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

Brinker International Payroll Company, L.P.
A Delaware Limited Partnership
3000 Olympus Boulevard
Dallas, TX 75019
(972) 980-9917

www.chilis.com
www.brinker.com

The franchise is for a Chili's® Grill & Bar or a Chili's® Special Venue 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 $3,748,195 to $5,653,695 for a prototypical Chili's Grill & Bar and $1,742,195 to $3,864,695 for a Chili's Special Venue. 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 23, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Chili's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Chili's franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigation with the Franchisor in Texas than in your home state.
2. **General Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Turnover Rate.** In the last year, a large number of franchised outlets (74) were terminated, not renewed, re-acquired or transferred, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
4. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

   During the last 3 years, a high percentage of franchised outlets (68%) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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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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 3000 Olympus Boulevard, Dallas, Texas 752019 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 Too®" mark 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 29, 2022), in the United States, we and our wholly-owned subsidiaries operated 1,131 company-owned Chili's Restaurants and 101 franchised Chili's Restaurants. 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 and franchise Italian restaurants under, the names Maggiano's Little Italy® and/or Maggiano's®. BII acquired Maggiano's Little Italy by merger in August 1995, and we began selling franchises for Maggiano's restaurants in 2017. Maggiano's restaurants feature Italian food in a pre-World War II, "Little Italy" atmosphere, with a full service bar. As of June 29, 2022, BII operated 52 company-owned Maggiano's restaurants and had two franchised Maggiano's restaurants open and operating.

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, 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. 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, airports, 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, which may also include newly developed marks in connection with special menu offerings (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.

We may, from time to time, offer franchisees that meet program requirements the opportunity to participate in limited-time product offerings through which franchisees prepare products in existing Restaurant kitchens using primarily existing equipment via third party delivery platforms under separate trademarks ("Virtual Product Offering"). To participate in a Virtual Product Offering, you must execute the program addendum for such offering. Currently, we offer franchisees the opportunity to participate in the "It's Just Wings" Virtual Product Offering through which participating franchisees utilize their existing Restaurant kitchens and equipment to prepare and offer chicken wings, fries, desserts, drinks, and other products we designate under the "It's Just Wings" trademark for to-go offerings initiated via an online platform ("IJW Concept"). The franchise agreement addendum for the IJW Concept is attached as Exhibit D. The terms of subsequent Virtual Product Offering offerings may materially differ from those related to the IJW Concept. We may, from time to time, offer additional Virtual Product Offerings through a similar structure to the IJW Concept.

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, including but not limited to your financial obligations. 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 any or all of your Owners 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 DePinto
Chairman of the Board

Joseph 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 Global War on Terrorism Memorial Foundation based in Washington, D.C., 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. Mr. DePinto is a Council member of the Kellogg School of Management Global Advisory Board based in Evanston, Illinois, and the Dallas Stars Ownership Advisory Group based in Dallas, Texas.

Kevin Hochman

Chief Executive Officer and President BII and President of Chili's Grill & Bar

Kevin Hochman has been a member of the Board of Directors of BII since June 2022 and has served as Chief Executive Officer and President of BII and our General Partner since June 2022. Mr. Hochman previously served as President and Chief Concept Officer of KFC, U.S. a subsidiary of YUM! Brands, Inc., based in Louisville, Kentucky from March 2017 to May 2022, while concurrently serving as Interim President of Pizza Hut U.S. based in Dallas, Texas from December 2019 to January 2022 and served as Chief Marketing Officer for KFC U.S. from January 2014 to February 2017.

Steve Provost
Executive Vice President and President of Maggiano's Little Italy

Steve Provost has served as Executive Vice President and President of Maggiano's Little Italy, BII and our General Partner since June 2020. Mr. Provost previously served as Executive Vice President and Chief Concept Officer from December 2018 to June 2020, Executive Vice President and Chief Marketing and Innovation Officer from March 2017 to December 2018 and President of Maggiano's Little Italy from November 2009 to March 2017.

Joseph Taylor
Executive Vice President and Chief Financial Officer

Joseph Taylor has served as Executive Vice President and Chief Financial Officer for BII and our General Partners since June 2019. He served as Senior Vice President and Chief Financial Officer from August 2017 to June 2019, and 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.

Wade Allen
Senior Vice President of Innovation

Wade Allen has served as Senior Vice President of Innovation of BII and our General Partner since June 2020. Mr. Allen previously serviced as Senior Vice President and Chief Digital Officer from January

2018 to June 2020, and Vice President of Digital Guest Experience and Analytics from February 2014 to January 2018.

Rick Badgley
Executive Vice President and Chief Administrative Officer

Rick Badgley has served as Executive Vice President and Chief Administrative Officer of BII and our General Partner since December 2018. Mr. Badgley previously served as Senior Vice President and Chief People Officer from July 2016 to December 2018.

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

Doug Comings has served as Senior Vice President and Co-Chief Operating Officer of BII and our General Partner since June 2020. Mr. Comings previously served as Senior Vice President and Chief Operating Officer from June 2016 to June 2020.

Daniel Fuller
Senior Vice President, General Counsel and Secretary

Dan Fuller has served as Senior Vice President, General Counsel, and Secretary of BII and our General Partner since June 2020. Mr. Fuller previously served as Vice President, General Counsel and Secretary from April 2018 to June 2020, and Corporate Counsel from July 2014 to April 2018.

Charles Lousignont
Senior Vice President and Chief Supply Chain Officer

Charles Lousignont has served as Senior Vice President and Chief Supply Chain Officer of BII and our General Partner since December 2018. Mr. Lousignont previously served as Senior Vice President of Supply Chain Management from November 2014 to December 2018.

George Felix
Senior Vice President and Chief Marketing Officer

George Felix has served as Senior Vice President and Chief Marketing Officer of BII and our General Partner since July 2022. Mr. Felix previously served as Chief Marketing Officer of Tinder based in West Hollywood, California from April 2021 to May 2022. Mr. Felix previously served as Chief Marketing Officer of Pizza Hut U.S., a subsidiary of YUM! Brands, Inc., based in Plano, Texas from January 2020 to March 2021. Marketing Director, KFC Global based in Dallas, Texas from May 2018 to December 2019 and Marketing Director, KFC U.S. based in Louisville, Kentucky from May 2015 – May 2018.

Pankaj Patra
Senior Vice President and Chief Information Officer

Pankaj Patra has served as Senior Vice President and Chief Information Officer of BII and our General Partner since June 2020. Mr. Patra previously served as Vice President of Information Systems from August 2017 to June 2020, prior to that he served as Senior Director of Enterprise Systems from November 2016 to July 2018. Prior to that he was the Director of Data Engineering from February 2015 to October 2016.

Nathan Baldwin
Vice President of Restaurant Services

Nathan Baldwin has served as Vice President of Restaurant Services of BII and our General Partner since June 2020. Mr. Baldwin previously served as Vice President of Franchise Development and Operations Services from July 2019 to June 2020, Vice President of Strategic Growth

and Franchise Development from April 2018 to July 2019, Vice President of Operations Services from August 2016 to April 2018 and Sr. Director Culinary Operations from January 2015 to August 2016.

David Weston
Vice President of International Business and Airport Operations

David Weston has served as Vice President of International Business and Airport Operations of BII and our General Partner since January 2022. Mr. Weston previously served as Vice President of Global Business Development from June 2020 to January 2022, Vice President of Global Development and Finance from December 2017 to June 2020 and Senior Director of Global Finance & Strategic Projects from June 2013 to December 2017.

Frances Allen
Director

Frances Allen has served on the Board of Directors of BII since July 2020. Ms. Allen is currently President and Chief Executive Officer of Checkers and Rally's Restaurants, Inc. in Tampa, Florida having served in this position since February 2020. Ms. Allen previously served as Chief Executive Officer of Boston Market Corporation in Golden, Colorado from May 2018 to February 2020 and Brand President at Jack in the Box Inc. in San Diego, California from November 2014 to February 2018. Ms. Allen also serves on the Advisory Board for No Kid Hungry based in Washington, D.C.

Cindy Davis
Director

Cindy Davis has served on the Board of Directors of BII since January 2019. Ms. Davis is the former President of Nike Golf, Inc. in Beaverton, Oregon having served in that position from September 2008 to October 2014 and served as Vice President of Nike, Inc. from September 2008 to October 2014. Ms. Davis serves on the Board of Directors of Deckers Outdoor Corporation based in Goleta, California and Kennametal, Inc. based in Latrobe, Pennsylvania.

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 participant of the Board of Emigrant Bank. Ms. Edelman also sits on the Board of Directors for Assurant, Inc. located in New York, New York and Bed Bath & Beyond, Inc. in Union, New Jersey and serves on the Board of Trustees of Bucknell University, located in Lewisburg, Pennsylvania.

William Giles
Director

William Giles has served on the Board of Directors of BII since March 2013. Mr. Giles is the former Chief Financial Officer and Executive Vice President for Finance, Information Technology and Store Development for AutoZone Inc. in Memphis, Tennessee serving in that role since October 2012 until his retirement in December 2020. Mr. Giles sits on the Board of Directors for Youth Villages based in Dallas, Texas, the AutoZone Liberty Bowl based in Memphis, Tennessee, Mr. Giles is a member of the American Institute of Certified Public Accountants based in Durham, North Carolina and the New York State Society of CPA's based in New York, New York.

Ramona Hood
Director

Ms. Hood has served on the Board of Directors of BII since January 2022. Ms. Hood is the President and CEO of FedEx Custom Critical® based in Uniontown, Ohio having served in that position since January 2020. Ms. Hood previously served as Vice President, Operations, Strategy & Planning for Fed Ex Custom Critical from June 2018 to December 2019 and has served as Vice President, Transportation Management for Fed Ex Supply Chain from August 2016 to May 2018. Ms. Hood serves on the Board of Directors for Summa Health Systems based in Akron, Ohio.

James Katzman
Director

Mr. Katzman has served on the Board of Directors of BII since January 2018. Mr. Katzman is the Senior Vice President, Business Development for General Electric based in Boston, Massachusetts having served in that position since October 2021. Mr. Katzman is a retired partner of Goldman Sachs Group, Inc. having served in that role from December 2004 to March 2015, first in the New York, New York office and then in the San Francisco, California office. Mr. Katzman also serves as a Trustee for the Milton Hershey School and Hershey Trust Company based in Hershey, Pennsylvania, the San Francisco Ballet based in San Francisco, California and for the Boys & Girls Clubs of Metro Phoenix based in Phoenix, Arizona. Mr. Katzman sits on the Advisory Board of the Program for Financial Studies at Columbia Business School based in New York, New York.

Prashant Ranade
Director

Prashant Ranade has served on the Board of Directors of BII since April 2019. Mr. Ranade is a mentor for leaders at Atos Syntel (formerly known as Syntel, Inc.) in Dallas, Texas serving in that capacity since October 2018. Mr. Ranade previously served as the former Co-chairman of the board of Atos Syntel in Dallas, Texas and served in that position from November 2016 to October 2018. Mr. Ranade previously served as the Executive Vice Chairman of Atos Syntel in Dallas, Texas from April 2014 to November 2016. Mr. Ranade is a member of the National Association of Corporate Directors based in Washington, D.C.

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

ITEM 3

LITIGATION

Our parent, BII, was named as a defendant in the following putative class actions ("Litigation"): (1) *Green-Cooper, et al, v. Brinker International, Inc.*, filed on May 24, 2018 in the U.S. District Court for the Middle District of Florida; Case No. 3:18-cv-00686-TJC-MCR; (2) *Steinmetz, et al, v. Brinker International, Inc.*, filed on May 30, 2018 in the United States District Court for the District of Nevada; Case No.: 2:18-cv-00981-JAD-PAL; (3) *Franklin v. Brinker International, Inc.*, filed on June 14, 2018, in the U.S. District Court for the Central District of California; Case No. 2:18-cv-05323; and (4) *Alamillo v. Brinker International, Inc.*, filed on June 27, 2017 in the U.S. District Court for the Central District of California; Case No. 2:18-cv-05684. Plaintiffs in the Litigation have asserted various claims stemming from a cyber-security incident that occurred at company-owned Chili's Restaurants involving customer payment card information. Among other claims, plaintiffs have alleged that BII violated the Florida Unfair and Deceptive Trade Practices Act, the Nevada Deceptive Trade Practices Act, the Texas Deceptive Trade Practices Act, the Virginia Consumer Protection Act, and the California Unfair Competition Law, and plaintiffs are seeking monetary damages in excess of $5.0 million, injunctive and declaratory relief and attorney's fees

and costs. Since the initial filing of these cases, the Nevada plaintiff voluntarily dismissed this case and joined the Florida lawsuit. Counsel for all parties subsequently agreed to the transfer of the California cases to Florida, and these matters have been consolidated into a single matter, now styled as "*In re: Brinker Data Incident Litigation*." On April 14, 2021, the district court issued an order granting in part and deferring in part Plaintiffs' motion for class certification. The court certified a class on Plaintiffs' negligence claim and a separate class on Plaintiffs' California state Unfair Competition Law claims. Brinker sought and was granted immediate discretionary review of the district court's certification order by the Eleventh Circuit Court of Appeals. All proceedings in the district court were stayed. The parties subsequently briefed their arguments on the merits of the certification order and participated in oral argument before the Eleventh Circuit on June 8, 2022. They now await the court's ruling.

Other than the above, no litigation is 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 $40,000 to $500,000, depending on the conditions stated above. For our fiscal year ended June 30, 2021, 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, $4,000 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 or the first Chili's Special Venue 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	See Note 2 for definition of Gross Sales. The Royalty Fee payment must

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		month (2)	be accompanied by a Monthly Financial Statement. If you participate in a Virtual Product Offering, the royalty fee due for products sold in connection with the Virtual Product Offering will vary. Currently, the royalty fee for the IJW Concept is 5.0% of Gross Sales for IJW products.
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, 0.71% of Gross Sales; Maximum - 4% of Gross Sales	Payable by the 10th of each month	See Note 3.
Supplemental Marketing Programs	Currently, 0.10% of Gross Sales	Payable by the 10th of each month	See Note 4.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Replacement and Supplemental Training	Currently, $4,000, 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.
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 $181.31 per visit.	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 4 times 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,

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			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.
Transfer Fee	Franchise/Development Agreements – the greater of $5,000 or an amount necessary to reimburse us for our expenses, with a single transfer maximum of $25,000	Payable in two installments: (Installment 1) $2,500 due upon receipt of notification regarding transfer and application from proposed transferee and (Installment 2) the greater of $2,500 or an amount necessary to reimburse us for our costs and expenses associated with the transfer up to $22,500	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%.
Late Charge and Interest	$500 late charge for each delinquent payment, and the 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.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
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. See Note 5.
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 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.
Relocation or Reconstruction	Minimum royalty and technical services fee agreed by you and us	Monthly during period Restaurant is not in operation	If your Restaurant is closed more than 30 days through no fault of your own, we may approve a relocation or reconstruction of your restaurant and may charge a minimum monthly royalty and technical services fee for the duration of time the Restaurant is closed.

Column 1 Type of Fee (1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
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.
Decor 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.
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. Fiserv (formerly known as First Data) is our third party gift card provider. Fiserv may bill you for certain items related to start-up, but generally Fiserv will bill us and we will bill you monthly. Our billing will include a reconciliation of certain costs and benefits of program participation.
Management Services	10% of Gross Sales	As deducted from fund	If we exercise the option to purchase the Restaurant, then we have the right to appoint a manager to maintain the operation of the Restaurant until the closing of the purchase occurs and charge the management services fee.
Mandatory Remodeling	Actual costs you incur	As arranged	See Note 6.

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, technical services fees 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 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, delivery 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, 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 you from customers and paid by you to the appropriate taxing authority. Without limiting the foregoing, you will not be permitted to take any other deduction or exclusion from Gross Sales other than the taxes listed in the previous sentence, and specifically, you will not be permitted to deduct any complimentary sales including, without limitation, sales from complimentary food and beverages provided to customers and/or employees, unless authorized by us in writing.

(3) Advertising programs are described in greater detail in Item 11. You must participate in the advertising program we designate. This may be either 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 0.10% of Gross Sales into a marketing technology fund.

(5) Your indemnification obligations are subject to state law.

(6) You will be required to remodel your Restaurant, at your sole cost, every seven years to conform with the current image of Chili's Restaurants. We do not charge a remodel fee, but you will be required to pay all costs you incur to comply with our remodel requirements.

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]	$7,500-$28,000	Monthly	As arranged	Lessor
Pre-Construction[4a]	$50,000-$300,000	As arranged	As arranged	Suppliers
Construction Costs[4b]	$2,000,000-$2,500,000	As arranged	As arranged	Contractors/ suppliers
Site Work[5]	$300,000-$800,000	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]	$100,000-$120,000	As arranged	As incurred	Suppliers/equipment financers
Kitchen/Bar Equipment/[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]	$65,000-$250,000	As arranged	As arranged	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
Opening Team Costs[11]	$65,000-$100,000	As arranged	As arranged	Brinker/suppliers of food, lodging, transportation
Working Capital[12]	$20,000-$30,000	As arranged	As incurred	Contractors/ suppliers
Inventory[13]	$75,000-$100,000	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]	$75,000-$90,000	As arranged	As arranged	Suppliers
Online Ordering[17]	$695	As arranged	As arranged	Supplier
Additional Funds[18](3 months)	$525,000-$725,000	As arranged	3 months	Lessor/Suppliers
TOTAL19	$3,748,195-$5,653,695			

Notes:

1 The above chart provides an estimate of your initial investment for one Chili's Grill & Bar restaurant based on our experience with our Prototype 18 building. The Prototype 18 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 18 has a total seating capacity of 157 seats consisting of 126 seats in the dining area and 31 seats in the bar area of the building. We reserve the right to modify Prototype18 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. You must adapt the Prototype 18 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. In the event that you sign a Development Agreement, you will also pay a development fee which could range from $40,000 to $500,000, and is based on a variety of factors as further described in 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 prototype restaurant will be located; however, these costs generally range from $700,000 to $1,600,000 based on our experience in acquiring restaurant sites nationwide. We estimate that rent payments typically range from $10,000 to $25,000 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 $100,000 and $150,000 for pad development plus $20,000 to $45,000 for landscaping, and up to $550,000 for a full site (based on between $120,000 to $150,000 for the cost of the pad, plus $3,500 to $4,500 per parking space constructed and $35,000 to $80,000 for landscaping). These costs can vary depending on the stage of development the site is in when the landlord or developer delivers the site to you.

[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 $400,000. This amount does not include entity-related franchise taxes required by some states.

[16] This estimate is for the cost per Restaurant of a computerized point-of-sale system with a kitchen display system, including installation and wiring costs as well as iPads and other software and technology we require. This estimate also includes the purchase or lease, initial wiring and installation and IT support for Table Top Devices (defined below) and Meraki Wifi network.

[17] This is the negotiated yearly cost per restaurant location for online ordering services via our hosted website and mobile apps.

