payroll Company, L.P. ("Franchisor"), _____ ("Developer") and _____ ("Covenantor") to be effective as of _____ (the "Effective Date").

RECITALS

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of full-service restaurants under such tradenames as Chili's® Grill and Bar and Chili's Too® (collectively, "Chili's Restaurants").

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management, and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (collectively and as further defined in Section1(a) below, the "Confidential Information").

The Confidential Information provides economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means to, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information.

Franchisor has taken, and intends to take all reasonable steps to maintain the confidentiality and secrecy of Confidential Information.

Franchisor has granted Developer a limited right to develop Chili's Restaurants using the System and Confidential Information pursuant to that certain Development Agreement between Franchisor and Developer.

Franchisor and Developer have agreed in the Development Agreement on the importance to Franchisor and to the Developer and other licensed users of the System of restricting use, access and dissemination of Confidential Information.

Franchisor and Developer acknowledge it will be necessary for certain employees, directors, officers, partners, members, managers and owners of Developer to have access to and to use some or all of the Confidential Information in the operation of Chili's Restaurants using the System.

Developer has agreed to obtain from those employees, directors, officers, partners, members, managers and owners written agreements protecting Confidential Information and the System against unfair competition.

Covenantor desires to remain (or desires to become) an employee, director, officer, partner, member, manager or owner of Developer and Covenantor desires to receive and use Confidential Information in the course of his or her employment. Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

(1) Confidentiality Agreement.

(a) All information and materials, including, without limitation, the CFM, any confidential information, knowledge, or know-how concerning the Chili's Marks, the System, and methods of operation of the Franchised Restaurant, and any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurant including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(b) Covenantor shall receive Confidential Information in confidence and shall, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Developer, or in the performance of his or her other responsibilities to Developer, and only in connection with this Confidentiality Agreement and/or operation by Developer of a Chili's Restaurant using the System for so long as Developer is licensed by Franchisor to use the System.

(c) Covenantor shall not, at any time, make copies of any documents or compilations containing some or all of Confidential Information without Franchisor's express written permission.

(d) Covenantor shall not, at any time, disclose or permit the disclosure of Confidential Information except to other employees of Developer and only to the limited extent necessary to train or assist other employees of Developer in the operation of a Restaurant using the System.

(e) Covenantor shall surrender the CFM and any other material containing some or all of Confidential Information to Developer or to Franchisor, upon request, or upon termination of employment by or association with Developer or Covenantor, or upon conclusion of the use for which CFM or other information or material may have been furnished to the Covenantor.

(f) Covenantor shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

(2) Covenants Not to Compete.

(a) In order to protect the goodwill and distinctive qualities of the System and the confidentiality and value of Confidential Information, and in consideration for the disclosure to Covenantor of Confidential Information, Covenantor further agrees and covenants that, during the time

Covenantor is employed by Developer, or is an officer, director, partner, member, manager or owner of Developer, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Developer's Restaurants using the System to any Competitive Restaurant (as defined in the Development Agreement).

(ii) Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave his or her employment. This subsection shall not apply to any employee transfer between Developer and Franchisor.

(iii) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation, or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, or have any interest in, advise, help or make loans to any Competitive Restaurant.

(b) In further consideration for the disclosure to Covenantor of Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants for two (2) years following the termination of his or her employment or relationship by Developer or Covenantor, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Developer's Restaurants using the System to any Competitive Restaurant.

(ii) Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave his or her employment.

(iii) Directly or indirectly, for himself or herself/herself or through, on behalf of or in conjunction with any person, partnership, corporation or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, of have any interest in, advise, help or make loans to any Competitive Restaurant located in the United States of America.

(3) Miscellaneous.

(a) Developer undertakes to use its best efforts to ensure that Covenantor acts as required by this Confidentiality Agreement and the Development Agreement and any Franchise Agreement.

(b) Covenantor agrees that in the event of a breach of this Confidentiality Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Confidentiality Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Development Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Confidentiality Agreement and/or the Development Agreement, without

the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

(c) Covenantor and Developer, jointly and severally, agree to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Confidentiality Agreement.

(d) Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Confidentiality Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

(e) Except as expressly set forth below, Covenantor irrevocably (i) submits himself/herself to the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waives all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agrees that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Development Agreement (including the relationship contemplated by this Development Agreement) by any means allowed by Texas or Federal law; and (iv) agrees that venue for any proceeding relating to, or arising out of, this Development Agreement shall be in Dallas County, Texas; provided Franchisor or Developer may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Confidentiality Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules).

(f) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor or Developer is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Confidentiality Agreement.

(g) This Confidentiality Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Confidentiality Agreement may be modified only by a duly authorized writing executed by all parties.

(h) Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Confidentiality Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, and/or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within three business days after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this subparagraph (h), then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the

other party in accordance with this subparagraph (h) with new notice information. Franchisor may elect (in is sole discretion) to deliver copies of any notices to Developer and Covenantor under this Confidentiality Agreement to their respective lender(s), landlord(s), and other similar parties.

Notices To Franchisor:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: Chili's Grill & Bar Franchise Department
w/ a copy to:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: General Counsel
Notices To Developer and Covenantor:	_____ _____ _____ Attn: _____

(i) The rights and remedies of Franchisor under this Confidentiality Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Developer and the Covenantor hereunder are personal in nature and may not be assigned by the Developer or Covenantor, as applicable, without the prior written consent of Franchisor.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Developer:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

Covenantor:

_____

Name: _____

ATTACHMENT C TO DEVELOPMENT AGREEMENT

GUARANTY

Pursuant to Section 9.8 of this Development Agreement, the undersigned agrees to be individually bound by all the terms and conditions of this Development Agreement including any amendments or modifications thereto whenever made; and unconditionally irrevocably guarantee to Franchisor and its successors and assigns that all of Developer's obligations under this Development Agreement will be punctually paid and performed.

Upon default by Developer or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required by Developer under the Development Agreement. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, renew, extend, modify, amend or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer.

The undersigned waive all demands and notices of every kind with respect to this Guaranty and the Development Agreement, including, without limitation, notice of the amendment or modification of this Guaranty or the Development Agreement, the demand for payment or performance by Developer, any default by Developer or any guarantor, and any release of any guarantor or other security for the Development Agreement or the obligations of Developer.

Franchisor may pursue its rights against the undersigned without first exhausting its remedies against Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Franchisor of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty to be effective as of the date below.

Acknowledged and Agreed by Managing Owner:

_____

Name: _____
Title: Managing Owner

Date: _____

ATTACHMENT D TO DEVELOPMENT AGREEMENT

RIGHT OF FIRST REFUSAL

Capitalized terms used in this Right of First Refusal shall have the meanings ascribed to such terms in this Development Agreement unless otherwise defined herein.

(1) In the event Developer receives (or delivers) an acceptable bona fide offer from a third party related to this Development Agreement and/or a proposed sale of the Franchised Restaurant(s) in the Territory (or any portion thereof or interest therein), then Developer shall give Franchisor written notice setting forth the name and address of the prospective purchaser, the price and terms of the offer together with a franchisee application completed by the prospective purchaser, a copy of the purchase and sale agreement, executed by both Developer and purchaser, and all exhibits, copies of any real estate purchase agreement or agreements, proposed security agreements and related promissory notes, assignment documents, title insurance commitment and any other information that Franchisor may request in order to evaluate the offer.

(2) Franchisor shall then have the right of first refusal to purchase Developer's interest covered by such offer at the price and upon the same terms of the offer. Franchisor shall have thirty (30) calendar days after receipt of Developer's notice of offer and the furnishing of all reasonably requested information within which to notify Developer in writing of its intent to accept or reject the offer. Silence on the part of Franchisor shall constitute rejection. Developer may not rely upon any notice from Franchisor of its intention to accept or reject the offer nor shall such notice be effective unless such notice is in writing and signed by an officer of Franchisor.

(a) In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, an independent appraiser shall be designated by Franchisor to determine such amount, and his determination shall be binding.

(3) If the proposed sale includes assets of Developer not related to the Franchised Restaurants, then Franchisor may, at its option, elect to purchase only the assets related to the Franchised Restaurants and an equitable purchase price shall be allocated to each asset included in the proposed sale.

(4) If the proposed sale includes Brinker-franchised restaurants other than Chili's Restaurants (the "Brinker Non-Chili's Restaurants"), then Franchisor may, at its option, elect to purchase: (i) only the Brinker Non-Chili's Restaurants; (ii) only the Franchised Restaurants; or (iii) any combination of Brinker Non-Chili's Restaurants and/or Franchised Restaurants whether on an individual restaurant basis or on an aggregate basis; and an equitable purchase price shall be allocated to each restaurant.

(5) To the extent any franchise agreements or other agreements relating to the Brinker Non-Chili's Restaurants may be inconsistent with, or conflict with the terms of the right of first refusal contained herein, the terms of this right of first refusal shall control. This right of first refusal shall apply to any transfer, conveyance, assignment, consolidation, merger or any other transaction in which legal or beneficial ownership of the franchise granted in a franchise agreement is vested in an individual or entity other than Developer; provided, however, it shall not apply if Developer consists of more than one

person and the transfer or assignment is from one partner to another, both of whom are signatories to this Development Agreement as of the date hereof, so long as (i) the Operating Partner continues to satisfy the requirements set forth in Section 6.2 hereof, and (ii) Franchisor is given written notice thereof prior to such transfer.

(6) If this Development Agreement has been assigned to a corporation in accordance with Section 8.2(c) of this Development Agreement, then this right of first refusal shall also apply if Voting Common Stock in such corporation is sold, assigned or transferred to individuals or entities other than those approved by Franchisor as owners of the Voting Common Stock.

(7) The election by Franchisor not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

(8) Any sale, attempted sale, assignment or other transfer of the rights granted effected without first giving Franchisor the right of first refusal described above shall be void and of no force and effect.

(9) If Franchisor does not accept the offer to purchase the Franchised Restaurants proposed to be sold by Developer, then Developer may conclude the sale to the purchaser who made the offer upon the same terms, conditions, and price as offered to Franchisor provided Franchisor's consent to the assignment be first obtained, which consent will not be unreasonably withheld upon compliance with the conditions imposed by Franchisor on the assignment including the conditions set forth in Section 8.2(b).

(10) In addition, Developer agrees that, prior to acquiring any other Chili's Restaurant development rights or franchise which may be offered to it for sale or which it may offer to purchase, such development rights or franchise will first be offered to Franchisor on the same terms, conditions and price.

* * * * * * *

ATTACHMENT E TO DEVELOPMENT AGREEMENT

CHILI'S® GRILL & BAR
DOMESTIC FRANCHISE AGREEMENT

PUBLIC COMPANY ADDENDUM

This "Public Company Addendum" is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor"), and _____ ("Developer") to be effective as _____ (the "Effective Date").

1. Introduction. Franchisor and Developer entered into a Development Agreement dated _____ (the "Development Agreement") related to the development of Chili's Restaurants and the parties desire to modify certain provisions of the Development Agreement regarding publicly-held corporations.

2. Defined Terms. Capitalized terms used in this Public Company Addendum shall have the meanings ascribed to such terms in the Development Agreement unless otherwise expressly defined herein.

3. Definition of Public Company. The term "Public Company" as used in this Public Company Addendum shall be deemed to mean a publicly-held corporation having its securities registered pursuant to Section 12 under the Securities Exchange Act of 1934, as amended or a corporation subject to the requirements of Section 15(d) under the Securities Exchange Act of 1934, as amended.

4. Amendment to Development Agreement. Commencing on the Effective Date of this Public Company Addendum, the terms of Section 6.2(i) and Section 6.2(m) shall not apply to Developer so long as Developer is a Public Company.

(a) Commencing on the Effective Date of this Public Company Addendum, the terms of Sections 9.3(a)(iii), 9.3(b)(iii), and 9.3(c)(iii) of the Development Agreement shall not apply to ownership of less than one percent (1%) beneficial interest in Developer so long as Developer is a Public Company..

(b) With respect to Section 8.2(a) of the Development Agreement, Franchisor's prior written consent shall not be required for a transfer of less than a ___% interest so long as Developer is a Public Company, except that Franchisor's prior written consent shall be required for a series of transfers which, in the aggregate, amounts to a transfer of greater than a ___% interest (even if each individual transfer in such series falls below the ___% threshold).

5. Except as modified by this Public Company Addendum, the Development Agreement remains in full force and effect as written therein.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Public Company Addendum to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Developer:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or us), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the developer concerning termination or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

b. The 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.).

c. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF HAWAII

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or us), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

HAWAII LAW MODIFICATIONS

As a condition to becoming registered to offer and sell franchises in the state of Hawaii the Hawaii Department of Commerce and Consumer Affairs has required that the Franchisor defer your obligation to pay initial fees under the Development Agreement and each Franchise Agreement until each Restaurant is open and initial training has been provided. Therefore, notwithstanding anything to the contrary in Section 2.1. of the Development Agreement, during the period that such fee deferral requirement is in effect ("Fee Deferral Period"), you will not be required to pay the Development Fee, but, instead, will be required to pay the full initial franchise fee pursuant to the Franchise Agreement immediately after each Restaurant opens and initial training has been provided. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, you must pay all accrued but unpaid portions of the development fee.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.

2. Article 14, "Dispute Resolution," is amended by the addition of the following:

"This Article 14 shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41."

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. Any acknowledgments or representations of the Developer made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.

c. A Developer may bring a lawsuit in Maryland for claims arising under the Law.

d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Developer for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota developers against liability to third parties resulting from claims by third parties that the developer's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. 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, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the developer from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Developer under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Developer consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. §§ 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If the Developer is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

The Brinker International Payroll Company, L.P. Development Agreement between _____ ("Developer" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 to 19.100.940. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to you concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Developer is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

e. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

EXHIBIT C

FRANCHISE AGREEMENT

CHILI'S® GRILL & BAR
DOMESTIC FRANCHISE AGREEMENT

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* * * * * *

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* * * * * *

CHILI'S® GRILL & BAR
DOMESTIC FRANCHISE AGREEMENT

This Chili's® Grill & Bar Domestic Franchise Agreement (this "Franchise Agreement") is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor") and _____ ("Franchisee") to be effective as of _____ (the "Effective Date").

Recitals

- Franchisor and _____ ("Developer") have entered into a Development Agreement dated _____ (the "Development Agreement"), relating to the development of Chili's Restaurants in the Territory (as that term is defined in the Development Agreement).

- Franchisor (and/or its parent company, affiliates, and subsidiaries), as the result of the expenditure of time, skill, effort and money, has developed and owns a distinctive system (the "System") relating to the establishment and operation of restaurants under the tradename Chili's® Grill and Bar and related tradenames (collectively, "Chili's Restaurants").

- The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

- Franchisor identifies the System by means of certain tradenames, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, Chili's® Grill & Bar and such other tradenames, service marks, and trademarks as are now designated (and may hereafter be designated) by Franchisor for use in connection with the System (collectively, the "Chili's Marks").

- Franchisor continues to develop and use (and control the use of) the Chili's Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

- Franchisor has established a high reputation and a positive image with the public as to the quality of products and services available at Chili's Restaurants, which reputation and image have been and continue to be unique benefits to Franchisor and its franchisees.

- Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

- Franchisee desires to use the System in connection with the operation of a Chili's Restaurant at the "Location" specified in Attachment A, as well as to receive the training and other assistance provided by Franchisor in connection with such restaurant.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

ARTICLE 1
GRANT OF FRANCHISE

Section 1.1 Grant of Franchise. Subject to this Franchise Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the non-exclusive right and obligation to operate a franchised Chili's® Grill & Bar restaurant in accordance with the System only at the "Location" specified on Attachment A and using only the Chili's Marks at such restaurant (collectively, the "Franchised Restaurant"). During the Term (defined below), Franchisee shall use the Location solely for the operation of the Franchised Restaurant in accordance with this Franchise Agreement and for no other purpose and Franchisee shall not relocate the Franchised Restaurant without the express prior written consent of Franchisor.

(a) Franchisee or any of Franchisee's Owners shall not enter into any subfranchise agreement, management agreement, operating agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to the rights and obligations of Franchisee hereunder. This Franchise Agreement (including the rights, obligations, duties, and benefits hereunder) is intended solely for the parties hereto, and no other person or entity shall have any rights, obligations, duties, and benefits under this Franchise Agreement.

(b) Franchisee agrees this Franchise Agreement is strictly limited to the non-exclusive right and obligation to operate a franchised Chili's Restaurant at the Location in accordance with this Franchise Agreement and Franchisee agrees this Franchise Agreement is not a development agreement and does not grant any right to develop and/or operate any other Chili's Restaurants.

Section 1.2 No Territorial Rights. Franchisee agrees this Franchise Agreement does not grant any territorial rights, radius restrictions, minimum population requirements, and/or any other requirements which would govern and/or restrict where another Chili's Restaurant may open and operate. Franchisor (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise is or becomes affiliated with) retains all rights not expressly granted in this Franchise Agreement.

(a) Franchisee agrees that Franchisor may establish, develop, construct, open, and operate Chili's Restaurants at any location inside or outside the Territory (either directly or through a franchise, licensing, joint venture, or any other arrangement).

(b) Franchisor (including its affiliates, partners, and/or authorized representatives) may, at any time, advertise or promote the System and fulfill customer orders in the Territory.

(c) Franchisor may offer and sell (or authorize any person or entity to offer and sell) products and services displaying the Chili's Marks or other tradenames and trademarks (e.g., prepackaged food and beverage items, T-shirts and other memorabilia) to the public through any distribution channel inside or outside the Territory and Franchisee acknowledges such products or services may be similar to those offered by Franchised Restaurant.

(d) Franchisor reserves the right to develop and establish other tradenames, service marks, trademarks, logos, emblems and indicia of origin which may be similar to, or different from, the Chili's Marks (collectively, the "Other Marks"). The Other Marks shall be separate and distinct from the Chili's Marks referenced in this Franchise Agreement; therefore, (i) Franchisee shall have no rights to the Other Marks, and (ii) Franchisor (on its behalf and on behalf of any other entity which it may acquire, or be acquired by, or otherwise is or becomes affiliated with) reserves the right to establish, develop, construct, open, and operate restaurants, other food service operations and other businesses under the Other Marks at any location inside and outside the Territory (either directly or through a franchise, licensing, joint venture or any other arrangement). The Other Marks may include, without limitation, brand extensions or related brands of Chili's Restaurants such as counter-service restaurants, quick-service restaurants or other such restaurants, and the Other Marks may include such restaurants operating under a similar tradename.

(e) Franchisee releases Franchisor and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, damages, costs, and/or expenses which Franchisee may claim to have arising out of, or related to, the exercise by Franchisor (including its affiliates, franchisees, developers, partners, and/or authorized representatives) of the rights reserved to Franchisor under this Section 1.2, including, without limitation, any claim related to an alleged cannibalization of Gross Sales and any claim related to the right to establish, develop, construct, open, and operate Chili's Restaurants inside and/or outside the Territory and/or other restaurants, other food service operations, and other businesses under the Other Marks inside and outside the Territory (either directly or through a franchise, licensing, joint venture, or any other arrangement).

ARTICLE 2
TERM AND SUCCESSOR FRANCHISE AGREEMENT

Section 2.1 Term. Unless sooner terminated, the "Term" of this Franchise Agreement shall commence on the Effective Date and shall expire on the last day of the last calendar month of the twentieth (20th) anniversary following the date on which the Franchised Restaurant is opened for business.

Section 2.2 Successor Franchise Agreement. Franchisee may, at its option, deliver a written request to Franchisor for a "Successor Franchise Agreement" (defined below) for the Franchised Restaurant, subject to the following conditions precedent which must be satisfied prior to the parties executing any such Successor Franchise Agreement.

(a) Franchisee shall give Franchisor written notice of Franchisee's request to sign a Successor Franchise Agreement not less than twelve (12) months nor more than twenty-four (24) months prior to the end of the initial term. The term of Successor Franchise Agreement shall be twenty (20) years and such term shall commence upon the expiration of this Franchise Agreement.

(b) Franchisee shall complete, in a manner satisfactory to Franchisor, such renovation and modernization of the Franchised Restaurant as Franchisor may reasonably require, including, without limitation, renovation and modernization of the building, signs, furnishings, fixtures, equipment and decor, to reflect the then-current standards and image of the System.

(c) As of the date of the notice referenced above in Section 2.2(a) and as of the expiration of this Franchise Agreement, Franchisee shall not be in default of any provision of this Franchise Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its subsidiaries and affiliates; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof.

(d) As of the date of the notice referenced above in Section 2.2(a) and as of the expiration of this Franchise Agreement, Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and shall have timely met those obligations throughout the term of this Franchise Agreement.

(e) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the approved location for the entire term of the Successor Franchise Agreement.

(f) Franchisee and Franchisee's Owners (defined below) shall execute the Successor Franchise Agreement (i.e., Franchisor's then-current form of franchise agreement), which agreement shall supersede this Franchise Agreement in all respects, and the terms of which may substantially differ from the terms of this Franchise Agreement, including, without limitation, payments by Franchisee of higher percentage of royalty fees, higher percentage of technical services fees, and higher percentage of advertising fees,

(i) Attachment C contains a complete list of all owners of any type of interest in Franchisee and such individuals and/or entities shall be deemed as "Franchisee's Owners" for the purposes of this Agreement.

(g) Upon execution of the Successor Franchise Agreement, Franchisee shall pay, in lieu of the Franchise Fee, a successor fee equal to the then-current Franchise Fee being charged to new franchisees under the System.

(h) Franchisee and each of Franchisee's Owners shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents.

(i) Franchisee shall comply with Franchisor's then-current qualification and operations training requirements.

(j) In the event Franchisee fails (or failed) to comply with any or all of the conditions precedent set forth above, then Franchisee shall be deemed to have waived any such option to a Successor Franchise Agreement and, in such event, Franchisor shall be entitled to deny Franchisee's request for a Successor Franchise Agreement by written notice to Franchisee and this Franchise Agreement shall thereafter expire on the date specified in Section 2.1 (unless sooner terminated in accordance with the provisions of this Franchise Agreement).

(k) Upon expiration (or termination) of this Franchise Agreement, Franchisee hereby waives any right or option to a Successor Franchise Agreement, unless a Successor Franchise Agreement has been signed by both Franchisor and Franchisee in accordance with this Section 2.2 prior to such expiration or termination.

ARTICLE 3
TRAINING AND OPENING REQUIREMENTS

Section 3.1 Initial Training. In connection with the first two (2) openings of Franchised Restaurants (as required by the Development Schedule in the Development Agreement), Franchisor shall provide (on such dates and at such locations as determined by Franchisor) an initial operational training program for Franchisee's Managing Owner and Operating Partner (as defined in Article 7) and up to five (5) of Franchisee's managers per Franchised Restaurant and Franchisee agrees that such personnel must complete such operational training program to Franchisor's satisfaction not more than five (5) months prior to opening of the Franchised Restaurant (the "Initial Training").

(a) In connection with the first two (2) openings of Franchised Restaurants (as required by the Development Schedule in the Development Agreement), Franchisor shall be responsible for the onsite training costs related to the Initial Training for the Managing Owner, Operating Partner, and up to five (5) of Franchisee's managers per Franchised Restaurant; provided that Franchisee shall be responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) for such individuals associated with such training.

(i) However, if the Managing Owner, Operating Partner, and five (5) of Franchisee's managers have completed the Initial Training and if the opening of the Franchised Restaurant is then moved to a later date, then Franchisor may, at its option, elect to require such personnel to attend another Initial Training. In such event, Franchisee shall pay to Franchisor a training fee for the Managing Owner, Operating Partner, and five (5) of Franchisee's managers (as applicable) at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs, lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(ii) If the Franchised Restaurant represents the third (3rd) or more Franchised Restaurant to be opened (as required by the Development Schedule in the Development Agreement), then Franchisor reserves the right to charge Franchisee a training fee for the Managing Owner, Operating Partner, and up to five (5) of Franchisee's managers (as applicable) at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(b) Any person subsequently employed by Franchisee in the position of manager (e.g., the 6th manager at the Franchised Restaurant) and each subsequent Managing Owner and Operating Partner, if any, shall attend and complete, to Franchisor's satisfaction, the Initial Training and, in such event, Franchisee shall pay to Franchisor a training fee at the then-current rate being charged by Franchisor to franchisees for such training and Franchisee shall also be solely responsible for all other costs (i.e., airfare costs, rental car costs, other travel costs lodging costs, meals and food costs, and other similar costs) associated with such training for such individuals.

(c) If (i) Franchisee operates another Chili's Restaurant (other than the Franchised Restaurant), (ii) Franchisee's Managing Owner and Operating Partner and at least three (3) managers at the other restaurant have completed the Initial Training to Franchisor's satisfaction, and (iii) such other Chili's Restaurant has been approved by Franchisor as a "Certified Training Store ("CTS)", then Franchisee may, subject to Franchisor's approval, conduct the Initial Training for Franchisee's managers at the Chili's Restaurant which has been approved as a Certified Training Store. If Franchisee conducts the Initial Training, then Franchisee's managers shall satisfactorily complete such training as evidenced by Franchisor's written certification thereof.

Section 3.2 Pre-Opening Assistance. Franchisor may, at its option, elect to provide on-site supervision and assistance prior to opening of the Franchised Restaurant (which may include, at Franchisee's expense, an opening crew as described in this Article 3 and otherwise subject to the availability of such opening crew).

Section 3.3 Other Assistance. Franchisor may, at its option, provide such continuing advisory assistance to Franchisee in the operation of the Franchised Restaurant, as Franchisor deems advisable.

(a) Franchisor may make available, from time to time, research data and other materials relating to merchandising, marketing, and advertising.

(b) Franchisor may, from time-to-time and at its option, make available to Franchisee, at a reasonable cost, "back-of-the-house" software system(s) and computerized point-of-sale systems. Franchisee shall be required to execute such documents related to the licensing of the software and register systems as Franchisor may reasonably require and to pay any licensing fees associated therewith.

(c) Franchisor may, from time-to-time and at its option, provide to Franchisee advice and written materials concerning techniques of managing and operating the Franchised Restaurant, including information regarding new developments and improvements in restaurant equipment, food products, packaging, and preparation.

Section 3.4 Supplemental Training. In addition to the Initial Training, Franchisor reserves the right to require Franchisee, Managing Owner, Operating Partner, and then-current managers at the Franchised Restaurant to attend supplemental training courses at times and locations determined by Franchisor and all costs (including, without limitation, travel, lodging, and food costs for Franchisee's personnel) associated with such supplemental training shall be Franchisee's responsibility. Franchisor reserves the right to charge a fee to Franchisee for such supplemental training courses and training materials.

Section 3.5 Opening Requirements. In connection with the opening of the Franchised Restaurant, Franchisee shall conduct, at Franchisee's expense, such promotional and advertising activities as Franchisor may require. Franchisee agrees that Franchisor, in its reasonable business judgment, may require that the Franchised Restaurant be supported, in whole or in part, by an opening crew composed of trained representatives of Franchisor, for a total period not to exceed twenty (20) days occurring before and after the date of opening of the Franchised Restaurant. Franchisee's management team shall be at the Franchised Restaurant at least six (6) weeks prior to the Franchised Restaurant opening and no opening crew shall be furnished by Franchisor until Franchisor's representative approves the Franchised

Restaurant as ready for training. Franchisee further agrees to reimburse Franchisor for all reasonable expenses incurred in providing such opening crew for the Franchised Restaurant, including costs of transportation, lodging, meals and wages.

Section 3.6 Construction and Authorization To Open. Prior to opening the Franchised Restaurant for business, Franchisee shall comply with all opening requirements set forth in this Franchise Agreement, any applicable Development Agreement (and if this Agreement is being executed not pursuant to a Development Agreement, then the requirements on Attachment I), the CFM (as defined below), and/or elsewhere in writing by Franchisor. Franchisee shall not, in any event, open the Franchised Restaurant to the public for business until Franchisee has received authorization to open from Franchisor.

Section 3.7 Training Costs. Franchisee shall be responsible for any and all expenses incurred by Franchisee, Franchisee's Owners, and its managers and employees in connection with any training programs hereunder, including, without limitation, the costs of transportation, lodging, meals and wages.

Section 3.8 Release by Franchisee. Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant. Franchisee acknowledges that Franchisor's approval of a prospective site and the rendering of assistance in connection with the foregoing does not constitute a representation, promise, warranty, or guarantee by Franchisor that the Franchised Restaurant will be profitable or otherwise successful. Accordingly, Franchisee releases Franchisor and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages which may arise from Franchisee's locating, obtaining, and developing the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant.

ARTICLE 4
FEES AND PAYMENTS

Section 4.1 Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of _____ and 00/100 Dollars ($_____) on or before the commencement of construction on the Franchised Restaurant (the "Franchise Fee"). Upon payment, the Franchise Fee shall be deemed fully earned and nonrefundable in consideration for administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others.

(a) In the event (i) the Development Agreement has not been terminated at the time the Franchised Restaurant opens to the public; (ii) Franchisor has not elected any of its remedies under Section 7.5 of the Development Agreement at the time the Franchised Restaurant opens to the public; (iii) Developer is not in default under the Development Agreement at the time the Franchised Restaurant opens to the public; (iv) Developer, Franchisee, and/or any related/affiliated entity is not in default under any other agreement with Franchisor at the time the Franchised Restaurant opens to the public; and (v) Franchisee opens and is operating the Franchised Restaurant at least 90 days before the opening date for the Franchised Restaurant as set forth in the Development Schedule in the Development Agreement, then Franchisee shall be entitled to a credit against the Franchise Fee of Ten Thousand and 00/100 Dollars ($10,000.00) which credit shall be paid to Franchisee, at Franchisor's sole option, either (i) by direct payment from Franchisor to Franchisee, or (ii) by a monthly credit against the Monthly Fee (defined in

Section 4.2); provided such credit shall not exceed fifty percent (50%) of the Monthly Fee due in any calendar month.

Section 4.2 Monthly Fee and Definition of Gross Sales.

(a) Royalty Fee. During the Term (and in consideration of Franchisee's right to use the Chili's Marks for the Franchised Restaurant in accordance with the terms of this Franchise Agreement), Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount equal to One and One-Fourth Percent (1.25%) of Gross Sales, as defined below (the "Royalty Fee").

(b) Technical Services Fee. During the Term and in addition to the Royalty Fee (and in consideration of Franchisee's right to use the System and receive the services available to Franchisee under this Franchise Agreement), Franchisee shall pay to Franchisor a continuing monthly technical services fee in an amount equal to Two and Three-Fourths Percent (2.75%) of Gross Sales (the "Technical Services Fee").

(c) Monthly Fee. The Royalty Fee and the Technical Services Fee are hereinafter collectively called the "Monthly Fee."

(d) Monthly Fee Payment Date. Subject to Section 4.8, the Monthly Fee shall be paid to and received by Franchisor on or before the tenth (10th) day of each month based on the Gross Sales for the preceding calendar month and shall be submitted to Franchisor at the address provided under Article 19 in care of the "Treasurer".

(e) Gross Sales. The term "Gross Sales" shall include the total value of all services and products provided by and/or from the Franchised Restaurant and all revenue from any sale of all services and products and all other income of every kind and nature related to the Franchised Restaurant (including, without limitation, the full value of on-premise sales, off-premise sales, catering sales, internet sales, sales from tabletop and other digital media devices, complimentary sales, coupon sales, sales to employees, employee meals, and any other type of sale related to the Franchised Restaurant -- all such sales subject to Section 7.1(e)), whether for cash or credit (and regardless of collection in the case of credit) and with no deductions or exclusions whatsoever, except federal, state, or municipal sales taxes collected by Franchisee from customers and paid by Franchisee to the appropriate taxing authority. Without limiting the foregoing, Franchisee shall not be permitted to take any other deduction or exclusion from Gross Sales other than the taxes listed in the previous sentence and specifically, Franchisee shall not be permitted to deduct any complimentary sales including, without limitation, sales from complimentary food and beverages provided to customers and/or employees.

Section 4.3 Other Payments. All other payments required under this Franchise Agreement (except the Monthly Fee and the Advertising Fee which must be received by Franchisor no later than the 10th day of each calendar month), including those related to reimbursement of expenses, are due and payable upon demand or receipt of any billing statement or invoice therefor, whichever is earlier and shall otherwise be payable in accordance with the provisions of this Franchise Agreement, unless otherwise instructed in writing by Franchisor. Franchisee shall designate a single address/location for the delivery of all billing statements and invoices under this Franchise Agreement and any other development or franchise agreement between Franchisor and Franchisee (including its parent company and affiliated entities).

Section 4.4 Late Charge and Interest on Late Payments. Any payment or report not actually received by Franchisor on or before the date on which such payment is due shall be deemed as late. To compensate Franchisor for the increased administrative expense of handling late payments, Franchisor has the right to charge a $500 late charge for each delinquent payment, due upon making the delinquent payment. In addition to such late charge, Franchisee shall pay Franchisor interest on such late payment from the date it was due until paid at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. Franchisee agrees this section does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to Franchisee or otherwise finance the operation of the Franchised Restaurant.

Section 4.5 Payments/No Refunds/No Offset. Under no circumstances will any amounts paid or payable to Franchisor be refunded by Franchisor for any reason. All amounts owed to Franchisor pursuant to this Franchise Agreement shall be paid to and received by Franchisor on or before the date such amount is due. All such payments must be made by wire transfer, electronic payment or other mechanism as designated from time to time by Franchisor, and each payment shall be accompanied by the electronic, digital or other reports as specified by Franchisor. Franchisee shall not withhold, retain, deduct, credit, and/or offset any amounts which may be owed by Franchisor to Franchisee (and/or its affiliates or subsidiaries) against any amounts due from Franchisee to Franchisor.

Section 4.6 Application of Payments. Regardless of any designation by Franchisee, Franchisor has the right to apply any payments by Franchisee to any of Franchisee's past due indebtedness, interest, or any other indebtedness or amounts owed to Franchisor.

Section 4.7 Payment By Pre-Authorized Bank Transfer. Franchisee agrees to execute and complete the Authorization Agreement in Attachment D, and/or such other documents as Franchisor may require from time to time, to authorize and direct Franchisee's bank or financial institution to pay and deposit directly to Franchisor's account, and to charge to Franchisee's account, the amount of the Franchise Fee, Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement.

(a) Franchisee's authorizations will permit Franchisor to initiate debit entries and/or credit correction entries to Franchisor's account for the amount of such fees and other amounts then payable to Franchisor from Franchisee. Franchisee agrees to maintain, at all times during the term of this Agreement, a balance in Franchisee's account at Franchisee's bank or financial institution sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of such fees and other amounts payable by Franchisee for deposit in Franchisor's account.

(b) The Monthly Fee, Advertising Fee, and any other fees actually transferred from Franchisee's account each month shall be based on the Monthly Financial Statement (as defined in Section 10.2) provided by Franchisee pursuant to this Article 4. If Franchisee does not provide Franchisor with a Monthly Financial Statement for any given month, Franchisor has the right to debit Franchisee's account (i) in an amount equal to such fees transferred from Franchisee's account for the last reporting period for which Franchisor received a Monthly Financial Statement from Franchisee, or (ii) such other amount reasonably estimated by Franchisor to approximate the Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement for a particular month. Franchisee is responsible for any administrative costs, penalties, fines or other similar expenses associated with the pre-authorized bank transfers described in this Section 4.7.

Section 4.8 Bi-Weekly Payments. Franchisor reserves the right to require Franchisee to pay the Monthly Fee, Advertising Fee, and other amounts due and payable by Franchisee pursuant to this Franchise Agreement on a bi-weekly basis pursuant to a schedule determined by Franchisor.

Section 4.9 Taxes. Franchisee shall promptly pay when due all taxes, duties, and/or fees levied or assessed (including, without limitation, gross receipts taxes, franchise taxes, sales taxes, withholding taxes, value added taxes, and/or any similar taxes or fees) and all accounts and other indebtedness of every kind incurred by Franchisee under this Franchise Agreement (collectively, "Taxes"). In the event of any bona fide dispute as to Franchisee's liability for Taxes, Franchisee may contest the validity or the amount of such Taxes in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against this Franchise Agreement, the Franchised Restaurant, and/or Location (or any improvements thereon).

(a) All payments made by Franchisee to Franchisor under this Franchise Agreement shall be paid in U.S. Dollars and shall be grossed-up and paid by Franchisee to Franchisor without any retention, deduction, credit, and/or offset for any Taxes – except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above. Franchisee shall, at its sole cost, pay directly to the appropriate taxing authority any and all Taxes on any amounts paid by Franchisee under this Franchise Agreement or otherwise imposed on Franchisor by any taxing authority in the Territory.

(b) It is the parties' intention that all payments by Franchisee to Franchisor hereunder shall be grossed-up (and without any retention, deduction, credit, and/or offset) for any Taxes in order for Franchisor to receive the entire Franchise Fee, Monthly Fee, Advertising Fee, and/or other amounts due to Franchisor under this Franchise Agreement without any retention, deduction, credit, and/or offset for any Taxes (except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above).

(c) Any Taxes imposed upon or with respect to this Franchise Agreement or any materials, supplies or specifications acquired by or provided to Franchisee pursuant to or in connection with this Franchise Agreement shall be paid by Franchisee.

(d) In the event Franchisor is required under applicable law or otherwise elects (all as determined by Franchisor in its sole discretion) to pay any Taxes to the appropriate taxing authority(ies) in the Territory arising out of this Franchise Agreement, then Franchisee shall immediately pay to Franchisor an amount equal to any amount(s) so paid by Franchisor to such taxing authority(ies).

ARTICLE 5
CHILI'S FRANCHISE MANUAL, PUBLIC RELATIONS, AND CRISIS COMMUNICATIONS

Section 5.1 Chili's Franchise Manual. The term "Chili's Franchise Manual" or "CFM" (a/k/a the Manual of Operating Data or the MOD Manual) means the manuals, policies, specifications, standards, checklists, evaluation forms, spreadsheets, guides, recipes, handbooks, documents, and other information designated by Franchisor from time-to-time regarding the System and Chili's Restaurants. For convenience, the Manual of Operating Data, MOD Manual, and the Chili's Franchise Manual are collectively referenced in this Franchise Agreement as the CFM. The CFM is part of the System and may be updated, modified, and/or revised by Franchisor from time-to-time in its sole discretion. The CFM

also includes such other manuals, policies, specifications, standards, guides, documents, and other information as may be designated by Franchisor in the future with respect to Chili's Restaurants.

(a) During the Term, Franchisee shall remain in strict conformity with the System and the CFM and Franchisee shall also operate the Franchised Restaurant in strict conformity with the System and CFM in accordance with Section 7.1 below.

(b) Franchisor has the right, at its option, to furnish the CFM to Franchisee in the form of paper copies, electronic copies, on computer diskette or CD-Rom, or electronic copies accessed through the internet, designated website(s), or other media. The CFM (in whole or in part) is currently located at the following website (https://franchise.brinker.com), but Franchisor may update, modify, and/or revise such website from time-to-time in its sole discretion.

(c) Franchisor has the right to update, modify, and/or revise the System and/or the CFM in the future to reflect changes to Chili's Restaurants and changes in the System, image, specifications, standards, procedures, approved products, and other items. In such event, Franchisee shall thereafter comply with the System and/or CFM, as updated, modified, and/or revised.

Section 5.2 Franchisee's Use of Chili's Franchise Manual. With respect to Franchisee's use of the CFM, Franchisee agrees that:

(a) Franchisee and Franchisee's Owners shall at all times treat the CFM (including the information therein) as confidential, and shall use all reasonable efforts to maintain the confidentiality of such manuals (and the information therein).

(b) Franchisee and Franchisee's Owners shall not at any time copy, duplicate, record or otherwise reproduce the CFM, in whole or in part, nor otherwise make the same available to any unauthorized person.

(c) The CFM shall at all times remain the sole property of Franchisor.

(d) Franchisor may from time to time supplement and/or modify the CFM and Franchisee expressly agrees that such supplements and/or modifications shall be effective upon receipt and Franchisee shall promptly comply with all such supplements and/or modifications.

(e) To the extent that Franchisee maintains a hardcopy(ies) of the CFM (or any portion thereof), Franchisee shall at all times maintain the CFM in a secure place at the Franchised Restaurant and shall ensure the CFM is kept current and up-to-date. In the event of any dispute as to the contents of the CFM, the terms of the master version of the CFM maintained by Franchisor on Franchisor's website referenced above or at Franchisor's home office shall control.

(f) If applicable and if Franchisee's copy of the CFM is lost, destroyed or significantly damaged, Franchisee will immediately notify Franchisor and will be obligated to obtain from Franchisor, at Franchisor's then applicable charge, a replacement copy of the CFM.

Section 5.3 Public Relations and Crisis Communications. The term "PR Manual" is part of the CFM and means the policies, procedures, and other standards designated by Franchisor from time-to-time regarding public relations matters and crisis communications related to the System, Chili's

Restaurants, and/or the Franchised Restaurant. Franchisee agrees to comply with the PR Manual and further agrees that:

(a) The PR Manual contains the official guidelines and procedures outlined by Franchisor for managing the public relations and crisis communications aspects of the Franchised Restaurant.

(b) Franchisee shall at all times maintain the PR Manual in a secure place at the Franchised Restaurant and shall ensure the PR Manual is kept current and up-to-date. In the event of any dispute as to the contents of the PR Manual, the terms of the master copy of the PR Manual maintained by Franchisor at Franchisor's home office shall control.

(c) The information in the PR Manual is confidential and proprietary to Brinker and is to be used by the Franchisee only in connection with the operation of the Franchised Restaurant.

(d) Franchisee is responsible for managing its public relations and crisis communications matters and agrees that Franchisor's public relations department will not be responsible for such matters. However, Franchisor may, from time-to-time and at its option, make its public relations department available to Franchisee to assist with public relations and crisis communications matters. In the event of an emergency, Franchisor reserves the right (but shall not be obligated) to direct and control all crisis communications on behalf of Franchisee and the Franchised Restaurant.

(e) Franchisee may retain its own local public relations firm for its day-to-day public relations needs and must inform Franchisor of the firm's identity.

(f) Franchisee shall not distribute any press release to the media without the prior written consent of Franchisor, in its sole discretion.

(g) Franchisee agrees to notify Franchisor immediately upon the development of any crisis situation regarding the Franchised Restaurant, regardless of whether the Franchisee has retained a local public relations firm. Franchisee shall also alert Franchisor to any potential crisis situation, which Franchisee reasonably believes may be developing.

ARTICLE 6
FRANCHISEE'S REPRESENTATIONS

Section 6.1 Franchisee's Representations. Franchisee represents, warrants and covenants as set forth below.

(a) If Franchisee is a corporation, limited liability company, or partnership, then Franchisee is duly organized and validly existing under the state law of its formation.

(b) If Franchisee is a corporation, limited liability company, or partnership, then Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification.

(c) Franchisee's corporate charter, articles of incorporation, articles of organization, shareholder agreements, limited liability company agreement, or written partnership agreement shall at

all times provide that the activities of Franchisee are confined exclusively to operating the Franchised Restaurant unless otherwise consented to by Franchisor in writing.

(d) The execution of this Franchise Agreement and the performance of Franchisee's obligations hereunder have been duly authorized by Franchisee and are within Franchisee's corporate power or permitted under Franchisee's partnership agreement or limited liability company agreement.

(e) If Franchisee is a corporation, then Franchisee has delivered to Franchisor copies of Franchisee's articles of incorporation, bylaws, resolution of the board of directors authorizing entry into and performance of this Franchise Agreement, other governing documents and any amendments thereto.

(f) If Franchisee is a limited liability company, then Franchisee has delivered to Franchisor copies of Franchisee's articles of organization, operating agreement, membership transfer agreement, a resolution of the members or manager authorizing entry into and performance of this Franchise Agreement, other governing documents and any amendments thereto.

(g) If Franchisee is a partnership, then Franchisee has delivered to Franchisor copies of Franchisee's written partnership agreement, evidence of consent or approval of the entry into and performance of this Franchise Agreement by the requisite number or percentage of partners (if such approval or consent is required by Franchisee's partnership agreement), other governing documents and any amendments thereto.

(h) Franchisee shall maintain a current list of Franchisee's Owners and such list shall be certified by the Managing Owner and furnished to Franchisor upon request. If necessary, Franchisee shall execute an addendum to Attachment C to ensure the information contained in Attachment C complies with this Franchise Agreement.

(i) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities of Franchisee and each stock certificate of the corporation shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to all restrictions imposed upon assignments by this Franchise Agreement.

(j) If Franchisee is a limited liability company, its operating agreement, membership transfer agreement, and any other relevant agreement, shall provide that ownership of an interest in Franchisee is held subject to all restrictions imposed upon assignments by this Franchise Agreement.

(k) If Franchisee is a partnership, then Franchisee's written partnership agreement shall provide that ownership of an interest in the partnership is held subject to and that further assignment or transfer is subject to all restrictions imposed upon assignments by this Franchise Agreement.

(l) If any officer or director of Franchisee shall cease to serve as such or any individual shall be elected as an officer or director of Franchisee subsequent to the execution of this Franchise Agreement, then Franchisee agrees to provide Franchisor with notice thereof within ten (10) days subsequent to such change. In the event such newly elected officer or director is a "Managing

Owner" or "Operating Partner", then Franchisee shall cause such newly elected officer or director to comply with the relevant portions of this Franchise Agreement.

(m) At the sole discretion of Franchisor, Franchisor may require the Managing Owner (defined below), Operating Partner (defined below), and any other of Franchisee's Owners to execute the Guaranty in the form set forth on Attachment H upon execution of this Franchise Agreement. If no Guaranty is executed with this Franchise Agreement, in the event of a monetary default under this Franchise Agreement (even if such monetary default is cured), Franchisor reserves the right to require the Managing Owner any other of Franchisee's Owners to sign the Guaranty in the form set forth on Attachment H, in addition to Franchisor's other rights and remedies hereunder.

(n) Franchisee acknowledges and agrees that the representations, warranties and covenants set forth in Sections 6.1(a)-(m) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under Article 14 pursuant to which Franchisor may terminate this Franchise Agreement in addition to such other rights and remedies available to Franchisor hereunder. Franchisee shall cooperate with Franchisor in any efforts made by Franchisor to verify Franchisee's compliance with such representations, warranties and covenants.

Section 6.2 Background Information. Franchisee agrees to promptly provide information regarding Franchisee, Managing Owner, Operating Partner, Franchisee's Owners, and other senior level individuals associated with Franchisee and/or the Franchised Restaurant as may be reasonably requested by Franchisor from time-to-time for the purpose of conducting background checks and security clearances.

ARTICLE 7
OPERATION OF THE FRANCHISED RESTAURANT

Section 7.1 Operation of the Franchised Restaurant. During the Term, Franchisee shall operate the Franchised Restaurant in a first-class manner and in strict conformity with the System and the CFM (and such other required methods, standards and specifications as Franchisor may from time-to-time prescribe in the CFM or otherwise in writing) which Franchisee acknowledges exist to protect the System and the Chili's Marks. In the event of an update, modification, and/or revision to the System and/or CFM, Franchisee shall thereafter comply with the System and/or CFM, as updated, modified, and/or revised. Franchisee acknowledges that every detail of the Franchised Restaurant is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect Franchisor's reputation and goodwill. Furthermore, Franchisee agrees:

(a) To maintain in sufficient supply, and to use and/or sell at all times, only such menu items, ingredients, products, materials, supplies and paper goods as conform with Franchisor's standards and specifications, and to refrain from deviating therefrom by the use or offer of non-conforming items, without Franchisor's prior written consent.

(b) To sell or offer for sale only such menu items, products and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of menu items, products and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for

sale any menu items, products or services which Franchisor may, in its discretion, disapprove in writing at any time.

(c) To permit Franchisor or its agents, at any reasonable time, to remove samples of food or non-food items from Franchisee's inventory or from the Franchised Restaurant, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Franchise Agreement, Franchisor may (i) require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's then-current specifications and (ii) require Franchisee to remove and destroy such food or non-food items at Franchisee's sole cost without reimbursement from Franchisor whatsoever.

(d) To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, computer software and hardware, decor and signs as Franchisor may reasonably direct from time to time in the CFM or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, computer software and hardware, decor, signs, games, vending machines or other items not previously approved as meeting Franchisor's standards and specifications.

(e) To sell or offer for sale products and services only at the Franchised Restaurant and to refrain from off-premises sales or catering unless expressly authorized by Franchisor in writing.

(f) To permit Franchisor to poll Franchisee's point-of-sale and other related computer systems (regardless of location at the Franchised Restaurant, Franchisee's offices, or other locations) for the purpose of compiling data regarding Gross Sales and other relevant data.

(g) If so requested by Franchisor, to provide reports daily, weekly or otherwise to Franchisor regarding Gross Sales and other relevant data related to the Franchised Restaurant in a file format and export method reasonably established by Franchisor, at Franchisee's sole cost.

(h) Franchisee acknowledges that Franchisor may implement new and/or supplemental programs and/or procedures from time-to-time and in its sole discretion (e.g., food-and-restaurant safety programs, operational improvement procedures, nutrition information programs, etc.) as an integral part of the System and Franchisee shall be required to participate in (and comply with) such programs and/or procedures established by Franchisor. Franchisee acknowledges it may be responsible for the payment of certain costs associated with such programs and/or procedures. Franchisor reserves the right to establish (and set forth the terms and conditions of) such programs and procedures through a modification and/or revision to the System and/or CFM and, in such event, Franchisee shall thereafter comply with the System and/or CFM, as modified and/or revised.

(i) To provide Franchisor a fully executed copy of Franchisee's purchase contract or lease agreement (as applicable) for the occupancy of the Franchised Restaurant premises, within three (3) business days after request by Franchisor.

Section 7.2 Managing Owner and Operating Partner.

(a) Managing Owner. Franchisee shall designate and retain an individual to serve as the "Managing Owner" of the Franchised Restaurant. The Managing Owner (i) shall be deemed as a "Franchisee's Owner" hereunder and must have the largest share of unencumbered equity ownership in Franchisee, but not less than ten percent (10%), (ii) must be authorized by the Franchisee to bind the Franchisee in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Franchisee, (iii) must be authorized by the Franchisee to direct any actions necessary to ensure compliance with the Franchise Agreement, and (iv) must devote his full time and best efforts to the satisfaction of Franchisee's obligations under this Franchise Agreement and the daily operations of the Franchised Restaurant. Except as may otherwise be provided in this Franchise Agreement, the Managing Owner's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(i) Franchisee has not taken and agrees that it will not hereafter take, whether directly or indirectly, any action to avoid the authority requirements of the Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. Franchisee agrees to furnish Franchisor with such evidence as Franchisor may request from time to time for the purpose of assuring Franchisor that the Managing Owner's authority remains as represented herein.

(b) Operating Partner. If the Managing Owner does not intend to devote his full time and best efforts to the daily operation of the Franchised Restaurant, then Franchisee must also designate an individual "Operating Partner" who must be approved by Franchisor and the Operating Partner (i) shall be deemed as a "Franchisee's Owner" hereunder and must be authorized by Franchisee to bind Franchisee in any dealings with Franchisor and authorized distributors, suppliers, and contractors of Franchisee, (ii) must be authorized by the Franchisee to direct any actions necessary to ensure compliance with the Franchise Agreement, and (iii) must devote his full time and best efforts to the satisfaction of Franchisee's obligations under this Franchise Agreement and the daily operations of the Franchised Restaurant with no operational or management commitments to other businesses.

(i) The Operating Partner must live within the general area (100-mile radius) of the Franchised Restaurant. Except as may otherwise be provided in this Franchise Agreement, the Operating Partner's interest in Franchisee shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(c) Franchisee shall not change the Managing Owner and/or Operating Partner without the prior written consent of Franchisor. Any sale, transfer or assignment of the Managing Owner's interest in Franchisee, or any portion thereof, shall be subject to the restrictions on transfer described in Article 13 and any failure to comply with such requirements shall be deemed a material event of default by Franchisee under Article 14. Any sale, transfer or assignment of the Operating Partner's interest in Franchisee, or any portion thereof (if any), shall be subject to the restrictions on transfer described in Article 13 and any failure to comply with such requirements shall be deemed a material event of default by Franchisee under Article 14.

Section 7.3 Hours of Operation. Franchisee shall keep the Franchised Restaurant open and in normal operation for such hours and days as Franchisor may from time to time specify in the CFM or as Franchisor may otherwise approve in writing.

Section 7.4 Personnel and Staffing. Franchisee shall staff the Franchised Restaurant in accordance with CFM and Franchisee agrees to maintain a competent, conscientious, and fully-trained staff at the Franchised Restaurant including at least four (4) fully-trained, full-time managers (unless otherwise agreed by Franchisor). Franchisee agrees to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. Franchisee also acknowledges and agrees that Franchisor may require Franchisee to maintain "above-restaurant" supervision (e.g., area director(s), regional director(s), etc.) and, in such event, Franchisee shall ensure that such personnel are fully-trained in accordance with the CFM.

(a) Franchisee alone is responsible for hiring, firing, line-training, disciplining, setting hours for and otherwise supervising all employees. As between Franchisor and Franchisee, Franchisee is solely responsible for the safety and well-being of Franchisee's employees and the customers of the franchised business. Any evaluation or inspection Franchisor conducts is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Restaurant or to assume any responsibility for Franchisee's obligations under this Franchise Agreement. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Chili's Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor.

Section 7.5 Health and Safety Standards. Franchisee shall, at all times, operate the Franchised Restaurant in accordance with (i) the highest health, safety, and sanitation standards under applicable law and (ii) the highest health, safety, and sanitation standards as set forth in the CFM. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of any inspection report, warning, citation, certificate and/or rating which indicates Franchisee's failure to meet or maintain the highest health, safety, and/or sanitation standards in the operation of the Franchised Restaurant.

(a) Temporary Closure of Franchised Restaurant. In the event Franchisee violates the terms of Section 7.5, then (in addition to Franchisor's other rights and remedies hereunder) Franchisee shall temporarily close the Franchised Restaurant immediately upon receipt of written notice from Franchisor and Franchisee shall not re-open the Franchised Restaurant until Franchisee has cured such violation(s) of Section 7.5 and Franchisee has received written permission from Franchisor to re-open the Franchised Restaurant.

(b) Public Health and/or Safety Emergency. In the event of a public health, safety, and/or sanitation emergency involving the Franchised Restaurant, then (in addition to Franchisor's other rights and remedies hereunder) Franchisee shall temporarily close the Franchised Restaurant immediately upon receipt of written notice from Franchisor and Franchisee shall not re-open the Franchised Restaurant until such emergency has been resolved and Franchisee has received written permission from Franchisor to re-open the Franchised Restaurant.

Section 7.6 Approved Suppliers. Franchisee shall purchase all food items, ingredients, supplies, materials and other products used or offered for sale at the Franchised Restaurant solely from suppliers (including manufacturers, distributors and other sources) who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and

specifications for such items, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier; and who have not thereafter been disapproved.

(a) If Franchisee desires to purchase any products from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase from any supplier unless and until such supplier has been approved in writing by Franchisor. Franchisee acknowledges it will be required to secure such supplier's signature to a reasonably acceptable confidentiality agreement as a condition precedent to any approval by Franchisor.

(b) Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by Franchisee or the supplier.

(c) Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier (such determination to be made by Franchisor in its sole discretion).

Section 7.7 Proprietary Products. Franchisee acknowledges and agrees that Franchisor may develop certain products which are made from highly confidential secret recipes and which are trade secrets of Franchisor (the "Proprietary Products"). Because of the importance of quality and uniformity of production and the significance of the Proprietary Products to the System, it is to the mutual benefit of the parties that Franchisor closely controls the production and distribution of the Proprietary Products. Accordingly, Franchisee agrees that, in the event Proprietary Products become a part of the System (and thereby required for use in the Franchised Restaurant), then Franchisee shall only use Proprietary Products in the Franchised Restaurant which have been purchased from Franchisor or from a source designated by Franchisor.

Section 7.8 Repair and Maintenance of the Franchised Restaurant. Franchisee shall maintain the Franchised Restaurant in a first-class manner and condition and Franchisee shall, at its sole cost, make such repairs to the Franchised Restaurant as may be required to maintain the Franchised Restaurant in a first-class manner and condition (including, without limitation, periodic repainting and/or replacement of obsolete or damaged signs, furnishings, equipment and decor) as Franchisor may reasonably direct.

(a) Except for repairs required to maintain the Franchised Restaurant in a first class manner and condition, all other repairs, replacements, additions, and modifications to the Franchised Restaurant shall require Franchisor's prior written consent.

Section 7.9 The Current Image. Upon Franchisor's request, Franchisee shall, at its sole cost and expense, make all improvements and alterations that Franchisor may determine to be necessary for the Franchised Restaurant to conform with the then-current image of Chili's Restaurants as required by the System or as prescribed by Franchisor from time-to-time (the "Current Image"). Franchisee shall, at

its expense, undertake and complete such improvements and alterations within reasonable times specified by Franchisor.

Section 7.10 Mandatory Remodeling of Franchised Restaurant. Franchisee acknowledges (i) Franchisor's right to make changes in the Current Image, as it reasonably deems appropriate; (ii) Franchisor's current requirement that Franchisee must remodel the entire Franchised Restaurant, at Franchisee's sole cost, every seven (7) years to conform with the Current Image of Chili's Restaurants; and (iii) Franchisor's right to require Franchisee to make specific changes to the Franchised Restaurant from time-to-time to conform with the Current Image, at Franchisee's sole cost.

Section 7.11 Inspection by Franchisor. Franchisee shall grant Franchisor and its agents the right to enter the Franchised Restaurant at any time for the purpose of conducting inspections of the Franchised Restaurant and Franchisee shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request. Upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Franchise Agreement, Franchisee shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right and authority (without, however, any obligation to do so), to correct such deficiencies and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon demand. Franchisor reserves the right to institute policies and procedures regarding such inspection in the CFM, including without limitation, fees for failure to timely comply with such policies and procedures.

Section 7.12 Mandatory Sanitation and Food Safety Program. Franchisor reserves the right to require Franchisee's participation in a mandatory sanitation and food safety program relating to the Franchised Restaurant (including periodic inspections and evaluations of the Franchised Restaurant) in accordance with such rules, terms, and conditions as Franchisor deems advisable. Franchisor reserves the right to incorporate the rules, terms, and conditions of such program into the CFM and to supplement such rules, terms, and conditions from time-to-time through modifications to the CFM. Franchisee shall, at all times, operate the Franchised Restaurant in accordance with the rules, terms, and conditions of such mandatory sanitation and food safety program. Franchisee acknowledges Franchisee may be responsible for some (or all) costs of such program as it applies to the Franchised Restaurant.

Section 7.13 Prices at Franchised Restaurant. Subject to this Franchise Agreement, Franchisee shall be responsible for determining the prices of products offered at the Franchised Restaurant, subject to Franchisor's reasonable rules, limitations, and regulations regarding such pricing as permitted by applicable law. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products or services offered at the Franchised Restaurant.

Section 7.14 Liquor Licenses and Business Licenses. This Franchise Agreement is expressly conditioned upon Franchisee's ability to secure and maintain, at its sole cost, any and all required state, county, and/or local liquor licenses required for the on-premises sale and consumption of alcoholic beverages at the Franchised Restaurant and any other business licenses required for the operation of the Franchised Restaurant.

(a) If Franchisee fails to secure the required liquor license(s) by the date the Franchised Restaurant is otherwise ready (and/or required) to open for business, then Franchisor may, in

its sole discretion, terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee and, in such event, Franchisor shall refund the Franchise Fee paid by Franchisee (without interest), less any expenses and/or damages incurred by Franchisor under this Franchise Agreement prior to the date of such termination.

(b) After Franchisee has secured the required liquor licenses, Franchisee shall thereafter comply with all applicable laws and regulations relating to the sale of alcoholic beverages at the Franchised Restaurant. If the sale and consumption of alcoholic beverages at the Franchised Restaurant is suspended or prohibited for more than thirty (30) consecutive days as a result of Franchisee's failure to comply with applicable laws and regulations relating to the sale of alcoholic beverages at the Franchised Restaurant, then Franchisor may, in its sole discretion, terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee and, in such event, Franchisor shall not be required to refund the Franchise Fee.

Section 7.15 Compliance With Laws and Industry Standards. Franchisee shall operate the Franchised Restaurant in compliance with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Restaurant including, without limitation, business licenses, certificates of occupancy, liquor licenses, fictitious name registrations, sales tax permits, and fire permits. Franchisee shall be solely responsible for any fines, costs, or penalties related to the foregoing matters.

(a) Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality related to any of the matters referenced in this Section 7.16 or which may adversely affect the Franchised Restaurant.

(b) Franchisee shall, at its sole cost, comply (i) with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Chili's restaurants also comply with such rules and regulations and/or (ii) rules and regulations promulgated by Franchisor which are reasonably consistent with rules and regulations promulgated by industry groups, trade associations, and similar non-governmental (and/or quasi-governmental) organizations so long as Franchisor's company-owned Chili's restaurants also comply with such rules and regulations.

(i) Franchisor and Franchisee acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee agrees that it will cause the Franchised Restaurant to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards (PCI DSS) council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act (FACTA) and all other successor or additional laws, and all other data security requirements we prescribe. Franchisee is solely responsible for educating itself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee will defend, indemnify, and hold

Franchisor harmless from and against all claims arising out of or relating to Franchisee's violation of this Section 7.15.