[18] 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. These amounts do not include any estimates for debt service.

[19] 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 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.

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

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
Leasehold Expense[3]	$6,500-$24,000	Monthly	As arranged	Lessor
Pre-Construction[4a]	$45,000-$200,000	As arranged	As arranged	Suppliers
Construction Costs[4b]	$500,000-$1,300,000	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
Working Capital[12]	$20,000-$30,000	As arranged	As incurred	Contractors/ suppliers
Inventory[13]	$75,000-$100,000	As arranged	As incurred	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
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]	$75,000-$90,000	As arranged	As arranged	Suppliers
Online Ordering[17]	$695	As arranged	As arranged	Supplier
Additional Funds[18](3 months)	$525,000-$725,000	As arranged	3 months	Lessor/Suppliers
TOTAL[19]	$1,742,195-$3,864,695			

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 $500,000 to $1,500,000 based on our experience in acquiring restaurant sites nationwide. We estimate that rent payments typically range from $8,000 to $24,000 per

month based on a build to suit lease and from $6,500 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 re-using an existing building or in-line space and converting it to a Chili's Restaurant. It would include new 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 $500,000 to $1,200,000. Costs may vary significantly based on the site, size of the space, 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. These costs can vary greatly depending on the condition of the paving, sidewalks, and landscaping already in place.

[6] This will depend on the building type.

[7] We require you to purchase benches, chairs, stools, decor, 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. This amount does not include entity-related franchise taxes required by some states.

[16] This estimate is for the cost per Restaurant of a computerized point-of-sale system and a kitchen display system including installation and wiring costs, iPads and other software and technology we require. This estimate also includes the purchase or lease, initial wiring and installation and IT support for Table Top Devices (defined below) and Meraki Wi-Fi network

[17] This is the negotiated yearly cost per restaurant location for online ordering services via our hosted website and mobile apps

[18] 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. These amounts do not include any estimates for debt service.

[19] 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 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.

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/network 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 Fiserv. 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 – If you elect to participate in table top product offerings, you must lease or purchase, 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, E La Carte, Inc. is the only approved supplier of Presto Table Top Devices. The Presto Table Top Device must be purchased from E La Carte, Inc. The agreement you must sign with E La Carte, Inc. allows you to retain a significant portion of the revenue from premium content on the Presto Table Top Device.

Décor Products, Furniture & Fixtures – BII and we are approved suppliers 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.

Third Party Delivery Programs – Currently, the DoorDash, Uber Eats and Grubhub platforms are the only approved third-party delivery platform for the IJW Virtual Product Offering.

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 2022 fiscal year we had no revenues based on the sale of required items to Chili's franchisees. Our parent, BII, had revenues of $35,596.72 based on the sale of required items to Chili's franchisees during our 2022 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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
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
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,	Sections 8.7, 11.2, 11.3, and	Item 6

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
	17.2, and 17.3	11.8	
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
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 or the first Chili's Special Venue 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 3.7 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 3.7 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 Franchise 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. We anticipate that we and our affiliates will contribute to advertising programs that we establish on the same basis as you do for Chili's Restaurants that we or they operate.

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 0.36% 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, digital (email, sms, search, display, video, social), radio, print, direct mail, 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, 47% of the NAP Fee was spent on national media (with 100% spent on online advertising), 28% ‘spent on production, agency fees, miscellaneous fees, 22% 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 0.10% of Gross Sales to fund a marketing technology fund.

Virtual Product Offering Marketing Program

In addition to the advertising programs above, if you participate in a Virtual Product Offering, we may require that you participate in additional marketing related to such offering, which may include free delivery and other promotions. You must pay the costs and expenses related to any and all incentive and promotional programs. Currently, to participate in the IJW Virtual Product Offering, you must spend a minimum of 4% of your Gross Sales for IJW products on marketing through to-go offerings initiated via an online platform. This expenditure is in addition to any costs and expenses you incur through the online platform in connection with any incentive and promotional programs, such as free delivery promotions.

Advertising Media

We advertise Chili's Restaurants and the products offered by the Restaurants in various media including television, digital (email, sms, search, display, video, social), radio, print, 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, 4 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 $75,000 to $90,000 per restaurant. The Computer System for a Chili's Special Venue is typically in the range of approximately $75,000 to $90,000. 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 and is required for integration into third party delivery applications should you elect to participate in a Virtual Product Offering program. Currently, the cost of the online ordering system is a flat fee of $695 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 also participate in any loyalty program designated by us. Currently, My Chili's Rewards is the Chili's loyalty program. You are responsible for configuring and offering the same loyalty rewards that are designated by us through your Computer System. Your online ordering platform (Olo) and Table Top Devices (described below) (Presto) must be installed and operational prior to enabling My Chili's Rewards.

In connection with your ability to leverage certain third party delivery providers, any future technology that we may develop in the future, as well as the technology described below in connection with QR Codes, we will require you to use and install OLO/Omnivore which is an API agent. You will be required to sign a participation agreement with us and OLO/Omnivore. You will incur a $15 monthly maintenance fee which will be paid (i) either from your contributions to the MarTech Fund or (ii) via direct billing from us if you do not contribute to the MarTech Fund.

We have developed and implemented a technology platform involving QR Code menus and a contactless payment solution. If you elect to utilize this technology, you will be required to sign a participation agreement with us and install OLO/Omnivore (if you have not already done so) as described above and a user license agreement in regard to the use of this technology. You will contract directly with Ucomm/Fiserv (the approved payment processor) and you will incur the following transaction fees:

Transaction Fees (Tiered)

Transaction Counts are based on the term of the Addendum	**Price Per Transaction**
<1M transactions	$0.050
1M-2M transactions	$0.040
2M-3M transactions	$0.035
3M-4M transactions	$0.030
4M-5M transactions	$0.025
5M-10M transactions	$0.020
10M and above	$0.015

If you elect to participate in a Virtual Product Offering, you must enroll in and obtain a subscription for the designated third-party delivery platform for such Virtual Product Offering. For the IJW Virtual Product Offering, you must utilize DoorDash, Uber Eats or Grubhub and enroll in each of these third-party delivery provider's respective subscription service. Currently, the commission rate for orders placed for the IJW Virtual Product Offering are as follows:

a. DoorDash - 19% of order total for standard delivery, 5% of order total for pickup, and 24% of order total for DashPass orders.

b. UberEats - 12% of order total for standard delivery, 6% of order total for pickup, and 15% of order total for EatsPass.

c. Grubhub - 12% of order total for standard delivery, 5% of order total for pickup, and 0% of order total for Grubhub+ for year one, then 10% thereafter.

Table Top Devices

If you elect to participate in table top product offerings, you must lease or purchase install and use approved Table Top Devices in your Restaurant. Currently, E La Carte, Inc. is the only-approved supplier of Table Top Devices known as The Presto Table Top Devices must be purchased from E La Carte, Inc., and the purchase price is approximately $25,000 per Restaurant. 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 Presto 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.

We are developing, and expect to implement during our current fiscal year, a technology platform involving QR Code menus and a contactless payment solution. You may be required to sign a contract and user license agreement in regard to the use of this technology and we may mandate approved suppliers as part of your participation. You may be required to pay a fee to us or third parties or incur other costs related to your participation in this program.

Operations Manual

The Table of Contents of our CFM is attached as Exhibit E to this disclosure document. The CFM has 472 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 has ranged between $65,000 and $100,000 for a Chili's Grill & Bar and a Chili's Special Venue. 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, one of your Chili's Restaurants must be a Certified Training Restaurant ("CTR"). Such Restaurant must meet our then-current criteria for a CTR and be certified as a CTR by our designated representative. Once approved, you may conduct the initial training for your new and replacement managers at your CTR. If you train your managers, we will have the right

to review and determine (by written certification) whether your managers have satisfactorily completed 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: Runner, Bartender, Server, Host, QA, & ToGo position required modules	70 hours	48 hours	11 hours	CTR
HOH Function Training • Includes: Line Cook, Prep Cook, & Dishwasher position required modules	17.5 hours	36 hours	6 hours	CTR
Management	60	240	15 hours	CTR

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.

Nathan Baldwin, Vice President of Restaurant Services, supervises the conduct of all initial training programs and restaurant openings. Mr. Baldwin has served in this position since June 2020. Mr. Baldwin previously served as Vice President of Franchise Development and Operations Services from July 2019 to June 2020, Vice President of Strategic Growth and Franchise Development from April 2018 to July 2019, and Vice President of Operations Services from August 2016 to April 2018.

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.

You may be required to participate in our then-current delivery and takeout programs. As of the issuance date, we do not grant territories in connection with our current delivery programs, and, should we designate a delivery area, it will be on a non-exclusive basis.

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 3000 Olympus Boulevard, Dallas, Texas 75019, and we do not maintain physically separate offices or training facilities for this concept. In addition, we may offer pre-packaged food and beverage items under the Chili's trademarks through supermarkets and other retail outlets. We may, from time-to-time, offer to our franchisees the option to participate in Virtual Product Offerings through which franchisees utilize existing the kitchen of their Chili's Restaurant to offer certain products under separate marks for off premise sales. Currently, we offer franchisees the opportunity to participate in the IJW Virtual Product Offering and may offer other concepts as Virtual Product Offerings to franchisees from time to time. 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 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 (flat) (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

MARK	REGISTER	REGISTRATION NUMBER	REGISTRATION DATE
Big Mouth Burgers	Principal	2,236,373	April 6, 1999
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

In connection with the IJW Virtual Product Offering, the following Proprietary Marks are registered with the United States Patent and Trademark Office ("USPTO"). We intend to renew the registration(s) and intend to file all appropriate affidavits at the times required by law.

MARK	REGISTER	REGISTRATION NUMBER	REGISTRATION DATE
It's Just Wings	Principal	6,179,276	October 20, 2020
It's Just Wings Design (black & white)	Principal	6,505,315	October 5, 2021

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.

You must designate a Managing Owner and/or an Operating Partner. 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, including but not limited to your financial obligations. 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 any or all of your Owners 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, Tumblr or TikTok 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. Virtual Product Offerings will be limited time offerings which may end before the expiration of the Franchise Agreement.

Category	Section	Summary
b. Renewal or extension of the term	2.2	The term of the successor franchise agreement will be 20 years.
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	There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law. If you participate in the IJW Virtual Product Offering, you may discontinue your Restaurant's participation in the program after one year on 30 days' written notice.
e. Termination by Franchisor without cause	Not applicable	Not applicable; however, for the IJW Virtual Product Offering, we may discontinue the program or your participation on 15 days' notice.
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.
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

Category	Section	Summary
		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.
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

Category	Section	Summary
		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.
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

Category	Section	Summary
		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)	Subject to state law, 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; 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 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 franchise is terminated or expires	16.3(b) and (c)	Subject to state law, 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; 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

Category	Section	Summary
		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	Subject to state law, 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.
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
d. Termination by Developer	Not applicable	There is no contractual termination right. You may be permitted to terminate the development agreement under applicable law.
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)	Subject to state law, 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; 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)	Subject to state law, 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; 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 and 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.
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.

Category	Section	Summary
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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Dan Fuller at 3000 Olympus Boulevard, Dallas, Texas 75019 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 2020 to 2022[(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	2020	298	174	-124
	2021	174	171	-3
	2022	171	101	-70

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
Company-Owned	2020	944[(2)]	1059[(3)]	+115
	2021	1059[(3)]	1064	+5
	2022	1064[(4)]	1131	+67
Total Outlets	2020	1242	1233	-9
	2021	1233	1235[(4)]	+2
	2022	1235[(5)]	1232	-3

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2020, 2021, and 2022 are as follows respectively, June 26, June 24, and June 30.

Note 2: Reflects 3 franchised restaurants reacquired by Franchisor.

Note 3: Reflects 116 franchised restaurants reacquired by Franchisor.

Note 4: Reflects 68 franchised restaurants reacquired by Franchisor.

Note 5: As of the end of our 2022 fiscal year, there were 26 Chili's® Special Venues in the following states: Arkansas – 1, Florida– 5, Illinois – 4, Kentucky – 1, Louisiana – 1, Michigan – 1, Minnesota – 1, Missouri – 1, North Carolina – 1, New Jersey– 2, Nevada– 2, Ohio – 1, Oklahoma – 1, Texas– 2, Virginia– 1, Wisconsin - 1.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019 to 2021[(1)]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Oklahoma	2020	1
	2021	0
	2022	0
Total	2020	1
	2021	0
	2022	0

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2020, 2021, and 2022 are as follows respectively, June 26, June 24, and June 30.

Table No. 3

Status of Franchised Outlets
For years 2020 to 2022[(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	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10

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
Alaska	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arkansas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Florida	2020	7	0	0	1	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	1	5
Georgia	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10
Hawaii	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5

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
Idaho	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	5	0	0
Illinois	2020	52	0	0	0	47	1	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Indiana	2020	26	0	0	1	19	1	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	5	0	0
Iowa	2020	6	0	0	0	6	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kansas	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
Kentucky	2020	13	0	0	0	10	1	2
	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	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
Maryland	2020	7	0	0	0	0	0	7
	2021	7	0	0	1	0	0	6
	2022	6	0	0	0	6	0	0
Michigan	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	9	0	1
Minnesota	2020	9	0	0	0	8	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Mississippi	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	14	0	0	0	5	1	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Montana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	2	0	0
Nebraska	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	1	4

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
Nevada	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	5	0	2
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
North Carolina	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Dakota	2020	1	0	0	0	1	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Ohio	2020	16	0	0	0	5	0	11
	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	4	1	6
Oklahoma	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4

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
Pennsylvania	2020	15	1	0	1	0	1	14
	2021	14	1	0	0	0	0	15
	2022	15	0	0	0	13	2	0
Rhode Island	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
South Carolina	2020	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
South Dakota	2020	2	0	0	0	2	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	4	0	0	1	0	0	3
	2021	3	1	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Virginia	2020	18	0	0	0	0	0	18
	2021	18	0	0	0	0	0	18
	2022	18	0	0	0	16	0	2
Washington	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	1	0	0

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
West Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Wisconsin	2020	14	0	0	0	13	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wyoming	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Totals	2020	298	2	0	5	116	5	174
	2021	174	2	0	1	0	4	171
	2022	171	3	0	0	68	5	101

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2020, 2021 and 2022 are as follows respectively, June 24, June 30, and June 29.

Table No. 4

Status of Company-Owned Outlets
For years 2020 to 2022[(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	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Arizona	2020	32	0	0	0	0	32
	2021	32	0	0	0	0	32
	2022	32	0	0	0	0	32
Arkansas	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	0	0	0	16
California	2020	113	0	0	4	0	109
	2021	109	0	0	0	0	109
	2022	109	0	0	0	0	109
Colorado	2020	35	0	0	0	0	35
	2021	35	1	0	1	0	35
	2022	35	0	0	0	0	35
Connecticut	2020	18	0	0	0	0	18
	2021	18	0	0	0	0	18
	2022	18	0	0	0	0	18

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
Florida	2020	134	2	0	0	0	136
	2021	136	1	0	0	0	137
	2022	137	0	0	3	0	134
Georgia	2020	39	0	0	1	0	38
	2021	38	1	0	0	0	39
	2022	39	0	0	1	0	38
Idaho	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	5	0	0	5
Illinois	2020	0	0	47	0	0	47
	2021	47	0	0	0	0	47
	2022	47	1	0	1	0	47
Indiana	2020	0	0	19	0	0	19
	2021	19	0	0	0	0	19
	2022	19	0	5	0	0	24
Iowa	2020	0	0	6	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6
Kansas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	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
Kentucky	2020	0	1	10	0	0	11
	2021	11	0	0	0	0	11
	2022	11	0	0	0	0	11
Louisiana	2020	30	0	0	0	0	30
	2021	30	1	0	1	0	30
	2022	30	0	0	0	0	30
Maine	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Maryland	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	6	0	0	12
Massachusetts	2020	21	0	0	0	0	21
	2021	21	0	0	2	0	19
	2022	19	0	0	0	0	19
Michigan	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	9	1	0	24
Minnesota	2020	0	0	8	0	0	8
	2021	8	0	0	0	0	8
	2022	8	0	0	0	0	8

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
Mississippi	2020	10	0	0	0	0	10
	2021	10	0	0	0	0	10
	2022	10	0	0	0	0	10
Missouri	2020	4	0	5	0	0	9
	2021	9	1	0	0	0	10
	2022	10	0	0	0	0	10
Montana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	2	0	0	2
Nevada	2020	10	0	0	1	0	9
	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9
New Hampshire	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
	2022	7	0	0	0	0	7
New Jersey	2020	17	0	0	0	0	17
	2021	17	0	0	0	0	17
	2022	17	0	5	0	0	22
New Mexico	2020	18	0	0	0	0	18
	2021	18	0	0	0	0	18
	2022	18	1	0	0	0	19

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 York	2020	32	0	0	1	0	31
	2021	31	0	0	0	0	31
	2022	31	1	0	0	0	32
North Carolina	2020	47	0	0	0	0	47
	2021	47	0	0	0	0	47
	2022	47	0	0	0	0	47
North Dakota	2020	0	0	1	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Ohio	2020	1	0	5	0	0	6
	2021	6	2	0	0	0	8
	2022	8	0	4	0	0	12
Oklahoma	2020	29	0	0	0	0	29
	2021	29	0	0	0	0	29
	2022	29	0	0	0	0	29
Pennsylvania	2020	16	0	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	13	0	0	29
Rhode Island	2020	6	0	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	0	0	0	0	6

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
South Carolina	2020	6	0	0	0	0	6
	2021	6	1	0	0	0	7
	2022	7	0	0	0	0	7
South Dakota	2020	0	0	2	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Tennessee	2020	37	0	0	0	0	37
	2021	37	1	0	0	0	38
	2022	38	0	0	0	0	38
Texas	2020	209	2	0	0	0	211
	2021	211	1	0	1	0	211
	2022	211	2	0	0	0	213
Utah	2020	15	1	0	0	0	16
	2021	16	0	0	0	0	16
	2022	16	0	0	0	0	16
Vermont	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
Virginia	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
	2022	9	0	16	0	0	25

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
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
West Virginia	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
	2022	5	0	1	0	0	6
Wisconsin	2020	0	0	13	0	0	13
	2021	13	0	0	0	0	13
	2022	13	0	0	0	0	13
Totals	2020	944	6	116	7	0	1059
	2021	1059	10	0	5	0	1064
	2022	1064	5	68	6	0	1131

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2020, 2021 and 2022 are as follows respectively, June 24, June 30, and June 29.

Table No. 5

Projected Openings As Of June 29, 2022 (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
Arizona	0	0	2
California	0	0	1
Colorado	0	0	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
Delaware	0	0	1
Florida	0	1	3
Illinois	0	0	1
Indiana	0	0	1
Kentucky	0	0	1
Nevada	0	0	1
Ohio	0	0	2
Oklahoma	0	0	1
Texas	0	1	6
Tennessee	0	1	0
Utah	0	0	1
Wyoming	0	1	0
Wisconsin	0	0	2
Total	1	3	24

Note 1: All numbers are as of our fiscal year ends. Our fiscal year ends for 2020, 2021, and 2022 are as follows respectively, June 24, June 30 and June 29.