Section 7.16 Computer System(s). Franchisee shall, at Franchisee's sole cost, install and maintain a computerized point-of-sale system (the "POS System") at the Franchised Restaurant. If Franchisor has designated a POS System , then Franchisee must install and maintain the designated POS System, at Franchisee's sole cost, including all future updates, supplements and modifications. If Franchisor has designated a POS System, then Franchisee must install the designated POS System. If Franchisor has not designated a POS System, then any POS System Franchisee desires to install shall be subject to Franchisor's prior written approval. Franchisor also reserves the right to require Franchisee to replace Franchisee's existing POS System at the Franchised Restaurant with a POS System designated by Franchisor and, in such event, Franchisor shall give Franchisee a reasonable timeframe not to exceed twenty-four (24) months to replace Franchisee's then existing POS System with a POS System designated by Franchisor, all at Franchisee's sole cost. In addition to the POS System, Franchisee shall not install any back-of-house ("BOH") software system and/or front-of-house ("FOH") software system without Franchisor's prior written approval. Franchisor may also require Franchisee to install and maintain a BOH software system designated by Franchisor and/or FOH software system designated by Franchisor, all at Franchisee's sole cost.

Section 7.17 Supplemental Marketing Programs. Franchisee acknowledges that (i) supplemental marketing programs (e.g., limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management, and other supplemental marketing programs) are an integral part of the System and (ii) Franchisee shall be required to participate in (and comply with) such supplemental marketing programs established by Franchisor from time-to-time. Franchisee acknowledges it may be responsible for the payment of certain costs associated with these supplemental marketing programs. Franchisor reserves the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through (i) a supplement and/or modification to the CFM or (ii) a standard supplemental marketing program agreement which Franchisee agrees to sign, if so requested by Franchisor. Franchisee acknowledges that Franchisor has developed a gift card program and Franchisee shall be required to participate in (and comply with the terms and conditions of) Franchisor's gift card policy as amended or modified by Franchisor from time-to-time.

ARTICLE 8
THE CHILI'S MARKS

Section 8.1 Franchisor's Representations. Franchisor represents that Franchisor has the corporate power and authority to grant to Franchisee the rights specified in Section 1.1 and to execute, deliver and perform its obligations under this Franchise Agreement.

Section 8.2 Franchisee's Use of the Chili's Marks. With respect to Franchisee's licensed use of the Chili's Marks pursuant to this Franchise Agreement, Franchisee agrees that:

(a) Franchisee shall use only the Chili's Marks designated by Franchisor and then only in the manner authorized by Franchisor. Any use by Franchisee of the Chili's Marks shall require the prior written consent of Franchisor.

(b) Franchisee shall use the Chili's Marks only at the Franchised Restaurant or in advertising for the Franchised Restaurant (unless otherwise authorized by Franchisor in writing).

(c) Franchisee shall cause all advertising materials, promotional materials, signs, banners, decorations, paper goods (including disposable food containers, napkins, menus, forms, and stationery) and other items designated by Franchisor used in connection with the Franchised Restaurant to display the Chili's Marks in the form, color, location and manner prescribed and approved in writing by Franchisor.

(d) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Restaurant only under the name "Chili's Grill & Bar" without prefix or suffix.

(e) During the Term of this Franchise Agreement, Franchisee shall identify itself as the owner of the Franchised Restaurant and independent franchisee in conjunction with any use of the Chili's Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations at the Franchised Restaurant as Franchisor may designate in writing.

(f) Franchisee's right to use the Chili's Marks is limited to such uses as are authorized under this Franchise Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

(g) Franchisee shall not use the Chili's Marks to incur any obligation or indebtedness on behalf of Franchisor.

(h) Franchisee shall not use the Chili's Marks (or any derivative or portion thereof) as part of its corporate or other legal name.

(i) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Chili's Marks or to maintain their continued validity and enforceability.

(j) In the event of any infringement of or challenge to Franchisee's use of the Chili's Marks or litigation involving the Chili's Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully in defending or settling such litigation. Franchisee and Franchisee's Owners agree that they will not communicate with any person other than the Franchisor and Franchisor's counsel in connection with any such action, claim or infringement. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, Patent and Trademark Office action or other proceeding arising out of any infringement, challenge or claims relating to the Chili's Marks.

Section 8.3 Limitations on Franchisee's Use of Chili's Marks. With respect to Franchisee's licensed use of the Chili's Marks pursuant to this Franchise Agreement, Franchisee agrees that:

(a) Franchisor is the owner or licensee of all right, title and interest in and to the Chili's Marks and the goodwill associated with and symbolized by them.

(b) The Chili's Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(c) Franchisee shall not directly or indirectly contest the validity or Franchisor's ownership of the Chili's Marks.

(d) Franchisee's use of the Chili's Marks pursuant to this Franchise Agreement does not give Franchisee any ownership interest or other interest in or to the Chili's Marks, except the license granted by this Franchise Agreement.

(e) Any and all goodwill arising from Franchisee's use of the Chili's Marks and the System under this Franchise Agreement shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Franchise Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Chili's Marks.

(f) The right and license of the Chili's Marks granted hereunder to Franchisee is non-exclusive, and Franchisor thus has and retains the rights, among others:

(i) To use the Chili's Marks itself in connection with selling products and services;

(ii) To grant other licenses for the Chili's Marks, in addition to those licenses already granted to existing franchisees; and

(iii) To develop and establish other systems using the same or similar Chili's Marks, or other Chili's Marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

(iv) To develop and establish the Other Marks and exclude the Other Marks from the Chili's Marks pursuant to and in accordance with Section 1.2(d) of this Franchise Agreement.

(g) Franchisee's use of the Chili's Marks pursuant to this Franchise Agreement does not give Franchisee any interest in or right to use the Other Marks.

Section 8.4 Substitutions to Chili's Marks. Franchisor reserves the right to substitute different Chili's Marks for use in identifying the System and the business operating thereunder if Franchisor's currently owned Chili's Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Chili's Marks will be beneficial to the System. In such event, Franchisee shall be responsible for all expenses related to the substitution of different Chili's Marks and shall complete such substitution in accordance with the deadlines reasonably established by Franchisor.

ARTICLE 9
CONFIDENTIAL INFORMATION

Section 9.1 Confidential Information. Franchisee and Franchisee's Owners shall not, during the term of this Franchise Agreement or and for a period of five (5) years thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any

confidential information, trade secrets, knowledge, or know-how concerning the Chili's Marks, System, CFM, and methods of development and operation of the Franchised Restaurant (collectively, the "Confidential Information"). The foregoing items shall be deemed as Confidential Information regardless of whether such items are disclosed to Franchisee under a "confidentiality notice". In addition to the foregoing, any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurant including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(a) Franchisee and Franchisee's Owners (i) shall disclose Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Restaurant(s), (ii) shall not copy, duplicate, record, or otherwise reproduce the Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person, and (iii) shall be solely responsible to ensure that Franchisee's managers, employees, agents, or independent contractors of Franchisee having access to Confidential Information comply with this Article 6 and do not communicate, divulge or use Confidential Information in violation of this Article 9.

Section 9.2 Confidentiality Agreement. In addition to Franchisee's obligations under Section 9.1, Franchisor may request that Franchisee require Franchisee's Owners and its managers, employees, agents or independent contractors having access to Confidential Information to execute a "Confidentiality Agreement" in the form contained in Attachment B.

Section 9.3 Breach of Confidentiality. Franchisee acknowledges that any failure to comply with the requirements of this Article 9 shall constitute a material event of default under Article 14 and will cause Franchisor irreparable injury. Therefore (and in addition to any remedies under Article 14), Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Article 9.

Section 9.4 Franchisee's Access to Confidential Information and Other Information. In addition to Confidential Information, Franchisor may, from time-to-time and at Franchisor's sole option, elect (i) to grant Franchisee access to certain database(s), web-based information programs, and other software, and/or (ii) to make other information related to the Franchised Restaurant available to Franchisee and Franchisee agrees to promptly comply, at Franchisee's sole cost, with all rules and requirements imposed by Franchisor in connection therewith (including, without limitation, implementing required security measures, updating and restricting Franchisee's personnel access lists, and other requirements).

Section 9.5 Survival. The terms of this Article 9 shall survive the termination, expiration, or any transfer of this Franchise Agreement. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Franchise Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 9.

ARTICLE 10
ACCOUNTING AND RECORDS

Section 10.1 Franchisee's Accounting Records. Franchisee shall maintain during the Term of this Franchise Agreement, and shall preserve for at least five (5) years from the dates of their preparation,

full, complete and accurate books, records and accounts related to the Franchised Restaurant in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the CFM or otherwise in writing.

Section 10.2 Monthly Financial Statement. Commencing on the opening date of the Franchised Restaurant and thereafter on or before the tenth (10^{th}) day of each month during the Term, Franchisee shall prepare and submit to Franchisor a monthly financial statement accurately reflecting all Gross Sales generated at the Franchised Restaurant during the preceding calendar month (the "Monthly Financial Statement"). The Monthly Financial Statement shall be prepared and submitted by Franchisee in the form prescribed by Franchisor from time-to-time including, without limitation, (i) an itemized listing of Gross Sales for the preceding calendar month including a detailed breakdown of any deductions, reductions, and/or credits claimed by Franchisee, (ii) a monthly profit-and-loss statement, (iii) a summary of Gross Sales by categories designated by Franchisor from time-to-time (e.g., PLU, FOH labor, BOH labor, food cost, menu mix, etc.).

Section 10.3 Other Financial Statements.

(a) Quarterly Financial Statements. Within fifteen (15) days after the expiration of each fiscal quarter during the Term, Franchisee shall prepare and submit to Franchisor the following financial statements related to the Franchised Restaurant in a form prescribed by Franchisor from time-to-time: (i) a quarterly profit-and-loss statement; (ii) a quarterly statement of marketing expenditures; (ii) a quarterly balance sheet which may be unaudited; and (iii) a fiscal-year-to-date profit and loss statement which may be unaudited (collectively, the "Quarterly Financial Statements").

(b) Sales Tax Returns. Franchisee shall also submit to Franchisor (at the time of filing with taxing authorities) copies of all sales tax returns for the Franchised Restaurant.

(c) Annual Financial Statements. Within ninety (90) days after the expiration of each fiscal year during the Term, Franchisee shall prepare and submit to Franchisor a complete, audited, annual financial statement for the Franchised Restaurant (in a form prescribed by Franchisor from time-to-time) prepared by an independent certified public accountant satisfactory to Franchisor, showing the results of operations of the Franchised Restaurant during such fiscal year (the "Annual Financial Statement").

(d) Annual Operating Budget. At least thirty (30) days prior to the beginning of each fiscal year during the Term, Franchisee shall prepare and submit to Franchisor a complete operating budget for the Franchised Restaurant in a form prescribed by Franchisor from time-to-time (the "Annual Operating Budget").

(e) Other Financial Records. Upon written request by Franchisor or as specified in the CFM, Franchisee shall promptly submit to Franchisor such other forms, reports, records, financial information and financial data related to Franchisee and/or the Franchised Restaurant (including, without limitation, such financial information and financial data for any parent company(ies) and affiliated entity(ies) related to Franchisee and/or Managing Owner) in the form prescribed by Franchisor.

(f) Franchisor's Accounting Cycle. Franchisee acknowledges that Franchisor may (upon thirty (30) days prior written notice) require Franchisee to (i) change its reporting period and prepare and submit the Monthly Financial Statement in accordance with Franchisor's accounting cycle

and fiscal calendar, (ii) pay all amounts due to Franchisor hereunder in accordance with Franchisor's accounting cycle and fiscal calendar, and (iii) otherwise comply with Franchisor's reasonable requests to effectuate this Section 10.3(f).

Section 10.4 Certification. Each statement and report referenced in Sections 10.2 and 10.3 shall be signed by Franchisee and the Managing Owner attesting that it is true, complete, and accurate.

Section 10.5 Franchisor's Audit Rights.

(a) Financial Audit. Franchisor or its designated agents shall have the right at all reasonable times to request, inspect, audit, and copy, at Franchisor's expense, the statements and reports referenced above as well as the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of the Franchised Restaurant.

(b) Compliance Audit. Franchisor or its designated agents shall also have the right at all reasonable times to request, inspect, audit, and copy, at Franchisor's expense, the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of the Franchised Restaurant in order to determine compliance (or non-compliance) with this Franchise Agreement and/or any other agreement involving Franchisor.

(c) Independent Audit. Franchisor or its designated agents shall also have the right, at any time, to inspect or have an independent audit made, at Franchisor's expense, of the books, records, financial statements, tax returns, and other information in any medium whatsoever of Franchisee and any affiliates and/or parent company(ies) involved in the development and/or operation of Franchised Restaurant in order to determine compliance (or non-compliance) with this Franchise Agreement and/or any other agreement between such party(ies) and Franchisor.

(d) Audit Results. If any such inspection or audit referenced above should reveal that any amounts have been underpaid and/or understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount underpaid and/or understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less.

(i) If any such inspection or audit referenced above discloses an underpayment or understatement in any report of two percent (2%) or more of Gross Sales for the period covered by any statement or report which is the subject of such inspection or audit, then Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with such inspection or audit (including, without limitation, travel, lodging and wage expenses and reasonable audit, accounting, and/or legal costs).

(ii) If any such inspection or audit referenced above shall reveal that Franchisee or any affiliate or parent company involved in the development and/or operation of Franchised Restaurants is not compliant with this Franchise Agreement or any other agreement between such party(ies) and Franchisor, then Franchisee shall immediately cure such non-complying items in accordance with Franchisor's reasonable instructions and Franchisee shall, in addition, reimburse

Franchisor for any and all costs and expenses connected with such inspection or audit (including, without limitation, travel, lodging and wage expenses and reasonable audit, accounting, and/or legal costs).

(iii) The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Franchise Agreement.

ARTICLE 11
ADVERTISING

Section 11.1 Advertising Programs. Franchisee shall participate in one of the following advertising programs designated by Franchisor and Franchisee agrees that such designation may be changed by Franchisor from time-to-time during the Term.

Section 11.2 Local Advertising Program. In the event Franchisor requires Franchisee to participate in the "Local Advertising Program", then Franchisee shall comply with this Section 11.2.

(a) Franchisee shall spend no less than two and one-half percent (2.5%) of Gross Sales on local advertising (defined below) for the benefit of the Franchised Restaurant (the "LAP Fee").

(b) The term "local advertising" as used in this Agreement shall be deemed to mean advertising which complies with the requirements set forth on Attachment G. All local advertising shall be subject to Franchisor's prior written approval.

(c) Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee's expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(d) Franchisor reserves the right to require Franchisee to remit up to one hundred percent (100%) of the LAP Fee to Franchisor upon ten (10) days notice to Franchisee for use by Franchisor for advertising and promotional activities in the Franchised Restaurant's local area.

(e) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that Franchisee has complied with this Section 11.2 and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate.

(f) In the event Franchisee does not comply with this Section 11.2 and/or in the event Franchisee fails to spend two and one-half percent (2.5%) of Gross Sales on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

Section 11.3 Regional Advertising Program. In the event Franchisor requires Franchisee to participate in a "Regional Advertising Program", then Franchisee shall comply with this Section 11.3.

(a) Franchisee agrees that Franchisor shall have the right, in its discretion, to designate any geographical area (e.g., an area of dominant influence or "ADI") as a region for purposes of establishing a Regional Advertising Program.

(b) A Regional Advertising Program may be composed of one or more Chili's Restaurants operated by Franchisor and/or one or more Chili's Restaurants operated by Franchisee (and/or its parent company or affiliates) and/or other franchisees of Franchisor. If a Regional Advertising Program has been (or, is) established for the geographic area where the Franchised Restaurant is located, then Franchisee shall execute such documentation as required by Franchisor to become a member of such Regional Advertising Program.

(c) The Regional Advertising Program shall be organized, governed, and operated in accordance with written guidelines prepared and approved in advance by Franchisor (the "RAP Guidelines") and Franchisor shall be responsible for maintaining and administering advertising programs in the geographic area where the Franchised Restaurant is located in accordance with the RAP Guidelines. No advertising or promotional plans or materials may be used by the Regional Advertising Program or furnished to its members without the prior written consent of Franchisor. Further, Franchisor shall direct all advertising and production programs in the Regional Advertising Program and Franchisor shall have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the Regional Advertising Program all as determined by Franchisor in its sole discretion.

(d) On or before the tenth (10^{th}) day of each calendar month, Franchisee shall pay to Franchisor a continuing monthly advertising fee in an amount up to or equal to four percent (4%) of Gross Sales (the "RAP Fee"). The RAP Fee shall be determined by Franchisor in its sole discretion from time-to-time during the Term, but shall not exceed four percent (4%) of Gross Sales.

(e) The RAP Fee shall be used exclusively by Franchisor in connection with any and all costs incurred in connection with the Regional Advertising Program including, without limitation, (i) maintaining, directing, and preparing advertising materials such as the preparation and coordination of television, radio, magazine, direct mail, and newspaper advertising campaigns, outdoor billboard advertising; marketing surveys and other public relations activities; (ii) the employment of advertising agencies to assist in the Regional Advertising Program; (iii) the preparation and distribution of promotional brochures and other marketing materials in connection with the Regional Advertising Program; (iv) the cost of developing and maintaining any website(s) related to the Regional Advertising Program; (v) reasonable administrative costs and overhead incurred by Franchisor in activities reasonably related to the administration or direction of the Regional Advertising Program; and (vi) such other items as may be set forth in the RAP Guidelines.

(f) In the event the RAP Fee is set by Franchisor at an amount less than four percent (4%) of Gross Sales, then Franchisor may require Franchisee to spend an amount equal to the difference between the actual RAP Fee and four percent (4%) of Gross Sales on local advertising for the benefit of the Franchised Restaurant (as designated by Franchisor and all such local advertising shall be subject to Attachment G and Franchisor's prior written approval). Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee's expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(i) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that

Franchisee has complied with this Section 11.3(f) and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate. In the event Franchisee does not comply with this Section 11.3(f) and/or in the event Franchisee fails to spend the required amount on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

(ii) Franchisee shall submit to Franchisor such other statements or reports as may be reasonably required by Franchisor in connection with the Regional Advertising Program.

(g) Franchisor, in its sole discretion, may exclude Chili's Restaurants operated by Franchisor from the Regional Advertising Program and may grant to Franchisee (or, any other franchisee in the Regional Advertising Program) an exemption for any length of time from the requirement of membership in the Regional Advertising Program, upon written request stating reasons supporting such exemption. Franchisor may require as a condition of granting such exemption that Franchisee comply with Section 11.2; provided that Franchisor may require Franchisee to spend an amount equal to such amounts as Franchisee would have otherwise been obligated to pay under this Section 11.3. Franchisor's decision concerning such request for exemption shall be final.

Section 11.4 National Advertising Program. In the event Franchisor requires Franchisee to participate in the "National Advertising Program", then Franchisee shall comply with this Section 11.4.

(a) On or before the tenth (10^{th}) day of each calendar month, Franchisee shall pay to Franchisor a continuing monthly advertising fee in an amount up to or equal to four percent (4%) of Gross Sales (the "NAP Fee"). The NAP Fee shall be determined by Franchisor in its sole discretion from time-to-time during the Term, but shall not exceed four percent (4%) of Gross Sales.

(b) The National Advertising Program shall be organized, governed, and operated in accordance with written guidelines prepared and approved in advance by Franchisor (the "NAP Guidelines") and Franchisor shall be responsible for maintaining and administering advertising programs in accordance with the NAP Guidelines. No advertising or promotional plans or materials may be used by the National Advertising Program or furnished to its members without the prior written consent of Franchisor. Further, Franchisor shall direct all advertising and production programs in the National Advertising Program and Franchisor shall have sole responsibility for all advertising, marketing, and/or promotional materials used in connection with the National Advertising Program all as determined by Franchisor in its sole discretion.

(c) The NAP Fee shall be used exclusively by Franchisor in connection with any and all costs incurred in connection with the National Advertising Program including, without limitation, (i) maintaining, directing, and preparing advertising materials such as the preparation and coordination of television, radio, magazine, direct mail, and newspaper advertising campaigns, outdoor billboard advertising; marketing surveys and other public relations activities; (ii) the employment of advertising agencies to assist in the National Advertising Program; (iii) the preparation and distribution of promotional brochures and other marketing materials in connection with the National Advertising

Program; (iv) the cost of developing and maintaining any website(s) related to the National Advertising Program; (v) reasonable administrative costs and overhead incurred by Franchisor in activities reasonably related to the administration or direction of the National Advertising Program; and (vi) such other items as may be set forth in the NAP Guidelines.

(d) In the event Franchisor requires Franchisee to participate in the National Advertising Program, Franchisor may also require Franchisee to participate in a Regional Advertising Program (if such a program exists for the Franchised Restaurant) and, in such event, Franchisor reserves the right to allocate the NAP Fee between the National Advertising Program and the Regional Advertising Program.

(e) In the event the NAP Fee is set by Franchisor at an amount less than four percent (4%) of Gross Sales, then Franchisor may require Franchisee to spend an amount equal to the difference between the actual NAP Fee and four percent (4%) of Gross Sales on local advertising for the benefit of the Franchised Restaurant (as designated by Franchisor and all such local advertising shall be subject to Attachment G and Franchisor's prior written approval). Franchisee shall have the discretion to expend such funds as and when Franchisee reasonably deems appropriate, so long as the Franchisee's expenditure schedule is acceptable to Franchisor in its reasonable discretion.

(i) Within 15 days after the expiration of each fiscal quarter, Franchisee shall submit to Franchisor written documentation to show that Franchisee has complied with this Section 11.4(e) and such documentation shall be signed and certified by Franchisee and Managing Owner as true, complete, and accurate. In the event Franchisee does not comply with this Section 11.4(e) and/or in the event Franchisee fails to spend the required amount on local advertising approved by Franchisor for the benefit of the Franchised Restaurant, then such failure shall constitute a default by Franchisee and, in addition to any other rights available to Franchisor under this Franchise Agreement, Franchisor may require the Franchisee to remit such funds to Franchisor and Franchisor shall spend such funds on local advertising for the Franchised Restaurant.

(ii) Franchisee shall submit to Franchisor such other statements or reports as may be reasonably required by Franchisor in connection with such local advertising.

Section 11.5 Administration of Advertising Programs. Franchisor reasonably anticipates that the RAP Fee or the NAP Fee (as the case may be) shall be expended for advertising and/or promotional purposes as described herein during Franchisor's fiscal year within which such fees are received. In the event excess amounts remain in such advertising program at the end of such fiscal year, then all expenditures in the following fiscal year(s) shall be made first out of accumulated fees from previous years and then from fees collected during the current year.

(a) The Regional Advertising Program and/or the National Advertising Program are operated as a conduit for the collection and expenditure of advertising fees for the purposes stated herein. An unaudited statement of the operations of the Regional Advertising Fund and/or the National Advertising Fund shall be prepared annually by Franchisor and shall be made available to Franchisee upon Franchisee's request.

(b) Franchisor reserves the right to terminate the Regional Advertising Program and/or the National Advertising Program; provided that such program(s) shall not be terminated until all monies in such programs have been expended for advertising and/or promotional purposes or other appropriate arrangements have been made with respect to such monies.

Section 11.6 Advertising Standards and Approval. All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of Franchisor as set forth in the CFM or otherwise. Franchisee shall obtain Franchisor's prior written consent to all advertising and promotional plans and materials that Franchisee desires to use which have not been prepared or previously approved by Franchisor within one (1) year.

(a) Franchisee shall not use any advertising, marketing, and/or promotional materials in connection with the Franchised Restaurant unless such materials have been approved by Franchisor in writing. Franchisee shall submit any unapproved advertising, marketing, and/or promotional materials to Franchisor (by personal delivery or through the mail, return receipt requested), and Franchisor shall use reasonable efforts to approve or disapprove such materials within fourteen (14) days from the date of receipt thereof by Franchisor. Franchisee shall use no such materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising, marketing, and/or promotional materials upon notice from Franchisor.

(b) This Section 11.6 shall apply in all respects to the distribution and display of advertising, marketing, and/or promotional materials in any medium (including, without limitation, print, radio, television, and the display or use by Franchisee of advertising and promotional materials and the Chili's Marks on the Internet).

Section 11.7 Internet and Electronic Commerce. Franchisee shall not advertise the Franchised Restaurant over the Internet (or any other form of electronic commerce and/or electronic media) without Franchisor's prior written consent. Franchisee shall not use the Chili's Marks over the Internet (or any other form of electronic commerce and/or electronic media) without Franchisor's prior written consent. Franchisee shall not develop, create, establish, and/or use any website or other electronic media which uses, and/or creates any association with, the System and/or the Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation).

(a) All domain names using, and/or creating any association with, the System and/or the Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) shall be registered in Franchisor's name. Franchisor may grant to Franchisee a non-exclusive license to use domain name(s) selected by Franchisor for Franchisee's use in accordance with this Franchise Agreement. Franchisee shall not register any domain name in any class or category that uses or creates any association with the System and/or Chili's Marks (including any abbreviation, acronym, phonetic variation, or visual variation) without Franchisor's prior written consent.

(b) Franchisee agrees that any consent by Franchisor to develop, create, establish, advertise, register, and/or use any of the Chili's Marks over the Internet (or any other form of electronic commerce and/or electronic media) shall be subject to certain conditions including, without limitation, requirements as to form, content, and appearance; requirement of a hypertext link to Franchisor's website(s); prohibitions on hypertext links to third-party websites; and other requirements, restrictions, and prohibitions deemed necessary by Franchisor.

(c) On termination or expiration of this Franchise Agreement or in the event Franchisee fails to comply with this Section 11.7, then Franchisor shall have the right (in addition to Franchisor's other rights and remedies hereunder) to revoke its consent to Franchisee's development, creation, establishment, advertisement, registration, and/or use any of the Chili's Marks over the Internet or any other form of electronic commerce and/or electronic media (including, without limitation, website(s) and domain names) and, in such event, Franchisee shall immediately cease all such activities and shall immediately take all actions reasonably required to disassociate Franchisee from all such activities.

Section 11.8 Production Fee. Regardless of the advertising program in which Franchisee is participating (and in addition to the LAP Fee, RAP Fee, or the NAP Fee), Franchisee shall pay to Franchisor a continuing monthly production fee in an amount equal to one-half of one percent (½%) of Gross Sales (the "Production Fee"). The Production Fee shall be used by Franchisor exclusively for the purpose of maintaining, administering, directing, and preparing advertising and promotional activities for the benefit of the System, including, but not limited to, creative costs associated therewith.

Section 11.9 Advertising Fee. The term "Advertising Fee" shall be deemed to mean the LAP Fee, RAP Fee, or the NAP Fee (as the case may be) and the Production Fee.

Section 11.10 Copyrights. Franchisee acknowledges that Franchisor or its affiliates own the worldwide copyright and other ownership rights to the CFM, and all components of the System that are written, electronic, and/or magnetic media subject to copyright (collectively, the "Copyright Materials"). Franchisee acknowledges and agrees that it may only make modifications to the Copyright Materials upon receiving the prior written consent of Franchisor. Franchisee agrees to use proper copyright and other proprietary notices in connection with all Copyright Materials or translations, modifications or adaptations of the Copyright Materials and conform to Franchisor's standards for protecting its rights. Franchisee agrees to promptly cause the execution of any assignments, waivers of rights, or other documents, and take any further actions needed or advisable to ensure that Franchisor has such copyright and other rights described in this Section 11.10.

ARTICLE 12
INSURANCE

Section 12.1 Liability Insurance. During the Term, Franchisee shall maintain, at its cost, comprehensive general liability insurance, including broad form contractual liability, broad-form property damage, personal injury, completed operations, products liability and fire damage coverage, in the amount of Two Million Dollars ($2,000,000) per occurrence for bodily injury and property damage, Two Million Dollars ($2,000,000) for liquor liability and Three Million Dollars ($3,000,000) general aggregate.

Section 12.2 Property Insurance. During the Term, Franchisee shall maintain, at its sole cost and expense, property insurance against damage or loss by fire and such other hazards (including without limitation, earthquake, lightning, windstorm, hail, explosion, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle and smoke) on an "all risk" basis on the Franchised Restaurant in an amount not less than the full replacement value thereof.

Section 12.3 Worker's Compensation Insurance. During the Term, Franchisee shall subscribe to the workers' compensation law in the state in which the Franchised Restaurant is located and shall

maintain, at its sole cost, workers' compensation and employers' liability insurance covering all of Franchisee's employees with employer's liability limits not less than Five Hundred Thousand Dollars ($500,000) for each bodily injury by accident and Five Hundred Thousand Dollars ($500,000) for each bodily injury of an employee by disease, and Franchisee is required to carry this insurance regardless of waiver or exemption of coverage under applicable state statute.

Section 12.4 Builder's Risk Insurance. In connection with any construction, renovation, refurbishment or remodeling of the Franchised Restaurant, Franchisee shall maintain "all risks" Builder's Risk insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to Franchisor.

Section 12.5 Automobile Insurance. During the Term, Franchisee shall maintain, at its cost, automobile liability insurance for all owned, non-owned and hired vehicles covering bodily injury, death and property damage with a minimum combined single coverage limit of One Million Dollars ($1,000,000).

Section 12.6 Excess Insurance. During the Term, Franchisee shall maintain, at its cost, commercial umbrella liability or excess liability insurance with a minimum limit of Five Million Dollars ($5,000,000) per occurrence; such policy shall provide excess limits for the general liability, automobile liability and employer's liability forms required above or at least as broad in coverage.

Section 12.7 Cyber Liability Insurance. During the Term, Franchisee shall maintain at its sole cost and expense, cyber liability insurance with a minimum coverage of Five Million Dollars ($5,000,000) general aggregate.

Section 12.8 Additional Insurance Policies. During the Term, Franchisee agrees to maintain, at its cost, such additional insurance policies as a reasonably prudent franchisee would maintain or as reasonably required by Franchisor.

Section 12.9 Policy Requirements. All insurance policies required under this Article 12 will contain provisions to the effect that the insurance will not be canceled or modified without at least 30 days prior written notice to Franchisor and that no modification will be effective unless approved in writing by Franchisor. All such policies will be issued by a company or companies, rated "A" or better by Best's Insurance Guide, responsible and authorized to do business in the state in which Franchised Restaurant is located, as Franchisee may determine, and as approved by Franchisor, which approval will not be unreasonably withheld.

(a) All insurance policies required hereunder, with the exception of Workers' Compensation Insurance and Employers Liability Insurance, shall name Franchisor, its affiliates, successors and assigns (and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents) as additional insureds and shall expressly provide that any interest of same therein shall not be affected by any breach by Franchisee of any policy provisions. In addition, all insurance policies required hereunder shall waive subrogation in favor of Franchisor, its affiliates, successors and assigns (and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents).

(b) Franchisee may elect to have reasonable deductibles in connection with the insurance coverage required under Sections 12.1, 12.2, 12.5 and 12.6 subject to a reasonable evaluation of

Franchisee's financial strength as compared to such deductibles and otherwise subject to Franchisor's prior written consent. Franchisee may not agree to sublimits in the insurance policies required by this Article 12 without the prior, written consent of Franchisor.