The names, addresses and telephone numbers of our U.S. franchisees and their Restaurants as of June 29, 2022 are attached as Exhibit H.

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 I. 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 29, 2022 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 29, 2022, 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 29, 2022, June 30, 2021 and June 24, 2020, and the related consolidated statements of comprehensive income, shareholders' (deficit), and cash flows for each of the three years ended June 29, 2022, June 30, 2021, and June 24, 2020.

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
3.	Limited Time Offering Program Addendum to Franchise Agreement (s)	Exhibit D

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

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 29, 2022 and June 30, 2021, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 29, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 29, 2022 and June 30, 2021, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended June 29, 2022, 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) (PCAOB), the Company's internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 26, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as

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a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of gift card breakage revenue

As discussed in Notes 1 and 3 to the consolidated financial statements, gift card breakage revenue represents the monetary value associated with outstanding gift card balances that will not be redeemed. The Company estimates this amount based on the historical gift card redemption patterns and recognizes the estimated breakage as revenue in proportion to the pattern of related gift card redemptions. The gift card breakage revenue recognized for the year ended June 29, 2022 was $36.1 million.

We identified the assessment of gift card breakage revenue as a critical audit matter. Subjective auditor judgment was required to evaluate the Company's assessment of the trends in historical and expected future redemption patterns as well as the actuarial models utilized to update the breakage rate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's gift card breakage revenue process. This included controls related to the Company's estimation of the breakage rate, review of the actuarial models used, and the timing of breakage revenue recognition. We assessed breakage revenue by comparing the Company's estimated breakage rate to rates derived from historical redemption data. We evaluated the timing of breakage revenue recognition by analyzing historical redemption patterns and assessing the volume of redemptions subsequent to the period of breakage revenue recognition. We also involved actuarial professionals with specialized skills and knowledge, who assisted in assessing the reasonableness of the actuarial models by comparing them to generally accepted actuarial standards.

KPMG LLP

We have served as the Company's auditor since 1984.

Dallas, Texas
August 26, 2022

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

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Brinker International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 29, 2022 and June 30, 2021, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 29, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated August 26, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company'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 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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

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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.

KPMG LLP

Dallas, Texas
August 26, 2022

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Comprehensive Income
(In millions, except per share amounts)

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021[1]	June 24, 2020
Revenues			
Company sales	$ 3,712.1	$ 3,279.0	$ 3,004.9
Franchise and other revenues	92.0	58.8	73.6
Total revenues	3,804.1	3,337.8	3,078.5
Operating costs and expenses			
Food and beverage costs	1,048.5	867.8	798.6
Restaurant labor	1,288.1	1,108.2	1,045.5
Restaurant expenses	968.3	858.5	825.8
Depreciation and amortization	164.4	150.2	162.3
General and administrative	144.1	134.8	136.3
Other (gains) and charges	31.2	19.0	47.4
Total operating costs and expenses	3,644.6	3,138.5	3,015.9
Operating income	159.5	199.3	62.6
Interest expenses	46.1	56.2	59.6
Other income, net	(1.8)	(2.1)	(1.9)
Income before income taxes	115.2	145.2	4.9
Provision (benefit) for income taxes	(2.4)	13.6	(19.5)
Net income	$ 117.6	$ 131.6	$ 24.4
Basic net income per share	$ 2.62	$ 2.89	$ 0.64
Diluted net income per share	$ 2.58	$ 2.83	$ 0.63
Basic weighted average shares outstanding	44.8	45.5	38.2
Diluted weighted average shares outstanding	45.6	46.6	38.9
Other comprehensive income (loss)			
Foreign currency translation adjustment	$ (0.6)	$ 1.5	$ (0.6)
Other comprehensive income (loss)	(0.6)	1.5	(0.6)
Comprehensive income	$ 117.0	$ 133.1	$ 23.8

(1) Fiscal 2021, which ended on June 30, 2021, contained 53 weeks. The impact of the 53rd week in fiscal 2021 resulted in an increase in Total revenues. While certain expenses increased in direct relationship to additional revenues from the 53rd week, other expenses, such as fixed costs, are incurred on a calendar month basis.

See accompanying Notes to Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Consolidated Balance Sheets
(In millions, except per share amounts)

	June 29, 2022	June 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 13.5	$ 23.9
Accounts receivable, net	66.4	65.2
Inventories	35.6	28.9
Restaurant supplies	55.5	52.6
Prepaid expenses	25.7	13.6
Income taxes receivable, net	4.5	23.0
Total current assets	201.2	207.2
Property and equipment, at cost		
Land	43.4	33.1
Buildings and leasehold improvements	1,603.9	1,595.2
Furniture and equipment	793.0	818.1
Construction-in-progress	33.6	14.9
	2,473.9	2,461.3
Less accumulated depreciation and amortization	(1,657.2)	(1,686.5)
Net property and equipment	816.7	774.8
Other assets		
Operating lease assets	1,160.5	1,007.4
Goodwill	195.1	188.2
Deferred income taxes, net	62.5	50.9
Intangibles, net	27.4	21.1
Other	21.0	25.3
Total other assets	1,466.5	1,292.9
Total assets	$ 2,484.4	$ 2,274.9
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 134.3	$ 127.7
Gift card liability	83.9	106.4
Accrued payroll	111.0	122.4
Operating lease liabilities	112.7	97.7
Other accrued liabilities	116.1	117.4
Total current liabilities	558.0	571.6
Long-term debt and finance leases, less current installments	989.1	917.9
Long-term operating lease liabilities, less current portion	1,151.1	1,006.7
Other liabilities	54.3	82.0
Commitments and contingencies (Note 16)		
Shareholders' deficit		
Common stock (250.0 million authorized shares; $0.10 par value; 70.3 million shares issued; 43.8 million shares outstanding at June 29, 2022, and 45.9 million shares outstanding at June 30, 2021)	7.0	7.0
Additional paid-in capital	690.9	685.4
Accumulated other comprehensive loss	(5.3)	(4.7)
Accumulated deficit	(148.4)	(266.1)
Treasury stock, at cost (26.5 million shares at June 29, 2022, and 24.4 million shares at June 30, 2021)	(812.3)	(724.9)
Total shareholders' deficit	(268.1)	(303.3)
Total liabilities and shareholders' deficit	$ 2,484.4	$ 2,274.9

See accompanying Notes to Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Cash Flows
(In millions)

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Cash flows from operating activities			
Net income	$ 117.6	$ 131.6	$ 24.4
Adjustments to reconcile Net income to Net cash provided by operating activities:			
Depreciation and amortization	164.4	150.2	162.3
Restructure and impairment charges	20.3	9.8	28.9
Stock-based compensation	18.6	16.4	14.8
Net loss on disposal of assets	3.4	1.8	1.2
Other	3.0	3.7	2.8
Changes in assets and liabilities, net of the impact of acquisitions:			
Accounts receivable, net	3.4	(9.9)	4.1
Inventories	(5.5)	(2.2)	(2.8)
Restaurant supplies	(1.6)	(1.0)	(1.2)
Prepaid expenses	(12.2)	0.3	7.2
Current income taxes	14.4	14.7	(20.7)
Operating lease assets, net of liabilities	3.4	(27.6)	3.6
Deferred income taxes, net	(11.7)	(12.5)	8.6
Other assets	0.0	(0.5)	0.1
Accounts payable	0.2	21.1	9.8
Gift card liability	(23.3)	(3.5)	6.3
Accrued payroll	(11.5)	57.2	(17.8)
Other accrued liabilities	(2.0)	6.3	4.0
Other liabilities	(28.7)	13.8	9.4
Net cash provided by operating activities	252.2	369.7	245.0
Cash flows from investing activities			
Payments for property and equipment	(150.3)	(94.0)	(104.5)
Payments for franchise restaurant acquisitions	(106.6)	—	(94.6)
Proceeds from sale leaseback transactions, net of related expenses	20.5	—	—
Proceeds from note receivable	2.1	1.5	2.8
Proceeds from sale of assets	0.1	1.6	1.2
Insurance recoveries	—	—	1.1
Net cash used in investing activities	(234.2)	(90.9)	(194.0)
Cash flows from financing activities			
Borrowings on revolving credit facility	720.5	43.4	808.4
Payments on revolving credit facility	(620.5)	(345.0)	(858.8)
Purchases of treasury stock	(100.9)	(4.2)	(32.4)
Payments on long-term debt	(23.7)	(20.0)	(17.8)
Payments for debt issuance costs	(3.1)	(2.2)	(3.2)
Payments of dividends	(1.1)	(1.5)	(57.4)
Proceeds from issuance of treasury stock	0.4	30.7	1.6
Proceeds from issuance of common stock	—	—	146.9
Payments for common stock issuance costs	—	—	(7.8)
Net cash used in financing activities	(28.4)	(298.8)	(20.5)
Net change in cash and cash equivalents	(10.4)	(20.0)	30.5
Cash and cash equivalents at beginning of period	23.9	43.9	13.4
Cash and cash equivalents at end of period	$ 13.5	$ 23.9	$ 43.9

See accompanying Notes to Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Consolidated Statements of Shareholders' Deficit
(In millions)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Shares	Amount					
Balances at June 26, 2019	37.5	$ 17.6	$ 522.0	$ 2,771.2	$ (4,083.4)	$ (5.6)	$ (778.2)
Effect of ASC 842 adoption	—	—	—	195.9	—	—	195.9
Net income	—	—	—	24.4	—	—	24.4
Other comprehensive loss	—	—	—	—	—	(0.6)	(0.6)
Dividends ($1.14 per share)	—	—	—	(43.6)	—	—	(43.6)
Stock-based compensation	—	—	14.7	—	—	—	14.7
Purchases of treasury stock	(0.8)	—	(0.3)	—	(32.1)	—	(32.4)
Issuances of treasury stock	0.2	—	(5.3)	—	6.9	—	1.6
Issuances of common stock	8.1	0.8	138.3	—	—	—	139.1
Retirement of treasury stock	—	(11.4)	—	(3,345.4)	3,356.8	—	—
Balances at June 24, 2020	45.0	7.0	669.4	(397.5)	(751.8)	(6.2)	(479.1)
Net income	—	—	—	131.6	—	—	131.6
Other comprehensive income	—	—	—	—	—	1.5	1.5
Dividends	—	—	—	(0.2)	—	—	(0.2)
Stock-based compensation	—	—	16.4	—	—	—	16.4
Purchases of treasury stock	(0.1)	—	(1.2)	—	(3.0)	—	(4.2)
Issuances of treasury stock	1.0	—	0.8	—	29.9	—	30.7
Balances at June 30, 2021	45.9	7.0	685.4	(266.1)	(724.9)	(4.7)	(303.3)
Net income	—	—	—	117.6	—	—	117.6
Other comprehensive loss	—	—	—	—	—	(0.6)	(0.6)
Dividends	—	—	—	0.1	—	—	0.1
Stock-based compensation	—	—	18.6	—	—	—	18.6
Purchases of treasury stock	(2.4)	—	(2.0)	—	(98.9)	—	(100.9)
Issuances of treasury stock	0.3	—	(11.1)	—	11.5	—	0.4
Balances at June 29, 2022	43.8	$ 7.0	$ 690.9	$ (148.4)	$ (812.3)	$ (5.3)	$ (268.1)

See accompanying Notes to Consolidated Financial Statements

BRINKER INTERNATIONAL, INC.
Notes to Consolidated Financial Statements
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1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, as well as virtual brands including It's Just Wings® and Maggiano's Italian Classics®. On June 29, 2022, we owned, operated or franchised 1,650 restaurants, consisting of 1,188 Company-owned restaurants and 462 franchised restaurants, located in the United States, 28 countries and two United States territories.

Basis of Presentation

Principles of Consolidation - The Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, and include the accounts of Brinker International, Inc. and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. All amounts within the Notes to Consolidated Financial Statements are presented in millions unless otherwise specified.

Fiscal Year - We have a 52 or 53 week fiscal year ending on the last Wednesday in June. We utilize a 13 week accounting period for quarterly reporting purposes, except in years containing 53 weeks when the fourth quarter contains 14 weeks. Fiscal 2022 and Fiscal 2020, which ended on June 29, 2022 and June 24, 2020, respectively, each contained 52 weeks. Fiscal 2021, which ended on June 30, 2021, contained 53 weeks. The impact of the 53rd week in fiscal 2021 resulted in an increase in Total revenues in comparison to fiscal 2020. While certain expenses increased in direct relationship to additional revenues from the 53rd week, other expenses, such as fixed costs, are incurred on a calendar month basis.

Use of Estimates - The preparation of the Consolidated Financial Statements is in conformity with generally accepted accounting principles in the United States ("GAAP") and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, 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 in the reporting periods. Actual results could differ from those estimates.

Impact of COVID-19 Pandemic

The number of open dining rooms and the dining room capacity restrictions have fluctuated over the course of the pandemic based on state and local mandates and has resulted in significant adverse impacts to our guest traffic and sales primarily in fiscal 2021 and fiscal 2020.

In fiscal 2022, we have experienced limited product shortages and service disruptions in our supply chain, limited availability of labor to operate our restaurants due to a tight labor market and an increase in employee turnover. It is possible that supply chain and labor shortages or disruptions could continue or increase in future periods if demand for goods, transportation and labor remains high.

We have been carefully assessing the effect of COVID-19 on our business as conditions continue to evolve throughout the communities we serve. At this time, the ultimate impact of COVID-19 cannot be reasonably estimated due to the uncertainty about the extent and the duration of the spread of the virus and could lead to further reduced sales, capacity restrictions, restaurant closures, delays in our supply chain or impair our ability to staff accordingly which could adversely impact our financial results.

New Accounting Standards Implemented

We reviewed all accounting pronouncements that became effective for our fiscal 2022 and determined that either they were not applicable or they did not have a material impact on the Consolidated Financial Statements. We also reviewed all recently issued accounting pronouncements to be adopted in future periods and determined that they are not expected to have a material impact on the Consolidated Financial Statements.

Significant Accounting Policies

Revenues - Revenues are presented in the Company sales and Franchise and other revenues captions in the Consolidated Statements of Comprehensive Income.

Company Sales - Company sales include revenues generated by the operation of Company-owned restaurants including sales from gift card redemptions and virtual brands. We record revenues from the sale of food, beverages and alcohol, net of discounts, upon delivery to the customer.

Franchise and Other Revenues - Franchise and other revenues include gift card breakage, royalties, Maggiano's banquet service charge income, delivery income, digital entertainment revenue, advertising revenue, franchise and development fees, gift card equalization, merchandise income and gift card discount costs from third-party gift card sales.

Royalties - Franchise royalties are based on a percentage of the sales generated by our franchise-operated restaurants. The performance obligation related to franchise sales is considered complete upon the sale of food, beverages and alcohol, therefore royalty revenues are recognized in the same period the sales are generated at the franchise-operated restaurants.

Advertising Revenue - Domestic franchisees are contractually obligated to contribute into certain advertising and marketing funds. Advertising revenues are presented on a gross basis within Franchise and other revenues.

Franchise and Development Fees - We receive franchise fees for new restaurant openings and development fees from franchisees for territory development arrangements. The performance obligation related to these arrangements are collectively deferred as a contract liability and recognized on a straight-line basis into Franchise and other revenues in the Consolidated Statements of Comprehensive Income over the term of the underlying agreements. Deferred franchise and development fees are classified within Other accrued liabilities for the current portion expected to be recognized within the next 12 months and Other liabilities for the long-term portion in the Consolidated Balance Sheets.

Gift Card Breakage Revenue - Breakage revenues represent the monetary value associated with outstanding gift card balances that will not be redeemed. We estimate this amount based on our historical gift card redemption patterns and actuarial estimates, update the breakage rate estimate periodically and if necessary, adjust the deferred revenues balance within the Gift card liability in the Consolidated Balance Sheets. Breakage revenues are recognized proportionate to the pattern of related gift card redemptions. We do not charge dormancy, or any other fees related to monitoring or administering the gift card program to cardholders. Additionally, proceeds from the sale of gift cards are recorded as deferred revenues in the Gift card liability in the Consolidated Balance Sheets and recognized as Company sales when the gift card is redeemed by the holder.

Gift Card Discount Costs - Our gift cards are sold through various outlets such as in-restaurant, Chili's and Maggiano's websites, directly to other businesses and through third-party distributors that sell our gift cards at retail locations. We incur incremental direct costs, such as commissions and activation fees, for gift cards sold by third-party businesses and distributors. These initial direct costs are deferred and amortized against revenues proportionate to the pattern of related gift card redemptions.

Advertising Expenses - Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. In the fiscal years ended June 29, 2022, June 30, 2021 and June 24, 2020, advertising expenses of $37.4 million, $26.4 million and $87.0 million, respectively, were included in Restaurant expenses, and advertising contributions from franchisees of $2.4 million, $2.8 million and $9.7

million, respectively, were recorded in Franchise and other revenues in the Consolidated Statements of Comprehensive Income.

Restaurant Labor Expenses - We report certain labor and related expenses in a separate caption in 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 in the Consolidated Statements of Comprehensive Income.

Fair Value Measurements - Fair value is the price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date. Fair value measurements are categorized in three levels based on the types of significant inputs used, as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs available at measurement date other than quote prices included in Level 1
Level 3	Unobservable inputs that cannot be corroborated by observable market data

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.

Accounts Receivable - Accounts receivable, net of the allowance for credit losses, represents the estimated net realizable value. Our primary accounts receivables are due from third-party gift card sales, vendor rebates, restaurant sales made with credit cards, short-term note receivable and franchisees. Provisions for credit losses 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.

Inventories - Inventories consist of food, beverages and supplies and are valued at the lower of cost (using the first-in, first-out method) or net realizable value.

Property and Equipment - Property and equipment is recorded at cost and depreciated using the straight-line method over the lesser of the remaining term of the lease, including certain renewal options, or the estimated useful lives of the assets. Typical useful lives of our Buildings and leasehold improvements range from 5 to 20 years, and Furniture and equipment range from 3 to 7 years.

Depreciation expenses related to property and equipment for the fiscal years ended June 29, 2022, June 30, 2021, and June 24, 2020, of $161.3 million, $148.2 million, and $160.4 million, respectively, were recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income. Routine repair and maintenance costs are expensed when incurred. Major replacements and improvements are capitalized.

We review the carrying amount of property and equipment on an annual basis 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 that is considered Level 3 (refer to Fair Value Measurements policy above for definition of levels). Impairment charges are included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income.

Leases - We recognize, on the balance sheet, the lease assets and related lease liabilities for the rights and obligations created at lease commencement by operating and finance leases with lease terms of more than 12 months. The lease term commences on the date the lessor makes the underlying asset or assets available, irrespective of when lease payments begin under the contract. When determining the lease term at commencement, we consider both termination and renewal option periods available, and only include the period for which failure to renew the lease imposes a penalty on us in such an amount that renewal, or termination options, appear to be reasonably certain.

Our lease liability is generally based on the present value of the lease payments, consisting of fixed costs and certain rent escalations, using our incremental borrowing rate applicable to the lease term. The lease asset is generally based on the lease liability, adjusted for amounts related to other lease-related assets and liabilities. Our adjustments typically include prepaid rent, landlord contributions as a reduction to the asset and favorable or unfavorable lease purchase price adjustments.

The interest rates used in our lease contracts are not implicit. We have derived our incremental borrowing rate using the interest rate we would pay on our existing borrowings, adjusted for the effect of designating collateral and the lease terms using market data as well as publicly available data for instruments with similar characteristics. The reasonably certain lease term and incremental borrowing rate for each lease requires judgment by management and can impact the classification and accounting for a lease as operating or finance, as well as the value of the lease asset and lease liability.

Lease asset carrying amounts are assessed for impairment annually or when events or circumstances indicate that the carrying amount may not be recoverable, in accordance with our long-lived asset impairment policy. We monitor for events or changes in circumstances that require reassessment of lease classification. When a reassessment results in the re-measurement of a lease liability, a corresponding adjustment is made to the carrying amount of the lease asset.

Variable lease costs, consisting primarily of property taxes, maintenance expenses and contingent rent, are expensed as incurred in Restaurant expenses related to restaurant properties and General and administrative for our corporate headquarters in the Consolidated Statements of Comprehensive Income and are not included in lease liabilities in the Consolidated Balance Sheets. Contingent rent represents payment of variable lease obligations based on a percentage of sales, as defined by the terms of the applicable lease, for certain restaurant facilities and is recorded at the point in time we determine that it is probable that such sales levels will be achieved.

Operating lease expenses are recognized on a straight-line basis over the lease term in Restaurant expenses for restaurant properties and General and administrative for our corporate headquarters, in the Consolidated Statements of Comprehensive Income.

Finance lease expenses are recognized on a straight-line basis over the lesser of the useful life of the leased asset or the lease term and the expenses are recognized in Depreciation and amortization in the Consolidated Statements of Comprehensive Income. Interest on each finance lease liability is recorded to Interest expenses in the Consolidated Statements of Comprehensive Income.

Definite-lived Intangible Assets - Definite-lived intangible assets primarily include the reacquired franchise rights resulting from our acquisitions and included in Intangibles, net in the Consolidated Balance Sheets. These assets are amortized using the straight-line method over the remaining term of the related franchise agreement. 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 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.

Indefinite-lived Intangible Assets - The costs of obtaining non-transferable liquor licenses from local government agencies are expensed over the specified term of the license to Restaurant expenses in the Consolidated Statements of Comprehensive Income. 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, net in the Consolidated Balance Sheets.

Transferable liquor licenses are tested for impairment 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.

Goodwill - Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate for purposes of impairment testing. Goodwill is tested for impairment annually, as of the first day of the second quarter of each fiscal year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our two restaurant brands, Chili's and Maggiano's, are both operating segments and reporting units.

We may elect to perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If the qualitative assessment is not performed or if we determine that it is not more likely than not that the fair value of the reporting unit exceeds the carrying value, the fair value of the reporting unit is calculated. The carrying value of the reporting unit is compared to its estimated fair value, and if the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value.

During fiscal 2022 and fiscal 2021, we performed our annual goodwill impairment analysis using a qualitative approach to determine whether indicators of impairment exist. Related to the qualitative assessment, we evaluated factors including our market capitalization, as well as the market capitalization of other companies in the restaurant industry, sales at our restaurants and significant adverse changes in the operating environment for the restaurant industry. Based on these factors, no indicators of impairment were identified during our annual analysis performed in the second quarters of fiscal 2022 and fiscal 2021. Additionally, no indicators of impairment were identified through the end of each fiscal year.

During fiscal 2020, we performed a quantitative assessment in response to observed declines in operating cash flows and market capitalization primarily driven by the impact of the COVID-19 pandemic on our business. Based on this assessment, we concluded that our goodwill and indefinite-lived intangible assets were not impaired at that time.

Insurance Reserves - 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. The estimated incurred but unreported costs to settle unpaid claims are included in Other accrued liabilities and Other liabilities, depending on their current or long-term nature, in the Consolidated Balance Sheets.

Sales Taxes - Taxes assessed by a governmental authority that are both imposed on and concurrent with specific revenue transactions and collected from a customer have been excluded from revenues. The obligation is included in Other accrued liabilities in the Consolidated Balance Sheets until the taxes are remitted to the appropriate taxing authorities.

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 Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. Additionally, income taxes are computed on a consolidated legal jurisdiction basis with no regard to brand.

Stock-Based Compensation - We measure and recognize compensation costs at fair value for all share-based payments. We record compensation expenses using a graded-vesting schedule or on a straight-line basis, as applicable, over the vesting period, or the date on which retirement eligibility is achieved, if earlier. We recognize compensation expenses 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 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. Awards granted to the Board of Directors are non-forfeitable and are fully expensed upon grant. Awards to eligible employees may vest over a specified period of time or service period and may also contain performance-based conditions. The fair value of restricted stock and restricted stock units that do not contain a performance condition are based on our closing stock price on the date of grant, while the fair value of stock options is estimated using the Black-Scholes option-pricing model on the date of grant.

Performance shares represent a right to receive shares of common stock upon satisfaction of Company performance goals usually at the end of a three-fiscal-year cycle. Vesting of performance shares granted are generally contingent upon meeting Company performance goals based on a specified rate of earnings growth or a specified range of earnings at the end of the three-fiscal-year period. Compensation expenses for the performance shares is recorded to Restaurant expenses and General and administrative expenses 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 expenses adjustment is recognized when that estimate changes.

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 29, 2022, no preferred shares were issued.

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. For the fiscal years ended June 29, 2022, June 30, 2021, and June 24, 2020, Comprehensive income consists of Net income and Foreign currency translation adjustment. The Foreign currency translation adjustment for all three fiscal years presented related to the unrealized impact of translating the financial statements of the Canadian restaurants from Canadian dollars to United States dollars. The Accumulated other comprehensive loss is presented in the Consolidated Balance Sheets.

Net Income Per Share - Basic net income per share is computed by dividing Net income by the Basic weighted average shares outstanding for the reporting period. Diluted net income 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 shares outstanding 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 Diluted net income per share calculation. Basic weighted average shares outstanding are reconciled to Diluted weighted average shares outstanding as follows:

	June 29, 2022	June 30, 2021	June 24, 2020
Basic weighted average shares outstanding	44.8	45.5	38.2
Dilutive stock options	0.2	0.4	0.1
Dilutive restricted shares	0.6	0.7	0.6
Total dilutive impact	0.8	1.1	0.7
Diluted weighted average shares outstanding	45.6	46.6	38.9
Awards excluded due to anti-dilutive effect	0.8	0.5	1.5

Segment Reporting - Operating segments are components of an enterprise for which separate financial information is available and 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.

2. CHILI'S RESTAURANT ACQUISITIONS

Fiscal 2022

During fiscal 2022, we completed three acquisitions of substantially all of the assets and certain liabilities related to previously franchised Chili's locations, as follows:

- *Mid-Atlantic Region Acquisition* - On September 2, 2021, we acquired 23 previously franchised Chili's restaurants located in the Mid-Atlantic region of the United States for a total purchase price of $47.7 million, including post-closing adjustments. The acquisition was funded with borrowings from our existing credit facility and proceeds from a sale leaseback transaction completed simultaneously with the acquisition (refer to Note 9 - Leases for further details on the sale leaseback transaction).
- *Great Lakes Region Acquisition* - On October 31, 2021, we acquired 37 previously franchised Chili's restaurants located in the Great Lakes and Northeast region of the United States for a total purchase price of $57.1 million, including post-closing adjustments, funded with borrowings from our existing credit facility.
- *Northwest Region Acquisition* - On February 1, 2022, we acquired six previously franchised Chili's restaurants and on May 5, 2022, we acquired two additional previously franchised Chili's restaurants located in the Northwest region of the United States for a total purchase price of $2.0 million, including post-closing adjustments, funded with borrowings from our existing credit facility.

Pro-forma financial information, for these acquisitions, is not presented due to the immaterial impact of the financial results of the acquired restaurants in the Consolidated Financial Statements. We accounted for each of these acquisitions as a business combination.

The assets and liabilities of the acquired restaurants were recorded at their fair values. The results of operations, and assets and liabilities, of these restaurants are included in the Consolidated Financial Statements from the acquisition dates.

Net acquisition-related charges of $1.6 million were recorded during fiscal 2022 to Other (gains) and charges in the Consolidated Statements of Comprehensive Income. The net charges consisted of $2.3 million of professional services, transaction and transition related costs associated with the purchase, partially offset by $0.7 million of franchise deferred revenues balance that were fully recognized at date of acquisition.

The fair values of tangible and intangible assets acquired were primarily based on significant inputs not observable in an active market, including estimates of replacement costs, future cash flows and discount rates. These inputs represent Level 3 fair value measurements as defined under GAAP. The amounts recorded for the fair value of acquired assets and liabilities at the acquisition dates for the material acquisitions are as follows:

	Mid-Atlantic Region	Great Lakes Region
	Fair Value September 2, 2021	Fair Value October 31, 2021
Current assets	$ 1.4	$ 2.1
Property and equipment	46.2	43.6
Operating lease assets[1]	23.6	47.8
Reacquired franchise rights[2]	4.7	4.6
Goodwill[3]	—	7.2
Current liabilities	(1.4)	(1.4)
Finance lease liabilities, less current portion	(3.7)	—
Operating lease liabilities, less current portion[1]	(23.1)	(46.8)
Net assets acquired[4]	$ 47.7	$ 57.1

(1) Refer to Note 9 - Leases for further details.

(2) Reacquired franchise rights related to the Mid-Atlantic Region acquisition and Great Lakes Region acquisition both have weighted average amortization periods of approximately 15 years.

(3) Goodwill 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, and the benefit of the assembled workforce of the acquired restaurants.

(4) Net assets acquired at fair value related to the Mid-Atlantic Region acquisition are equal to the total purchase price of $48.0 million, less $0.3 million of closing adjustments. Net assets acquired at fair value related to the Great Lakes Region acquisition are equal to the total purchase price of $56.0 million, plus $1.1 million of closing adjustments.

Fiscal 2020

On September 5, 2019, we completed the acquisition of certain assets and liabilities related to 116 previously franchised Chili's restaurants located in the Midwest region of the United States. Pro-forma financial information of the acquisition is not presented due to the immaterial impact of the financial results of the acquired restaurants in the Consolidated Financial Statements.

Total cash consideration of $96.0 million, including post-closing adjustments, was funded with borrowings from our existing credit facility. We accounted for this acquisition as a business combination. The results of operations, and assets and liabilities, of these restaurants are included in the Consolidated Financial Statements from the date of acquisition. The assets and liabilities of these restaurants are recorded at their fair values.

Net acquisition-related charges of $2.9 million were recorded during fiscal 2020 to Other (gains) and charges in the Consolidated Statements of Comprehensive Income. The net charges consisted of $4.5 million of professional services, transaction and transition related costs associated with the purchase, and $1.0 million of related franchise straight-line rent balances, net of market leasehold improvement adjustments that were fully recognized at the date of the acquisition, partially offset by $2.6 million of franchise deferred revenues balance that were fully recognized at date of acquisition.

3. REVENUE RECOGNITION

Deferred Franchise and Development Fees

Our deferred franchise and development fees consist of the unrecognized fees received from franchisees. Recognition of these fees in subsequent periods is based on satisfaction of the contractual performance obligations of the active contracts with franchisees. The weighted average remaining term of the current franchise agreements, including certain renewal periods expected to be exercised, was approximately 20 years as of June 29, 2022. We also expect to earn subsequent period royalties and advertising fees related to our franchise contracts; however, due to the variability and uncertainty of these future revenues based upon a sales-based measure, these future revenues are not yet estimable as the performance obligations remain unsatisfied.

The following table reflects the changes in deferred franchise and development fees for the fiscal years ended on June 29, 2022 and June 30, 2021:

	June 29, 2022	June 30, 2021
Beginning balance	$ 11.4	$ 12.7
Additions	1.1	0.3
Amount recognized to Other gains and charges[1]	(0.9)	0.2
Amount recognized to Franchise and other revenues	(1.5)	(1.8)
Ending balance	$ 10.1	$ 11.4

(1) The remaining deferred franchise and development fee balances associated with the 68 Chili's restaurants acquired during fiscal 2022 were recognized as of the acquisition dates in Other (gains) and charges in the

Consolidated Statements of Comprehensive Income. Refer to Note 2 - Chili's Restaurant Acquisitions for further details.

The following table illustrates franchise and development fees expected to be recognized in the future related to performance obligations that were unsatisfied or partially unsatisfied as of June 29, 2022:

Fiscal Year	Franchise and Development Fees Revenue Recognition
2023	$ 0.9
2024	0.8
2025	0.8
2026	0.8
2027	0.7
Thereafter	6.1
	$ 10.1

Deferred Gift Card Revenues

Total deferred revenues related to our gift cards include the full value of unredeemed gift card balances less recognized breakage and the unamortized portion of third-party fees. The following table reflects the changes in the Gift card liability for fiscal years ended on June 29, 2022 and June 30, 2021:

	June 29, 2022	June 30, 2021
Beginning balance	$ 106.4	$ 109.9
Gift card sales	134.8	118.8
Gift card redemptions recognized to Company sales	(122.1)	(109.5)
Gift card breakage recognized to Franchise and other revenues[1]	(36.1)	(13.0)
Other	0.9	0.2
Ending balance	$ 83.9	$ 106.4

(1) Gift card breakage recognized to Franchise and other revenues increased due to a change in estimated gift card breakage rates primarily attributable to gift cards sold prior to fiscal 2022.

4. DEFINED CONTRIBUTION PLAN

We sponsor a qualified defined contribution retirement plan. The plan covers all employees who have attained the age of 21 and have completed 90 days of eligible 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, what an employee contributes at a rate of 100% of the first 3% and 50% of the next 2% with immediate vesting. Effective January 1, 2021, the Plan was amended and restated in its entirety primarily for the purpose of reinstating the safe harbor matching employer contributions which were suspended in May 2020 to reduce corporate expenses in response to the business downturn caused by the COVID-19 impact.

Additionally, in June 2021, the Plan was amended and restated to adopt a new pre-approved plan document as required by the IRS.

We contributed employer matching contributions in each fiscal year which is recorded to General and administrative in the Consolidated Statements of Comprehensive Income:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Employer contributions match expenses	$ 11.0	$ 4.6	$ 9.3

5. OTHER GAINS AND CHARGES

Other (gains) and charges in the Consolidated Statements of Comprehensive Income consist of the following:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Restaurant impairment charges	$ 8.3	$ 3.0	$ 19.1
Remodel-related costs	4.9	2.3	3.2
Restaurant closure charges	3.7	2.4	3.8
Lease contingencies	3.1	2.2	—
Enterprise system implementation costs	2.4	—	—
Acquisition-related costs, net	1.6	—	2.9
Loss from natural disasters, net of (insurance recoveries)	1.1	2.9	(0.7)
COVID-19 related charges	0.5	3.3	12.2
Other	5.6	2.9	6.9
	$ 31.2	$ 19.0	$ 47.4

Restaurant impairment charges primarily consisted of the long-lived assets of the following:

- Fiscal 2022 - 30 underperforming Chili's and two underperforming Maggiano's restaurants. Refer to Note 14 - Fair Value Measurements for further details.
- Fiscal 2021 - 11 underperforming Chili's and three underperforming Maggiano's restaurants.
- Fiscal 2020 - 25 underperforming Chili's and three underperforming Maggiano's restaurants.

Remodel-related costs related to existing fixed asset write-offs associated with the Chili's remodel project for all fiscal years presented.

Restaurant closure charges primarily consisted of Chili's lease termination charges and certain Chili's restaurant closure costs for all fiscal years presented.

Lease contingencies were recorded in fiscal 2022 and fiscal 2021 for estimated lease defaults on certain secondarily liable lease guarantees and subleases. Refer to Note 16 - Commitments and Contingencies for additional information about our secondarily liable lease guarantees.

Enterprise system implementation costs primarily consisted of consulting and subscription fees related to the ongoing enterprise system implementation. These fees are considered redundant costs until the new systems go live and replace our current legacy systems.

Acquisition-related costs, net primarily related to the following:

- Fiscal 2022 - 68 restaurants acquired from former franchisees. Refer to Note 2 - Chili's Restaurant Acquisitions for further details.
- Fiscal 2020 - 116 restaurants acquired from a former franchisee.

Loss from natural disasters, net of (insurance recoveries) primarily consists of the following:

- Fiscal 2022 - costs incurred related to Hurricane Ida in August 2021.

- Fiscal 2021 - costs incurred related to Winter Storm Uri in February 2021.
- Fiscal 2020 - proceeds related to a previously filed fire claim, partially offset by costs incurred for damages from Tropical Storm Imelda.

COVID-19 related charges primarily consisted of the following costs related to both Chili's and Maggiano's:

- Fiscal 2022:
  - employee assistance and related payroll taxes for certain team members, partially offset by
  - employee retention credit as allowed under the CARES Act and
  - credits received as part of the 2021 New Mexico Senate Bill 1.
- Fiscal 2021:
  - employee assistance and related payroll taxes for certain team members,
  - conversion of certain parking lots into dining areas and
  - initial purchases of restaurant and personal protective supplies such as face masks and hand sanitizers required to maintain open dining rooms.
- Fiscal 2020:
  - employee assistance payments and related payroll taxes for team members that experienced reduced shifts during the pandemic,
  - restaurant supplies such as face masks and hand sanitizer required to reopen dining rooms,
  - costs related to canceled projects due to the pandemic and
  - expenses related to spoiled inventory due to the unexpected decline in sales and dining room closures, partially offset by
  - employee retention credit for certain payroll taxes received as part of the CARES Act relief package.

6. INCOME TAXES

Income before income taxes consists of the following:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Domestic	$ 113.5	$ 146.7	$ 5.0
Foreign	1.7	(1.5)	(0.1)
Income before income taxes	$ 115.2	$ 145.2	$ 4.9

The Provision (benefit) for income taxes and effective tax rate consists of the following:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Current income tax (benefit) expenses:			
Federal	$ 5.8	$ 11.6	$ (32.9)
State	3.7	14.4	4.8
Foreign	(0.3)	0.0	0.0
Total current income tax (benefit) expenses	9.2	26.0	(28.1)
Deferred income tax (benefit) expenses:			
Federal	(15.7)	(9.4)	8.8
State	3.7	(3.0)	(0.2)
Foreign	0.4	—	0.0
Total deferred income tax (benefit) expenses	(11.6)	(12.4)	8.6
Provision (benefit) for income taxes	$ (2.4)	$ 13.6	$ (19.5)
Effective tax rate	(2.1)%	9.4 %	(398.0)%

A reconciliation between the reported Provision (benefit) for income taxes and the amount computed by applying the statutory Federal income tax rate to Income before income taxes is as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Income tax expense at statutory rate	$ 24.2	$ 30.5	$ 1.0
FICA and other tax credits	(32.9)	(24.7)	(24.8)
State income taxes, net of Federal benefit	6.2	7.8	3.6
Stock based compensation tax shortfall (windfall)	(0.7)	(2.3)	0.5
Other	0.8	2.3	0.2
Provision (benefit) for income taxes	$ (2.4)	$ 13.6	$ (19.5)

Our federal statutory tax rate for fiscal 2022, fiscal 2021 and fiscal 2020 was 21.0%.