(c) Franchisee's obligation to maintain the insurance policies under this Article 12 shall not (i) release Franchisee from its obligations under the indemnity provisions set forth in Article 17; or (ii) be limited by reason of any insurance which may be maintained by Franchisor.

(d) Franchisor reserves the right to reasonably revise and/or reasonably increase the insurance coverages required under this Article 12 and Franchisee shall promptly comply with any such revisions and/or increases.

(e) Not less than once per year, Franchisee shall deliver to Franchisor certificates of insurance evidencing the insurance coverages required under this Article 12. Franchisee shall also deliver such certificates and/or copies of such insurance policies within 10 days after Franchisor's request.

Section 12.10 Franchisor's Right to Procure Insurance. In the event Franchisee fails to comply with this Article 12, then (in addition to any other remedies available to Franchisor under this Franchise Agreement), Franchisor shall have the right (but not the obligation) to procure such insurance on Franchisee's behalf and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice.

ARTICLE 13
TRANSFER AND ASSIGNMENT

Section 13.1 Transfer by Franchisor. Franchisor shall have the right to transfer or assign this Franchise Agreement and all or any part of its rights or obligations herein (including, without limitation, the Chili's Marks and/or the System) to any person or legal entity and, in such event, (i) the transferee or assignee shall be solely responsible for all of Franchisor's obligations hereunder arising after the date of such transfer or assignment and (ii) Franchisor shall be released of its obligations hereunder to the extent such obligations arise after the date of such transfer or assignment. Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor in connection therewith.

(a) Without limiting the foregoing, Franchisee agrees that Franchisor may (i) sell its assets, the Chili's Marks or the System to a third party; (ii) offer its securities privately or publicly; (iii) merge, acquire other corporations or be acquired by another corporation; and/or (iv) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring, and Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor in connection therewith.

(b) Nothing contained in this Franchise Agreement shall require Franchisor to offer any services or products, whether or not bearing the Chili's Marks, to Franchisee if Franchisor transfers or assigns its rights in this Franchise Agreement.

Section 13.2 Transfer by Franchisee. Franchisee agrees the rights and duties set forth in this Franchise Agreement are personal to Franchisee and that Franchisor entered into this Franchise Agreement in reliance on the business skill, financial capacity and personal character of the Franchisee and Franchisee's Owners.

(a) Franchisee and/or Franchisee's Owners shall not (i) sell, assign, transfer, convey, give away, gift, pledge, mortgage or otherwise encumber any direct or indirect interest in this Franchise Agreement and/or the Chili's Marks and (ii) shall not grant a security interest or collateral interest in this Franchise Agreement and/or Chili's Marks. Franchisee and/or Franchisee's Owners shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in Franchisee and/or the Franchised Restaurant without the prior written consent of Franchisor which Franchisor may condition upon any or all of the requirements set forth in this Section 13.2 (as determined by Franchisor in its sole discretion).

(b) Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Franchisee and/or Franchisee's Owners which does not comply with this Article 13 (including, without limitation, the prior written consent of Franchisor) shall be null and void and shall constitute an event of default under Section 14.2(a) of this Franchise Agreement.

Section 13.3 Conditions for Approval. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee, this Franchise Agreement, and/or the Franchised Restaurant; provided Franchisor may, in its sole discretion, require any or all of the following as conditions precedent to its approval (and Franchisee agrees that all such conditions are reasonable and necessary).

(a) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries and its affiliates shall have been satisfied.

(b) Franchisee is not in default of any provision of this Franchise Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor, or its subsidiaries and affiliates.

(c) Franchisee, Franchisee's Owners, and the proposed transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its subsidiaries and affiliates, successors and assigns and their respective officers, directors, shareholders, partners, employees, servants, representatives and agents, in their corporate and individual capacities, including, without limitation, claims arising under this Franchise Agreement and federal, state and local laws, rules and ordinances.

(d) The proposed transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Franchise Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's owners and shall guarantee the performance of all such obligations, covenants and agreements in writing in a form satisfactory to Franchisor.

(e) The proposed transferee shall demonstrate to Franchisor's satisfaction that such transferee meets the criteria considered by Franchisor when reviewing a prospective franchisee's application for a franchise including but not limited to Franchisor's educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to operate the Franchised Restaurant in accordance with this Franchise Agreement (as may be

evidenced by prior related business experience or otherwise); transferee's ability, financial resources, infrastructure, and capital for operation of a multi-unit restaurant business; and the geographic proximity of other Chili's Grill & Bar restaurants owned or operated by transferee and the territories or areas with respect to which transferee is obligated to develop Chili's Grill & Bar restaurants pursuant to any development agreement between Franchisor and Franchisee, in relation to the Franchised Restaurant.

(f) The proposed transferee shall execute, for a term ending on the expiration date of this Franchise Agreement and with such renewal term as may be provided by this Franchise Agreement, the standard form franchise agreement then being offered to new franchisees in the System and other ancillary agreements as Franchisor may require; and if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreements as transferee's principals and shall guarantee the performance of all such obligations, contracts and agreements in writing in a form satisfactory to Franchisor. Such agreements shall supersede this Franchise Agreement and its ancillary documents in all respects and the terms of such agreements may differ from the terms of this Franchise Agreement, including, without limitation, a higher percentage royalty fee, a higher percentage technical services fee and a higher advertising contribution; provided, however, that the transferee shall not be required to pay any initial franchise fee.

(g) The proposed transferee, at its expense, shall remodel and/or upgrade the Franchised Restaurant to conform to the Current Image and then-current standards and specifications of the System and shall complete such remodeling and/or upgrading within the time specified by Franchisor.

(h) Franchisee, Franchisee's Owners, and the proposed transferor shall remain liable for all of the obligations and liabilities related to this Franchise Agreement and/or the Franchised Restaurant prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability.

(i) The proposed transferee, the transferee's manager and the transferee's operating partner shall complete, at transferee's cost, any training programs then in effect for franchisees upon such terms and conditions as Franchisor may reasonably require.

(j) Franchisee shall pay a transfer fee of Five Thousand and 00/100 Dollars ($5,000), or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with any transfer of this Franchise Agreement, including, without limitation, legal and accounting fees (in addition to any other transfer fees that may be payable under applicable Development Agreement and/or Franchise Agreement(s); provided that the total transfer fees payable to Franchisor in connection with any single transfer shall not exceed $25,000.00).

(k) If the proposed transferee is a corporation or a partnership, then transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth in Article 6 and Transferee shall provide to Franchisor evidence satisfactory to Franchisor that the terms of Article 6 have been satisfied and are true and correct on the date of transfer.

(l) Franchisee, Franchisee's Owners, and the proposed transferor and transferee shall comply with any other conditions that Franchisor reasonably requires from time to time as part of Franchisor's transfer policies including, without limitation, evidence of landlord consent, subordination

of purchase price to monetary obligations under this Franchise Agreement, execution of confidentiality and non-compete agreements, etc.

Section 13.4 No Security Interest. Franchisee shall not grant a security or collateral interest in this Franchise Agreement, the System, and/or the Chili's Marks. Franchisee shall not grant a security or collateral interest in the Franchised Restaurant, without Franchisor's prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by Franchisor to agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee.

Section 13.5 Transfer for Convenience of Ownership. Any proposed assignment and/or transfer of this Franchise Agreement by Franchisee to an affiliated or subsidiary corporation or other entity formed by Franchisee solely for the convenience of ownership shall be subject to Franchisor's prior written consent which Franchisor may condition upon any or all of the requirements set forth in Section 13.2 (as determined by Franchisor in its sole discretion). With respect to any proposed assignment or transfer under this Section 13.5, Franchisee shall be the owner of all of the voting stock or interest of such corporation or entity and if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or entity as such individual had in Franchisee prior to the transfer.

Section 13.6 Right of First Refusal. The "Right of First Refusal" attached hereto as Attachment E is hereby incorporated into this Franchise Agreement.

Section 13.7 Transfer Upon Death or Permanent Disability.

(a) Upon the death of any person with an interest in this Franchise Agreement and/or Franchisee (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased.

(b) Upon the permanent disability of any person with an interest in this Franchise Agreement or Franchisee, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article 13 within six (6) months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Franchise Agreement or in the Guaranty attached to this Franchise Agreement for at least ninety consecutive days and from which condition recovery within ninety days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of the person; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for the purpose of this Article 13. The costs of any examination required by this Section 13.7(b) shall be paid by Franchisor.

(c) Upon the death or claim of permanent disability of any person with an interest in this Franchise Agreement and/or Franchisee, Franchisee or a representative of Franchisee must promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Article 13 for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section 13.7, then Franchisor may terminate this Franchise Agreement.

Section 13.8 Non-Waiver of Claims. Franchisor's consent to a transfer of any interest under this Article 13 shall not constitute a waiver of any claims it may have against transferor nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Franchise Agreement by the proposed transferee.

Section 13.9 Offerings by Franchisee. Securities or partnership interests in Franchisee may be offered to the public by private offering or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under this Article 13), which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to their being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No Franchisee offering shall imply (by use of the Chili's Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of Franchisee or Franchisor securities; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of Ten Thousand and 00/100 Dollars ($10,000.00). Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Section 13.9.

ARTICLE 14
DEFAULT AND TERMINATION

Section 14.1 Obligations Material. Franchisee acknowledges and agrees that each of the Franchisee's obligations described in this Franchise Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and agrees that the exercise by Franchisor of the rights and remedies set forth herein are appropriate and reasonable.

Section 14.2 Default and Automatic Termination. Each of the following shall be deemed an event of default by Franchisee and, upon such default, this Franchise Agreement shall automatically terminate without notice to Franchisee or cure period.

(a) Franchisee shall become insolvent or makes a general assignment for the benefit of creditors. Any purported assignment, transfer, conveyance, give away, gift, pledge, mortgage or other encumbrance (by operation of law or otherwise) by Franchisee and/or Franchisee's Owners which does not comply with Article 13.

(b) Franchisee files a voluntary petition (or an involuntary petition involving Franchisee is filed) under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due or Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state thereof.

(c) If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee. If a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed). If Franchisee is dissolved or if execution is levied against Franchisee's business or property. If suit or other proceeding to foreclose any lien or mortgage against the Franchised Restaurant (or equipment therein) is instituted against Franchisee and not dismissed within thirty (30) days or if the real or personal property of Franchisee's Restaurant shall be sold after levy thereupon by any sheriff or other person with competent jurisdiction.

(d) Franchisee or any of Franchisee's Owners (i) violates any "Anti-Terrorism Laws", as defined below, (ii) is listed under any such Anti-Terrorism Laws, (iii) has any dealings with any person listed under any such Anti-Terrorism Laws, and/or (iv) assets are blocked under any such Anti-Terrorism Laws.

(i) The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Section 14.3 Other Defaults by Franchisee. Each of the following shall be deemed an event of default by Franchisee under this Franchise Agreement.

(a) Franchisee ceases to operate or otherwise abandons the Franchised Restaurant for three (3) consecutive days unless the Franchised Restaurant has been closed (i) for a purpose that has been expressly approved in writing by Franchisor; (ii) due to governmental order; or (iii) due to fire, flood, other casualty, or other catastrophic forces beyond Franchisee's control; provided (1) such event was not caused by Franchisee's intentional and/or negligent acts, (2) that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the Franchised Restaurant (which approval shall not be unreasonably withheld), and (3) Franchisee thereafter diligently pursues such reconstruction or relocation, and (4) any such approval may be conditioned upon the payment of an agreed minimum royalty to Franchisor during the period in which the Franchised Restaurant is not in operation.

(b) Franchisee (i) breaches the lease agreement for the Location and/or loses the right to possession and/occupancy of the Location, and/or (ii) loses the right to transact business in the jurisdiction where the Franchised Restaurant is located.

(c) Franchisee or any of Franchisee's Owners is convicted (regardless of any pending appeal) of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Chili's Marks, the goodwill associated therewith, or Franchisor's interest therein. Submission by Franchisee or any of Franchisee's Owners of a franchise application and/or management commitment form (or other documentation required under this Franchise Agreement) which contains any material false or misleading statements or omits any material fact.

(d) Franchisee or any of Franchisee's Owners engages in conduct that is deleterious or reflects unfavorably on Franchisor, the System, the Chili's Marks, and/or the goodwill associated therewith including, without limitation, conduct which exhibits a disregard for the physical and mental well-being of employees, customers, Franchisor's representatives, the public at large (e.g., battery, assault, sexual harassment, discrimination, and other forms of threatening, outrageous, or socially unacceptable behavior).

(e) Franchisee fails to comply with this Franchise Agreement, the System, and/or any health, safety, or sanitation law, rule, or regulation relating to cleanliness and sanitation of the Franchised Restaurant. Franchisee's construction, maintenance, and/or operation of the Franchised Restaurant represents a threat or danger to public health or safety.

(f) Franchisee misuses or makes any unauthorized use of the Chili's Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein.

(g) Franchisee and/or any of Franchisee's Owners enters into a subfranchise agreement, management agreement, consulting arrangement, subcontracting arrangement, outsourcing arrangement, or any other similar arrangement relating to this Franchise Agreement and/or the Franchised Restaurant.

(h) Franchisee fails to pay the Franchise Fee, Monthly Fee, Advertising Fee, and/or any other amounts due hereunder.

(i) Without limitation to Section 14.3(h) above, for all purposes under this Franchise Agreement, any failure by Franchisee to pay the Royalty Fee in full as and when due (without any retention, deduction, credit, and/or offset whatsoever, except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above) shall automatically be deemed a failure to pay the Monthly Fee and an event of default by Franchisee under this Franchise Agreement. Likewise, a failure by Franchisee to pay the Technical Services Fee in full as and when due (without any retention, deduction, credit, and/or offset whatsoever, except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 4.2(e) above) shall automatically be deemed a failure to pay the Monthly Fee and an event of default by Franchisee under this Franchise Agreement.

(i) Franchisee and/or any of Franchisee's Owners fails to comply with any provision of this Franchise Agreement.

(j) Franchisee repeatedly fails to comply with the provisions of this Franchise Agreement (whether or not cured after notice).

(k) Franchisee has not opened the Franchised Restaurant for business to the general public within 180 days from the Effective Date of this Franchise Agreement.

Section 14.4 Remedies for Default by Franchisee. In the event of a default under Section 14.3, then Franchisor may, at its option, elect any one or more of the following remedies.

(a) With respect to a default under Section 14.3(c), Franchisor may terminate this Franchise Agreement immediately upon written notice which notice shall specify the nature of the default(s). With respect to a default under Section 14.3(d), Franchisor may terminate this Franchise Agreement upon three (3) days prior written notice which notice shall specify the nature of the default(s). In the event Franchisee cures such default(s) to the satisfaction of Franchisor prior to the expiration of such 3-day period, then such default shall be deemed as cured and this Franchise Agreement shall not terminate due to such default. If any such default is not cured within such 3-day period, then this Franchise Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the 3-day period.

(i) With respect to other defaults under Section 14.3, Franchisor may terminate this Franchise Agreement upon ten (10) days prior written notice to Franchisee which notice shall specify the nature of the default(s). In the event Franchisee cures such default(s) to the satisfaction of Franchisor prior to the expiration of such 10-day period (or such shorter period in the event of an emergency), then such default shall be deemed as cured and this Franchise Agreement shall not terminate due to such default. If any such default is not cured within such 10-day period, then this Franchise Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the 10-day period.

(b) Franchisor may elect any other right or remedy available to Franchisor under this Franchise Agreement, at law, or in equity.

Section 14.5 No Cure Period. Franchisee agrees there is no cure period for any of the events of default described in Section 14.2. Franchisee agrees there is no cure period for any of the events of default described in Section 14.3 except as expressly set forth in Section 14.4. If any applicable law or rule requires a notice period and/or a cure period, then the notice period and/or cure period required under such law or rule shall be substituted for the requirements herein.

Section 14.6 No Waiver. Forbearance by Franchisor to enforce its rights and remedies in this Article 14 in the event of a default by Franchisee shall not constitute a waiver of such default and shall not constitute a waiver by Franchisor of its rights and remedies in this Article 14 in the event of any subsequent default by Franchisee.

Section 14.7 Remedies Not Exclusive. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

Section 14.8. Default By Franchisor. If Franchisor defaults in the performance of any term of this Franchise Agreement, then Franchisee shall deliver written notice of such default to Franchisor within thirty (30) days after such default and such notice shall clearly and definitively specify each act or omission constituting such default. If Franchisee does not believe that Franchisor has cured such default within sixty (60) days after delivery of such default notice to Franchisor, then Franchisee shall notify Franchisor that Franchisee believes such default has not been cured. If Franchisee fails to notify Franchisor within such 60-day period that such default has not been cured, then such default shall be deemed as cured.

ARTICLE 15
TERMINATION OR EXPIRATION OF FRANCHISE AGREEMENT

Section 15.1 Termination or Expiration. Upon termination or expiration of this Franchise Agreement, Franchisee agrees that all rights and licenses granted to Franchisee under this Franchise Agreement (including, without limitation, rights to use the System, the CFM, and the Chili's Marks) shall immediately terminate and any right, title, and interest claimed by Franchisee to any such matters shall immediately revert to Franchisor without further notice or documentation. Franchisee shall also comply with the following obligations:

(a) Franchisee shall immediately cease to operate the Franchised Restaurant and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(b) Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the System, the Chili's Marks, the CFM, and the Confidential Information. In connection with the promotion, advertising, marketing, and/or operation of any other business conducted by Franchisee, Franchisee shall not, under any circumstances, use any reproduction, counterfeit, copy or colorable imitation of the Chili's Marks which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Chili's Marks. Franchisee shall not use any designation of origin, description, or representation which falsely suggests or represents an association and/or connection (or former association or connection) with Franchisor.

(c) Franchisee shall immediately de-identify (and make non-structural changes to) the Franchised Restaurant in accordance with a "De-Identification Schedule" to be prepared by Franchisor so as to reasonably distinguish the building shell (and its interior) from other Chili's Restaurants, except as set forth in Section 15.2.

(d) Franchisee shall immediately deliver to Franchisor the CFM, Confidential Information, all written materials bearing the Chili's Marks or identifying the Franchised Restaurant, all computer hardware and software which may have been provided or licensed by Franchisor, such items as may be listed in the De-Identification Schedule, and all other records, files, instructions, correspondence, brochures, agreements, invoices, and other materials relating to the operation of the Franchised Restaurant. Franchisee shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Franchise Agreement and copies of any correspondence between the parties.

(e) Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Chili's Marks and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Franchise Agreement.

(f) Within 10 days after such termination or expiration, Franchisee shall pay all sums owing to Franchisor under this Franchise Agreement including, without limitation, all damages, costs (including costs under subparagraph (g) below), expenses, and reasonable attorneys' fees incurred by Franchisor as a result of such termination or expiration. In the event Franchisee fails to comply with this subparagraph (f), then (in addition to any rights and remedies available to Franchisor), such failure shall give rise to and remain a lien in favor of Franchisor (until paid in full) against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee at the Franchised Restaurant (in addition to any other rights and remedies available to Franchisor under this Franchise Agreement or applicable law).

(g) In the event Franchisee fails or refuses to comply with the requirements of this Section 15.1, then Franchisor shall have the right to enter the Location, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required under this Section 15.1, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

Section 15.2 Franchisor's Option to Purchase the Franchised Restaurant. "Franchisor's Option to Purchase the Franchised Restaurant" attached hereto as Attachment F is hereby incorporated into this Franchise Agreement.

Section 15.3 Survival. The terms of this Article 15 shall survive the termination or expiration of this Franchise Agreement. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Franchise Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 15.

ARTICLE 16
NO-COMPETE CLAUSE AND RELATED COVENANTS

Section 16.1 Best Efforts. During the Term, Franchisee, Managing Owner and Operating Partner (as applicable) agree to devote full time and best efforts to the management and operation of the Franchised Restaurant.

Section 16.2 Receipt of Confidential Information. Franchisee and Franchisee's Owners agree (i) they will receive valuable specialized training and Confidential Information which is beyond their present skills and experience, and (ii) that such training and Confidential Information provide a competitive advantage and will be valuable to them in the operation of the Franchised Restaurant, (iii) access to such training and Confidential Information is a primary reason for entering into this Franchise Agreement, (iv) such training and Confidential Information are provided by Franchisor for the benefit of the System and each Chili's Restaurant under the System and (v) that the System and each such restaurant individually and mutually benefit from Franchisee's compliance with the covenants described below.

Section 16.3 No-Compete Clause. In consideration for such training and Confidential Information (and the other benefits provided to Franchisee by this Franchise Agreement), Franchisee and Franchisee's Owners agree as follows:

(a) During the Term, Franchisee and Franchisee's Owners shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any Competitive Restaurant (defined below) or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant.

(iv) The term "Competitive Restaurant" shall be deemed to mean any broad-menu, casual-dining restaurant featuring hamburgers, sandwiches, steaks, salads, barbecue ribs, fajitas, and/or Mexican/Southwestern cuisine as a primary menu item including, without limitation, such restaurants as Applebee's, Beef O' Brady's, Bennigan's, BJ's Restaurant and Brewpub, Buffalo Cafe, Buffalo Wild Wings, Cheddar's Casual Cafe, Cooker Bar & Grill, Garfield's Restaurant & Pub, Hooter's, Hops Grillhouse & Brewery, Houlihan's, Island's, Johnny Rocket's, Logan's Roadhouse, Longhorn Steakhouse, Max & Erma's, Ninety-Nine, O'Charley's, On The Border Mexican Grill & Cantina, Rafferty's, Red Robin, RJ Gator's Florida Food-n-Fun, Roadhouse Grill, Ruby Tuesday, Texas Roadhouse, TGI Friday's, and Tumbleweed. The term "Competitive Restaurant" shall also be deemed to mean any fast-casual restaurant featuring hamburgers as a primary menu item, including, without limitation, such restaurants as Five Guys Burgers and Fries and Smashburger.

(b) Commencing on (i) the expiration or termination of this Franchise Agreement or (ii) on the date of an approved transfer of all of Franchisee's interest in this Franchise Agreement and continuing for a period of two (2) years after such date, Franchisee shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(c) Commencing on (i) the expiration or termination of this Franchise Agreement or (ii) on the date which an individual or entity ceases to satisfy the definition of "Franchisee's Owner" and continuing for a period of two (2) years after such date, Franchisee's Owner(s) shall not directly, indirectly, or in any manner whatsoever:

(i) Divert or attempt to divert any business or customer of Chili's Restaurants to any Competitive Restaurant or otherwise take any action injurious or prejudicial to the goodwill associated with the Chili's Marks and the System.

(ii) Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

(iii) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant located in the United States of America.

(d) In addition to any other rights and remedies available to Franchisor under this Franchise Agreement and in the event of a violation of Sections 16.3(a)(ii), 16.3(b)(ii), and/or 16.3(c)(ii), Franchisor may elect, in its sole discretion, to require Franchisee to pay to Franchisor an amount equal to three (3) times the annual salary of the person(s) involved in such violation plus an amount equal to costs and attorney's fees incurred by Franchisor in connection with such violation and such amounts shall be deemed as liquidated damages.

Section 16.4 Managers and Employees. At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 16 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any and all managers of Franchisee and any other employees of Franchisee who have received or will receive training or Confidential Information, and any holder (except for limited partners) of a beneficial interest of less than one percent (1%) of the securities of Franchisee and any corporation, partnership or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation, partnership or limited liability company (or of any general partner that is a corporation, partnership or limited liability company or any corporation, partnership or limited liability company directly or indirectly controlling a general partner of Franchisee, if Franchisee is a partnership). The covenants required by this Section 16.4 shall be substantially in the form contained in Attachment B.

Section 16.5 Survival. The terms of this Article 16 shall survive the termination, expiration, or any transfer of this Franchise Agreement. The parties agree this Article 16 shall be construed as independent of any other provision of this Franchise Agreement. If all or any portion of this Article 16 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and Franchisee's Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 16.

Section 16.6 Reduction in Scope. Franchisee and Franchisee's Owners agree; that Franchisor shall have the right, in its sole discretion, to reduce the scope of any provision, or portion thereof, in this Article 16 without their consent, effective immediately upon notice to Franchisee; and Franchisee and Franchisee's Owners agree that they shall comply forthwith with any provision as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20.1.

Section 16.7 No Defense. Franchisee and Franchisee's Owners expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Franchise Agreement, shall not constitute a defense to the enforcement by Franchisor of the provisions of this Article 16. In addition to any other rights and remedies, Franchisee and Franchisee's Owners agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 16.

Section 16.8 Consent to Injunctive Relief. Franchisee and Franchisee's Owners acknowledge that a violation of the terms of this Article 16 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and Franchisee's Owners accordingly consent to the issuance of an injunction prohibiting any conduct by Franchisee or Franchisee's Owners in violation of the terms of this Article 16.

ARTICLE 17
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

Section 17.1 Independent Contractor. The parties agree that Franchisee is an independent contractor, this Franchise Agreement does not create a fiduciary or other special relationship between them, and nothing in this Franchise Agreement is intended to designate either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

(a) During the Term, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Restaurant under this Franchise Agreement. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Franchised Restaurant, the content of which Franchisor reserves the right to specify.

(b) The parties agree that nothing in this Franchise Agreement authorizes Franchisee or any of Franchisee's Owners to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee or Franchisee's Owners or for any claim or judgment arising therefrom against Franchisee, any of Franchisee's Owners or Franchisor.

(c) Franchisee shall be the sole and exclusive employer of its employees with the sole right to hire, discipline, and discharge such employees and the sole right to establish wages, hours, benefits, employment policies, and other terms and conditions of employment for such employees all as determined by Franchisee in its sole discretion without consultation or approval by Franchisor. Additionally, Franchisee must communicate to all employees that Franchisee, not Franchisor, is their employer; and Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Franchisee shall

be solely responsible for the payment of all social security taxes and/or other applicable payroll-related, government-mandated contributions and/or taxes and Franchisee shall indemnify and hold Franchisor harmless from any liability for any such contributions and/or taxes.

Section 17.2 Indemnity. Franchisee is responsible for all Damages (defined in Section 17.5) related to Franchisee's obligations under this Franchise Agreement and the development and operation of the Franchised Restaurant. Franchisee shall, at all times, indemnify and hold Franchisor (including its subsidiaries, affiliates, successors and assigns and their respective officers, directors, attorneys, shareholders, partners, agents, representatives, independent contractors and employees -- collectively referenced hereinafter as "Indemnitees") harmless to the fullest extent permitted by law (without regard to the cause thereof or the negligence of Indemnitees) from all Damages related to Franchisee's obligations under this Franchise Agreement and the development and operation of the Franchised Restaurant including, without limitation, Damages related to the following matters:

(a) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's Owners of any patent, mark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Chili's Marks or other proprietary information granted hereunder).

(b) The violation, breach or asserted violation or breach by Franchisee or any of Franchisee's Owners of any federal, state or local law, regulation, ruling, standard or directive or any industry standard (including, without limitation, any claims related to the employment of Franchisee's employees).

(c) Libel, slander or any other form of defamation of Franchisor, the System or any developer or franchisee operating under the System, by Franchisee or by any of Franchisee's Owners;

(d) The violation or breach by Franchisee or by any of Franchisee's Owners of any provision of this Franchise Agreement or in any other agreement between Franchisee, its subsidiaries and affiliates and Franchisor, its subsidiaries and affiliates or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees thereof.

(e) Acts, errors, or omissions of Franchisee, any of Franchisee's subsidiaries or affiliates and any of Franchisee's Owners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its subsidiaries and affiliates in connection with the establishment and operation of the Franchised Restaurant.

Section 17.3 Notice to Franchisor. Franchisee and each of Franchisee's Owners agree to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee and each of Franchisee's Owners, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Franchisee and each of Franchisee's Owners to indemnify the Indemnitees and to hold them harmless.

Section 17.4 Settlement or Other Remedial Actions. In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such

other remedial or corrective actions it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that (i) any of the acts or circumstances enumerated in Section 17.2 have occurred or (ii) any act, error, or omission as described in Section 17.2(e) may result directly or indirectly in damage, injury, or harm to any person or any property.

(a) All Damages incurred under this Article 17 shall be chargeable to and paid by Franchisee or any of Franchisee's Owners pursuant to its obligations of indemnity under this Article 17, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

Section 17.5 Definition of Damages. As used in this Article 17, the term "Damages" shall include, without limitation, all liability, losses, damages (including, without limitation, compensatory, exemplary and punitive damages), claims, fines, charges, costs, expenses, debts, lost profits, reasonable attorney's fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

Section 17.6 No Liability. Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee, any of Franchisee's Owners, Franchisee's subsidiaries and affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee, its subsidiaries or affiliates may contract, regardless of the purpose.

Section 17.7 No Requirement to Pursue Third Party. Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of Franchisee's Owners. Franchisee and each of Franchisee's Owners agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of Franchisee's Owners by the Indemnitees.

Section 17.8 Survival. The terms of this Article 17 shall survive the termination, expiration, or any transfer of this Franchise Agreement.

ARTICLE 18
APPROVALS AND WAIVERS

Section 18.1 Requests for Approvals. Whenever this Franchise Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing.

(a) Franchisor makes no warranties or guarantees upon which Franchisee or Franchisee's Owners may rely, and assumes no liability or obligation to Franchisee or such persons, by providing any waiver, approval, consent, or suggestion to Franchisee or Franchisee's Owners in connection with this Franchise Agreement, or by reason of any neglect, delay, or denial of any request therefor.

Section 18.2 No Waiver. No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee or Franchisee's Owners under this Franchise Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Franchisee or Franchisee's Owners, or as to any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or Franchisee's Owners of any terms, provisions, covenants, or conditions of this Franchise Agreement.

ARTICLE 19
NOTICES

Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Franchise Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within one (1) business day after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this Article 19, then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the other party in accordance with this Article 19 with new notice information. Franchisor may elect (in its sole discretion) to deliver copies of any notices to Franchisee under this Franchise Agreement to Franchisee's lender(s), landlord(s), and other similar parties.

Notices To Franchisor:
Brinker International Payroll Company, L.P.
6820 LBJ Freeway
Dallas, Texas 75240
Attn: Chili's Grill & Bar Franchise Department

w/ a copy to:
Brinker International Payroll Company, L.P.
6820 LBJ Freeway
Dallas, Texas 75240
Attn: General Counsel

Notices To Franchisee and Franchisee's Owners:
_____
_____
_____
Attn: _____

ARTICLE 20
MISCELLANEOUS PROVISIONS

Section 20.1 Entire Agreement. This Franchise Agreement, the documents referred to herein, and the Attachments hereto constitute the entire, full and complete agreement between Franchisor and

Franchisee concerning the subject matter hereof, and shall supersede all prior agreements, discussions, correspondence, understandings and/or communications in any form or format between the parties hereto with respect to the subject matter hereof. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Franchise Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. In entering into this Franchise Agreement, no party is relying on any promise, warranty, inducement or representation by the other party other than those expressly set forth herein; provided, however, that nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee by Franchisor.