Deferred Tax and Allowances

The income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

	June 29, 2022	June 30, 2021
Deferred income tax assets:		
Lease liabilities	$ 337.3	$ 305.1
Gift cards	9.9	17.0
Insurance reserves	11.6	11.5
Stock-based compensation	11.6	10.9
Federal credit carryover	41.1	6.8
Net operating losses	3.7	4.1
State credit carryover	2.5	2.5
Restructure charges and impairments	2.3	1.5
Payroll tax deferral	6.8	13.6
Other, net	8.0	10.6
Less: Valuation allowance	(5.8)	(6.1)
Total deferred income tax assets	429.0	377.5
Deferred income tax liabilities:		
Lease assets	307.1	275.7
Goodwill and other amortization	23.3	22.6
Depreciation and capitalized interest on property and equipment	17.8	11.8
Prepaid expenses	16.9	16.0
Other, net	1.4	0.5
Total deferred income tax liabilities	366.5	326.6
Deferred income taxes, net	$ 62.5	$ 50.9

As of June 29, 2022, we have deferred tax assets of $4.2 million reflecting the benefit of state loss carryforwards, before federal benefit and valuation allowance, which expire at various dates between 2023 and 2042. We have deferred tax assets of $41.1 million of federal and $3.2 million of state tax credits, before federal benefit and valuation allowance, which expire at various dates between 2024 and 2042. The recognized deferred tax asset for the state loss carryforwards, net of valuation allowance, is $1.5 million and the federal tax credits is $41.1 million. $6.2 million of the federal credit carryover is limited by Section 382 of the Internal Revenue Code.

The valuation allowance is $5.8 million at the end of fiscal 2022 to recognize certain deductions and tax credits management believes are more-likely-than-not to not be realized. In assessing whether a deferred tax asset will be realized, we consider the likelihood of the realization, and the reversal of existing taxable temporary differences, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income, as of June 29, 2022, we believe it is more-likely-than-not that we will realize the benefits of the deferred tax assets, net of the existing valuation allowances.

Unrecognized Tax Benefits

A reconciliation of unrecognized tax benefits are as follows:

	June 29, 2022	June 30, 2021
Balance at beginning of year	$ 4.3	$ 3.0
Additions based on tax positions related to the current year	0.3	0.3
(Decreases) Additions based on tax positions related to prior years	(0.1)	1.4
Settlements with tax authorities	(0.8)	—
Expiration of statute of limitations	—	(0.4)
Balance at end of year	$ 3.7	$ 4.3

The total amount of unrecognized tax benefits, excluding interest and penalties, which would affect income tax expenses if resolved in our favor was $2.9 million and $3.4 million as of June 29, 2022 and June 30, 2021, respectively. We do not expect any material changes to our liability for uncertain tax positions in the next 12 months.

We recognize accrued interest and penalties related to unrecognized tax benefits in Provision (benefit) for income taxes in the Consolidated Statements of Comprehensive Income. As of June 29, 2022, we had $0.5 million ($0.4 million net of a $0.1 million Federal deferred tax benefit) of interest and penalties accrued, compared to $0.4 million ($0.3 million net of a $0.1 million Federal deferred tax benefit) as of June 30, 2021.

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 2021 to fiscal 2023, and fiscal 2019 to fiscal 2021 for our Canadian returns. State income tax returns are generally subject to examination for a period of three to five years from date return is filed. We have various state income tax returns in the process of examination or settlements. Our federal returns for fiscal 2021 to 2023 are currently under examination through the Internal Revenue Service: Compliance Assurance Process (CAP) program. There are no unrecorded liabilities associated with these examinations.

7. 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, which are principally located in the United States, 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 United States, 28 countries and two United States territories. The Maggiano's segment includes the results of our Company-owned Maggiano's restaurants in the United States as well as the results from our domestic franchise business. The Other segment includes costs related to our restaurant support teams for the Chili's and Maggiano's brands, including operations, finance, franchise, marketing, human resources and culinary innovation. The Other segment also includes costs related to the common and shared infrastructure, including accounting, information technology, purchasing, guest relations, legal and restaurant development.

Company sales for each operating segment include revenues generated by the operation of Company-owned restaurants including gift card redemptions and revenues from our virtual brands. Franchise and other revenues for each operating segment include gift card breakage, royalties, Maggiano's banquet service charge income, delivery income, digital entertainment revenue, advertising revenue, franchise and development fees, gift card equalization, merchandise income and gift card discount costs from third-party gift card sales.

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 located in the United States. 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. Restaurant expenses during the years presented primarily included restaurant rent, supplies, property and

equipment maintenance, delivery fees, utilities, property taxes, credit card processing fees, supervision expenses, worker's comp and general liability insurance and advertising.

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP:

	Fiscal Year Ended June 29, 2022			
	Chili's[1]	Maggiano's	Other	Consolidated
Company sales	$ 3,305.4	$ 406.7	$ —	$ 3,712.1
Royalties	34.0	0.4	—	34.4
Franchise fees and other revenues	40.2	17.4	—	57.6
Franchise and other revenues	74.2	17.8	—	92.0
Total revenues	3,379.6	424.5	—	3,804.1
Food and beverage costs	945.9	102.6	—	1,048.5
Restaurant labor	1,146.5	141.6	—	1,288.1
Restaurant expenses	849.8	117.9	0.6	968.3
Depreciation and amortization	139.8	13.4	11.2	164.4
General and administrative	33.3	8.0	102.8	144.1
Other (gains) and charges	23.3	—	7.9	31.2
Total operating costs and expenses	3,138.6	383.5	122.5	3,644.6
Operating income (loss)	241.0	41.0	(122.5)	159.5
Interest expenses	5.1	0.4	40.6	46.1
Other income, net	(0.3)	—	(1.5)	(1.8)
Income (loss) before income taxes	$ 236.2	$ 40.6	$ (161.6)	$ 115.2
Segment assets	$ 2,116.7	$ 223.6	$ 144.1	$ 2,484.4
Payments for property and equipment	133.7	9.1	7.5	150.3

	Fiscal Year Ended June 30, 2021[2]			
	Chili's	Maggiano's	Other	Consolidated
Company sales	$ 3,005.7	$ 273.3	$ —	$ 3,279.0
Royalties	30.3	0.2	—	30.5
Franchise fees and other revenues	23.9	4.4	—	28.3
Franchise and other revenues	54.2	4.6	—	58.8
Total revenues	3,059.9	277.9	—	3,337.8
Food and beverage costs	803.5	64.3	—	867.8
Restaurant labor	1,014.2	94.0	—	1,108.2
Restaurant expenses	765.6	92.1	0.8	858.5
Depreciation and amortization	124.3	13.8	12.1	150.2
General and administrative	27.4	5.8	101.6	134.8
Other (gains) and charges	12.7	1.4	4.9	19.0
Total operating costs and expenses	2,747.7	271.4	119.4	3,138.5
Operating income (loss)	312.2	6.5	(119.4)	199.3
Interest expenses	5.6	0.2	50.4	56.2
Other income, net	(0.5)	—	(1.6)	(2.1)
Income (loss) before income taxes	$ 307.1	$ 6.3	$ (168.2)	$ 145.2
Segment assets	$ 1,911.8	$ 223.2	$ 139.9	$ 2,274.9
Payments for property and equipment	82.9	2.6	8.5	94.0

	Fiscal Year Ended June 24, 2020			
	Chili's[3]	Maggiano's	Other	Consolidated
Company sales	$ 2,673.5	$ 331.4	$ —	$ 3,004.9
Royalties	33.7	0.2	—	33.9
Franchise fees and other revenues	24.5	15.2	—	39.7
Franchise and other revenues	58.2	15.4	—	73.6
Total revenues	2,731.7	346.8	—	3,078.5
Food and beverage costs	718.7	79.9	—	798.6
Restaurant labor	920.8	124.7	—	1,045.5
Restaurant expenses	723.7	101.5	0.6	825.8
Depreciation and amortization	133.9	15.4	13.0	162.3
General and administrative	32.1	5.7	98.5	136.3
Other (gains) and charges[2]	35.3	6.8	5.3	47.4
Total operating costs and expenses	2,564.5	334.0	117.4	3,015.9
Operating income (loss)	167.2	12.8	(117.4)	62.6
Interest expenses	4.6	—	55.0	59.6
Other income, net	(0.6)	—	(1.3)	(1.9)
Income (loss) before income taxes	$ 163.2	$ 12.8	$ (171.1)	$ 4.9
Payments for property and equipment	$ 88.2	$ 8.1	$ 8.2	$ 104.5

(1) Chili's segment information for fiscal 2022 includes the results of operations and the fair values of assets related to the 68 restaurants purchased from three former franchisees subsequent to the acquisition dates. Refer to Note 2 - Chili's Restaurant Acquisitions for further details.

(2) Fiscal 2021, which ended on June 30, 2021, contained 53 weeks. The impact of the 53rd week in fiscal 2021 resulted in an increase in Total revenues. While certain expenses increased in direct relationship to additional revenues from the 53rd week, other expenses, such as fixed costs, are incurred on a calendar month basis.

(3) Chili's segment information for fiscal 2020 includes the results of operations related to the 116 restaurants purchased from a former franchisee subsequent to the September 5, 2019 acquisition date. Refer to Note 2 - Chili's Restaurant Acquisitions for further details.

8. GOODWILL AND INTANGIBLES

There have been no impairments of Goodwill for the fiscal years ended June 29, 2022, June 30, 2021 and June 24, 2020. The changes in the carrying amount of Goodwill by segment are as follows:

	June 29, 2022			June 30, 2021		
	Chili's	Maggiano's	Consolidated	Chili's	Maggiano's	Consolidated
Balance at beginning of year	$ 149.8	$ 38.4	$ 188.2	$ 149.2	$ 38.4	$ 187.6
Changes in goodwill:						
Additions[1]	7.2	—	7.2	—	—	—
Foreign currency translation adjustment	(0.3)	—	(0.3)	0.6	—	0.6
Balance at end of year	$ 156.7	$ 38.4	$ 195.1	$ 149.8	$ 38.4	$ 188.2

(1) In the fiscal year ended June 29, 2022, we acquired 68 domestic Chili's restaurants previously owned by three franchise partners. Refer to Note 2 - Chili's Restaurant Acquisitions for further information.

Intangible assets, net are as follows:

	June 29, 2022			June 30, 2021		
	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[1]	$ 29.3	$ (12.2)	$ 17.1	$ 20.0	$ (9.2)	$ 10.8
Chili's other	0.4	(0.4)	—	0.4	(0.4)	—
	$ 29.7	$ (12.6)	$ 17.1	$ 20.4	$ (9.6)	$ 10.8
Indefinite-lived intangible assets						
Chili's liquor licenses	$ 9.4			$ 9.4		
Maggiano's liquor licenses	0.9			0.9		
	$ 10.3			$ 10.3		

(1) Additions, net of accumulated amortization, of $8.4 million in fiscal 2022 were recorded related to reacquired franchise rights associated with the 68 acquired Chili's restaurants previously owned by three franchise partners. Refer to Note 2 - Chili's Restaurant Acquisitions for further information.

Amortization expenses for all definite-lived intangible assets were recorded in Depreciation and amortization in the Consolidated Statements of Comprehensive Income as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Definite-lived intangible amortization expense	$ 3.0	$ 2.0	$ 1.9

Annual amortization expenses for definite-lived intangible assets are estimated to be $3.3 million for each of the next two fiscal years, and $3.0 million for fiscal 2025, fiscal 2026 and fiscal 2027.

9. LEASES

As of June 29, 2022, 1,136 of our 1,188 Company-owned restaurant facilities were leased. We typically lease our restaurant facilities through ground leases (where we lease land only, but construct the building and leasehold improvements) or retail leases (where we lease the land/retail space and building, but construct the leasehold improvements). As of June 29, 2022, the restaurant leases have cumulative renewal clauses of 2 to 40 years at our option. Our leased restaurants typically have an initial lease term of 10 to 20 years, with one or more renewal terms typically ranging from 1 to 10 years. The leases typically provide for a fixed rental or a fixed rental plus percentage rentals based on sales volume. In addition to our restaurant facilities, we also lease our corporate headquarters location and certain equipment. Our lease agreements do not contain any material residual value guarantees or material covenant restrictions.

Consolidated Balance Sheet Disclosure of Lease Amounts

The following table includes a detail of lease assets and liabilities included in the Consolidated Balance Sheets:

	June 29, 2022		
	Finance Leases[1]	Operating Leases[2]	Total Leases
Lease assets	$ 71.1	$ 1,160.5	$ 1,231.6
Current lease liabilities	20.3	112.7	133.0
Long-term lease liabilities	69.9	1,151.1	1,221.0
Total lease liabilities	$ 90.2	$ 1,263.8	$ 1,354.0

	June 30, 2021		
	Finance Leases[1]	Operating Leases[2]	Total Leases
Lease assets	$ 98.2	$ 1,007.4	$ 1,105.6
Current lease liabilities	21.5	97.7	119.2
Long-term lease liabilities	99.8	1,006.7	1,106.5
Total lease liabilities	$ 121.3	$ 1,104.4	$ 1,225.7

(1) Finance lease assets are recorded in Property and equipment, at cost, and the related current and long-term lease liabilities are recorded within Other accrued liabilities and Long-term debt and finance leases, less current installments, respectively.

(2) Operating lease assets are recorded in Operating lease assets and the related current and long-term lease liabilities are recorded within Operating lease liabilities and Long-term operating lease liabilities, less current portion, respectively.

Consolidated Statement of Comprehensive Income Disclosure of Lease Amounts

The components of lease expenses, including variable lease costs primarily consisting of rent based on a percentage of sales, common area maintenance and real estate tax charges, and short-term lease expenses for leases with lease terms less than twelve months are included in the Consolidated Statements of Comprehensive Income as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Operating lease expenses (amortization and interest)	$ 173.7	$ 167.2	$ 162.8
Finance lease amortization	21.9	17.3	20.9
Finance lease interest	5.5	5.9	4.6
Short-term lease cost	0.6	0.5	1.4
Variable lease cost	60.5	57.9	57.7
Sublease income	(4.2)	(4.4)	(4.6)
Total lease costs, net	$ 258.0	$ 244.4	$ 242.8

Consolidated Statement of Cash Flows Disclosure of Lease Amounts

Supplemental cash flow information related to leases recorded in the Consolidated Statements of Cash Flows is as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Cash flows from operating activities			
Cash paid related to lease liabilities			
Operating leases[1]	$ 171.1	$ 195.5	$ 159.6
Finance leases	5.5	5.9	4.6
Cash flows from financing activities			
Cash paid related to lease liabilities			
Finance leases	23.7	20.0	17.8
Non-cash lease assets obtained in exchange for lease liabilities[2]			
Operating leases[3]	255.4	60.6	224.0
Finance leases	13.4	29.8	73.2

(1) Cash paid related to lease liabilities for Operating leases increased in fiscal 2021 primarily due to the prepayment of July 2021 lease payments and lease payments made during fiscal 2021 for rents that were deferred in fiscal 2020 due to the impacts of the COVID-19 pandemic.

(2) Non-cash lease assets obtained in exchange for lease liabilities were higher in fiscal 2020 primarily due to the new and assumed operating and finance leases from the fiscal 2020 Chili's restaurant acquisition and the new Chili's finance lease for table-top devices. Refer to Note 2 - Chili's Restaurant Acquisitions for more information.

(3) Non-cash operating lease assets obtained in exchange for operating lease liabilities were higher in fiscal 2022 primarily due to the new and assumed operating lease additions associated with the 68 restaurants purchased from three former franchisees and the modifications of 25 leases. Refer to Note 2 - Chili's Restaurant Acquisitions and "Significant Changes in Leases in Fiscal 2022" section below for more information.

Weighted Average Lease Term and Discount Rate

Other information related to leases is as follows:

	Fiscal Years Ended			
	June 29, 2022		June 30, 2021	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Weighted average remaining lease term	9.1 years	12.0 years	8.5 years	11.0 years
Weighted average discount rate	5.1 %	5.5 %	5.4 %	5.6 %

Lease Maturity Analysis

Finance leases and Operating leases total future lease payments represent the contractual obligations due under the lease agreements, including cancellable option periods where we are reasonably assured to exercise the options. As of June 29, 2022, the future minimum lease payments on finance and operating leases, as well as sublease income were as follows:

	June 29, 2022		
Fiscal Year	Finance Leases	Operating Leases	Sublease Income
2023	$ 24.5	$ 177.6	$ 1.9
2024	15.6	176.3	1.2
2025	12.4	166.9	1.2
2026	8.2	153.2	0.7
2027	7.6	135.5	0.5
Thereafter	47.5	950.6	0.5
Total future lease payments[1]	115.8	1,760.1	$ 6.0
Less: Imputed interest	25.6	496.3	
Present value of lease liability	$ 90.2	$ 1,263.8	

(1) Total future lease payments as of June 29, 2022 included non-cancelable lease commitments of $90.1 million for finance leases and $1,110.4 million for operating leases.

Pre-Commencement Leases

In fiscal 2022, we executed fourteen leases for new Chili's locations with undiscounted fixed payments over the initial term of $19.0 million. These leases are expected to commence in the next 12 months and are expected to have an economic lease term of 20 years. These leases will commence when the landlords make the property available to us for new restaurant construction. We will assess the reasonably certain lease term at the lease commencement date.

Significant Changes in Leases in Fiscal 2022

In the first quarter of fiscal 2022, as part of the Chili's Mid-Atlantic Region Acquisition, we assumed 11 new real estate operating leases. On June 29, 2022, the balances associated with these new leases in the Consolidated Balance Sheets include Operating lease assets of $22.9 million, Operating lease liabilities of $0.6 million, and Long-term operating lease liabilities, less current portion of $22.5 million. The leases were recorded net of prepaid rent at the date of acquisition.

In the second quarter of fiscal 2022, as part of the Chili's Great Lakes Region Acquisition, we assumed 26 new real estate operating leases. On June 29, 2022, the balances associated with these new leases in the Consolidated Balance Sheets include Operating lease assets of $46.1 million, Operating lease liabilities of $1.6 million, and Long-term operating lease liabilities, less current portion of $45.4 million. The leases were recorded net of purchase price accounting adjustments and prepaid rent at the date of acquisition.

In the third quarter of fiscal 2022, we completed lease modifications related to 25 real estate leases that were previously classified as finance leases. As a result of the modifications, the lease terms are for 20 years, and the leases were reassessed as operating leases. On June 29, 2022, the balances associated with these leases in the Consolidated Balance Sheets include Operating lease assets of $47.9 million, Operating lease liabilities of $1.1 million, and Long-term operating lease liabilities, less current portion of $47.3 million. Also, as a result of these modifications, the finance lease asset and lease liability balances decreased in the Consolidated Balance Sheets including decreases to Buildings and leasehold improvements of $17.4 million, Other accrued liabilities of $2.8 million and Long-term debt and finance leases, less current installments of $15.0 million.

Restaurant Properties Sale Leaseback Transaction

In the first quarter of fiscal 2022, simultaneous with the Mid-Atlantic Region Acquisition, we completed sale leaseback transactions on six of the acquired restaurants. The properties were sold at their acquisition cost resulting in proceeds of $20.5 million with no gain or loss.

The initial terms of all leases we entered into as part of the sale leaseback transactions are for 15 years, plus renewal options at our discretion. All of the leases were determined to be operating leases. Rent expenses associated with these operating leases are recognized on a straight-line basis over the lease terms under ASC 842. On June 29, 2022, the balances associated with these new leases in the Consolidated Balance Sheets include Operating lease assets of $17.8 million, Operating lease liabilities of $0.4 million, and Long-term operating lease liabilities, less current portion of $17.5 million.

10. DEBT

Long-term debt consists of the following:

	June 29, 2022	June 30, 2021
Revolving credit facility	$ 271.3	$ 171.3
5.000% notes	350.0	350.0
3.875% notes	300.0	300.0
Finance lease obligations	90.2	121.3
Total long-term debt and finance leases	1,011.5	942.6
Less: unamortized debt issuance costs and discounts	(2.1)	(3.2)
Total long-term debt, less unamortized debt issuance costs and discounts	1,009.4	939.4
Less: current installments of long-term debt[(1)]	(20.3)	(21.5)
Long-term debt and finance leases, less current installments	$ 989.1	$ 917.9

(1) Current installments of long-term debt consist of finance leases for the periods presented and are recorded within Other accrued liabilities in the Consolidated Balance Sheets. Refer to Note 11 - Accrued and Other Liabilities for further details.

Excluding finance lease obligations and interest, our long-term debt maturities for the five fiscal years following June 29, 2022 and thereafter are as follows:

Fiscal Year	Long-Term Debt
2023[(1)]	$ 300.0
2024	—
2025	350.0
2026	—
2027	271.3
Thereafter	—
	$ 921.3

(1) Obligations under our 3.875% notes, which will mature in May 2023, have been classified as long-term, reflecting our intent and ability to refinance these notes through our existing revolving credit facility.

Revolving Credit Facility

On August 18, 2021, we amended our existing $1.0 billion revolving credit facility to an $800.0 million revolving credit facility to extend the maturity date and provide additional flexibility. During fiscal 2022, net borrowings of $100.0 million were drawn on the $800.0 million revolving credit facility. As of June 29, 2022, $528.7 million of credit was available under the revolving credit facility.

The $800.0 million revolving credit facility, as amended, matures on August 18, 2026 and bears interest of LIBOR plus an applicable margin of 1.500% to 2.250% and an undrawn commitment fee of 0.250% to 0.350%, both based on a function of our debt-to-cash-flow ratio. As of June 29, 2022, our interest rate was 3.375% consisting of LIBOR of 1.625% plus the applicable margin of 1.750%.

During fiscal 2022, we incurred and capitalized $3.1 million of debt issuance costs associated with the new revolver, which are included in Other assets in the Consolidated Balance Sheets.

5.000% Notes

In fiscal 2017, we issued $350.0 million of 5.000% senior notes due October 2024 (the "2024 Notes"). 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) and (ii) 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.

3.875% Notes

In fiscal 2013, we issued $300.0 million of 3.875% notes due in May 2023 (the "2023 Notes"). The notes require semi-annual interest payments which began in the second quarter of fiscal 2014.

Financial Covenants

Our debt agreements contain various financial covenants that, among other things, require the maintenance of certain leverage ratios. As of June 29, 2022, we were in compliance with our covenants pursuant to the $800.0 million revolving credit facility and under the terms of the indentures governing our 3.875% notes and 5.000% notes. We expect to remain in compliance with our covenants throughout fiscal 2023.

11. ACCRUED AND OTHER LIABILITIES

Other accrued liabilities consist of the following:

	June 29, 2022	June 30, 2021
Insurance	$ 23.5	$ 21.7
Property tax	23.3	22.4
Current installments of long-term debt and finance leases	20.3	21.5
Sales tax	14.4	23.2
Utilities and services	9.6	8.4
Interest	6.5	6.9
Other[1]	18.5	13.3
	$ 116.1	$ 117.4

(1) Other primarily consisted of accruals for banquet deposits for Maggiano's events, contingent lease liabilities related to our lease guarantees, certain exit-related lease accruals, rent-related expenses, charitable donations, deferred franchise and development fees and other various accruals.

Other liabilities consist of the following:

	June 29, 2022	June 30, 2021
Insurance	$ 36.9	$ 35.0
Deferred franchise and development fees	9.2	10.4
Unrecognized tax benefits	3.0	3.5
Deferred payroll taxes[1]	—	27.2
Other	5.2	5.9
	$ 54.3	$ 82.0

(1) Deferred payroll taxes consisted of the employer portion of certain payroll related taxes that were deferred as allowed under the CARES Act. The first installment, due on December 31, 2021, was paid during the second quarter of fiscal 2022. The second installment, due on December 31, 2022, is classified within Accrued payroll in the Consolidated Balance Sheets.

12. STOCK-BASED COMPENSATION

Our shareholder approved stock-based compensation plans include the Stock Option and Incentive Plan for employees ("Employee Plan") and the Stock Option and Incentive Plan for Non-Employee Directors and Consultants (collectively, the "Plans"). The Plans provide for grants of options to purchase our common stock, performance shares, restricted stock, restricted stock units, and stock appreciation rights. Additionally, grants to eligible employees may vest over a specified period of time or service period, or may contain performance-based conditions. As of June 29, 2022, the total number of shares authorized for issuance to employees and non-employee directors and consultants under the Plans was 38.7 million shares.

Presented below is total stock-based compensation expenses, and the related total income tax benefit recognized in the Consolidated Statements of Comprehensive Income:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Stock-based compensation expenses	$ 18.6	$ 16.4	$ 14.7
Tax benefit related to stock-based compensation expenses	3.9	3.0	2.5

Stock Options

In fiscal 2019 and fiscal 2018, certain eligible employees under the Plans were granted performance stock options whose vesting is contingent upon meeting Company performance goals based on our annual earnings at the end of fiscal 2021 and fiscal 2022. Expenses for performance stock options are recognized using a graded-vesting schedule over the vesting period based upon management's periodic estimates of the number of stock options that ultimately will vest. At the end of fiscal 2021, the first performance goal was met, resulting in the vesting of 0.4 million, or one-half, of the outstanding performance stock options. At the end of fiscal 2022, the second performance goal was not met, which will result in the forfeiture of the remaining 0.4 million performance stock options. The options have a contractual term to exercise of no later than August 31, 2025.

Stock options that do not contain a performance condition were also granted to eligible employees in fiscal 2020, consistent with prior year grants. No stock options were granted in fiscal 2022 or 2021. Expenses related to these stock options are 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.

Stock option transactions during fiscal 2022 were as follows (option prices in dollars):

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Stock options outstanding at June 30, 2021	2.0	$ 38.74		
Granted	—	—		
Exercised	0.0	34.27		
Forfeited or canceled	(0.1)	41.73		
Stock options outstanding at June 29, 2022	1.9	$ 38.73	3.4	$ 0.2
Stock options exercisable at June 29, 2022	1.3	$ 39.21	3.2	$ 0.1

The fair value of stock options was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions, and the weighted average fair value of option grants:

	Fiscal Years Ended		
	June 29, 2022[1]	June 30, 2021[1]	June 24, 2020
Weighted average fair values of option grants	n/a	n/a	$ 6.92
Expected volatility	n/a	n/a	33.4 %
Risk-free interest rate	n/a	n/a	1.3 %
Expected lives	n/a	n/a	5 years
Dividend yield	n/a	n/a	3.2 %

(1) No stock option awards were granted in fiscal 2022 or 2021.

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 United States 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.

As of June 29, 2022, unrecognized compensation expenses related to unvested stock options that are expected to vest totaled approximately $0.1 million and will be recognized over a weighted average period of 1.1 years. The intrinsic value and related tax benefit of options exercised is as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Intrinsic value of options exercised	$ 0.2	$ 9.8	$ 0.6
Tax benefit realized on options exercised	$ 0.0	2.4	0.1

Restricted Share Awards

Restricted share awards consist of performance shares, restricted stock and restricted stock units. In fiscal 2022, eligible employees under the Plans were granted performance shares whose vesting is contingent upon meeting Company performance goals based on our earnings at the end of a three-fiscal-year period. The number of shares that will vest varies depending on the amount of earnings achieved as compared to the target amount. In fiscal 2021, certain eligible employees under the Plans were granted performance shares whose vesting is contingent upon the Company exceeding a specified level of annual earnings in any of fiscal 2022, fiscal 2023 or fiscal 2024. The number of shares that will vest varies depending on the fiscal year that the performance criteria is first met. In fiscal 2020, 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. The number of shares that will vest varies depending on the rate of earnings growth achieved as compared to the target rate. Expenses are 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.

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. Expenses are recognized ratably over the vesting period, or to the date on which retirement eligibility is achieved, if shorter. 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.

Restricted share awards and restricted stock units granted to non-employee directors under the Plans are non-forfeitable and are expensed upon grant. Non-employee directors' awards have variable distribution dates ranging from one year after grant to two years following departure from the Board.

Restricted share award transactions, including performance shares reflected at target, during fiscal 2022 were as follows (fair value per award in dollars):

	Number of Restricted Share Awards	Weighted Average Grant Date Fair Value Per Award
Restricted share awards outstanding at June 30, 2021	1.2	$ 40.07
Granted	0.5	49.52
Vested	(0.3)	41.69
Forfeited	(0.1)	44.68
Restricted share awards outstanding at June 29, 2022	1.3	42.85

As of June 29, 2022, unrecognized compensation expenses related to unvested restricted share awards that are expected to vest totaled approximately $15.5 million and will be recognized over a weighted average period of 1.7 years. The fair value of shares that vested is as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Fair value of restricted share awards vested	$ 18.1	$ 14.9	$ 6.6

13. SHAREHOLDERS' DEFICIT

Share Repurchases

Our share repurchase program is 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. Repurchased shares are reflected as an increase in Treasury stock within Shareholders' deficit in the Consolidated Balance Sheets.

In the fourth quarter of fiscal 2020, our share repurchase program was suspended in response to the business downturn caused by the COVID-19 pandemic. In August 2021, our Board of Directors reinstated the share repurchase program, allowing for a total available repurchase authority of $300.0 million. In fiscal 2022, we repurchased 2.4 million shares of our common stock for $100.9 million, including 2.3 million shares purchased as part of our share repurchase program and 0.1 million shares purchased from team members to satisfy tax withholding obligations on the vesting of restricted shares. As of June 29, 2022, approximately $204.0 million was available in the share repurchase program.

Dividends

In the fourth quarter of fiscal 2020, our Board of Directors voted to suspend the quarterly cash dividend in response to liquidity needs created by the COVID-19 pandemic. In fiscal 2022 and fiscal 2021, dividends paid were solely related to the accrued dividends for restricted share awards that were granted prior to the suspension and vested in the applicable period. Restricted share award dividends were recorded in Other accrued liabilities for the current portion to vest within 12 months, and Other liabilities for the portion that will vest after one year.

14. FAIR VALUE MEASUREMENTS

Non-Financial Assets Measured on a Non-Recurring Basis

We review the carrying amounts of long-lived property and equipment including finance lease assets, operating lease assets, reacquired franchise rights and transferable liquor licenses annually or when events or circumstances indicate that the fair value may not substantially exceed the carrying amount. We record an impairment charge for the excess of the carrying amount over the fair value. All impairment charges were included in Other (gains) and charges in the Consolidated Statements of Comprehensive Income for the periods presented. Refer to Note 5 - Other Gains and Charges for more information.

Intangibles, net in the Consolidated Balance Sheets includes both indefinite-lived intangible assets such as transferable liquor licenses and definite-lived intangible assets such as reacquired franchise rights and trademarks.

Definite Lived Assets Impairment

Definite lived assets include property and equipment, including finance lease assets, operating lease assets and reacquired franchise rights. During fiscal 2022, we impaired certain long-lived assets and operating lease assets primarily related to 30 underperforming Chili's and two underperforming Maggiano's restaurants. During fiscal 2021, we impaired certain long-lived assets and operating lease assets primarily related to 11 underperforming Chili's and three underperforming Maggiano's restaurants.

We determined the fair value of these assets based on Level 3 fair value measurements. The table below presents the carrying values and related impairment charges recorded on these impaired restaurants for the periods presented:

	Pre-Impairment Carrying Value		Impairment Charges Fiscal Years Ended	
	June 29, 2022	June 30, 2021	June 29, 2022	June 30, 2021
Underperforming restaurants				
Long-lived assets	$ 7.3	$ 2.6	$ 7.3	$ 2.6
Reacquired franchise rights assets	—	0.1	—	0.1
Operating lease assets	13.0	1.2	1.0	0.3
Finance lease assets	—	—	—	—
Total underperforming restaurants	$ 20.3	$ 3.9	$ 8.3	$ 3.0

Indefinite Lived Assets Impairment

The fair values of transferable liquor licenses are based on prices in the open market for licenses in the same or similar jurisdictions and are categorized as Level 2. Based on our annual reviews, in fiscal 2022 we determined there was a $0.2 million impairment and in fiscal 2021 we determined there was no impairment.

Chili's Restaurant Acquisitions

During fiscal 2022, we completed the acquisition of 68 Chili's restaurants from three former franchisees. The preliminary fair value of assets acquired and liabilities assumed for these restaurants utilized Level 3 inputs. The fair values of intangible assets acquired were primarily based on significant inputs not observable in an active market, including estimates of replacement costs, future cash flows, and discount rates. Refer to Note 2 - Chili's Restaurant Acquisitions for further details.

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.

Long-Term Debt

The carrying amount of debt outstanding related to our revolving credit facility approximates fair value as the interest rate on this instrument approximates current market rates (Level 2). The fair values of the 3.875% and 5.000% notes are based on quoted market prices and are considered Level 2 fair value measurements.

The 3.875% notes and 5.000% notes carrying amounts, which are net of unamortized debt issuance costs and discounts, and fair values are as follows, refer to Note 10 - Debt for further details:

	June 29, 2022		June 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
3.875% notes	$ 299.7	$ 295.4	$ 299.3	$ 309.0
5.000% notes	348.2	329.0	347.5	369.3

Note Receivable

During fiscal 2018, we received an $18.0 million long-term note receivable as consideration related to the sale of our equity interest in the Chili's joint venture in Mexico. In fiscal 2021, the note was amended to defer certain scheduled payments from calendar year 2021 to calendar years 2022 and 2023. We determined the fair value of the amended note based on an internally developed analysis relying on Level 3 inputs using a credit rating we assigned to the counterparty and comparable interest rates associated with similar debt instruments. As a result of this analysis, we believe the fair value continues to approximate the note receivable carrying value of $5.2 million as of June 29, 2022. The current portion of the note represents cash payments to be received over the next 12 months and

is included within Accounts receivable, net while the long-term portion of the note is included within Other assets in the Consolidated Balance Sheets.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest is as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Income taxes, net of (refunds)	$ (4.7)	$ 9.7	$ (7.2)
Interest, net of amounts capitalized	41.0	49.5	53.1

Non-cash investing and financing activities are as follows:

	Fiscal Years Ended		
	June 29, 2022	June 30, 2021	June 24, 2020
Retirement of fully depreciated assets[1]	$ 133.4	$ 22.4	$ 32.3
Accrued capital expenditures	15.2	8.8	7.1
Dividends declared but not paid	—	—	1.2

(1) Fiscal 2022 included the retirement of fully depreciated assets no longer in use based on a periodic review performed during fiscal 2022.

16. COMMITMENTS AND CONTINGENCIES

Lease Commitments and Guarantees

We have, in certain cases, divested brands or sold restaurants to franchisees and have not been released from lease guarantees for the related restaurants. As of June 29, 2022 and June 30, 2021, we have outstanding lease guarantees or are secondarily liable for $26.3 million and $29.2 million, respectively. These amounts represent the maximum potential liability of rent payments under the leases. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from fiscal 2023 through fiscal 2032. In the event of default under a lease by a franchisee or owner of a divested brand, the indemnity and default clauses in our agreements with such third parties and applicable laws govern our ability to pursue and recover amounts we may pay on behalf of such parties.

We have received notices of default and have been named a party in lawsuits pertaining to some of these leases in circumstances where the current lessee did not pay its rent obligations. These lessees are in communication with the landlords to defer or resolve payments. We recorded a $2.0 million and $1.5 million contingent loss, which represents the low end of our estimated range of losses, in fiscal 2022 and fiscal 2021, respectively, in Other (gains) and charges in the Consolidated Statements of Comprehensive Income related to these leases and lawsuits. As of June 29, 2022, we have contingent liabilities of $2.2 million for our estimated exposure of the lease defaults related to these lease guarantees. These contingent liabilities are classified within Other accrued liabilities in the Consolidated Balance Sheets. We will continue to closely monitor this situation.

Letters of Credit

We provide letters of credit to various insurers to collateralize obligations for outstanding claims. As of June 29, 2022, we had $5.8 million in undrawn standby letters of credit outstanding. All standby letters of credit are renewable within the next 11 months.

Cyber Security Litigation

In fiscal 2018, we discovered malware at certain Chili's restaurants that may have resulted in unauthorized access or acquisition of customer payment card data. We settled all claims from payment card companies related to this incident and do not expect material claims from payment card companies in the future.

In connection with this event, the Company was also named as a defendant in a putative class action lawsuit in the United States District Court for the Middle District of Florida (the "Litigation") relating to this incident. In the Litigation, plaintiffs assert various claims at the Company's Chili's restaurants involving customer payment card information and seek monetary damages in excess of $5.0 million, injunctive and declaratory relief, and attorney's fees and costs.

Oral argument of our appeal of the district court's class certification order was held before the Eleventh Circuit Court of Appeals on June 8, 2022 in Jacksonville, Florida. We await the court's ruling. In the interim, all matters at the district court have been stayed.

We believe we have defenses and intend to continue defending the Litigation. As such, as of June 29, 2022, we have concluded that a loss, or range of loss, from this matter is not determinable, therefore, we have not recorded a liability related to the Litigation. We will continue to evaluate this matter based on new information as it becomes available.