Section 20.2 Severability. Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Franchise Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Franchise Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms and/or provisions shall be deemed not to be a part of this Franchise Agreement.

Section 20.3 No Benefit. Except as expressly provided to the contrary herein, nothing in this Franchise Agreement is intended, nor shall be deemed, to confer upon any person or legal entity any rights or remedies under this Franchise Agreement (and otherwise except for Franchisee, Franchisee's Owners, Franchisor, and Franchisor's officers, directors, and employees).

Section 20.4 Agreement to be Bound. Franchisee and Franchisee's Owners, as applicable, expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Franchise Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

Section 20.5 Captions. All captions in this Franchise Agreement are intended solely for the convenience of all parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

Section 20.6 Survival. Any obligation of Franchisee or Franchisee's Owners that contemplates performance of such obligation after termination, expiration, or any transfer of this Franchise Agreement shall be deemed to survive such termination, expiration or transfer.

Section 20.7 References. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable; and, without limiting the obligations individually undertaken by the Franchisee's Owners hereunder, all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Franchise Agreement on behalf of Franchisee.

(a) Each reference in this Franchise Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, owners, directors, and officers of a corporation in this Franchise Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

Section 20.8 Counterparts. This Franchise Agreement may be executed in one or more counterparts and each counterpart so executed shall be deemed an original.

Section 20.9 Business Days. The term "business days" means any days excluding Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving and Christmas.

Section 20.10 Franchisee's Responsibility For Franchisee's Owners. Franchisee shall be solely and completely responsible to ensure (and cause) each of Franchisee's Owners to comply with the terms of this Franchise Agreement. Franchisee agrees that any violation of the terms of this Franchise Agreement by Franchisee's Owners shall constitute an event of default under Article 14.

Section 20.11 Outsourcing by Franchisor. Franchisor may, in its sole discretion, elect to outsource and/or subcontract certain of Franchisor's obligations set forth in this Franchise Agreement to subsidiaries, affiliates, contract employees, third-party vendors, and/or other third-party suppliers; provided (i) any such outsourcing and/or subcontracting shall not discharge Franchisor from its obligations under this Franchise Agreement, and (ii) any such outsourced or subcontracted obligations shall be performed in accordance with the terms of this Franchise Agreement.

ARTICLE 21
DISPUTE RESOLUTION

Section 21.1 Legal Remedies. Franchisor and Franchisee will each have the right in a proper case to obtain specific performance, eviction from the premises of the Franchised Restaurant, temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any injunction being expressly waived).

Section 21.2 Non-Binding Mediation. The parties agree that either party may submit any claim, controversy, or dispute arising out of this Franchise Agreement to non-binding mediation; provided the parties shall not be required to pursue mediation of any claim, controversy, or dispute as a prerequisite to issuing default notices, filing a lawsuit or commencing other legal proceedings. Any such non-binding mediation shall be conducted through either an individual mediator or a mediation services organization, provided the mediator shall be (i) experienced in the mediation of food service business disputes and (ii) agreed upon by the parties.

Section 21.3 Consent to Jurisdiction, Venue, and Governing Law. Franchisee and Franchisee's Owners irrevocably (i) submit themselves to the jurisdiction of the State Courts of Texas,

located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waive all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agree that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Franchise Agreement (including the relationship contemplated by this Franchise Agreement) by any means allowed by Texas or Federal law; and (iv) agree that venue for any proceeding relating to, or arising out of, this Franchise Agreement shall be in Dallas County, Texas; provided Franchisor may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Franchise Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules), except that any State law regarding (i) the offer and sale of franchises, (ii) franchise relationships, and/or (iii) business opportunities will not apply unless the applicable jurisdictional requirements are met independently without reference to this paragraph.

Franchisee, Franchisee's Owners, and Franchisor acknowledge the terms of this Section 21.3 provide each of the parties with the mutual benefit of uniform interpretation of this Franchise Agreement and any dispute arising out of the relationship contemplated by this Franchise Agreement. Franchisee, Franchisee's Owners, and Franchisor acknowledge the receipt and sufficiency of mutual consideration for such benefit.

Section 21.4 Place of Execution of Franchise Agreement. Franchisee, Franchisee's Owners, and Franchisor acknowledge (i) this Franchise Agreement was executed in Dallas County, Texas; and (ii) performance of certain obligations of Franchisee and Franchisee's Owners under this Franchise Agreement, including payment of monetary sums due hereunder, shall occur at Franchisor's principal offices in Dallas, Texas.

Section 21.5 Costs and Attorneys' Fees. Prior to the commencement of litigation, arbitration, or other dispute resolution procedure and in the event Franchisor incurs costs and expenses (including attorneys' fees) in connection with Franchisee's failure to comply with (and/or failure to timely pay amounts owing to Franchisor under) this Franchise Agreement, then Franchisee shall promptly reimburse Franchisor for such reasonable costs and expenses. In the event of litigation, arbitration, or other dispute resolution procedure between the parties to enforce this Franchise Agreement, the prevailing party in any such action shall be entitled to recover reasonable costs and expenses from the other party, including, without limitation, court costs, attorneys' fees, and discovery costs.

Section 21.6 Rights of Parties are Cumulative. Franchisor's and Franchisee's rights under this Franchise Agreement are cumulative and the exercise or enforcement of any right or remedy under this Franchise Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Franchise Agreement which it is entitled by law or this Franchise Agreement to exercise or enforce.

Section 21.7 Waiver of Punitive Damages and Jury Trial. To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.

Section 21.8 Limitation of Claims. Any and all claims arising out of or relating to this Franchise Agreement or the relationship among the parties to this Franchise Agreement will be barred

unless an action or proceeding is commenced within one year from the date Franchisee or Franchisor knew or should have known of the facts giving rise to such claim.

ARTICLE 22
ACKNOWLEDGMENTS

Section 22.1 Investigation by Franchisee and Franchisee's Owners. Franchisee and Franchisee's Owners agree that (i) they have conducted an independent investigation of the Franchised Restaurant; (ii) the business venture contemplated by this Franchise Agreement involves business risks; and (iii) Franchisee's success will be largely dependent upon the ability of Franchisee and its Franchisee's Owners as independent business people. Franchisor expressly disclaims the making of, and Franchisee and Franchisee's Owners agree not having received, any warranty or guarantee, express or implied as to the potential volume, profits, or success of the business venture contemplated by this Franchise Agreement. Further, Franchisee and Franchisee's Owners acknowledge that Franchisor has made no representations that Franchisee or any of Franchisee's Owners may or will derive income from the Franchised Restaurant.

Section 22.2 Receipt of Documents. Franchisee and Franchisee's Owners acknowledge they have received a copy of Franchisor's franchise disclosure document and have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of their own choosing at least fourteen (14) calendar days prior to its execution and they are entering into this Franchise Agreement after having made an independent investigation and not upon any representation as to the profits and/or sales volume which Franchisee might be expected to realize.

Section 22.3 Acknowledgement by Franchisee and Franchisee's Owners. Franchisee and Franchisee's Owners acknowledge they have read and understood this Franchise Agreement, the Attachments hereto, and agreements relating hereto, if any, and that Franchisor has accorded Franchisee and Franchisee's Owners ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Franchise Agreement.

Section 22.4 Franchisor's Right To Vary The System and Other Standards. Franchisee and Franchisee's Owners acknowledge and agree that other franchisees of the System may be granted franchise rights at different times and in different situations pursuant to franchise agreements which may substantially differ from this Franchise Agreement (including without limitation, royalty fees, technical services fees, advertising fees, and other fees). Franchisee and Franchisee's Owners acknowledge and agree that Franchisor reserves the right to vary the System and other standards, specifications, and operating procedures (including standards and specifications related to building, furniture, fixtures, equipment, and signage) to address different circumstances or for other reasons deemed sufficient by Franchisor, in its sole discretion.

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IN WITNESS WHEREOF, the parties hereto have executed this Franchise Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Franchisee:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

ATTACHMENT A TO FRANCHISE AGREEMENT

THE LOCATION

Approved Location
for the
Franchised Restaurant

_____

_____

ATTACHMENT B TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

This Agreement for Protection of Chili's Grill & Bar Trade Secrets and Confidential Information (this "Confidentiality Agreement") is entered into between Brinker International Payroll Company, L.P. ("Franchisor"), _____ ("Franchisee") and _____ ("Covenantor") to be effective as of _____ (the "Effective Date").

RECITALS

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system (the "System") relating to the establishment and operation of full-service restaurants under such tradenames as Chili's® Grill and Bar and Chili's Too® (collectively, "Chili's Restaurants").

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management, and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (collectively and as further defined in Section 1(a) below, the "Confidential Information").

The Confidential Information provides economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means to, Franchisor's competitors who could obtain economic value from knowledge and use of the Confidential Information.

Franchisor has taken, and intends to take all reasonable steps to maintain the confidentiality and secrecy of Confidential Information.

Franchisor has granted Franchisee a limited right to develop Chili's Restaurants using the System and Confidential Information pursuant to that certain Development Agreement between Franchisor and Franchisee.

Franchisor and Franchisee have agreed in the Development Agreement on the importance to Franchisor and to the Franchisee and other licensed users of the System of restricting use, access and dissemination of Confidential Information.

Franchisor and Franchisee acknowledge it will be necessary for certain employees, directors, officers, partners, members, managers and owners of Franchisee to have access to and to use some or all of the Confidential Information in the operation of Chili's Restaurants using the System.

Franchisee has agreed to obtain from those employees, directors, officers, partners, members, managers and owners written agreements protecting Confidential Information and the System against unfair competition.

Covenantor desires to remain (or desires to become) an employee, director, officer, partner, member, manager or owner of Franchisee and Covenantor desires to receive and use Confidential Information in the course of his or her employment. Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW THEREFORE, with the intent of being legally bound hereby, in consideration of the mutual covenants and promises hereinafter set forth, and other good and valuable consideration, which the parties acknowledge is sufficient to create a legally binding agreement, the parties agree as set forth herein.

(1) Confidentiality Agreement.

(a) All information and materials, including, without limitation, the CFM, any confidential information, knowledge, or know-how concerning the Chili's Marks, the System, and methods of operation of the Franchised Restaurant, and any and all information, drawings, knowledge, know-how and techniques used in or related to the Franchised Restaurant including, without limitation, software licensed or provided by Franchisor, recipes, training materials, construction plans and specifications, marketing information and strategies, and site evaluation and selection techniques shall be deemed as "Confidential Information".

(b) Covenantor shall receive Confidential Information in confidence and shall, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee, or in the performance of his or her other responsibilities to Franchisee, and only in connection with this Confidentiality Agreement and/or operation by Franchisee of a Chili's Restaurant using the System for so long as Franchisee is licensed by Franchisor to use the System.

(c) Covenantor shall not, at any time, make copies of any documents or compilations containing some or all of Confidential Information without Franchisor's express written permission.

(d) Covenantor shall not, at any time, disclose or permit the disclosure of Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of a Restaurant using the System.

(e) Covenantor shall surrender the CFM and any other material containing some or all of Confidential Information to Franchisee or to Franchisor, upon request, or upon termination of employment by or association with Franchisee or Covenantor, or upon conclusion of the use for which CFM or other information or material may have been furnished to the Covenantor.

(f) Covenantor shall not, directly or indirectly, do any act or omit to do any act, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

(2) Covenants Not to Compete.

(a) In order to protect the goodwill and distinctive qualities of the System and the confidentiality and value of Confidential Information, and in consideration for the disclosure to Covenantor of Confidential Information, Covenantor further agrees and covenants that, during the time

Covenantor is employed by Franchisee, or is an officer, director, partner, member, manager or owner of Franchisee, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Restaurants using the System to any Competitive Restaurant (as defined in the Franchise Agreement).

(ii) Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or Franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave his or her employment. This subsection shall not apply to any employee transfer between Franchisee and Franchisor.

(iii) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or corporation, or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, or have any interest in, advise, help or make loans to any Competitive Restaurant.

(b) In further consideration for the disclosure to Covenantor of Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants for two (2) years following the termination of his or her employment or relationship by Franchisee or Covenantor, Covenantor shall not:

(i) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Restaurants using the System to any Competitive Restaurant.

(ii) Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or Franchisee of Franchisor, or otherwise directly or indirectly induce such persons to leave his or her employment.

(iii) Directly or indirectly, for himself or herself/herself or through, on behalf of or in conjunction with any person, partnership, corporation or other entity, without the prior written consent of Franchisor, own, maintain, develop, operate, engage in, of have any interest in, advise, help or make loans to any Competitive Restaurant located in the United States of America.

(3) Miscellaneous.

(a) Franchisee undertakes to use its best efforts to ensure that Covenantor acts as required by this Confidentiality Agreement and the Development Agreement and any Franchise Agreement.

(b) Covenantor agrees that in the event of a breach of this Confidentiality Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Confidentiality Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Confidentiality Agreement and/or the Franchise Agreement, without the

necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

(c) Covenantor and Franchisee, jointly and severally, agree to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Confidentiality Agreement.

(d) Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Confidentiality Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

(e) Except as expressly set forth below, Covenantor irrevocably (i) submits himself/herself to the jurisdiction of the State Courts of Texas, located in Dallas County, Texas, and the United States Federal District Court for the Northern District of Texas, Dallas Division; (ii) waives all questions of personal jurisdiction for the purpose of effectuating this provision; (iii) agrees that service of process may be made upon any of them in any proceeding relating to, or arising out of, this Franchise Agreement (including the relationship contemplated by this Franchise Agreement) by any means allowed by Texas or Federal law; and (iv) agrees that venue for any proceeding relating to, or arising out of, this Franchise Agreement shall be in Dallas County, Texas; provided Franchisor or Franchisee may bring an action for injunctive or other extraordinary relief in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes, and/or actions, this Confidentiality Agreement shall be interpreted and construed under Texas law (without regard to Texas choice of law rules).

(f) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor or Franchisee is a party, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Confidentiality Agreement.

(g) This Confidentiality Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Confidentiality Agreement may be modified only by a duly authorized writing executed by all parties.

(h) Any and all notices, reports and payments permitted or required to be delivered by the provisions of this Confidentiality Agreement shall be (i) personally delivered, (ii) delivered by overnight delivery service, (iii) delivered by certified/registered mail, return receipt requested, or (iv) delivered by email, electronic delivery, prepaid telex, or facsimile, provided sender confirms any delivery under this clause (iv) by sending a confirmation copy by overnight delivery service or certified/registered mail, return receipt requested, within one (1) business day after transmission thereof to the respective parties at the addresses listed below. So long as any notice is prepared, addressed, and delivered in accordance with this subparagraph (h), then any such notice shall be deemed to have been received (i) at the time of personal delivery, (ii) at the time of transmission in the case of email, electronic delivery, facsimile or telex, provided confirmation is sent as described above, (iii) on the next business day in the case of overnight delivery service, or (iv) within three (3) business days after mailing in the case of registered or certified mail. The parties may change their notice information below by delivery of written notice to the other party in accordance with this subparagraph (h) with new notice information. Franchisor may elect

(in its sole discretion) to deliver copies of any notices to Franchisee and Covenantor under this Confidentiality Agreement to their respective lender(s), landlord(s), and other similar parties.

Notices To Franchisor:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: Chili's Grill & Bar Franchise Department
w/ a copy to:	Brinker International Payroll Company, L.P. 6820 LBJ Freeway Dallas, Texas 75240 Attn: General Counsel
Notices To Franchisee and Covenantor:	_____ _____ _____ Attn: _____

(i) The rights and remedies of Franchisor under this Confidentiality Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Franchisee and the Covenantor hereunder are personal in nature and may not be assigned by the Franchisee or Covenantor, as applicable, without the prior written consent of Franchisor.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Franchisee:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

Covenantor:

_____

Name: _____

ATTACHMENT C TO FRANCHISE AGREEMENT

FRANCHISEE'S OWNERS, MANAGING OWNER, AND OPERATING PARTNER

Managing Owner: _____

Operating Partner: _____

Franchisee's Owners	Percentage of Ownership

ATTACHMENT D TO FRANCHISE AGREEMENT

PRE-AUTHORIZED BANK TRANSFER
(DIRECT DEBITS)

Name of Person or Legal Entity: _____

ID Number: _____

Account Name: _____

Address: _____

The undersigned depositor ("Depositor") hereby authorizes Brinker International Payroll Company, L.P. ("COMPANY") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") and to debit such account pursuant to COMPANY'S instructions for any and all amounts due to COMPANY. The Depositor understands that all amounts debited from the account below will be credited to COMPANY'S account. IN LIEU OF COMPLETING THE INFORMATION REQUIRED ON THE FOLLOWING FOUR LINES, FRANCHISEE MAY ATTACH A CANCELLED OR VOIDED CHECK HERETO.

Depository	Branch

City	State	Zip Code

Telephone Number of Bank	Contact Person at Bank
Bank Transit/ABA Number	Account Number

[Remainder of page intentionally left blank]

This authority is to remain in full force and effect until Depository has received joint written notification from COMPANY and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide COMPANY and Depositor with 30 days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor	Depository
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT E TO FRANCHISE AGREEMENT

RIGHT OF FIRST REFUSAL

Capitalized terms used in this Right of First Refusal shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.

(1) In the event Franchisee receives (or delivers) an acceptable bona fide offer from a third party related to a proposed sale of the Franchised Restaurant (or any portion thereof or interest therein), then Franchisee shall give Franchisor written notice setting forth the name and address of the prospective purchaser, the price and terms of the offer together with a franchise application completed by the prospective purchaser, a copy of the purchase and sale agreement, executed by both Franchisee and purchaser, and all exhibits, copies of any real estate purchase agreement or agreements, proposed security agreements and related promissory notes, assignment documents, title insurance commitment and any other information that Franchisor may request in order to evaluate the offer.

(2) Franchisor shall then have the right of first refusal to purchase Franchisee's interest covered by such offer at the price and upon the same terms of the offer. Franchisor shall have thirty (30) calendar days after receipt of Franchisee's notice of offer and the furnishing of all reasonably requested information within which to notify Franchisee in writing of its intent to accept or reject the offer. Silence on the part of Franchisor shall constitute rejection. Franchisee may not rely upon any notice from Franchisor of its intention to accept or reject the offer nor shall such notice be effective unless such notice is in writing and signed by an officer of Franchisor.

(a) In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the non-cash part of the offer, an independent appraiser shall be designated by Franchisor to determine such amount, and his determination shall be binding.

(3) If the proposed sale includes assets of Franchisee not related to the Franchised Restaurant, then Franchisor may, at its option, elect to purchase only the assets related to the Franchised Restaurant and an equitable purchase price shall be allocated to each asset included in the proposed sale.

(4) If (in addition to the Franchised Restaurant) the proposed sale includes (i) other Franchised Restaurant(s) operated by Franchisee (or affiliates of Franchisee or Developer) and/or (ii) Brinker-franchised restaurants other than Chili's Restaurants (the "Brinker Non-Chili's Restaurants"), then Franchisor may, at its option, elect to purchase: (i) only the Franchised Restaurant; (ii) only the other Franchised Restaurant(s) operated by Franchisee (or affiliates of Franchisee or Developer); (iii) only the Brinker Non-Chili's Restaurants; or (iv) any combination of restaurants set forth in clauses (i)-(iii) whether on an individual restaurant basis or on an aggregate basis; and an equitable purchase price shall be allocated to each restaurant.

(5) To the extent any franchise agreements or other agreements relating to the Brinker Non-Chili's Restaurants may be inconsistent with, or conflict with the terms of the right of first refusal contained herein, the terms of this right of first refusal shall control. This right of first refusal shall apply to any transfer, conveyance, assignment, consolidation, merger or any other transaction in which legal or

beneficial ownership of the franchise granted in a franchise agreement is vested in an individual or entity other than Franchisee; provided, however, it shall not apply if Franchisee consists of more than one person and the transfer or assignment is from one partner to another, both of whom are signatories to this Franchise Agreement, so long as (i) the Managing Owner continues to satisfy the requirements set forth in this Franchise Agreement, and (ii) Franchisor is given written notice thereof prior to such transfer.

(6) If this Franchise Agreement has been assigned to a corporation in accordance with Section 13.5 of this Franchise Agreement, then this right of first refusal shall also apply if voting common stock in such corporation is sold, assigned or transferred to individuals or entities other than those approved by Franchisor as owners of the voting common stock.

(7) The election by Franchisor not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

(8) Any sale, attempted sale, assignment or other transfer of the rights granted effected without first giving Franchisor the right of first refusal described above shall be void and of no force and effect.

(9) If Franchisor does not accept the offer referenced herein, then Franchisee may conclude the sale to the purchaser who made the offer provided Franchisor's consent to the assignment be first obtained, which consent will not be unreasonably withheld upon compliance with the conditions imposed by Franchisor on the assignment including the conditions set forth in Article 13.

(10) In addition, Franchisee agrees that, prior to acquiring any other Chili's Restaurant development rights or franchise which may be offered to it for sale or which it may offer to purchase, such development rights or franchise will first be offered to Franchisor on the same terms, conditions and price.

* * * * * *

ATTACHMENT F TO FRANCHISE AGREEMENT

FRANCHISOR'S OPTION TO PURCHASE THE FRANCHISED RESTAURANT

Capitalized terms used in this Franchisor's Option to Purchase the Franchised Restaurant shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.

(1) Within thirty (30) days prior to the expiration or termination of this Franchise Agreement, Franchisor shall have the option (but not the obligation) to purchase from Franchisee the restaurant building shell including any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to the Franchised Restaurant and excluding any liabilities related to Franchisee and/or the Franchised Restaurant at the Purchase Price, defined below (collectively, the "Franchised Business").

(2) The "Purchase Price" shall be equal to the fair market value as if the sale were an "asset sale" of the restaurant building shell and any or all of the furnishings, fixtures, equipment, signs, supplies, or inventory related to the Franchised Restaurant and excluding any liabilities related to Franchisee and/or the Franchised Restaurant (the "FMV"). Franchisor may, at its option, elect to calculate the Purchase Price based upon the value of the Franchised Restaurant as a "going-concern" as determined by a multiple of EBITDA for such restaurant.

(a) If Franchisee and Franchisor are unable to agree upon a FMV within a period of 10 days after Franchisor's exercise of such option, then the parties shall engage an independent third party, knowledgeable and reputable in valuating restaurant business operations, to appraise the FMV of the Franchised Business as if the sale were to be an "asset sale" and assuming (i) the sale of the Franchised Business in an active marketing process and (ii) there were no restrictions on the transfer of the equity interests of the Franchisee.

(b) For this valuation the parties agree that Franchisor will pay the lesser of (i) 50% of the cost of such third party appraiser or (ii) $5,000; and that Franchisee will pay the balance of the cost of such third party appraiser. Once the appraiser provides the FMV of the Franchised Business, the parties will then agree either (i) to proceed to close the transaction as soon as reasonably practicable, taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties, or (ii) to discontinue such discussions.

(c) All amounts due and owing to Franchisor under the Franchise Agreement shall be deducted from the Purchase Price and the Purchase Price shall also exclude any items which are required to be returned or delivered to Franchisor under Article 15.

(3) The closing of this transaction will take place no later than 30 days after the determination of the Purchase Price or such later date as agreed by the parties taking into account the need for reasonable due diligence and obtaining the approval of any necessary third parties. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

(4) At closing, Franchisee will deliver all instruments required to transfer to Franchisor good and merchantable title to the Franchised Business purchased, free and clear of all liens and encumbrances and with all sales and other transfer taxes paid by Franchisee, and with all licenses or permits of Franchised Restaurants which may be assigned or transferred.

(5) At closing, Franchisee will also deliver to Franchisor an assignment of the lease for the Location (or, if assignment is prohibited, subleases for the full remaining term and on the same terms and conditions as Franchisee's lease). If Franchisee owns the Location, then Franchisee agrees to lease the Premises to Franchisor pursuant to the terms of Franchisor's standard lease, for a term of five years with two successive five-year renewal options at fair market rental during the term.

(6) If the closing of the purchase does not occur as set forth above because Franchisee fails to act diligently in connection with the purchase, then the Purchase Price will be reduced by 10%. The Purchase Price will be further reduced by 10% per month for each subsequent month Franchisee fails to act diligently to consummate the purchase.

(7) Prior to closing, Franchisee and Franchisor will comply with any applicable Bulk Sales provisions of the Uniform Commercial Code enacted in the state where Franchisee's Restaurant is located.

(8) If Franchisor exercises the option to purchase the Franchised Business, then (pending the closing of such purchase), Franchisor has the right to appoint a manager to maintain the operation of the Franchised Restaurant or, at Franchisor's option, require Franchisee to close the Franchised Restaurant during such time period without removing any assets.

(a) If Franchisor appoints a manager to maintain the operation of Franchisee's Restaurant pending closing of such purchase, all funds from the operation of Franchisee's Restaurant during the period of management by Franchisor's appointed manager will be kept in a separate fund, and all expenses of the Franchised Restaurant, including compensation, other costs, and travel and living expenses of Franchisor's appointed manager, will be charged to such fund.

(b) As compensation for such management services, Franchisor will charge such fund 10% of the Gross Sales during the period of Franchisee's management. Operation of the Franchised Restaurant during any such period will be on Franchisee's behalf, provided that Franchisor will have a duty only to utilize Franchisor's good faith effort and will not be liable to Franchisee for any debts or obligations incurred by Franchisee's Restaurant or to any of Franchisee's creditors for any merchandise, materials, supplies or services purchased by Franchisee's Restaurant during any period in which Franchisee's Restaurant is managed by Franchisor's appointed manager. Franchisee will maintain in force all insurance policies required by this Franchise Agreement until the date of closing.

(9) In the event Franchisee fails to comply with this Attachment F, then (in addition to any other rights and remedies available to Franchisor), Franchisee agrees that Franchisor shall be entitled to sue for specific performance of Franchisee's obligations under this Attachment F.

ATTACHMENT G TO FRANCHISE AGREEMENT

REQUIREMENTS FOR LOCAL ADVERTISING PROGRAM

1. Franchisee must submit a semi-annual or annual marketing plan to Franchisor's marketing department for approval. In addition to Section 11.6, Franchisor may, from time-to-time, provide Franchisee with an outline of the approval process for marketing plans and all advertising materials. Franchisor may also consult with Franchisee regarding the strategy of Franchisee's marketing plan and may discuss marketing materials available to Franchisee.

2. Franchisee must obtain prior approval from Franchisor on all advertising materials to be used in the Local Advertising Program before production (including all in-store and external marketing pieces).

3. All advertising materials used in the Local Advertising Program must fall into the categories listed below.

(a) Advertising Materials For Use Inside Franchised Restaurant. The LAP Fee may be used to pay third parties, ad agencies, and/or Franchisor for costs incurred to develop, design, obtain, or produce Franchisor-approved advertising materials for use inside the Franchised Restaurant (e.g., food photography, table tents, rolodex table stands, menu inserts, drink coasters, chalkboards, banners, danglers, stickers, posters, promotional t-shirts, and special promotional in-store bounceback certificates).

(b) Advertising Materials For Use Outside Franchised Restaurant. The LAP Fee may be used to pay third parties, ad agencies, and/or Franchisor for costs incurred to develop, design, obtain, or produce Franchisor-approved advertising materials for use outside the Franchised Restaurant (e.g., advertising on television, radio, and cinema including talent & residual costs, direct mail pieces, free-standing insert ads, newspaper or magazine ads, internet ads, bumper stickers, flyers, banners, door hangers, magnets, advertising on billboards, and advertising on subway, mall, airport, and telephone kiosks.

(c) Public Relations or Promotional Events. The LAP Fee may be used to pay public relations agency(ies) for costs incurred to develop, design, produce, and execute Franchisor-approved public relations materials, events, or sponsorships (e.g., media press releases, media kits, talent for in-store promotional events such as face painting, clowns, etc., promotional giveaways items such as pens, pins, t-shirts, etc.). The LAP Fee may not be used to pay vendor-funded items such as athletic, business or community event sponsorships, contest POS materials, prizes given away for a consumer promotion, and remote radio broadcasts.

(d) Co-Operative Advertising Agreements. The LAP Fee may be used to pay third parties for costs incurred as part of Franchisor-approved cooperative advertising efforts (e.g., advertising which may be required under the lease agreement for the Franchised Restaurant).

4. The materials listed below may be appropriate (and/or required) for use at the Franchised Restaurant (subject to this Agreement and Franchisor's approval), but such materials are examples of materials that will not satisfy Franchisee's obligations under the Local Advertising Program.

- Value of gift certificates, buy none's, Be Our Guest certificates
- Value of vendor-paid materials for any of the advertising materials referenced above
- Value of any and all discounts on food or beverages
- Value of comps for food, whether for VIP's or for promotions
- Costs related to any menus (e.g., role-play menu, fax menu, kids menu, etc.)
- Costs incurred in connection with incentive contests (e.g., beverage contests, etc.)
- Value of vendor-funded table tents, promotional t-shirts, merchandising items, etc.
- Costs related to newspaper or magazine subscriptions
- Costs related to satellite or cable television at the Franchised Restaurant
- Costs related to uniforms, logos for uniforms, name tags, etc.
- Value of salaries and benefits for Franchisee's marketing employees
- Value of monthly retainer fee to local marketing, advertising, or public relations agency
- Costs related to travel to marketing meetings (e.g., airfare, lodging, meals, rental car, etc.)
- Costs related to any signage at the Franchised Restaurant

* * * * * *

ATTACHMENT H TO FRANCHISE AGREEMENT

GUARANTY OF FRANCHISE AGREEMENT

Pursuant to Section 6.1(m) of this Franchise Agreement, the undersigned agrees to be individually bound by all the terms and conditions of this Franchise Agreement including any amendments or modifications thereto whenever made (collectively, this "Franchise Agreement") and unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under this Franchise Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under this Franchise Agreement. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

The undersigned waive all demands and notices of every kind with respect to this Guaranty and this Franchise Agreement, including, without limitation, notice of: the amendment or modification of this Guaranty or this Franchise Agreement, the demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for this Franchise Agreement or the obligations of Franchisee.

Franchisor may pursue its rights against the undersigned without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

Upon receipt by Franchisor of notice of the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors hereunder will continue in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty to be effective as of the date below.

Acknowledged and Agreed by Managing Owner:

_____

Name: _____
Title: Managing Owner

Date: _____

ATTACHMENT I TO FRANCHISE AGREEMENT

SITE DEVELOPMENT OBLIGATIONS

(Not applicable if a Development Agreement has been executed)

Capitalized terms used in this Site Development Obligations shall have the meanings ascribed to such terms in this Franchise Agreement unless otherwise defined herein.