Legal Proceedings

Evaluating contingencies related to litigation is a process involving 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. Liabilities have been established based on our best estimates of our potential 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 the consolidated financial condition or results of operations.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer and, as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Form 10-K, we carried out an evaluation under the supervision of and with the participation of management, including the principal executive officer and principal financial officer, as of June 29, 2022, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, the principal executive officer and principal financial officer concluded that as of June 29, 2022, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

"Management's Report on Internal Control over Financial Reporting" and the attestation report of the independent registered public accounting firm of KPMG LLP on internal control over financial reporting are presented within Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in the fourth quarter of fiscal 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

For information about our executive officers, Board of Directors, including its committees, and Section 16(a) reporting compliance, refer to the sections entitled "Proposal 1 - Election of Directors - Information About Nominees", "Information About the Board of Directors and Governance of the Company - Board Committees", "Information about our Executive Officers", and to the extent applicable "Delinquent Section 16(a) Reports" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

We adopted a code of ethics that applies to all of our team members, including the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our internet website at the internet address: http://investors.brinker.com/code_of_conduct. You may obtain free of charge copies of the code from our website at the above internet address. Any amendment of, or waiver from, our code of ethics required to be disclosed by applicable SEC rules or stock exchange listing requirements will be posted on our website within four business days of such amendment or waiver. The information contained on our website is not a part of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

For information about our executive and director compensation, refer to the section entitled "Executive Compensation" and "Information About the Board of Directors and Governance of the Company - Director Compensation" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

For information about our security ownership of certain beneficial owners and management and related stockholder matters, refer to the sections "Stock Ownership of Certain Persons" and "Executive Compensation - Equity Compensation Plan Information" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For information about certain relationships and related transactions, refer to the section "Certain Relationships and Related Transactions" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

For information about the independence of our non-management directors, refer to the section entitled "Information About the Board of Directors and Governance of the Company - Director Independence" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

For information about principal accountant fees and services, refer to the section "Proposal 2 - Ratification of Independent Registered Public Accounting Firm" in our Proxy Statement for the 2022 annual meeting of shareholders. We incorporate that information in this document by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements - For a list of all financial statements, refer to Consolidated Financial Statements Table of Contents in Part II, Item 8 - Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules - All schedules are omitted as the required information is inapplicable or the information is presented in the Part II, Item 8 - Financial Statements and Supplementary Data financial statements or related notes.

(a)(3) Exhibits - We make reference to the exhibits listed under Part (b) below.

(b) Exhibits

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Brinker International, Inc. and subsidiaries (the Company) as of June 29, 2022 and June 30, 2021, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 29, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 29, 2022 and June 30, 2021, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended June 29, 2022, 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) (PCAOB), the Company's internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 26, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of gift card breakage revenue

As discussed in Notes 1 and 3 to the consolidated financial statements, gift card breakage revenue represents the monetary value associated with outstanding gift card balances that will not be redeemed. The Company estimates this amount based on the historical gift card redemption patterns and recognizes the estimated breakage as revenue in proportion to the pattern of related gift card redemptions. The gift card breakage revenue recognized for the year ended June 29, 2022 was $36.1 million.

We identified the assessment of gift card breakage revenue as a critical audit matter. Subjective auditor judgment was required to evaluate the Company's assessment of the trends in historical and expected future redemption patterns as well as the actuarial models utilized to update the breakage rate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's gift card breakage revenue process. This included controls related to the Company's estimation of the breakage rate, review of the actuarial models used, and the timing of breakage revenue recognition. We assessed breakage revenue by comparing the Company's estimated breakage rate to rates derived from historical redemption data. We evaluated the timing of breakage revenue recognition by analyzing historical redemption patterns and assessing the volume of redemptions subsequent to the period of breakage revenue recognition. We also involved actuarial professionals with specialized skills and knowledge, who assisted in assessing the reasonableness of the actuarial models by comparing them to generally accepted actuarial standards.

/S/ KPMG LLP

We have served as the Company's auditor since 1984.

Dallas, Texas

August 26, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Brinker International, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Brinker International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 29, 2022 and June 30, 2021, the related consolidated statements of comprehensive income, shareholders' deficit, and cash flows for each of the fiscal years in the three-year period ended June 29, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated August 26, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company'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 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/S/ KPMG LLP

Dallas, Texas

August 26, 2022

GUARANTEE OF PERFORMANCE

For value received, Brinker International, Inc., a Delaware corporation (the "Guarantor"), located at 3000 Olympus Boulevard, Dallas, Texas 75019, absolutely and unconditionally guarantees to assume the duties and obligations of Brinker International Payroll Company, L.P., located at 3000 Olympus Boulevard, Dallas, Texas 75019 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 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 23rd day of September 2022.

Guarantor:

Brinker International, Inc.,
a Delaware corporation

By: _____
Daniel Fuller,
Senior Vice President, General Counsel and Secretary

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:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 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
- 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.

We have assessed the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we concluded that our internal control over financial reporting was effective as of June 29, 2022.

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.

The effectiveness of our internal control over financial reporting as of June 29, 2022 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in its attestation report which is included herein.

EXHIBIT B

DEVELOPMENT AGREEMENT

CHILI'S® GRILL & BAR
DOMESTIC DEVELOPMENT AGREEMENT

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* * * * * *

ATTACHMENT A DEVELOPER'S OWNERS, MANAGING OWNER, AND OPERATING PARTNER
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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 the then-current form of the Franchise Agreement, subject to negotiated changes, if any, to our current form of 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) Additional evaluation as Franchisor, in its sole discretion, deems advisable 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 an additional evaluation is requested by Developer, 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.

(c) 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. If you request an additional evaluation for your first Franchised Restaurant, Developer must reimburse Franchisor for Franchisor's reasonable expenses, including the cost of travel, lodging, and meals for each additional evaluation visit.

(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).

(ii) Developer must also reimburse Franchisor for reasonable expenses, including the cost of travel, lodging, and meals for all construction/design evaluations that Franchisor performs for your second or subsequent Franchised Restaurants.

(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 (both direct and indirect) 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 and preparing and reviewing transfer documentation, including, without limitation, the costs of background checks, 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). The Transfer Fee shall be paid in two, non-refundable installments: (a) Two Thousand Five Hundred ($2,500.00) shall be paid together with the delivery to Franchisor of the application from the proposed transferee; and (b) the balance of the Transfer Fee, the amount of such total Transfer Fee to be determined by Franchisor in its sole discretion pursuant to this Section 8.2(c)(viii), shall be paid on or before the date of the transfer.

(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) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant.

(iii) 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) 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) 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. 3000 Olympus Boulevard Dallas, Texas 75019 Attn: Chili's Grill & Bar Franchise Department
w/ a copy to:	Brinker International Payroll Company, L.P. 3000 Olympus Boulevard Dallas, Texas 75019 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 and each of Developer's Owners must sign the Signature Page of Developer's Owners attached hereto. 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: _____

SIGNATURE PAGE OF DEVELOPER'S OWNERS

As of the Effective Date of the Development Agreement, each of the undersigned acknowledges and agrees as follows:

(1) This "Signature Page of Developer's Owners" constitutes a part of the Development Agreement.

(2) Each of the undersigned is included in the term "Developer's Owners" as described in the Development Agreement.

(3) Each has read the terms and conditions of this Development Agreement. Each acknowledges that the undertakings by Developer's Owners in the Development Agreement are made and given in partial consideration of, and as a condition and inducement to, the Franchisor's execution of the Development Agreement.

(4) The undersigned individuals, jointly and severally, make all of the covenants, representations, and agreements of Developer's Owners set forth in the Development Agreement.

Developer's Owners:

_____ _____

Signed as an Individual Signed as an Individual

Name: _____ Name: _____

_____ _____

Signed as an Individual Signed as an Individual

Name: _____ Name: _____

_____ _____

Signed as an Individual Signed as an Individual

Name: _____ Name: _____

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) 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) 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.
3000 Olympus Boulevard
Dallas, Texas 75019
Attn: Chili's Grill & Bar Franchise Department

w/ a copy to: Brinker International Payroll Company, L.P.
3000 Olympus Boulevard
Dallas, Texas 75019
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 OF DEVELOPMENT AGREEMENT ("GUARANTY")

The undersigned ("Guarantor"), for the purpose of inducing Brinker International Payroll Company, L.P. ("Franchisor") to enter into that certain Development Agreement dated _____ ("Development Agreement") with _____ ("Developer"), hereby agrees to be individually bound (and if multiple guarantors, jointly and severally bound) by all the terms and conditions of the Agreement and unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all of Developer's obligations under the Development Agreement will be punctually paid and performed.

Upon default by Developer or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required by Developer under the Development Agreement. Without affecting the obligations of Guarantor under this Guaranty, Franchisor may, without notice to Guarantor, renew, extend, modify, amend, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer.

Guarantor hereby waives 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 Guarantor 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 Effective Date of the Development Agreement.

Acknowledged and Agreed by Guarantor:

_____

Name: _____
(Signed as an Individual)

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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation 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, transfer 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.

f. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

HAWAII LAW MODIFICATIONS

1. 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 Franchisor defer Developer's obligation to pay the Development Fee under the Development Agreement and the initial franchise fee under each Franchise Agreement executed thereunder until such time as such requirement is removed ("Fee Deferral Period"). Therefore, upon execution of this Agreement, during the Fee Deferral Period, Developer will not be required to pay Franchisor the Development Fee or any other initial payments until the first and at the time each subsequent Restaurant opens and initial training has been completed, at which time, for each Restaurant developed under the Development Agreement, Developer will pay Franchisor the proportional amount of the Development Fee allocated to each such Restaurant. The allocation will be determined by dividing the Development Fee by the number of Restaurants to be developed. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, Developer must pay all accrued but unpaid portions of the Development Fee, as contemplated by Section 2.1 of this Agreement, the franchise fee, as contemplated by Section 4.1 of the Franchise Agreement, and all other fees.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Hawaii 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 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. As a condition to becoming registered to offer and sell franchises in the state of Maryland, the Maryland Securities Division has required that Franchisor defer Developer's obligation to pay the Development Fee under the Development Agreement, the initial franchise fee under each Franchise Agreement executed thereunder and any other initial fees and payments until such time as such requirement is removed ("Fee Deferral Period"). Therefore, upon execution of this Agreement, during the Fee Deferral Period, Developer will not be required to pay Franchisor the Development Fee until the first Restaurant opens and initial training has been completed. At such time, and when each subsequent Restaurant opens under the Development Agreement, Developer will pay Franchisor the proportional amount of the Development Fee allocated to each such Restaurant. The allocation will be determined by dividing the Development Fee by the number of Restaurants to be developed. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, Developer must pay all accrued but unpaid portions of the Development Fee, as contemplated by Section 2.1 of this Agreement the franchise fee, as contemplated by Section 4.1 of the Franchise Agreement, and all other initial fees and payments.

3. 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 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 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. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Area Development Agreement.

3. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

{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 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 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 Franchisee 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.

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 §§ 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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("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. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

b. RCW 19.100.180 which may supersede the Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Agreement, a Developer may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. A release or waiver of rights executed by a Developer shall not include rights under the Washington Franchise Investment Protection Act, or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

e. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Developer, unless the employee's earnings from the party seeking enforcement, when

annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Developer under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

g. RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting a Developer from (i) soliciting or hiring any employee of a Developer of the same Developer or (ii) soliciting or hiring any employee of the Franchisor. As a result, any such provisions contained in the Agreement or elsewhere are void and unenforceable in Washington.

h In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

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.

3. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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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: _____

EXHIBIT C

FRANCHISE AGREEMENT

CHILI'S® GRILL & BAR
DOMESTIC FRANCHISE AGREEMENT

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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. Franchisee must participate in any delivery and/or takeout program designated by Franchisor via any method, platform or system Franchisor may require in accordance with Franchisor's standards and procedures. If Franchisor requires Franchisee to participate in such programs, Franchisee will not be granted an exclusive delivery territory in connection with such programs.

(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.

Section 3.2 Certified Training Restaurant.

(a) Optional Certified Training Restaurants. If Franchisee's Franchised Restaurant meets Franchisor's then-current criteria, it may become a Chili's Certified Training Restaurant ("CTR") after obtaining certification by a designated representative of Franchisor for management training. A CTR may train Franchisee's managers. A Franchised Restaurant location may lose CTR status if Franchisor determines, in its sole discretion, that the Franchised Restaurant fails to meet the then-current criteria for a CTR as set by Franchisor.

(b) Required Certified Training Restaurants**.** If Franchisee owns and operates two (2) or more Chili's Restaurants, then Franchisee must maintain a CTR in order to provide Initial Training to new and replacement managers.

Section 3.3 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 3.4 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 3.5 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 3.6 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 3.7 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 3.8 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 3.9 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 and Reporting 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. Franchisee must also provide Franchisor with a weekly Gross Sales report (covering the period from Thursday through Wednesday) by the Friday of each week for the preceding week's sales in the form and by the method of delivery designated by Franchisor.

(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, delivery 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 Application of Payments/No Refunds/No Offset. 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. Under no circumstances will any amounts paid or payable to Franchisor be refunded by Franchisor for any reason. 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 Method of Payments. 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.

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) Attachment C contains a complete list of all owners (both direct and indirect 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 Franchise Agreement. 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, digital (email, sms, search, display, video, social), radio, print, direct mail, 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, digital (email, sms, search, display, video, social), radio, print, direct mail, 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 Section 13.3 (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 and preparing or reviewing transfer documentation, including, without limitation, the costs of background checks, 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). The Transfer Fee shall be paid in two, non-refundable installments: (a) Two Thousand Five Hundred and 00/100 Dollars ($2,500) shall be paid together with the delivery to Franchisor of the application from the proposed transferee; and (b) the balance of the Transfer Fee, the amount of such total Transfer Fee to be determined by Franchisor in its sole discretion pursuant to this Section 13.3(j), which shall be paid on or before the date of the transfer.

(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 13.3 (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) Own, maintain, develop, operate, or have any interest in any Competitive Restaurant.

(iii) 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) 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) 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.
3000 Olympus Boulevard
Dallas, Texas 75019
Attn: Chili's Grill & Bar Franchise Department

w/ a copy to: Brinker International Payroll Company, L.P.
3000 Olympus Boulevard
Dallas, Texas 75019
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 and each of Franchisee's Owners must sign the Signature Page of Franchisee's Owners attached hereto. 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.

[Remainder of page intentionally left blank]

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: _____

SIGNATURE PAGE OF FRANCHISEE'S OWNERS

As of the Effective Date of the Franchise Agreement, each of the undersigned acknowledges and agrees as follows:

(1) This "Signature Page of Franchisee's Owners" constitutes a part of the Franchise Agreement.

(2) Each of the undersigned is included in the term "Franchisee's Owners" as described in the Franchise Agreement.

(3) Each has read the terms and conditions of the Franchise Agreement. Each acknowledges that the undertakings by Franchisee's Owners in the Franchise Agreement are made and given in partial consideration of, and as a condition and inducement to, the Franchisor's execution of the Franchise Agreement.

(4) The undersigned individuals, jointly and severally, make all of the covenants, representations, and agreements of Franchisee's Owners set forth in the Franchise Agreement.

Franchisee's Owners:

_____	_____
Signed as an Individual	Signed as an Individual
Name: _____	Name: _____
_____	_____
Signed as an Individual	Signed as an Individual
Name: _____	Name: _____
_____	_____
Signed as an Individual	Signed as an Individual
Name: _____	Name: _____

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) 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) 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.
3000 Olympus Boulevard
Dallas, Texas 75019
Attn: Chili's Grill & Bar Franchise Department

w/ a copy to: Brinker International Payroll Company, L.P.
3000 Olympus Boulevard
Dallas, Texas 75019
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 ("GUARANTY")

The undersigned ("Guarantor"), for the purpose of inducing Brinker International Payroll Company, L.P. ("Franchisor") to enter into that certain Franchise Agreement dated _____ ("Franchise Agreement") with _____ ("Franchisee"), hereby agrees to be individually bound (and if multiple guarantors, jointly and severally bound) by all the terms and conditions of the Agreement and unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed.

Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to Guarantor, renew, extend, modify, amend, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee.

Guarantor hereby waives all demands and notices of every kind with respect to this Guaranty and the Franchise Agreement, including, without limitation, notice of: the amendment or modification of this Guaranty or the 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 the Franchise Agreement or the obligations of Franchisee.

Franchisor may pursue its rights against Guarantor 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 Effective Date of the Franchise Agreement.

Acknowledged and Agreed by Guarantor:

_____

Name: _____
(Signed as an Individual)

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.

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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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation 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, transfer 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.

e. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("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 Franchisor defer Franchisee's obligation to pay the initial franchise fee under the Franchise Agreement until such time as such requirement is removed ("Fee Deferral Period"). Therefore, if Franchisee enters into the Agreement with Franchisor during the Fee Deferral Period, then Franchisee will not be required to pay Franchisor the initial franchise fee or any other initial payments until the Restaurant is open and initial training has been provided. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, Franchisee must pay the initial franchise fee, as contemplated by Section 4.1 of this Agreement, and all other initial fees.

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. As a condition to becoming registered to offer and sell franchises in the state of Maryland, the Maryland Securities Division has required that Franchisor defer Franchisee's obligation to pay the initial franchise fee and any other initial fees and payments under the Franchise Agreement until such time as such requirement is removed ("Fee Deferral Period"). Therefore, if Franchisee enters into the Agreement with Franchisor during the Fee Deferral Period, then Franchisee will not be required to pay Franchisor the initial franchise fee or any other initial fees and payments until the Restaurant is open and initial training has been provided. Immediately upon notice from Franchisor that the Fee Deferral Period has ended, Franchisee must pay the initial franchise fee, as contemplated by Section 4.1 of this Agreement, and all other initial fees and payments.

3. 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
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. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. Section 3 of the Franchise Agreement is revised to include the following:

To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement.

4. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

{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"):

NORTH DAKOTA LAW MODIFICATIONS

1. Section 2.B of the Franchise Agreement is amended by deleting clause (8) thereof.

2. Section 2.2 of the Franchise Agreement is amended by deleting the requirement of the franchisee to sign a general release upon renewal of the franchise agreement.

3. Section 15.1.F of the Franchise Agreement is amended by deleting the requirement of the franchisee to consent to termination or liquidated damages.

4. Section 17.B of the Franchise Agreement is amended by adding the following language at the end:

Covenants not to compete, such as those mentioned in this Section 17.B, are subject to Section 9-08-06 of the North Dakota Codified Code.

5. The Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.

6. Section 21.2 of the Franchise Agreement is amended by deleting the requirement of the franchisee to consent to the jurisdiction of courts in Texas.

7. Section 21.3 of the Franchise Agreement is amended to provide the site of arbitration or mediation be agreeable to all parties and may not be remote from the franchisee's place of business.

8. Any consent to a waiver of trial by jury or waiver of exemplary and punitive damages contained in the Agreement that would negate the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, shall be void and are hereby deleted.