I. Site Selection and Approval

(a) Franchisee acknowledges and agrees that Franchisee has previously received such site selection counseling and assistance as Franchisor deemed advisable. Franchisee acknowledges and agrees that Franchisee has previously provided all information and materials concerning such site required by Franchisor in order for Franchisor to accept or not accept the proposed site as the location for the Franchised Restaurant. Franchisee assumes all cost, liability, expense, and responsibility for locating, obtaining, and developing a site for the Franchised Restaurant and for constructing, equipping, and operating the Franchised Restaurant at such site. Franchisee's proposed development of a Franchised Restaurant at any site is subject to Franchisor's prior written approval in accordance with Franchisor's then-existing site approval procedures including, but not limited to, the procedures set forth below in Section I.(b).

(b) Prior to acquisition by lease or purchase of a site for the Franchised Restaurant, Franchisee shall submit to Franchisor for each Franchised Restaurant, in the form prescribed by Franchisor, financial proformas, a description of the site, a market feasibility study for the site (which shall include, but not be limited to, demographic information, traffic count and patterns, site plans, relationship of the site to potential competition as well as relationship of the site to existing Chili's Restaurants, and other information requested by Franchisor), and such other information or materials as Franchisor may reasonably require, together with a letter of intent or other evidence satisfactory to Franchisor, which confirms Franchisee's favorable prospects for obtaining the site. Recognizing that time is of the essence, Franchisee must submit such information and materials for each proposed site to Franchisor in writing for its approval. Franchisor shall have 30 days after receipt of such information and materials from Franchisee to approve or disapprove the proposed site as the location for the Franchised Restaurant, which approval shall not be unreasonably withheld. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(c) If the Franchised Restaurant being developed hereunder is Franchisee's or its Affiliate's first Chili's Restaurant or first "special" (i.e. "non-prototype") restaurant, then Franchisor shall furnish to Franchisee one (1) construction/design evaluation of such restaurant at no charge. Franchisor will perform additional construction/design evaluation as Franchisor may deem advisable or in response to Franchisee's requests for site approval; provided that Franchisor shall not provide evaluation for any proposed site prior to the receipt of all required information and materials concerning such site. If additional evaluation is requested by Franchisee, then Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation, including, without limitation, the cost of travel, lodging, and meals.

(i) Regardless of Franchisee's requests for such evaluation, Franchisor reserves the right to evaluate Franchisee's construction/design process and any such evaluation will be at Franchisor's sole cost and expense (unless such evaluation is required due to Franchisor's reasonable concerns with Franchisee's construction/design process and, in such event, Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such evaluation(s) including, without limitation, the cost of travel, lodging and meals).

II. Site Acquisition

If Franchisee will purchase the premises for the Franchised Restaurant, then upon request by Franchisor, Franchisee shall deliver a copy of the final purchase contract to Franchisor prior to its execution. Within three (3) days after request by Franchisor, Franchisee shall furnish to Franchisor a copy of the executed purchase contract. If the Franchisee will occupy the premises of the Franchised Restaurant under a lease agreement, then upon request by Franchisor, Franchisee shall deliver a copy of the final lease agreement to Franchisor prior to its execution. Within three (3) days after request by Franchisor, Franchisee shall furnish to Franchisor a copy of the executed lease agreement. Unless Franchisee has obtained Franchisor's written consent to the exclusion of a required provision, each lease agreement shall include the terms set forth in clauses (a)-(h) below.

(a) That the premises shall be used for the operation of the Franchised Restaurant.

(b) That lessor consents to the use of such Chili's Marks and signs, decor, color scheme and related components of the System as Franchisor may prescribe for the Franchised Restaurant.

(c) That lessor agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and the premises, at the same time that such letters and notices are sent to Franchisee.

(d) That Franchisee (or tenant) may not sublease or assign all or any part of its occupancy rights, or extend the term of or renew the lease, without Franchisor's prior written consent, which shall not be unreasonably withheld.

(e) That Franchisor shall have the right to enter the premises to make any modification necessary to protect the Chili's Marks or to cure any default under the lease or the Franchise Agreement.

(f) That Franchisee shall have the right to assign the lease to Franchisor and the Franchisor shall have the option (but not the obligation) to assume Franchisee's occupancy rights, and the right to sublease, for all or any part of the term of the lease, without the lessor having any right to impose conditions on such assignment or assumption or to obtain payment in connection therewith.

(g) That Franchisee and lessor shall not amend or otherwise modify the lease in any manner that would materially affect any of the foregoing requirements without Franchisor's prior written consent.

(h) That lessor acknowledges and agrees that any furniture, fixtures, equipment or personal property maintained by Franchisee on the leased premises, whether leased or owned by Franchisee, are not the property of lessor and shall be subject to Franchisor's purchase option provided for herein or in the Franchise Agreement for such Franchised Restaurant in the event of Franchisee's default under the lease or the Franchise Agreement, and may be removed at expiration or termination of the lease, so long as such removal is accomplished without damage to the leased facility.

III Pre-Construction Requirements.

Within a reasonable period after the Effective Date, Franchisor shall provide to Franchisee standard plans and specifications and/or design elements for the construction of a Chili's Restaurant and for the exterior and interior design and layout, fixtures, furnishings and signs for use by Franchisee. Before commencing any construction of the Franchised Restaurant, Franchisee, at its expense, shall comply, to Franchisor's reasonable satisfaction, with all of the following requirements:

(a) Franchisee shall employ a qualified architect and engineer who are reasonably acceptable to Franchisor to prepare, for Franchisor's approval, preliminary plans and specifications for site improvement and construction of the Franchised Restaurant based upon prototype drawings furnished by Franchisor. The prototype plans provided by Franchisor shall not be used as construction plans or blue-prints for the Franchised Restaurant, but only as required design concepts, which shall be adapted by Franchisee and its architect, engineer and contractor to Franchisee's site.

(i) The standard plans and specifications and/or prototype drawings provided to Franchisee are proprietary and confidential information belonging to Franchisor, may not be copied or reproduced except to the extent necessary by Franchisee's architects, engineers or contractors in the performance of their duties. Franchisor may require that such plans and specifications be returned to Franchisor after the opening of the Franchised Restaurant.

(ii) Franchisee hereby releases and shall hold Franchisor harmless (including its subsidiaries, officers, directors, employees, and agents) from any and all liability, loss, or damages relating to Franchisee's design, construction, and use of the Franchised Restaurant including, without limitation, liability, loss, or damages related to design or structural flaws in the construction of the Franchised Restaurant and the standard plans and specifications and/or prototype drawings provided to Franchisee.

(b) Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by the state, provincial or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Franchised Restaurant location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be materially changed or modified without the prior written permission of Franchisor.

(c) Franchisee shall obtain all permits and certifications required for the lawful construction and operation of the Franchised Restaurant and shall certify in writing to Franchisor that all such permits and certifications have been obtained.

(d) Franchisee shall employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct the Franchised Restaurant and to complete all improvements. Franchisee shall obtain and maintain in force during the entire period of construction builder's risk (or equivalent local) insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers reasonably satisfactory to Franchisor.

(e) Franchisee shall employ a qualified person who is responsible for the purchasing of materials, equipment and supplies for the Franchised Restaurant. In that regard, Franchisee shall require this person to attend an orientation at Franchisor's home office in Dallas, Texas, concerning information and issues related to the procurement and distribution of necessary items for the opening of the Franchised Restaurant.

IV. Construction and Authorization to Open.

Franchisee shall commence, or make every diligent attempt toward commencement of, construction of the Franchised Restaurant (including acquisition of all necessary permits and licenses) within 180 days after approval by Franchisor of Franchisee's site or, if the approved location is occupied by an existing tenant on the date of execution of the lease for the premises, then immediately upon obtaining possession of the premises.

(a) Franchisee shall provide written notice to Franchisor of the date construction of the Franchised Restaurant commenced within 10 days after commencement. Construction shall be deemed to commence on the date on which excavation for footings is begun or other initial construction or remodeling work is commenced. Franchisee agrees that Franchisor and its agents shall have the right to inspect the construction at all reasonable times for the purpose of ascertaining that all work complies with the final plans approved by Franchisor. However, Franchisee shall assume full responsibility for completing construction of the Franchised Restaurant in accordance with the approved plans, employing its architect, as necessary, to oversee such construction in accordance with the plans. Franchisee shall warrant and certify to Franchisor upon completion of construction that the structure has been built in accordance with the Franchisor-approved plans and specifications, with such exceptions, subject to Franchisor approval, as are noted in such certification.

(b) Franchisee shall maintain reasonably continuous construction of the Franchised Restaurant and its premises and shall complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furniture, fixtures, equipment and signs) in accordance with the approved final plans, at Franchisee's expense, within 240 days after commencement of construction (exclusive of time lost by reason of strikes, lockouts, fire, other casualties, acts of God, weather and other factors beyond the reasonable control of Franchisee).

(c) Franchisee shall notify Franchisor of the date of completion of construction and, within a reasonable time thereafter, Franchisor may at its option conduct a final inspection of the Franchised Restaurant and its premises.

(d) Prior to opening the Franchised Restaurant for business, Franchisee shall comply with all opening requirements set forth in the Franchise Agreement, the CFM, and/or elsewhere in writing by Franchisor. Franchisee shall not, in any event, open the Franchised Restaurant to the public for business until Franchisee has received authorization to open from Franchisor.

PUBLIC COMPANY ADDENDUM

This "Public Company Addendum" is entered into between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor"), and _____ ("Franchisee") to be effective as _____ (the "Effective Date").

1. Introduction. Franchisor and Franchisee entered into Franchise Agreement dated _____ (the "Franchise Agreement") related to the operation of a Chili's Restaurants at _____ and the parties desire to modify certain provisions of the Franchise Agreement regarding publicly-held corporations.

2. Defined Terms. Capitalized terms used in this Public Company Addendum shall have the meanings ascribed to such terms in the Franchise Agreement unless otherwise expressly defined herein.

3. Definition of Public Company. The term "Public Company" as used in this Public Company Addendum shall be deemed to mean a publicly-held corporation having its securities registered pursuant to Section 12 under the Securities Exchange Act of 1934, as amended or a corporation subject to the requirements of Section 15(d) under the Securities Exchange Act of 1934, as amended.

4. Amendment to Franchise Agreement. Commencing on the Effective Date of this Public Company Addendum, the terms of Section 6.1(i) and Section 6.1(m) of the Franchise Agreement shall not apply to Franchisee so long as Franchisee is a Public Company.

(a) Commencing on the Effective Date of this Public Company Addendum, the terms of Sections 16.3(a)(iii), 16.3(b)(iii), and 16.3(c)(iii) of the Franchise Agreement shall not apply to ownership of less than one percent (1%) beneficial interest in Franchisee so long as Franchisee is a Public Company.

(b) With respect to Section 13.2(a) of the Franchisee Agreement, Franchisor's prior written consent shall not be required for a transfer of less than a ___% interest so long as Franchisee is a Public Company, except that Franchisor's prior written consent shall be required for a series of transfers which, in the aggregate, amounts to a transfer of greater than a ___% interest (even if each individual transfer in such series falls below the ___% threshold).

5. Except as modified by this Public Company Addendum, the Franchise Agreement remains in full force and effect as written therein.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the parties hereto have executed this Public Company Addendum to be effective as of the Effective Date.

Franchisor:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

Franchisee:

_____,
a _____ corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or us), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The 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.).

c. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or us), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

HAWAII LAW MODIFICATIONS

As a condition to becoming registered to offer and sell franchises in the state of Hawaii, the Hawaii Department of Commerce and Consumer Affairs has required that the Franchisor defer your obligation to pay initial fees under the Franchise Agreement. We will defer your obligation to pay the initial franchise fee until you begin operations and initial training has been provided. Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, during the period that such fee deferral requirement is in effect ("Fee Deferral Period"), you will not be required to pay the initial franchise fee until the you begin operations and initial training has been provided. After the Fee Deferral Period, you must pay the initial franchise fee as provided in Section 4.1. of the Franchise Agreement.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 *et seq.* To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.

2. Article 21, "Dispute Resolution," is amended by the addition of the following:

"This Article 21 shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41."

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §§ 14-201 *et seq.* (2015 Repl. Vol.) (the "Law"). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. Any acknowledgments or representations of the Franchisee made in the agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Law.

c. A Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

d. The limitation on the period of time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a Franchisee for bringing a claim arising under the Law. Any claims arising under the Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. 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, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):
e following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. §§ 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

AMENDMENT TO BRINKER INTERNATIONAL PAYROLL COMPANY, L.P.
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Brinker International Payroll Company, L.P. Franchise Agreement between _____ ("Franchisee" or "you") and Brinker International Payroll Company, L.P. ("Franchisor" or "us"), dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 to 19.100.940. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to you concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

e. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____, 20___.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC,
a Delaware limited liability company
Its: General Partner

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____,
a _____corporation

By: _____

Name: _____

Title: _____

EXHIBIT D

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TABLE OF CONTENTS OF CHILI'S® FRANCHISE MANUAL

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Information Technology (7 Pages)
Introduction to Information Technology
Chili's Franchise IT Vendor References and Additional Information

Launch Guides (1 page)
Introduction to Launch Guides

Learning and Development (1 page)
Introduction to Learning and Development

Market Planning Tools (6 pages)
Introduction to Market Planning Tools
Disclaimer and Release Agreement
Market Development Request

Marketing and Advertising (13 pages)
Introduction to Chili's® Grill & Bar Marketing and Advertising Programs
Franchisee Marketing Orientation

New Restaurant Development (67 pages)
Introduction to New Restaurant Development
Site Visit Checklists (1 – 7)
Design Process
Construction Checklists
Chili's Punch Lists (New Construction and Final)
One Year Walk Punch List
Procurement and Budgeting Guide New Restaurant Development

New Restaurant Opening (45 pages)
Introduction to New Restaurant Opening
New Restaurant Opening Launch Guide

Online Ordering (3 pages)
Introduction to Online Ordering

POS (1 page)
Introduction to POS

Quality Assurance and Food Safety (51 pages)
Introduction to Quality Assurance and Food Safety
SAFE Program Overview
SAFE Assessment Guide
Restaurant Assessment Form

Recruiting and Hiring (15 pages)
Introduction to Recruiting and Hiring
Job Descriptions
Area Director
Bartender
Bus Person

Dishwasher
General Manager/Managing Partner
Host/Hostess
Line Cook
Manager
Prep Cook
QA
Server
Service Support Team Member
To-Go Specialist

Remodel and Reimage Programs (1 page)
Introduction to Remodel and Reimage Programs

Repair and Maintenance (79 pages)
Introduction to Repair and Maintenance Programs
Henny Penny EEG-164 Operationa Notes and Differences
Henny Penny Evolution Elite Quick Guide
Henny Penny Fryer Follow-up checklist
Henny Penny Error Codes
Grease Express
Fry Best Practices
Flat Top
Middleby CTX & Impinger Oven Cleaning, Preventative Maintenance, and Troubleshooting Guide
CTX Programming – 8.2 Minute Belt
Slicers & Dicer
Bun Toaster & Can Opener
Coolers and Freezers
Dishmachine
Restaurant Winterization, Extreme Weather, and Emergency Winter Power Outage Procedures
Blind Express
Energy Restaurant Manager Tune Up Guide
Roof Top Unit – Refrigeration Coil Cleaning and Filter Maintenance Guidelines
Ice Machine Cleaning and Maintenance Guidelines
Cintas Kitchen Exhaust Cleaning & Troubleshooting Guide
Landscape & Irrigation Guidelines

Restaurant Operations (107 pages)
Introduction to Restaurant Operations
Brand Standards
Dress Guidelines
Introduction to Restaurant Evaluation Form
Restaurant Evaluation Form and Instructions

Supply Chain (5 pages)
Introduction to Supply Chain
Quality Assurance Requirements Summary
Quality Assurance Questionnaire
Franchise Restaurant Online Ordering Instructions

487 TOTAL PAGES

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
Corporation Service Company	9360 Glacier Highway	Suite 202	Juneau	AK	99801	No County
The Prentice-Hall Corporation System, Inc.	9360 Glacier Highway	Suite 202	Juneau	AK	99801	No County
United States Corporation Company	9360 Glacier Highway	Suite 202	Juneau	AK	99801	No County
CSC-Lawyers Incorporating Service Incorporated	641 South Lawrence St.		Montgomery	AL	36104	Montgomery
The Prentice-Hall Corporation System, Inc.	641 South Lawrence St.		Montgomery	AL	36104	Montgomery
United States Corporation Company	641 South Lawrence St.		Montgomery	AL	36104	Montgomery
Corporation Service Company	300 S. Spring Street	Suite 900	Little Rock	AR	72201	Pulaski
The Prentice-Hall Corporation System, Arkansas	300 S. Spring Street	Suite 900	Little Rock	AR	72201	Pulaski
United States Corporation Company	300 S. Spring Street	Suite 900	Little Rock	AR	72201	Pulaski
Corporation Service Company	2338 W. Royal Palm Rd.	Suite J	Phoenix	AZ	85021	Maricopa
The Prentice-Hall Corporation System, Inc.	2338 W. Royal Palm Rd.	Suite J	Phoenix	AZ	85021	Maricopa
United States Corporation Company	2338 W. Royal Palm Rd.	Suite J	Phoenix	AZ	85021	Maricopa
Commissioner of Business Oversight Department of Business Oversight	320 West 4th Street	Suite 750	Los Angeles	CA	90013-2344	
Corporation Service Company which will do business in California as CSC-Lawyers Incorporating Service	2710 Gateway Oaks Dr.	Suite 150N	Sacramento	CA	95833-3505	Sacramento
The Prentice-Hall Corporation System, Inc.	2710 Gateway Oaks Dr.	Suite 150N	Sacramento	CA	95833-3505	Sacramento
United States Corporation Company	2710 Gateway Oaks Dr.	Suite 150N	Sacramento	CA	95833-3505	Sacramento
Corporation Service Company	1560 Broadway	Suite 2090	Denver	CO	80202	Denver
The Prentice-Hall Corporation System, Inc.	1560 Broadway	Suite 2090	Denver	CO	80202	Denver
United States Corporation Company	1560 Broadway	Suite 2090	Denver	CO	80202	Denver
Corporation Service Company	50 Weston St.		Hartford	CT	06120-1537	Hartford
The Prentice-Hall Corporation System, Inc.	50 Weston St.		Hartford	CT	06120-1537	Hartford
United States Corporation Company	50 Weston St.		Hartford	CT	06120-1537	Hartford

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
Banking Commissioner - State of Connecticut Securities and Business Investment Division Connecticut Dept. of Banking	260 Constitution Plaza		Hartford	CT	06103-1800	
Corporation Service Company	1090 Vermont Avenue, N.W.		Washington	DC	20005	No County
The Prentice-Hall Corporation System, Inc.	1090 Vermont Avenue, N.W.		Washington	DC	20005	No County
United States Corporation Company	1090 Vermont Avenue, N.W.		Washington	DC	20005	No County
Corporation Service Company	251 Little Falls Drive		Wilmington	DE	19808	New Castle
The Prentice-Hall Corporation System, Inc.	251 Little Falls Drive		Wilmington	DE	19808	New Castle
United States Corporation Company	251 Little Falls Drive	Suite 400	Wilmington	DE	19808	New Castle
Corporation Service Company	1201 Hays Street		Tallahassee	FL	32301	Leon
The Prentice-Hall Corporation System, Inc.	1201 Hays Street		Tallahassee	FL	32301	Leon
United States Corporation Company	1201 Hays Street		Tallahassee	FL	32301	Leon
Corporation Service Company	40 Technology Pkwy. South	#300	Norcross	GA	30092	Gwinnett
The Prentice-Hall Corporation System, Inc.	40 Technology Pkwy. South	#300	Norcross	GA	30092	Gwinnett
United States Corporation Company	40 Technology Pkwy. South	#300	Norcross	GA	30092	Gwinnett
CSC Services of Hawaii, Inc.	1003 Bishop Street	Suite 1600, Pauahi Tower	Honolulu	HI	96813	Honolulu
PHCS Hawaii, Inc.	1003 Bishop Street	Suite 1600, Pauahi Tower	Honolulu	HI	96813	Honolulu
United States Corporation System, Inc.	1003 Bishop Street	Suite 1600, Pauahi Tower	Honolulu	HI	96813	Honolulu
Hawaii Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division	335 Merchant Street	Room 203	Honolulu	HI	96813	
Corporation Service Company	505 5th Avenue	Suite 729	Des Moines	IA	50309	Polk
The Prentice-Hall Corporation System, Inc.	505 5th Avenue	Suite 729	Des Moines	IA	50309	Polk
United States Corporation Company	505 5th Avenue	Suite 729	Des Moines	IA	50309	Polk
Corporation Service Company	12550 W. Explorer Drive	Suite 100	Boise	ID	83713	Ada

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
The Prentice-Hall Corporation System, Inc.	12550 W. Explorer Drive	Suite 100	Boise	ID	83713	Ada
United States Corporation Company	12550 W. Explorer Drive	Suite 100	Boise	ID	83713	Ada
Illinois Corporation Service Company	801 Adlai Stevenson Dr.		Springfield	IL	62703	Sangamon
Illinois Attorney General	500 South Second St.		Springfield	IL	62706	
The Prentice-Hall Corporation System, Inc.	801 Adlai Stevenson Dr.		Springfield	IL	62703	Sangamon
United States Corporation Company of Illinois	801 Adlai Stevenson Dr.		Springfield	IL	62703	Sangamon
Corporation Service Company	135 North Pennsylvania St.	Suite 1610	Indianapolis	IN	46204	Marion
The Prentice-Hall Corporation System, Inc.	135 North Pennsylvania St.	Suite 1610	Indianapolis	IN	46204	Marion
United States Corporation Company	135 North Pennsylvania St.	Suite 1610	Indianapolis	IN	46204	Marion
Indiana Secretary of State	302 West Washington St.	Room E111	Indianapolis	IN	46204	
Corporation Service Company	2900 SW Wannamaker Dr.	Suite 204	Topeka	KS	66614	Shawnee
The Prentice-Hall Corporation System, Kansas, Inc.	2900 SW Wannamaker Dr.	Suite 204	Topeka	KS	66614	Shawnee
United States Corporation Company	2900 SW Wannamaker Dr.	Suite 204	Topeka	KS	66614	Shawnee
Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company	421 West Main St.		Frankfort	KY	40601	Franklin
The Prentice-Hall Corporation System, Inc.	421 West Main St.		Frankfort	KY	40601	Franklin
United States Corporation Company	421 West Main St.		Frankfort	KY	40601	Franklin
Corporation Service Company	501 Louisiana Avenue		Baton Rouge	LA	70802-5921	East Baton Rouge Parish
The Prentice-Hall Corporation System, Inc.	501 Louisiana Avenue		Baton Rouge	LA	70802-5921	East Baton Rouge Parish
United States Corporation Company	501 Louisiana Avenue		Baton Rouge	LA	70802-5921	East Baton Rouge Parish
Corporation Service Company	84 State St.		Boston	MA	02109	Suffolk
The Prentice-Hall Corporation System, Inc.	84 State St.		Boston	MA	02109	Suffolk
United States Corporation Company	84 State St.		Boston	MA	02109	Suffolk
Maryland Securities Commissioner Maryland Securities Division	200 St. Paul Place		Baltimore	MD	21202	

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
CSC-Lawyers Incorporating Service Company	7 St. Paul Street	Suite 1660	Baltimore	MD	21202	
The Prentice-Hall Corporation System-Maryland	7 St. Paul Street	Suite 1660	Baltimore	MD	21202	
The United States Corporation Company	7 St. Paul Street	Suite 1660	Baltimore	MD	21202	
Corporation Service Company	45 Memorial Circle		Augusta	ME	04330	Kennebec
The Prentice-Hall Corporation System, Inc.	45 Memorial Circle		Augusta	ME	04330	Kennebec
United States Corporation Company	45 Memorial Circle		Augusta	ME	04330	Kennebec
Severin M. Beliveau, Clerk c/o Corporation Service Co.	45 Memorial Circle		Augusta	ME	04330	Kennebec
CSC-Lawyers Incorporating Service (Company)	601 Abbot Rd.		East Lansing	MI	48823	Ingham
The Prentice-Hall Corporation System, Inc.	601 Abbot Rd.		East Lansing	MI	48823	Ingham
United States Corporation Company	601 Abbot Rd.		East Lansing	MI	48823	Ingham
Michigan Dept. of Attorney General, Consumer Protection Division	G. Mennen Williams Building 525 West Ottawa Street	1st Floor	Lansing	MI	48913	
Corporation Service Company	2345 Rice St.	Suite 230	Roseville	MN	55113	Ramsey
The Prentice-Hall Corporation System, Inc.	2345 Rice St.	Suite 230	Roseville	MN	55113	Ramsey
United States Corporation Company	2345 Rice St.	Suite 230	Roseville	MN	55113	Ramsey
Commissioner of Commerce	85 7th Place East	Suite 500	St. Paul	MN	55101-2198	
CSC-Lawyers Incorporating Service Company	221 Bolivar St.		Jefferson City	MO	65101	Cole
The Prentice-Hall Corporation System, Inc.	221 Bolivar St.		Jefferson City	MO	65101	Cole
United States Corporation Company	221 Bolivar St.		Jefferson City	MO	65101	Cole
Corporation Service Company	5760 I-55 North	Suite 150	Jackson	MS	39211-5301	Hinds
The Prentice-Hall Corporation System, Inc.	5760 I-55 North	Suite 150	Jackson	MS	39211-5301	Hinds
United States Corporation Company	5760 I-55 North	Suite 150	Jackson	MS	39211-5301	Hinds
Corporation Service Company	26 West Sixth Avenue	P.O. Box 1691	Helena	MT	59624-1691	Lewis & Clark
The Prentice-Hall Corporation System, Inc.	26 West Sixth Avenue	P.O. Box 1691	Helena	MT	59624-1691	Lewis & Clark
United States Corporation Company	26 West Sixth Avenue	P.O. Box 1691	Helena	MT	59624-1691	Lewis & Clark
Corporation Service Company	2626 Glenwood Avenue		Raleigh	NC	27608	Wake

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
The Prentice-Hall Corporation System, Inc.	2626 Glenwood Avenue		Raleigh	NC	27608	Wake
United States Corporation Company	2626 Glenwood Avenue		Raleigh	NC	27608	Wake
Corporation Service Company	1709 North 19th Street	Suite 3	Bismarck	ND	58501-2121	Burleigh
The Prentice-Hall Corporation System, Inc.	1709 North 19th Street	Suite 3	Bismarck	ND	58501-2121	Burleigh
United States Corporation Company	1709 North 19th Street	Suite 3	Bismarck	ND	58501-2121	Burleigh
Securities Commissioner North Dakota Securities Dept.	600 E. Blvd. Ave. State Capital – 5th Floor		Bismarck	ND	58505-0510	
CSC-Lawyers Incorporating Service Company	233 South 13 Street	Suite 1900	Lincoln	NE	68508	Lancaster
The Prentice-Hall Corporation System, Inc.	233 South 13 Street	Suite 1900	Lincoln	NE	68508	Lancaster
United States Corporation Company	233 South 13 Street	Suite 1900	Lincoln	NE	68508	Lancaster
Corporation Service Company d/b/a Lawyers Incorporating Service	10 Ferry Street	Suite 313	Concord	NH	03301	Merrimack
The Prentice-Hall Corporation System, Inc.	10 Ferry Street	Suite 313	Concord	NH	03301	Merrimack
United States Corporation Company	10 Ferry Street	Suite 313	Concord	NH	03301	Merrimack
Corporation Service Company	Princeton South Corporate Ctr, 100 Charles Ewing Blvd.	Suite 160	Ewing	NJ	08628	Mercer
The Prentice-Hall Corporation System, New Jersey, Inc.	Princeton South Corporate Ctr, 100 Charles Ewing Blvd.	Suite 160	Ewing	NJ	08628	Mercer
United States Corporation Company	Princeton South Corporate Ctr, 100 Charles Ewing Blvd.	Suite 160	Ewing	NJ	08628	Mercer
Corporation Service Company	123 East Marcy St.	Suite 101	Santa Fe	NM	87501	Santa Fe
The Prentice-Hall Corporation System, Inc.	123 East Marcy St.	Suite 101	Santa Fe	NM	87501	Santa Fe
United States Corporation Company	123 East Marcy St/	Suite 101	Santa Fe	NM	87501	Santa Fe
Lee R. Belone, Registered Agent through The Prentice-Hall Corporation System, Inc.	Rural Address No. 40 P.O. Box 1969		Ft. Defiance	Navaho Nation	86504	No County
CSC Services of Nevada, Inc.	2215-B Renaissance Drive		Las Vegas	NV	89119	Clark
The Prentice-Hall Corporation System, Nevada, Inc.	2215-B Renaissance Drive		Las Vegas	NV	89119	Clark
United States Corporation Company	2215-B Renaissance Drive		Las Vegas	NV	89119	Clark
Corporation Service Company	80 State St.		Albany	NY	12207-	Albany

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
					2543	
The Prentice-Hall Corporation System, Inc.	80 State St.		Albany	NY	12207-2543	Albany
United States Corporation Company	80 State St.		Albany	NY	12207-2543	Albany
New York Secretary of State	One Commerce Plaza 99 Washington Ave.		Albany	NY	12231-0001	
CSC-Lawyers Incorporating Service (Corporation Service Company)	50 West Broad St.	Suite 1800	Columbus	OH	43215	Franklin
The Prentice-Hall Corporation System, Inc.	50 West Broad St.	Suite 1800	Columbus	OH	43215	Franklin
United States Corporation Company	50 West Broad St.	Suite 1800	Columbus	OH	43215	Franklin
Corporation Service Company	10300 Greenbriar Place		Oklahoma City	OK	73159-8511	Oklahoma
The Prentice-Hall Corporation System, Oklahoma, Inc.	10300 Greenbriar Place		Oklahoma City	OK	73159-8511	Oklahoma
United States Corporation Company	10300 Greenbriar Place		Oklahoma City	OK	73159-8511	Oklahoma
Corporation Service Company	1127 Broadway St. NE	Suite 310	Salem	OR	97301	Marion
The Prentice-Hall Corporation System, Inc.	1127 Broadway St. NE	Suite 310	Salem	OR	97301	Marion
United States Corporation Company	1127 Broadway St. NE	Suite 310	Salem	OR	97301	Marion
Corporation Service Company	2595 Interstate Dr.	Suite 103	Harrisburg	PA	17110	Dauphin
The Prentice-Hall Corporation System, Inc.	2595 Interstate Dr.	Suite 103	Harrisburg	PA	17110	Dauphin
United States Corporation Company	2595 Interstate Dr.	Suite 103	Harrisburg	PA	17110	Dauphin
Director, Dept. of Business Regulation; Securities Division	1511 Pontiac Avenue		Cranston	RI	02920	
Corporation Service Company	222 Jefferson Blvd.	Suite 200	Warwick	RI	02888	Kent
The Prentice-Hall Corporation System, Inc.	222 Jefferson Blvd.	Suite 200	Warwick	RI	02888	Kent
United States Corporation Company	222 Jefferson Boulevard	Suite 200	Warwick	RI	02888	Kent
Corporation Service Company	1703 Laurel Street		Columbia	SC	29201	Richland
The Prentice-Hall Corporation System, Inc.	1703 Laurel Street		Columbia	SC	29201	Richland
United States Corporation Company	1703 Laurel Street		Columbia	SC	29201	Richland
Corporation Service Company	503 South Pierre St.		Pierre	SD	57501	Hughes
The Prentice-Hall Corporation System, Inc.	503 South Pierre St.		Pierre	SD	57501	Hughes
Director, Dept. of Labor and Regulation; Division of Securities	124 S Euclid, Suite 104		Pierre	SD	57501-3185	

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
United States Corporation Company	503 South Pierre St.		Pierre	SD	57501	Hughes
Corporation Service Company	2908 Poston Ave.		Nashville	TN	37203	Davidson
The Prentice-Hall Corporation System, Inc.	2908 Poston Ave.		Nashville	TN	37203	Davidson
United States Corporation Company	2908 Poston Ave.		Nashville	TN	37203	Davidson
Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company	211 E. 7th St.	Suite 620	Austin	TX	78701-3218	Travis
The Prentice-Hall Corporation System, Inc.	211 E. 7th St.	Suite 620	Austin	TX	78701-3218	Travis
United States Corporation Company	211 E. 7th St.	Suite 620	Austin	TX	78701-3218	Travis
Corporation Service Company	15 West South Temple	Suite 1701	Salt Lake City	UT	84133	Salt Lake
The Prentice-Hall Corporation System, Inc.	15 West South Temple	Suite 1701	Salt Lake City	UT	84133	Salt Lake
United States Corporation Company	15 West South Temple	Suite 1701	Salt Lake City	UT	84133	Salt Lake
Clerk, Virginia State Corporation Commission	1300 East Main St. Tyler Building		Richmond	VA	23219	
Corporation Service Company	Bank of America Center, 1111 E. Main Street	16th Floor	Richmond	VA	23219	No County
The Prentice-Hall Corporation System, Inc.	Bank of America Center,1111 E. Main Street	16th Floor	Richmond	VA	23219	No County
United States Corporation Company	Bank of America Center, 1111 E. Main Street	16th Floor	Richmond	VA	23219	No County
Corporation Service Company	100 North Main St.	Suite 2	Barre	VT	05641	Washington
The Prentice-Hall Corporation System, Inc.	100 North Main St.	Suite 2	Barre	VT	05641	Washington
United States Corporation Company	100 North Main St.	Suite 2	Barre	VT	05641	Washington
Corporation Service Company	300 Deschutes Way SW	Suite 304	Tumwater	WA	98501	Thurston
Director of Financial Institutions Securities Division	150 Israel Rd. S.W.		Tumwater	WA	98501	
The Prentice-Hall Corporation System, Inc.	300 Deschutes Way SW	Suite 304	Tumwater	WA	98501	Thurston
United States Corporation Company	300 Deschutes Way SW	Suite 304	Tumwater	WA	98501	Thurston
CSC-Lawyers Incorporating Service Company	8040 Excelsior Drive	Suite 400	Madison	WI	53717	Dane
Administrator, Div. of Securities Wisconsin Dept. Of Financial Institutions	345 West Washington Ave.		Madison	WI	53703	

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
The Prentice-Hall Corporation System, Inc.	8040 Excelsior Drive	Suite 400	Madison	WI	53717	Dane
United States Corporation Company	8040 Excelsior Drive	Suite 400	Madison	WI	53717	Dane
Corporation Service Company	209 W. Washington St.		Charleston	WV	25302	Kanawha
The Prentice-Hall Corporation System, Inc.	209 W. Washington St.		Charleston	WV	25302	Kanawha
United States Corporation Company	209 W. Washington St.		Charleston	WV	25302	Kanawha
Corporation Service Company	1821 Logan Ave.		Cheyenne	WY	82001	Laramie
The Prentice-Hall Corporation System, Inc.	1821 Logan Ave.		Cheyenne	WY	82001	Laramie
United States Corporation Company	1821 Logan Ave.		Cheyenne	WY	82001	Laramie

EXHIBIT F

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(866) 275-2677

Hawaii

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, IL 62706

Indiana

Chief Deputy Commissioner
Indiana Securities Division, Franchise Section
Secretary of State
302 West Washington Street, Room E111
Indianapolis, IN 46204

Maryland

Maryland Division of Securities
Franchise Examiner
200 St. Paul Place
Baltimore, MD 21202-2020

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Market Assurance Division
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

New York

Bureau of Investor Protection & Securities
New York State Department of Law
Office of the Attorney General
120 Broadway, 23rd Floor
New York, NY 10271

North Dakota

Securities Department
State Capitol - 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510

Oregon

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

Rhode Island

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex-69-1
Cranston, Rhode Island 02920-4407

South Dakota

Franchise Administration
Department of Labor and Regulation
Division of Securities
124 S Euclid
Suite 104
Pierre, South Dakota 57501-3185

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 1300 East Main Street
Richmond, VA 23219

Washington

Administrator
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360) 902-8760

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, WI 53701

EXHIBIT G

LIST OF CURRENT U.S. FRANCHISEES

LIST OF CURRENT U.S. FRANCHISEES

* Franchise Agreement signed, but restaurant not open.

** Indicates this restaurant is operated by a developer.

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Peppers North, LLC	701.867.0001	**Chili's – Dimond Mall Dimond Center Mall 800 East Dimond Boulevard, Suite 162	Anchorage	AK	99515	907-240-3690
Valenti Southeast Management	701.098.0737	Chili's – Trussville 1676 Gadsen Highway	Birmingham	AL	35235	205-661-6102
Valenti Southeast Management	701.098.0010	Chili's – Decatur 1003 Beltline Rd., SW	Decatur	AL	35601	256-355-8850
Valenti Southeast Management	701.098.0744	Chili's – Florence 370-A Cox Creek Parkway	Florence	AL	35630	256-760-8081
Valenti Southeast Management	701.098.0007	Chili's – Fultondale 203 Howell Street	Fultondale	AL	35068	205-849-4474
Valenti Southeast Management	701.098.0004	Chili's – Gadsden 340 Albert Rains Blvd.	Gadsden	AL	35901	256-547-8185
Valenti Southeast Management	701.098.0549	Chili's – Wildwood 209 State Farm Parkway	Homewood	AL	35242	205-942-3129
Valenti Southeast Management	701.098.0545	Chili's - Huntsville 4925 University Drive, Suite B	Huntsville	AL	35816	256-722-9620
Valenti Southeast Management	701.098.0772	Chili's – Jones Valley 2740 Carl T. Jones Drive SE	Huntsville	AL	35802	256-882-1230
Valenti Southeast Management	701.098.0011	Chili's – Madison 8580 U.S. 72	Madison	AL	35758	256-382-0950
Valenti Southeast Management	701.098.0002	Chili's - Mobile 790 Schillinger Road South	Mobile	AL	36695	251-776-7006
Valenti Southeast Management	701.098.0003	Chili's – Eastchase Parkway 3555 Eastchase Parkway	Montgomery	AL	36117	334-270-1973
Host International, Inc.	701.032.0059	Chili's Too – Oakland Airport Oakland Airport One Airport Drive	Oakland	CA	94621	510-563-3865
Quality Dining, Inc.	701.040.0028	Chili's – Wilmington 4147 Concord Pike	Wilmington	DE	19803	302-478-8682
DNC-Travel Hospitality Services, Inc.	701.090.0003	Chili's Too – Ft. Lauderdale Airport Terminal 3 320 Terminal Drive	Ft. Lauderdale	FL	33315	954-359-1500
Host International, Inc.	701.032.0068	Chili's Too – Ft. Lauderdale Airport Terminal 1 320 Terminal Drive	Ft. Lauderdale	FL	33315	954-359-1500 Ext, 11
Host International, Inc.	701.032.0051	Chili's Too – Jacksonville International Airport 2400 Yankee Clipper Drive	Jacksonville	FL	32218	904-741-0400 Ext. 25
Aramark Educational Services, Inc.	701.816.0006	Chili's – Florida International University-MMC Graham Center Building #156 11200 SW 8th Street	Miami	FL	33199	305-348-3426
Master Concessionair LLC	701.039.0001	Chili's Too – Miami International Airport Concourse G Terminal, 2nd Level 4200 N.W. 36th	Miami	FL	33122	305-869-4830
Host International, Inc.	701.032.0007	Chili's Too – Orlando International Airport 9333 Airport Blvd.	Orlando	FL	32827	407-851-1334 Ext. 116.33
Aramark Educational Services, Inc.	701.816.0012	Chili's – UCF University of Central Florida Student Union 12715 Pegasus Drive	Orlando	FL	32816	407-823-3859

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Host International, Inc.	701.032.0053	Chili's Too – West Palm Beach Airport Palm Beach International Airport Concourse C, Departure Level 1000 Turnage Boulevard	West Palm Beach	FL	33406	561-683-0834 Ext. 252
Hielan Restaurant Group (SE), LLC	701.041.0010	Chili's – Albany 2821 Ledo Road	Albany	GA	31707	229-432-1035
Hielan Restaurant Group (SE), LLC	701.811.0583	Chili's – Augusta 273 Robert C. Daniel Jr. Parkway	Augusta	GA	30909	706-667-0007
Hielan Restaurant Group (SE), LLC	701.811.0007	Chili's – Evans 700 Ronald Reagan Drive	Evans	GA	30809	706-860-3464
Hielan Restaurant Group (SE), LLC	701.041.0004	Chili's – Hinesville 623 West Oglethorpe Highway	Hinesville	GA	31313	912-408-4800
Hielan Restaurant Group (SE), LLC	701.811.0006	Chili's – Macon 5080 Riverside Drive	Macon	GA	31210	478-757-0169
Hielan Restaurant Group (SE), LLC	701.041.0003	Chili's – Milledgeville 2596 North Columbia Street	Milledgeville	GA	31061	478-452-1900
Hielan Restaurant Group (SE), LLC	701.041.0012	Chili's – Statesboro 435 Commerce Blvd.	Statesboro	GA	30458	912-764-6333
Hielan Restaurant Group (SE), LLC	701.041.0014	Chili's – Tifton 707 W. 7th Street	Tifton	GA	31794	229-382-3138
Hielan Restaurant Group (SE), LLC	701.041.0011	Chili's – Valdosta 1700 Baytree Road	Valdosta	GA	31602	229-244-8604
Pacific Meritage	701.053.0004	Chili's – Pearl Ridge Mall 98-130 Pali Momi Street.	Aiea	HI	96701	808-484-2900
Pacific Meritage	701.053.0003	Chili's – Kahala Mall (Oahu) 4211 Waialae Avenue	Honolulu	HI	96816	808-738-5773
Pacific Meritage	701.053.0005	Chili's – Kapolei (Oahu) 590 Farrington Highway	Kapolei	HI	96707	808-693-8722
Pacific Meritage	701.053.0002	Chili's – Mililani (Oahu) 95-1249 Meheula Parkway, Bldg. P	Mililani	HI	96789	808-627-0888
Pacific Meritage	701.053.0001	Chili's – Waikele 94-797 Lumiania Street	Waipahu	HI	96797	808-677-7775
ERJ Dining IV, LLC	701.853.0939	Chili's – Ankeny 2601 SE Delaware	Ankeny	IA	50021	515-963-8400
ERJ Dining IV, LLC	701.853.0924	Chili's – Cedar Rapids 1250 Collins Road	Cedar Rapids	IA	52402	319-378-9694
ERJ Dining IV, LLC	701.853.0919	Chili's – Clive 11411 Forest Avenue	Clive	IA	50325	515-226-1744
ERJ Dining IV, LLC.	701.853.0925	Chili's – Coralville 2651 2nd Street	Coralville	IA	52241	319-351-1488
ERJ Dining IV, LLC	701.853.0930	Chili's – Davenport 4020 E. 53rd Street	Davenport	IA	52807	563-359-1144
ERJ Dining IV, LLC	701.853.0932	Chili's – Sioux City 110 Nebraska Street	Sioux City	IA	51101	712-258-0700
Paradigm Restaurants, L.C.	701.815.0903	**Chili's – Broadway 916 Broadway	Boise	ID	83706	208-389-2200
Paradigm Restaurants, L.C.	701.815.0927	**Chili's – Coeur d'Arlene 482 West Sunset Avenue	Coeur d'Arlene	ID	83815	208-676-1826
Paradigm Restaurants, L.C.	701.815.0936	**Chili's – Idaho Falls 620 N. Utah Avenue	Idaho Falls	ID	83402	208-552-2577
Paradigm Restaurants, L.C.	701.815.0004	**Chili's – Meridian 3078 Eagle Road No.	Meridian	ID	83646	208-884-5292
Paradigm Restaurants, L.C.	701.815.0001	**Chili's - Pocatello 1599 South Yellowstone	Pocatello	ID	83202	208-637-1600
Paradigm Restaurants, L.C.	701.815.0918	**Chili's – Twin Falls 1880 Blue Lakes Blvd. North	Twin Falls	ID	83301	208-734-1167

Franchisee Name	Store ID	Address	City	State	Zip	Phone
ERJ Dining IV, LLC	701.842.1073	Chili's - Algonquin 1480 Randall Rd.	Algonquin	IL	60102	847-854-9955
ERJ Dining IV, LLC	701.842.0052	Chili's – Arlington Heights 640 E. Rand Rd	Arlington Heights	IL	60004	847-818-8171
ERJ Dining IV, LLC	701.842.0732	Chili's – West Aurora 1290 N. Orchard Road	Aurora	IL	60506	630-907-1365
ERJ Dining IV, LLC	701.842.0585	Chili's - Batavia 491 N. Randall Road	Batavia	IL	60510	630-761-4479
ERJ Dining IV, LLC	701.842.0191	Chili's – Stratford Square 310 W. Army Trail Road	Bloomingdale	IL	60108	630-894-9966
ERJ Dining IV, LLC	701.842.0256	Chili's – Normal 2107 N. Veterans Pkwy.	Bloomington	IL	61704	309-663-8060
ERJ Dining IV, LLC	701.842.0401	Chili's – Bolingbrook 1275 W. Boughton	Bolingbrook	IL	60440	630-378-5461
ERJ Dining IV, LLC	701.842.0164	Chili's – Calumet City 1580 Torrence Ave.	Calumet City	IL	60409	708-862-6700
ERJ Dining, IV, LLC	701.818.0008	Chili's – Carbondale 1240 East Main Street	Carbondale	IL	62901	618-529-8083
ERJ Dining IV, LLC	701.842.0415	Chili's – Champaign 1905 N. Prospect Ave.	Champaign	IL	61822	217-398-2161
ERJ Dining IV, LLC	701.842.0003	Chili's – Marshfield 1750 West 119th Street	Chicago	IL	60643	773-264-3611
Host International, Inc.	701.032.0009	Chili's Too - Chicago O'Hare Airport Terminal 3, Space #M02 Rotunda Building 6	Chicago	IL	60666	773-686-6111
Host International, Inc.	701.032.0010	Chili's Bar & Bites – Chicago O'Hare Airport Terminal 1, Space #b04 Rotunda Building 6 O'Hare Field	Chicago	IL	60666	773-686-8492
Host International, Inc.	701.032.0012	Chili's Too – Chicago O'Hare Airport Terminal 2 Rotunda Building 6, Arrival Level	Chicago	IL	60666	773-686-6126
Host International, Inc.	701.032.0025	Chili's Too – Chicago O'Hare Airport Rotunda Bldg. 6, Terminal G Guard Post #8	Chicago	IL	60666	773-686-6180
ERJ Dining IV, LLC	701.842.0962	Chili's – Chicago Ridge 9720 Ridgeland Ave.	Chicago Ridge	IL	60415	708-424-9866
ERJ Dining IV, LLC	701.842.0586	Chili's – Crystal Lake 5620 Northwest Hwy	Crystal Lake	IL	60014	815-356-9216
ERJ Dining IV, LLC	701.842.0106	Chili's – Downers Grove 1330A W. 75th St.	Downers Grove	IL	60516	630-963-5515
ERJ Dining IV, LLC	701.842.0942	Chili's – East Peoria 800 Riverside Drive	East Peoria	IL	61611	309-694-4460
ERJ Dining IV, LLC	701.842.0859	Chili's – Evanston 1765 Maple Avenue	Evanston	IL	60201	847-328-9068
ERJ Dining III, LLC	701.818.0571	Chili's – Fairview Heights 6311 North Illinois	Fairview Heights	IL	62208	618-398-9805
ERJ Dining IV, LLC	701.842.0336	Chili's – Gurnee Mills 6030 Grand Avenue	Gurnee	IL	60031	847-855-1025
ERJ Dining IV, LLC	701.842.0144	Chili's – Hoffman Estates 2220 Barrington Rd.	Hoffman Estates	IL	60195	847-490-9988
ERJ Dining IV, LLC	701.842.0861	Chili's – Homer 14025 South Bell Road	Homer Township	IL	60491	708-645-0175
ERJ Dining IV, LLC	701.842.1304	Chili's – Homewood 17928 Halsted St.	Homewood	IL	60430	708-957-5804
ERJ Dining IV, LLC	701.842.0984	Chili's – Kildeer 20505 N. Rand Rd., Suite 300	Kildeer	IL	60047	847-550-9608

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ERJ Dining IV, LLC	701.842.0964	Chili's – Machesney Park 1510 West Lane Road	Machesney Park	IL	61115	815-282-8805
ERJ Dining IV, LLC	701.842.0774	Chili's – McHenry 2409 North Richmond Road	McHenry	IL	60050	815-578-0223
ERJ Dining IV, LLC	701.842.1001	Chili's – Morris 88 W. Gore Road	Morris	IL	60450	815-941-2005
ERJ Dining II, LLC	701.097.0719	Chili's – Mt. Vernon 4511 Broadway St.	Mt. Vernon	IL	62864	618-244-4687
ERJ Dining IV, LLC	701.842.0215	Chili's – Naperville 264 S. Route 59	Naperville	IL	60540	630-355-0566
ERJ Dining IV, LLC	701.842.1173	Chili's – New Lenox 2390 E. Lincoln Hwy	New Lenox	IL	60451	815-463-8743
ERJ Dining IV, LLC	701.842.0001	Chili's – No. Riverside 7225 West Cermak	No. Riverside	IL	60546	708-221-0051
ERJ Dining IV, LLC	701.842.0688	Chili's – Orland Park 15735 Harlem Avenue	Orland Park	IL	60462	708-342-1626
ERJ Dining IV, LLC	701.842.0778	Chili's – Oswego 2820 Route 34	Oswego	IL	60543	630-554-1536
ERJ Dining IV, LLC	701.842.0058	Chili's – Peoria 4825 N. University St.	Peoria	IL	61614	309-692-0468
ERJ Dining IV, LLC	701.842.0738	Chili's – North Plainfield 12740 S. Route 59	Plainfield	IL	60544	815-254-0639
ERJ Dining IV, LLC	701.842.0380	Chili's – Rockford 6330 E. State St.	Rockford	IL	61108	815-227-0188
ERJ Dining IV, LLC	701.842.0002	Chili's – Romeoville 259 S. Weber Road	Romeoville	IL	60446	815-886-4429
ERJ Dining IV, LLC	701.842.0708	Chili's – Rosemont 7140 Mannheim Road	Rosemont	IL	60018	847-298-9031
ERJ Dining IV, LLC	701.842.0682	Chili's – Round Lake 300 East Rollins Road	Round Lake Beach	IL	60073	847-201-1289
ERJ Dining IV, LLC	701.842.1054	Chili's – Shorewood 1005 Brookforest Ave.	Shorewood	IL	60431	815-609-1185
ERJ Dining IV, LLC	701.842.0206	Chili's – Skokie 5435 Touhy	Skokie	IL	60077	847-679-1425
ERJ Dining IV, LLC	701.842.0713	Chili's – South Elgin 620 Randall Road	South Elgin	IL	60177	847-841-8708
ERJ Dining IV, LLC	701.842.0299	Chili's - Springfield 2891 S. Veterans	Springfield	IL	62704	217-546-8505
ERJ Dining IV, LLC	701.842.0302	Chili's – St. Charles 3795 E. Main Street	St. Charles	IL	60174	630-584-8013
ERJ Dining IV, LLC	701.842.1072	Chili's – Streamwood 1041 S. Sutton	Streamwood	IL	60107	630-483-2352
ERJ Dining III, LLC	701.818.0004	Chili's – Vernon Hills 371 Town Line Road	Vernon Hills	IL	60061	847-932-4043
ERJ Dining IV, LLC	701.842.0342	Chili's – W. Dundee 901 W. Main St.	W. Dundee	IL	60118	847-426-9590
ERJ Dining IV, LLC	701.842.1338	Chili's - Waukegan 890 S. Waukegan	Waukegan	IL	60085	847-689-0540
ERJ Dining IV,LLC	701.842.0132	Chili's – Wheaton 240 Danada Square W.	Wheaton	IL	60189	630-690-2334
ERJ Dining IV, LLC	701.842.0460	Chili's – College Mall 2811 E. Third Street	Bloomington	IN	47401	812-334-0535
ERJ Dining IV, LLC	701.842.0330	Chili's – Westfield 14735 N. Meridian	Carmel	IN	46032	317-574-1556
ERJ Dining IV, LLC	701.842.1044	Chili's – Clifty Crossing 1079 N. National Road	Columbus	IN	47201	812-348-7596

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ERJ Dining IV, LLC	701.842.1112	Chili's – Dyer 893 Joliet Street	Dyer	IN	46311	219-864-8552
Quality Dining, Inc.	701.040.0018	Chili's – Evansville 600 North Green River Road	Evansville	IN	47715	812-475-1510
ERJ Dining IV, LLC	701.842.1201	Chili's - Franklin College 2299 N. Morton Street	Franklin	IN	46131	317-736-6162
Quality Dining, Inc.	701.040.0004	Chili's – Ft. Wayne 317 E. Coliseum Blvd.	Ft. Wayne	IN	46805	260-471-2979
Quality Dining, Inc.	701.040.0041	Chili's – Goshen 4018 Elkhart Road	Goshen	IN	46526	574-875-0444
ERJ Dining IV, LLC	701.842.0781	Chili's – Greensburg 2305 N. State Road 3 Bypass	Greensburg	IN	47240	812-662-9870
ERJ Dining IV, LLC	701.842.0254	Chili's – Greenwood 1281 N. US Hwy 31	Greenwood	IN	46142	317-881-6991
ERJ Dining IV, LLC	701.842.0357	Chili's – Southlake 2425 Southlake Mall	Hobart	IN	46410	219-791-1504
ERJ Dining IV, LLC	701.842.0321	Chili's – Eagle Creek 6943 W. 38th Street	Indianapolis	IN	46254	317-328-1767
ERJ Dining IV, LLC	701.842.0322	Chili's – Keystone 3960 E. 82nd Street	Indianapolis	IN	46240	317-577-0309
ERJ Dining IV, LLC	701.842.1045	Chili's – Traders Point 6020 W 86th Street	Indianapolis	IN	46278	317-876-3420
ERJ Dining IV, LLC	701.842.0626	Chili's – Kokomo 1323 S. Reed Road	Kokomo	IN	46902	765-457-1485
Quality Dining, Inc.	701.040.0008	Chili's – Lafayette 3980 State Rd., 26 East	Lafayette	IN	47905	765-449-8430
ERJ Dining IV, LLC	701.842.1006	Chili's – Martinsville 620 Birk Road	Martinsville	IN	46151	765-349-8227
Quality Dining, Inc.	701.040.0027	Chili's – Michigan City 5300 Franklin Street	Michigan City	IN	46360	219-872-2266
Quality Dining, Inc.	701.040.0001	Chili's – Mishawaka 4810 Grape Rd.	Mishawaka	IN	46545	574-271-1330
ERJ Dining IV, LLC	701.842.0570	Chili's – Muncie 809 W. McGalliard	Muncie	IN	47303	765-287-8741
ERJ Dining IV, LLC	701.842.0746	Chili's – Noblesville 16815 S. Mercantile Blvd.	Noblesville	IN	46060	317-770-3355
ERJ Dining IV, LLC	701.842.0694	Chili's – Plainfield 2681 East Main Street	Plainfield	IN	46168	317-837-5120
ERJ Dining IV, LLC	701.842.0602	Chili's – Hwy 40 4383 E. National Road	Richmond	IN	47374	765-935-7591
ERJ Dining II, LLC	701.097.0001	Chili's – Seymour 2085 East Tipton Street	Seymour	IN	47274	812-524-4547
ERJ Dining IV, LLC	701.097.0010	Chili's – Terre Haute 5601 South US Highway 41	Terre Haute	IN	47802-4158	812-645-0131
ERJ Dining IV, LLC	701.842.0731	Chili's – Valparaiso 250 Silhavy Road	Valparaiso	IN	46383	219-465-7344
ERJ Dining II, LLC	701.097.0011	Chili's – Clarksville 940 East Lewis & Clark Parkway	Clarksville	IN	47129	812-670-3000
Hielan Restaurant Group, LP	701.856.1101	**Chili's – Hutchinson 1801 E. 17th Avenue	Hutchinson	KS	67501	620-669-8207
Hielan Restaurant Group, LP	701.856.0001	**Chili's – Kansas City Speedway 1710 Village West Parkway	Kansas City	KS	66111	913-334-9728
Hielan Restaurant Group, LP	701.856.0500	**Chili's – Lawrence 2319 Iowa St.	Lawrence	KS	66046	785-331-3700
Hielan Restaurant Group, LP	701.856.0575	**Chili's – Manhattan 213 Fort Riley Blvd.	Manhattan	KS	66502	785-537-1250

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Hielan Restaurant Group, LP	701.856.0566	**Chili's – Merriam 5880 Antioch	Merriam	KS	66202	913-262-0067
Hielan Restaurant Group, LP	701.856.0581	**Chili's – Olathe 14920 S. Harrison St.	Olathe	KS	66061	913-390-9404
Hielan Restaurant Group, LP	701.856.0337	**Chili's – S. Overland Park 7001 W. 119th	Overland Park	KS	66209	913-345-0131
Hielan Restaurant Group, LP	701.856.0604	**Chili's – Salina 2255 S. 9th St.	Salina	KS	67401	785-820-8300
Hielan Restaurant Group, LP	701.856.0885	**Chili's – Shawnee Mission 15305 W. 67th St.	Shawnee	KS	66217	913-631-0862
Hielan Restaurant Group, LP	701.856.0280	**Chili's – Topeka 2021 SW Wanamaker	Topeka	KS	66604	785-271-9777
Hielan Restaurant Group, LP	701.856.0001	**Chili's – N. Wichita 2333 N. Greenwich Road	Wichita	KS	67226	316-630-0283
Hielan Restaurant Group, LP	701.856.0271	**Chili's – E. Wichita 7887 E. Central	Wichita	KS	67206	316-686-4110
Hielan Restaurant Group, LP	701.856.0402	**Chili's – W. Wichita 10520 W. Central	Wichita	KS	67212	316-721-2700
ERJ Dining II, LLC	701.097.0003	Chili's – Bardstown 101 W. John Rowan Blvd.	Bardstown	KY	40004	502-337-6120
Aramark Educational Services, Inc.	701.816.0010	Chili's-WKU Western Kentucky University 268 Alumni Avenue	Bowling Green	KY	42101	270-745-3282
ERJ Dining II, LLC	701.097.0009	Chili's – Florence 5000 Houston Road	Florence	KY	41042	859-980-0650
ERJ Dining II, LLC	701.097.0573	Chili's – Frankfort 345 Leonardwood	Frankfort	KY	40601-4109	502-223-0810
ERJ Dining II, LLC	701.097.0568	Chili's – Richmond 2851 Richmond Road	Lexington	KY	40509-1506	859-269-1979
ERJ Dining II, LLC	701.097.0600	Chili's – Man O'War 108 Marketplace Drive	Lexington	KY	40503	859-971-9392
ERJ Dining II, LLC	701.097.0002	Chili's – Hikes Lane 3623 Bardstown Road	Louisville	KY	40218	502-301-8888
ERJ Dining II, LLC	701.097.0004	Chili's – Poplar Level 3007 Poplar Level Road	Louisville	KY	40214	502-638-5202
ERJ Dining II, LLC	701.097.0005	Chili's – Preston/265 11600 Antonio Way	Louisville	KY	40229	502-301-8181
ERJ Dining II, LLC	701.097.0006	Chili's – Old Brownsboro 9720 Von Allmen Court	Louisville	KY	40241	502-301-8880
ERJ Dining II, LLC	701.097.0237	Chili's – Louisville 421 Hurstbourne	Louisville	KY	40222-5036	502-425-6800
Tinsley Family Concessions	701.880.0001	Chili's – Louisville Louisville International Airport 600 Terminal Drive	Louisville	KY	40209	863-299-7177
ERJ Dining II, LLC	701.097.0012	Chili's – Dixie Highway 6641 Dixie Highway	Louisville	KY	40258	502-694-9445
Chesapeake Food, Inc.	701.010.0018	**Chili's – Bowie 16401 Heritage Boulevard	Bowie	MD	20716	301-809-1900
Chesapeake Food, Inc.	701.010.0035	**Chili's – Easton 28587 Marlboro Avenue	Easton	MD	21601	410-763-7077
Chesapeake Food, Inc.	701.010.0039	**Chili's – Frederick Center at Monocacy Pegasus Court and Maryland Route 85	Frederick	MD	21704	301-662-8130
Chesapeake Food, Inc.	701.010.0034	**Chili's –Hagerstown 245 Railway Lane	Hagerstown	MD	21740	301-766-9680
Chesapeake Food, Inc.	701.010.0037	**Chili's – Nursey Rd. 1715 W. Nursery Rd.	Linthicum	MD	21012	410-694-8080

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Chesapeake Food, Inc.	701.010.0024	**Chili's – Salisbury 2750 N. Salisbury Blvd.	Salisbury	MD	21801	410-860-4700
Chesapeake Food, Inc.	701.010.0011	**Chili's – Waldorf 2960 Festival Way	Waldorf	MD	20601	301-870-7348
Quality Dining, Inc.	701.040.0033	Chili's – Battle Creek 6123 B. Drive North	Battle Creek	MI	49014	269-979-8527
Midfield Concession Enterprises	701.872.0001	Chili's-Detroit Detroit Metropolitan Airport McNamara Terminal	Detoirt	MI	48242	734-941-1406
Quality Dining, Inc.	701.040.0022	Chili's – Flint 4125 Miller Road	Flint	MI	48507	810-720-0170
Quality Dining, Inc.	701.040.0036	Chili's – Beltline 2135 East Beltline NE	Grand Rapids	MI	49525	616-361-1972
Quality Dining, Inc.	701.040.0006	Chili's – Kentwood 4580 28th Street	Kentwood	MI	49512	616-949-5892
Quality Dining, Inc.	701.040.0029	Chili's – Norton Shores 3583 Henry Street	Norton Shores	MI	49441	231-780-5441
Quality Dining, Inc.	701.040.0002	Chili's – Okemos 5055 Marsh Road	Okemos	MI	48864	517-347-7188
Quality Dining, Inc.	701.040.0005	Chili's – Portage 6195 South Westnedge Ave.	Portage	MI	49002	269-324-0560
Quality Dining, Inc.	701.040.0021	Chili's – Saginaw 4363 Bay Road	Saginaw	MI	48603	989-797-4470
Quality Dining, Inc.	701.040.0031	Chili's – St. Joseph 1275 Hilltop Road	St. Joseph	MI	49085	269-983-5518
Quality Dining, Inc.	701.040.0024	Chili's – Traverse City 2670 Crossing Circle	Traverse City	MI	49684	231-929-0200
Quality Dining, Inc.	701.040.0030	Chili's – Wyoming 770 54th Street S.W.	Wyoming	MI	49509	616-261-9733
ERJ Dining IV, LLC	701.842.1030	Chili's – Blaine 1430 109th Ave., NE	Blaine	MN	55449	763-783-9222
ERJ Dining IV, LLC	701.842.0185	Chili's – Bloomington 7801 Normandale Blvd.	Bloomington	MN	55435	952-831-1201
ERJ Dining IV, LLC	701.842.0205	Chili's – Burnsville 14161 Aldrich Ave.	Burnsville	MN	55337	952-898-3101
ERJ Dining IV, LLC	701.842.0323	Chili's – Eagan 3625 Pilot Knob Road	Eagan	MN	55122	651-686-5152
ERJ Dining IV, LLC	701.842.0224	Chili's – Maplewood 1800 Beam Ave.	Maplewood	MN	55109	651-773-9501
ERJ Dining IV, LLC	701.842.0286	Chili's – Plymouth 4000 Vinewood Lane	Plymouth	MN	55442	963-557-7000
ERJ Dining IV, LLC	701.842.0181	Chili's – Roseville 1840 W. County Road B2	Roseville	MN	55113	651-633-7718
ERJ Dining IV, LLC	701.842.1036	Chili's – Shakopee 8098 Old Carriage Court	Shakopee	MN	55379	952-445-2234
ERJ Dining IV, LLC	701.842.1086	Chili's – Woodbury 9945 Hudson Place	Woodbury	MN	55125	651-739-8177
ERJ Dining III, LLC	701.818.0006	Chili's – Arnold 901 Arnold Commons Drive	Arnold	MO	63010	636-757-0787
ERJ Dining III, LLC	701.818.0002	Chili's – Chesterfield 955 Chesterfield Center Rd.	Chesterfield	MO	63017	636-368-4530
Hielan Restaurant Group, LP	701.856.0765	Chili's – Columbia 41 Conley Road	Columbia	MO	65201	573-442-6067
ERJ Dining III, LLC	701.818.1155	Chili's – Fenton 711 Gravois Road	Fenton	MO	63026	636-326-4134
ERJ Dining III, LLC	701.818.0855	Chili's – Florissant 13901 New Halls Ferry Road	Florissant	MO	63033	314-831-0548

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Hielan Restaurant Group, LP	701.856.0437	**Chili's – Independence 18900 E. 39th St.	Independence	MO	64057	816-795-0100
Hielan Restaurant Group, LP	701.856.0950	**Chili's – Jefferson City 3515 Missouri Blvd.	Jefferson City	MO	65109	573-761-4765
Hielan Restaurant Group, LP	701.856.0487	**Chili's – Barry Rd. 8350 NW Roanridge	Kansas City	MO	64151	816-741-4433
Hielan Restaurant Group, LP	701.856.0646	**Chili's – Liberty Kansas City 9600 NE Barry Rd.	Kansas City	MO	64157	816-407-9427
ERJ Dining III, LLC	701.818.0955	Chili's – Kirkwood 1130 South Kirkwood Road	Kirkwood	MO	63122	314-984-8176
Hielan Restaurant Group, LP	701.856.0684	**Chili's – Lee's Summit 1688 NW Chipman Road	Lee's Summit	MO	64081	816-347-1720
Hielan Restaurant Group, LP	701.856.1041	**Chili's – St. Joseph 5105 N. Belt Highway	St. Joseph	MO	64506	816-279-5750
Host International, Inc.	701.032.0011	Chili's Too – St. Louis Lambert Airport East Terminal 10701 Natural Bridge Road	St. Louis	MO	63145	314-429-3400
Host International, Inc.	701.032.0044	Chili's Too – St. Louis Airport – Terminal C Lambert International Airport Terminal C 10701 Natural Bridge Broad P.O. Box 10187	St. Louis	MO	63145	314-429-3400
ERJ Dining III, LLC	701.818.0618	Chili's – Mid Rivers Mall 101 Westfield Drive	St. Peters	MO	63376	636-397-4447
Valenti Southeast Management	701.098.0008	Chili's – Meridian 105 South Frontage Road	Meridian	MS	39301	601-482-3280
Valenti Southeast Management	701.098.0699	Chili's – Olive Branch 7910 Craft-Goodman Road	Olive Branch	MS	38654	662-895-8899
Paradigm Restaurants, L.C.	701.815.0002	**Chili's – Great Falls 2400 Market Place Dr.	Great Falls	MT	59484	406-452-6700
Paradigm Restaurants, L.C.	701.815.0003	**Chili's – Helena 2790 N. Washington St.	Helena	MT	59602	406-442-3500
Aramark Educational Services, Inc.	701.816.0011	Chili's-WCU Aramark Chili's at WCU 750 Centennial Blvd., Unit 102-B	Cullowhee	NC	28723	828-227-3249
Aramark Educational Services, Inc.	701.816.0007	Chili's – East Carolina University The Croatan Building 100 Dixon Drive	Greenville	NC	27858	252-737-4442
ERJ Dining IV, LLC	701.853.0671	Chili's – Fargo 3902 13th Avenue, South Suite 4402	Fargo	ND	58103`	701-282-2669
Hielan Restaurant Group, LP	701.856.0931	**Chili's – LaVista 7875 S. 84th St.	LaVista	NE	68128	402-592-4900
Hielan Restaurant Group, LP	701.856.0923	**Chili's – Lincoln 6730 S. 27th St.	Lincoln	NE	68512	402-420-2800
Hielan Restaurant Group, LP	701.856.0907	**Chili's – Omaha I 3202 S. 143rd Plaza	Omaha	NE	68144	402-333-6303
Bighorn Associates, L.C.	701.814.0002	Chili's – Scottsbluff 826 W. 36th St.	Scottsbluff	NE	69361	308-633-1580
Quality Dining, Inc.	701.040.0026	Chili's – Cherry Hill 1906 West Route 70	Cherry Hill	NJ	08002	856-662-2822
Quality Dining, Inc.	701.040.0045	Chili's – Delran 4000 US Route 130	Delran	NJ	08075	856-461-1023
Quality Dining, Inc.	701.040.0015	Chili's – Deptford 1760 Clements Bridge Road	Deptford	NJ	08096	856-384-1212
Host International, Inc.	701.032.0014	Chili's Too – Jersey Gardens Mall 651 Kapowski Road	Elizabeth	NJ	07201	908-282-4813

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Quality Dining, Inc.	701.040.0038	Chili's – Hamilton 125 Marketplace Blvd.	Hamilton	NJ	08691	609-585-0028
Quality Dining, Inc.	701.040.0020	Chili's – Mays Landing 4305 Black Horse Pike	Mays Landing	NJ	08330	609-407-1735
Quality Dining, Inc.	701.040.0044	Chili's – Millville 114 Bluebird Lane	Millville	NJ	08332	856-293-6948
Compass Group USA, Inc.	701.871.0001	Chili's – Montclair Montclair State University 1 Normal Avenue	Montclair	NJ	07043	973-655-3229
Quality Dining, Inc.	701.040.0011	Chili's – Mt. Laurel 4162 Church Road	Mount Laurel	NJ	08054	856-273-0020
Host International, Inc.	701.032.0067	Chili's – Las Vegas McCarran International Airport Terminal D, Delta Concourse 5757 Wayne Newton Boulevard	Las Vegas	NV	89119	702-261-4380
Host International, Inc.	701.032.0047	Chili's-Las Vegas Terminal D McCarran International Airport 5757 Wayne Newton Boulevard	Las Vegas	NV	89119	702-261-7321
TKT of New York, Inx.	701.070.0001	Chili's – Rochester 3830 West Ridge Road	Rochester	NY	14626	585-227-2750
TKT of New York, Inc.	701.070.0004	Chili's – Jefferson Rd. 100 Marketplace Drive	Rochester	NY	14623	585-424-6111
TKT of New York, Inc.	701.070.0002	Chili's – Victor 7491 Victor/Pittsford Road	Victor	NY	14564	716-924-0220
Chilgo LLC	406.002.0378	Chili's – Montrose 4022 Medina Road	Akron	OH	44333-2447	330-668-2882
ERJ Dining IV, LLC	701.842.0379	Chili's – Beaver Creek 2762 N. Fairfield Road	Beaver Creek	OH	45431	937-429-3979
Chilgo LLC	406.002.0400	Chili's – Boardman 7303 S. Market Street	Boardman	OH	44512-5611	330-758-4117
Chilgo LLC	406.002.0384	Chili's – Canton 4133 Beldon Village Mall	Canton	OH	44718	330-499-0071
ERJ Dining IV, LLC	701.842.0345	Chili's – Symmes 11329 Montgomery Road	Cincinnati	OH	45249	513-469-9888
Compass Group USA, Inc.	701.871.0002	Chili's – Cleveland State Cleveland State University Student Center 2121 Euclid Avenue	Cleveland	OH	44115	215-687-5492
ERJ Dining IV, LLC	701.842.0362	Chili's – Sawmill 3675 W. Dublin Granville Rod	Columbus	OH	43235	614-761-2101
Host International, Inc.	701.032.0054	Chili's Too – Port Columbus International Airport 4600 International Gateway Concourse A - Post Security	Columbus	OH	43219	614-238-7614
ERJ Dining IV, LLC	701.842.0425	Chili's – Dayton 1110 Miamisburg Centerville Rd.	Dayton	OH	45459	937-434-7117
ERJ Dining IV, LLC	701.842.1114	Chili's – Princeton Rd. 3393 Princeton Road	Hamilton	OH	45011	513-895-6222
Chilgo LLC	406.002.0401	Chili's – Macedonia 6652 Macedonia Commons Blvd.	Macedonia	OH	44056	330-467-1328
Chilgo LLC	406.002.0295	Chili's – N. Olmstead 25061 Country Club Road	N. Olmsted	OH	44070	440-777-0117
Quality Dining, Inc.	701.040.0034	Chili's – Rossford 9886 Old U.S. 20	Rossford	OH	43460	419-873-0696
Quality Dining, Inc.	701.040.0023	Chili's – Sandusky 5200 Milan Road	Sandusky	OH	44870	419-621-8586

Franchisee Name	Store ID	Address	City	State	Zip	Phone
ERJ Dining IV, LLC	701.842.0468	Chili's – Tri County 855 E. Kemper Road	Springdale	OH	45246	513-671-1102
Quality Dining, Inc.	701.040.0052	Chili's – Toledo 1 6505 Centers Drive	Holland	OH	43528	419-866-8781
Quality Dining, Inc.	701.040.0007	Chili's – Toledo II 4801 Talmadge Road	Toledo	OH	43623	419-472-7688
Hot Pepper, LLC	701.875.0001	Chili's – Atoka 1300 S, Mississippi Avenue	Atoka	OK	74525	580-364-0192
Hot Pepper, LLC	701.875.0002	Chili's –Poteau 4103 North Broadway	Poteau	OK	74953	918-647-0507
Hot Pepper, LLC	701.875.0003	* Chili's-Grant 1516 Highway 271 S.	Grant	OK	74738	[TBD]
Quality Dining, Inc.	701.040.0014	Chili's – City Line 175 E. City Avenue	Bala Cynwyd	PA	19004	610-667-4444
Quality Dining, Inc.	701.040.0043	Chili's – Stroudsburg 1772 N. 9th Street	Bartonsville	PA	18321	570-421-8303
Quality Dining, Inc.	701.040.0046	Chili's – Bensalem 2601 Street Road	Bensalem	PA	19020	215-638-2216
Quality Dining, Inc.	701.040.0025	Chili's – Downingtown 26 Quarry Road	Downingtown	PA	19335	610-518-1200
Quality Dining, Inc.	701.040.0019	Chili's – Oxford Valley 610 Commerce Blvd.	Fairless Hills	PA	19030	215-943-5555
Quality Dining, Inc.	701.040.0049	Chili's – Jenkintown 817 Old York Road	Jenkintown	PA	19046	215-887-1747
Quality Dining, Inc.	701.040.0016	Chili's – King of Prussia 739 W. Dekalb Pike	King of Prussia	PA	19406	610-992-0899
Quality Dining, Inc.	701.040.0039	Chili's – Montgomeryville 544 Dekalb Pike	North Wales	PA	19454	215-699-9699
Quality Dining, Inc.	701.040.0042	Chili's – West Sadsbury 770 Commons Drive	Parkesburg	PA	19361	610-857-9443
Quality Dining, Inc.	701.040.0035	Chili's – Center City 1239 Filbert Street	Philadelphia	PA	19107	215-569-0850
Quality Dining, Inc.	701.040.0040	Chili's – Quartermaster Plaza 2320 Oregon Avenue	Philadelphia	PA	19145	215-468-3757
Quality Dining, Inc.	701.040.0051	Chili's – Stowe 220 Upland Square Drive	Stowe	PA	19464	610-326-1737
Quality Dining, Inc.	701.040.0010	Chili's – Wayne 312 W. Lancaster Avenue	Wayne	PA	19087	610-687-1001
Quality Dining, Inc.	701.040.0013	Chili's – Allentown 815 Grape St.	Whitehall	PA	18052	610-264-4400
Six Shooters, Inc.	701.055.0001	Chili's – Wilkes-Barr 375 Wyoming Valley Mall	Wilkes-Barre	PA	18702	570-829-5833
Quality Dining, Inc.	701.040.0048	Chili's – Cheltenham 2451 Cheltenham Avenue	Wyncote	PA	19095	215-881-6790
Quality Dining, Inc.	701.040.0032	Chili's – Wyomissing 2703 N. Meridian Blvd.	Wyomissing	PA	19610	610-374-9328
Hielan Restaurant Group (SE), LLC	701.811.0741	Chili's – Aiken 2599 Whiskey Road	Aiken	SC	29803	803-648-8148
Hielan Restaurant Group (SE), LLC	701.041.0002	Chili's – Camden 1635-A Springdale Drive	Camden	SC	29020	803-713-0002
Hielan Restaurant Group (SE), LLC	701.811.0550	Chili's – Harbison 280 Q. Harbison Blvd.	Columbia	SC	29212	803-732-2911
Hielan Restaurant Group (SE), LLC	701.811.0556	Chili's – Spring Valley 7715 Two Notch Road	Columbia	SC	29223	803-699-1843
Hielan Restaurant Group (SE), LLC	701.041.0005	Chili's – Florence 3015 W. Radio Dr.	Florence	SC	29500	843-413-6059

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Hielan Restaurant Group (SE), LLC	701.811.0003	Chili's – Lexington 295 Ginny Lane	Lexington	SC	29072	803-659-0850
Hielan Restaurant Group (SE), LLC	701.811.0002	Chili's – Carolina Forest 100 Orchard Rd.	Myrtle Beach	SC	29579	843-903-0607
Hielan Restaurant Group (SE), LLC	701.811.0555	Chili's – Myrtle Beach 4401 North Kings Highway	Myrtle Beach	SC	29577	843-448-6319
Hielan Restaurant Group (SE), LLC	701.811.0001	Chili's – No. Charleston 5274 International Blvd.	No. Charleston	SC	29418	843-554-3313
Hielan Restaurant Group (SE), LLC	701.811.0004	Chili's – Dorchester Rd. 9890 Dorchester Road	Summerville	SC	29485	843-851-1935
Hielan Restaurant Group (SE), LLC	701.041.0001	Chili's – Sumter 2505 Broad Street	Sumter	SC	29150	803-905-5600
ERJ Dining IV, LLC	701.853.0940	Chili's – Rapid City 2125 Haines Avenue	Rapid City	SD	57701	605-388-8100
ERJ Dining IV, LLC	701.853.0928	Chili's – Sioux Falls 3720 W. 41st Street	Sioux Falls	SD	57106	605-361-3900
Air Star-LTS/Marquis	701.873.0001	Chili's – Love Field 8008 Cedar Springs Road Room C2396	Dallas	TX	75235	214-35-2722
Host International, Inc.	701.032.0008	Chili's Too – DFW2 Terminal C, Gate 19 P.O. Box 619007	Dallas	TX	75261	972-574-5640
Military Restaurants, Inc. (a/k/a Military Restaurant Holdings)	701.858.0005	Chili's – Ft. Hood Building 50 TJ Mills Blvd.	Ft. Hood	TX	76544	254-526-7271
Aramark Educational Services, Inc.	701.816.0009	Chili's Too – University of Texas-San Antonio 1 UTSA Circle University Center 1.01.12	San Antonio	TX	78249	210-458-6981
Java Star, Inc.	[TBD]	*Chili's-[TBD] Dallas Fort Worth International Airport 2330 N. International Pkwy. Terminal C, Gate C33, Column 109D	Dallas	TX	75261	[TBD]
Chesapeake Food, Inc.	701.010.0020	**Chili's – Springfield 6250 Inter Parcel Road	Alexandria	VA	22315	703-922-5100
Chesapeake Food, Inc.	701.010.0032	**Chili's – Alexandria 6610 Richmond Highway	Alexandria	VA	22306	703-718-8877
Chesapeake Food, Inc.	701.010.0002	**Chili's – Bailey's Crossroads 5501 Leesburg Pike	Bailey's Crossroads	VA	22041	703-379-2035
Chesapeake Food, Inc.	701.010.0014	**Chili's – Charlottesville 100 Zan Road	Charlottesville	VA	22901	434-975-0800
Chesapeake Food, Inc.	701.010.0031	**Chili's – Chester 12305 Jefferson Davis Highway	Chester	VA	23831	804-751-2580
Chesapeake Food, Inc.	701.010.0030	**Chili's – Culpepper 15181 Montanus Drive	Culpepper	VA	22701	540-829-9870
Chesapeake Food, Inc.	701.010.0029	**Chili's – Fredericksburg 3104 Plank Road	Fredericksburg	VA	22407	540-548-4270
Chesapeake Food, Inc.	701.010.0033	**Chili's – Massaponax 10010 Southpoint Parkway	Fredericksburg	VA	22407	540-898-6666
Chesapeake Food, Inc.	701.010.0038	**Chili's – Gainesville 4995 Wellington Road	Gainesville	VA	20155	571-261-1129
Chesapeake Food, Inc.	701.010.0022	**Chili's – Virginia Center 9950 Brook Road	Glen Allen	VA	23059	804-266-6000
Chesapeake Food, Inc.	701.010.0015	**Chili's – Harrisonburg 1752 East Market Street	Harrisonburg	VA	22801	540-564-1142
Chesapeake Food, Inc.	701.010.0040	**Chili's-Lynchburg 15147 Wards Road	Lynchburg	VA	24502	434-237-1252
Chesapeake Food, Inc.	701.010.0005	**Chili's – Manassas 10600 Sudley Manor Drive	Manassas	VA	22110	703-330-0208

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Chesapeake Food, Inc.	701.010.0028	**Chili's – Chesterfield Crossing 12231 Chattanooga Plaza	Midlothian	VA	23112	804-744-0711
Military Restaurant, Inc. (a/k/a Military Restaurant Holdings)	701.858.0007	Chili's – Norfolk Naval Base Building CD 14	Norfolk Naval Station	VA	23511	757-440-6900
Aramark Educational Services, Inc.	701.816.0005	Chili's – Virginia Commonwealth University 355 West Cary Street	Richmond	VA	23284	804-828-8484
Chesapeake Food, Inc.	701.010.0026	**Chili's – Stafford 1030 Stafford Market Place	Stafford	VA	22556	540-288-1212
Chesapeake Food, Inc.	701.010.0025	**Chili's – Staunton 1025 Richmond Road	Staunton	VA	24401	540-887-0082
Chesapeake Food, Inc.	701.010.0027	**Chili's – Dulles Crossing 45555 Eastern Plaza	Sterling	VA	20166	571-434-7200
Chesapeake Food, Inc.	701.010.0017	**Chili's – Winchester 200 Featherbed Lane	Winchester	VA	22601	540-535-1070
Chesapeake Food, Inc.	701.010.0008	**Chili's – Woodbridge 14432 Gideon	Woodbridge	VA	22192	703-490-3118
Host International, Inc.	701.032.0050	Chili's Too – Spokane Airport Terminal A & B Food Court 9000 West Airport Drive	Spokane	WA	99224	509-624-3400
Paradigm Restaurants, L.C.	701.815.0935	**Chili's – Northtown Mall 4750 N. Division Street, #1120	Spokane	WA	99207	509-483-7000
Paradigm Restaurants, L.C.	701.815.0937	**Chili's – Spokane Downtown 207 West Spokane Falls Blvd.	Spokane	WA	99201	509-458-2345
Chesapeake Food, Inc.	701.010.0041	**Chili's-Martinsburg 884 Foxcroft Avenue	Martinsburg	WV	25401	304-260-6363
ERJ Dining III, LLC	701.818.0325	Chili's – Appleton 1170 North Casaloma	Appleton	WI	54913	920-954-1188
ERJ Dining III, LLC	701.818.0374	Chili's – Brookfield Lakes 17915 West Blue Mound	Brookfield	WI	53045	262-792-9790
ERJ Dining III, LLC	701.818.0988	Chili's –Delavan 2003 East Geneva Street	Delavan	WI	53115	262-728-8510
ERJ Dining III, LLC	701.818.0794	Chili's – East Franklin 6439 South 27th Street	Franklin	WI	53132	414-761-5889
ERJ Dining III, LLC	701.818.0983	Chili's – South Germantown N96 W18640 County Line Road	Germantown	WI	53022	262-250-1254
ERJ Dining III, LLC	701.818.0005	Chili's – Mason Street 2363 W. Mason Street	Green Bay	WI	54303	920-491-1078
ERJ Dining III, LLC	701.818.0709	Chili's – Pleasant Prairie 6903 75th Street	Kenosha	WI	53142	262-697-2667
ERJ Dining III, LLC	701.818.0188	Chili's – Madison 7301 Mineral Point	Madison	WI	53717	608-833-8851
ERJ Dining III ,LLC	701.818.0327	Chili's – East Madison 4344 East Towne Boulevard	Madison	WI	53704	608-242-9300
Host International, Inc.	701.032.0060	Chili's Too – Milwaukee Airport General Mitchell Milwaukee Airport 5300 S. Howell Avenue	Milwaukee	WI	53207	414-744-2425
ERJ Dining III, LLC	701.818.0003	Chili's – Oconomowoc 1239 Corporate Center Drive	Oconomowoc	WI	53066	262-567-4233
ERJ Dining III, LLC	701.818.0001	Chili's – Plover 165 Crossroads Drive	Plover	WI	54467	715-295-0156
ERJ Dining III, LLC	701.818.0736	Chili's – Kohler 4001 Highway 28	Sheboygan Falls	WI	53085	920-453-9580
ERJ Dining III, LLC	701.818.0005	Chili's – Sunset Drive 1260 West Sunset Drive	Waukesha	WI	53189	262-549-9898
ERJ Dining III, LLC	701.818.0996	Chili's – Miller Parkway 1601 Miller Parkway	West Milwaukee	WI	53214	414-389-9739

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Bighorn Associates, L.C.	701.814.0912	Chili's – Cheyenne 1320 Del Range Blvd.	Cheyenne	WY	82009	307-635-1224
Bighorn Associates, L.C.	701.814.0001	Chili's – Laramie 2523 Grand Avenue	Laramie	WY	82070	307-745-3540

EXHIBIT H

LIST OF U.S. FRANCHISEES WHO HAVE LEFT THE SYSTEM AND
FRANCHISEES WHO HAVE INVOLUNTARILY OR VOLUNTARILY CLOSED A RESTAURANT

LIST OF U.S. FRANCHISEES WHO HAVE LEFT THE SYSTEM AND
FRANCHISEES WHO HAVE INVOLUNTARILY OR VOLUNTARILY CLOSED A RESTAURANT

FLORIDA

Aramark Educational Services, LLC
Philadelphia, PA 19107
215-238-4013
(still operates other restaurants)

Host International, Inc.
Bethesda, MD 20817
240-694-4100
(still operates other restaurants)

Master Concessionair LLC
Miami, FL 33122
(still operates other restaurants)

IDAHO

Paradigm Restaurants, L.L.C.
Ogden, UT 84401
(still operates other restaurants)

Shoot the Moon, LLC
(7 restaurants)
Great Falls, MT 59404
406-727-9990

ILLINOIS

ERJ Dining IV, LLC
Louisville, KY 40245
502-272-2186
(still operates other restaurants)

MARYLAND

Chesapeake Foods, Inc.
(2 restaurants)
Vienna, VA 22182
703-827-0320
(still operates other restaurants)

MISSISSIPPI

Valenti Southeast Management, LLC
(2 restaurants)
3930 Premier North Drive
Tampa, FL 33618
901-684-1211
(still operates other restaurants)

MONTANA

Shoot the Moon, LLC
(2 restaurants)
Great Falls, MT 59404
406-727-9990

TEXAS

Host International, Inc.
Bethesda, MD 20817
240-694-4100
(still operates other restaurants)

VIRGINIA

Chesapeake Foods, Inc.
(2 restaurants)
Vienna, VA 22182
703-827-0320
(still operates other restaurants)

WASHINGTON

Host International, Inc.
Bethesda, MD 20817
240-694-4100
(still operates other restaurants)

Shoot the Moon, LLC
(2 restaurants)
Great Falls, MT 59404
406-727-9990

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT I

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker 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.78a et seq., suspending or expelling such persons from membership in such association or exchange.

B. Item 17 of the Franchise Disclosure Document is supplemented by the following language:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. 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.).

c. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

e. The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

C. Item 19 of the Franchise Disclosure Document is supplemented by the following language:

The earnings claim figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue of gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Chili's Restaurant. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

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

5. Corporations Code 31512 provides that: "Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void." The franchise agreement requires a shortened status of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

6. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. The State Cover Page is supplemented by the addition of the following risk factor:

"AS A RESULT OF THE CURRENT FINANCIAL STATEMENTS REFLECTING A NEGATIVE NET WORTH, THE HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS REQUIRES THE FRANCHISOR TO DEFER ALL FEES PAID TO THE FRANCHISOR OR RELATED PARTIES UNTIL ALL PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN COMPLETED AND THE RESTAURANT IS OPEN FOR BUSINESS."

2. Item 5 and Item 7 are supplemented by the following:

"As a condition to becoming registered to offer and sell franchises in the state of Hawaii, the Hawaii Department of Commerce and Consumer Affairs has required that we defer your obligation to pay initial fees under the Franchise Agreement and Development Agreement until each Restaurant is open and initial training has been provided. Therefore, during the period that such fee deferral requirement is imposed on us ("Fee Deferral Period"), you will not be required to pay the development fee or the initial franchise fee until your Restaurant opens and initial training has been completed. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, you must pay accrued but unpaid portions of the development fee and all other initial fees as contemplated by Item 5 and Item 7 of the Franchise Disclosure Document."

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. The Cover Page, Item 17.v., and Item 17.w. (Franchise and Development Agreement charts) are supplemented by the following:

"If the Franchise Agreement requires (i) litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act ("Act") and (ii) that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Act, Illinois law will govern."

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. (a) The Summary column for Items 17.v., "Choice of forum" (Franchise and Development Agreement charts) are amended as follows:

> "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held in Dallas County, Texas. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us."

(b) Item 17.c., "Requirements for franchisee to renew or extend" (Franchise Agreement chart) and Item 17.m. "Conditions for Franchisor approval of transfer" (Franchise and Development Agreement charts) are amended by the addition of the following:

> "The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise and/or Development Agreements relating to renewal, sale, assignment or transfer of the Franchise and/or Development Agreements."

(c) Item 17 is amended to add the following note at the end of that Item:

> "Any claims that Franchisee/Developer may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

(d) The following is added as the last paragraph of Item 17:

> "A provision in the Franchise or Development Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101."

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

Item 3, "Litigation" is hereby amended by deleting the last paragraph in that Item and replacing it by the following language:

"Other than this 1 action:

(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.

(2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our 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 date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.

(3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any 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, 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."

Item 4, "Bankruptcy" is hereby amended by deleting the last paragraph in that Item and replacing it by the following language:

"Except for this bankruptcy, neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this Disclosure Document (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; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Brinker International Payroll Company, L.P. held this position with the company or partnership."

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended in the franchise and development agreement tables as follows:

(a) By adding the following in the "Summary" column opposite category d., "Termination by Franchisee":

"To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law."

(b) By adding the following in the "Summary" column opposite category w., "Choice of law":

"The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Brinker International Payroll Company, L.P. is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 to 19.100.940. To the extent that the Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

2. Item 17.d. is supplemented by the following:

"Washington Franchise Investment Protection Act provides rights to you concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control."

New York Insert
(To be inserted immediately before the Acknowledgment of Receipt)

This Franchise Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

ITEM 23
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Brinker International Payroll Company, L.P. 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, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 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 Brinker International Payroll Company, L.P. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency. (Please see Exhibit F for a list of state agencies.) Exhibit E contains a list of our agents for service of process.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	***Principal Business Address***	***Telephone Number***
Susan Elbedeiwy	6820 LBJ Freeway, Dallas, TX 75240	214-680-4413
Randy Emerson	6820 LBJ Freeway, Dallas, TX 75240	817-501-9438
Chris Bremer	6820 LBJ Freeway, Dallas, TX 75240	972-770-9069

Issuance Date: September 22, 2017

I received a disclosure document dated September 22, 2017. The disclosure document included the following Exhibits and Attachments:

Exhibit A	−	Financial Statements
Exhibit B	−	Development Agreement (including state amendments)
Exhibit C	−	Franchise Agreement (including state amendments)
Exhibit D	−	Table of Contents of Chili's Franchise Manual
Exhibit E	−	Agents for Service of Process
Exhibit F	−	List of State Administrators
Exhibit G	−	List of Current U.S. Franchisees
Exhibit H	−	List of Franchisees Who Have Left the System
Exhibit I	−	State Specific Addenda to Franchise Disclosure Document

Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or other business entity

_____
(Name of Entity)

By:_____

_____
(Print Name)

Title:_____

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

[Keep this page for your records.]

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Exhibit I	−	State Specific Addenda to Franchise Disclosure Document

Dated: _____

If a corporation or other business entity

_____
(Name of Entity)

By:_____

_____
(Print Name)

Title:_____

PROSPECTIVE FRANCHISEE:

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

[Sign and return this page to us.]