9. Any consent to a limitation of claims within one year in the Agreement shall apply the statute of limitation under North Dakota Law.

10. All costs and expenses including attorney's fees incurred in any enforcement action is entitled to be recovered by the prevailing party.

11. No provision of the Franchise Agreement shall be interpreted to accelerate any statute of limitations contained in any provision of the North Dakota Codified Code.

{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. Section 18 and 20 of the Franchise Agreement is supplemented by the addition of the following:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.

{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 _____ ("Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("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. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

b. RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when

annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

g. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

h In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchise has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

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.

3. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

{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: _____

EXHIBIT D

LIMITED TIME OFFERING PROGRAM
ADDENDUM TO FRANCHISE AGREEMENT(S)

LIMITED TIME OFFERING PROGRAM
ADDENDUM TO FRANCHISE AGREEMENT(S)

THIS ADDENDUM TO FRANCHISE AGREEMENTS (this "Addendum") dated as of _____ (the "Effective Date"), is entered into by and between Brinker International Payroll Company, L.P., a Delaware limited partnership ("Franchisor"), and _____, a _____ ("Franchisee"). The term "Parties" shall be deemed to mean, collectively, Franchisor and Franchisee.

RECITALS

WHEREAS, Franchisor and Franchisee are parties to the certain franchise agreement(s) more particularly described on Schedule 1 attached hereto and made a part hereof for all purposes (collectively and as previously amended, the "Franchise Agreements"), under and pursuant to which Franchisee operates the Chili's Grill & Bar restaurant(s) referenced therein (the "Franchised Restaurants");

WHEREAS, Franchisor has developed a new product offering that is currently sold under marks separate and apart from the existing Chili's Marks only via a third party delivery platform (the "New Product Offering");

WHEREAS, Franchisor would like to offer to Franchisee the ability to sell the New Product Offering from its Franchised Restaurants via a third party delivery platform via a limited time offering program, further described below (the "Limited Time Offering Program");

WHEREAS, Franchisee desires to participate in the Limited Time Offering Program; and

WHEREAS, Franchisor and Franchisee desire to amend certain provisions of the Franchise Agreements to address Franchisee's participation in the Limited Time Offering Program upon the terms and conditions set forth in this Addendum.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals and Capitalized Terms. The Recitals set forth above are hereby made a part of this Addendum. Capitalized terms used in this Addendum shall have the meanings ascribed to such terms in the Franchise Agreements, unless otherwise expressly defined herein.

2. Limited Time Offering Program. The Limited Time Offering Program being offered to Franchisee is described in the Limited Time Offering Program term sheet attached to this Addendum as Schedule 2 (the "LTOP Term Sheet"). Franchisee acknowledges and agrees that Franchisee's participation in the Limited Time Offering Program is subject to the same terms and conditions as the Franchise Agreements unless otherwise described in the LTOP Term Sheet.

3. Franchisee's Participation in the Limited Time Offering Program. Franchisee acknowledges that participation in the Limited Time Offering Program is not mandatory, and Franchisee has chosen to participate in the Limited Time Offering Program. By executing this Addendum, Franchisee has confirmed its intent and desire to participate in the Limited Time Offering Program on the terms and

conditions provided for herein. Franchisee hereby agrees to comply with the specifications, standards and terms related to the New Product Offering as described on the LTOP Term Sheet.

4. Term of Limited Time Offering Program Participation. This Addendum shall be effective as of the date hereof and continue until terminated by Franchisor or Franchisee as provided in paragraph 5 or 6 below (the "Term").

5. Termination of the Limited Time Offering Program by Franchisor. Franchisee acknowledges and agrees that Franchisor may: (i) discontinue the Limited Time Offering Program and/or (ii) terminate Franchisee's participation in the Limited Time Offering at any or all of the Franchised Restaurants at any time at Franchisor's sole discretion, by giving Franchisee fifteen (15) days prior written notice.

6. Termination of Franchisee's Participation in the Limited Time Offering Program. After the first anniversary of the date on which the first Franchised Restaurant begins offering the New Product Offering, Franchisee may elect to discontinue its participation in the Limited Time Offering Program at any of its Franchised Restaurants for any reason by giving Franchisor thirty (30) days written notice, which such notice shall identify which Franchised Restaurants shall discontinue participation.

7. Trademark License. Franchisor hereby grants Franchisee a non-exclusive and limited license to use the marks specified in Schedule 3 (as may be varied, replaced or added to from time to time by Franchisor, the "Program Marks") for the Term solely to promote and sell the Limited Time Offering Program as set forth in this Addendum. Franchisee shall not use the Program Marks in any manner except as permitted by the terms of this Agreement, for the purposes established by the terms of this Agreement, and in accordance with all applicable laws, and any brand guidelines provided to Franchisee by Franchisor relating to the Program Marks. For purposes of this Addendum, the Program Marks are Chili's Marks, and Franchisee's use of the Program Marks is governed by [Article 8] of the Franchise Agreement and other provisions of the Franchise Agreement related to the trademarks, unless specifically addressed in this Addendum. Notwithstanding the foregoing, Franchisee shall not use any Chili's Marks, except the Program Marks, in connection with Limited Time Offering Program unless authorized by Franchisor in writing.

8. Effect of Termination by Either Party. Upon discontinuation of the Limited Time Offering Program and/or termination of Franchisee's participation in the Limited Time Offering Program pursuant to paragraphs 5 or 6 above, this Addendum shall be terminated, and Franchisee shall immediately cease using the Program Marks and offering the New Product Offering in any manner.

9. Confidentiality; Publicity. All material and information supplied hereunder as the result of the Limited Time Offering Program contemplated by this Addendum, including the, terms and conditions of this Addendum and any information pertaining to the Limited Time Offering Program that may be provided at a later date by Franchisor (including information concerning commission rates, marketing plans, business plans, objectives, financial results) whether or not designated as "confidential" or "proprietary" are deemed to be Confidential Information and are subject to the obligations set forth in the Franchise Agreements with respect to Confidential Information, including [Article 9]. Franchisee agrees it will not publicly disclose or promote that Chili's or Franchisor is the owner of the New Product Offering, the Program Marks or that the New Product Offering is made in, delivered from, or is in any way associated with, the Restaurants, unless agreed upon in writing by Franchisor, except with respect to disclosures necessary for operation of the delivery services and support contemplated by the Addendum and expressly authorized by Franchisor in writing. Franchisee's use of the Program Marks is strictly limited to the New

Product Offering under the terms and conditions of the Addendum, and Franchisee is prohibited from using or referring to the Program Marks in any manner not expressly authorized in writing by Franchisor.

10. No Territory Rights. Franchisee acknowledges that its rights under this Addendum are non-exclusive, and Franchisee shall have no territorial rights or protection with respect to the Limited Product Offering.

11. Other Important Terms. This Addendum supplements, but does not otherwise modify the terms of the Franchise Agreements. Collectively, this Addendum and the Franchise Agreements constitute the entire agreement between the Parties as to the Limited Time Offering Program and for any terms not addressed in this Addendum, the Franchise Agreements shall control, (including, without limitation, provisions regarding indemnity and confidentiality). The Franchise Agreements shall continue to govern the Franchisee's operation of the Franchised Restaurants, including its participation in the Limited Time Offering Program There are no other agreements as to the Limited Time Offering Program, either oral or written. This Addendum shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns. This Addendum may be modified only by a written agreement signed by the parties hereto. The terms of this Addendum have been examined, reviewed, negotiated, and revised by counsel for each party, and no implication will be drawn against any party by virtue of the preparation and drafting of this Addendum. This Addendum may be signed in counterparts with the same force and effect as if all required signatures were contained in a single, original instrument. Signed facsimile and electronic copies of this Agreement shall legally bind the parties to the same extent as original documents. The Parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Addendum.

12. Headings. Section and subsection headings in this Addendum are included for convenience of reference only and shall not constitute a part of this Addendum for any other purpose or be given any substantive effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Addendum as of the Effective Date.

FRANCHISOR:

Brinker International Payroll Company, L.P.,
a Delaware limited partnership

By: BIPC Management, LLC, its general partner

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

Schedule 1

Franchise Agreements and Franchised Restaurants

Schedule 2

LTOP Term Sheet

1. New Product Offering: Chicken wings, fries, dessert and drinks or such other offerings as Franchisor may designate from time to time sold under the It's Just Wings™ (trademark application pending) name or such other name as Franchisor may designate.

2. Third Party Delivery Provider: The Limited Time Offering Program shall only be offered to guests through a third part delivery platform (the "Delivery Provider"), which such platform must be approved by Franchisor. The approved Delivery Providers are DoorDash, Uber Eats and Grubhub (the "Approved Delivery Providers"). Franchisor shall notify Franchisee in writing of any additional Approved Delivery Providers that may be approved by Franchisor.

3. Delivery Provider/Commission Acknowledgement: The Limited Time Offering Program is only available to guests through an approved Delivery Provider's platform. By choosing to participate in the Limited Time Offering Program, Franchisee agrees that it will utilize the Approved Delivery Providers (including enrollment in any subscription services offered by an Approved Delivery Provider) to offer the New Product Offering to guests. Franchisor has negotiated the commission rates on behalf of itself and its Franchisees for the Limited Time Offering Program. Such rates are subject to change; provided, however, that Franchisor agrees that Franchisee shall have the same rates as Franchisor (subject to Franchisee's execution of documentation with each Approved Delivery Provider it the form as may be provided by Franchisor Franchisee will address any and all issues regarding accounting, functionality or performance directly with the respective Approved Delivery Provider and acknowledges that Franchisor shall not be financially liable for any issues with the Approved Delivery Provider that may arise through Franchisee's participation in the Limited Time Offering Program (for example, refunds as a result of Approved Delivery Provider internet outages or driver failures).:

4. Chili's Franchise Manual; Brand Standards: Franchisee will continue to follow the brand standards as promulgated in the CFM and acknowledges that such brand standards shall apply to the New Product Offering. Franchisee agrees to follow any additional protocol related to the New Product Offering (including, but not limited to, recipes, pricing, packaging, and marketing) communicated in writing to Franchisee by Franchisor as may be supplemented by Franchisor from time-to-time. For the avoidance of doubt, Franchisee may not offer the New Product Offering for sale in the Franchised Restaurant for dining room or to-go pick-up without Franchisor's prior written consent. Franchisor reserves the right to change how the New Product Offering may be sold at Franchisor's sole discretion. Franchisee acknowledges and agrees that Franchisor shall have sole authority and discretion for determining the prices of the New Product Offering as Franchisor may designate in writing from time to time.

5. Royalty Fee (or Monthly Fee, as applicable): Franchisee will pay Franchisor a Royalty Fee (or Monthly Fee, as applicable) of five percent 5% of Gross Sales (as defined in the Franchise Agreement) on all revenues generated under the Limited Time Offering Program. For the avoidance of doubt and notwithstanding anything to the contrary in the definition of Gross Sales in the Franchise Agreements, Franchisee acknowledges that no commissions or delivery fees may be deducted from Gross Sales.

6. Advertising/Marketing Requirements: Franchisee is not permitted to create any New Product Offering advertisements without Franchisor's prior written consent. Franchisee will be required to participate in any promotions that Franchisor designates for the New Product Offering, which may include free delivery or other incentives, with such marketing or other expenses being deducted directly by an Approved Delivery Provider from Franchisee's revenues generated on the Approved Delivery Provider platforms. Marketing spend for the New Product Offering will be dictated by the applicable agreement with the respective Approved Delivery Provider. Franchisor reserves the right to charge additional fees from time to time upon thirty days' written notice to Franchisee for development of initiatives to support the Limited Time Offering Program (such as development of a website) so long as such fees supporting such initiatives are proportional to the fees paid by Franchisor's affiliate-owned restaurants for the same purpose. Franchisee acknowledges and agrees that any data Franchisor may provide from an Approved Delivery Provider to Franchisee, whether provided in raw form or processed by Franchisor, shall be provided to Franchisee without representation or warranty as to accuracy and Franchisor is not responsible for any misstatements. Franchisee acknowledges that Franchisee has a contractual agreement with the Approved Delivery Providers and that Franchisor shall not be responsible for resolving any accounting, data or information technology issues Franchisee may have with an Approved Delivery Provider nor shall Franchisor be required to work with an Approved Delivery Provider to resolve any such issues on behalf of Franchisee.

Schedule 3

Program Marks

Description	**Class**	**Application Date**	**Application Number**	**Registration Date**	**Registration Number**
IT'S JUST WINGS	39	April 8, 2020	88/863691	October 20, 2020	6,179,276
IT'S JUST WINGS & Design	43	July 16, 2020	90/056523	October 5, 2021	6,505,315

EXHIBIT E

TABLE OF CONTENTS OF CHILI'S FRANCHISE MANUAL

TABLE OF CONTENTS OF CHILI'S® FRANCHISE MANUAL

Intro to the Chili's® Franchise Manual (7 Pages)
Chili's® Grill and Bar Franchise Manual Important Warrant and Disclaimer Information
Introduction to the Chili's Franchise Manual
History of Chili's
Brinker's Cultural Beliefs

Beverage Programs (1 page)
Introduction to Beverage Programs

Comp Card Program (13 pages)
Introduction to the Comp Card Program
Comp Card Policy

Crisis/Issues Management and Public Relations (2 pages)
Introduction to Crisis/Issues Management and Public Relations

Culinary Programs (1 page)
Introduction to Culinary Programs

Financial Standards (16 pages)
Introduction to Financial Standards
Consolidated Balance Sheet
Consolidated Income Statement
Consolidated Cash Flow Statement
Monthly P&L Statement
Monthly Financial Statement (Gross Sales Report)
Domestic Franchise Information – Deadlines and Calendar
Franchise Payment Instructions
Instructions for Brinker Web Portal

Franchisee Information Security (3 pages)
Introduction to Franchisee Information Security

Gift Card Program (12 Pages)
Introduction to the Gift Card Program
Gift Card Policy
Introduction to Gift Card Ordering
Dear Valued Customer Letter Template
Gift Card FAQs
Who to Contact

Guest Engagement (8 pages)
Introduction to Guest Engagement
Services Case Handling Procedures

TABLE OF CONTENTS OF CHILI'S® FRANCHISE MANUAL

Guest Experience Measurement (GEM) (12 Pages)
Introduction to GEM
GEM Survey Overview
GEM Guest FAQs
Ziosk – Gem Survey
Online GEM Survey
GEM Integrity

Information Technology (9 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 (15 page)
Introduction to Learning and Development
Chili's Learning Guidebook
Hospitality Job Aid
Dress Guidelines

Loyalty Program – My Chili's Rewards (1 pages)
Introduction to Loyalty Program

Market Planning Tools (6 pages)
Introduction to Market Planning Tools
Disclaimer and Release Agreement
Market Development Request

Marketing and Advertising (9 pages)
Introduction to Chili's® Grill & Bar Marketing and Advertising Programs
Franchisee Marketing Orientation

New Restaurant Development (68 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 (12 pages)
Introduction to New Restaurant Opening
New Restaurant Opening Launch Guide

Online Ordering (25 pages)
Introduction to Online Ordering

TABLE OF CONTENTS OF CHILI'S® FRANCHISE MANUAL

POS (1 page)
Introduction to POS

Quality Assurance and Food Safety (119 pages)
Introduction to Quality Assurance and Food Safety
SAFE Program Overview
SAFE Sanitation Assessment Guide
SAFE Champs Assessment Checklist
SAFE Assessment Violation Explanation
SAFE Corrective Action Plan
Blackout Dates

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
Food Runner
Dress Attire Guidelines

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

TABLE OF CONTENTS OF CHILI'S® FRANCHISE MANUAL

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 (26 pages)
Introduction to Restaurant Operations
Brand Standards
Dress Guidelines

Supply Chain (97 pages)
Introduction to Supply Chain
Quality Assurance Requirements Summary
Quality Assurance Questionnaire
Franchise Restaurant Online Ordering Instructions

472 TOTAL PAGES

EXHIBIT F

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	8825 N. 23rd Avenue	Suite 100	Phoenix	AZ	85021	Maricopa
The Prentice-Hall Corporation System, Inc.	8825 N. 23rd Avenue	Suite 100	Phoenix	AZ	85021	Maricopa
United States Corporation Company	8825 N. 23rd Avenue	Suite 100	Phoenix	AZ	85021	Maricopa
Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation	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	1900 W. Littleton Boulevard		Littleton	CO	80120	Arapahoe
The Prentice-Hall Corporation System, Inc.	1900 W. Littleton Boulevard		Littleton	CO	80120	Arapahoe
United States Corporation Company	1900 W. Littleton Boulevard		Littleton	CO	80120	Arapahoe
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 820	Baltimore	MD	21202	
The Prentice-Hall Corporation System-Maryland	7 St. Paul Street	Suite 820	Baltimore	MD	21202	
The United States Corporation Company	7 St. Paul Street	Suite 820	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 280	Saint 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	7716 Old Canton Road	Suite C	Madison	MS	39110	Madison
The Prentice-Hall Corporation System, Inc.	7716 Old Canton Road	Suite C	Madison	MS	39110	Madison
United States Corporation Company	7716 Old Canton Road	Suite C	Madison	MS	39110	Madison
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	Suite 550	Raleigh	NC	27608	Wake

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
The Prentice-Hall Corporation System, Inc.	2626 Glenwood Avenue	Suite 550	Raleigh	NC	27608	Wake
United States Corporation Company	2626 Glenwood Avenue	Suite 550	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.	112 North Curry Street		Carson City	NV	89703	Carson City
The Prentice-Hall Corporation System, Nevada, Inc.	2215-B Renaissance Drive		Las Vegas	NV	89119	Clark
United States Corporation Company	112 North Curry Street		Carson City	NV	89703	Carson City
Corporation Service Company	80 State St.		Albany	NY	12207-2543	Albany

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
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 1330	Columbus	OH	43215	Franklin
The Prentice-Hall Corporation System, Inc.	50 West Broad St.	Suite 1330	Columbus	OH	43215	Franklin
United States Corporation Company	50 West Broad St.	Suite 1330	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 Insurance, Securities Regulation	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 600	Salt Lake City	UT	84133	Salt Lake
The Prentice-Hall Corporation System, Inc.	15 West South Temple	Suite 600	Salt Lake City	UT	84133	Salt Lake
United States Corporation Company	15 West South Temple	Suite 600	Salt Lake City	UT	84133	Salt Lake
Clerk, Virginia State Corporation Commission	1300 East Main St. Tyler Building		Richmond	VA	23219	
Corporation Service Company	100 Shockoe Slip	2nd Floor	Richmond	VA	23219	Richmond City
The Prentice-Hall Corporation System, Inc.	100 Shockoe Slip	2nd Floor	Richmond	VA	23219	Richmond City
United States Corporation Company	100 Shockoe Slip	2nd Floor	Richmond	VA	23219	Richmond City
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	
The Prentice-Hall Corporation System, Inc.	8040 Excelsior Drive	Suite 400	Madison	WI	53717	Dane

AGENT NAME	STREET	SUITE	CITY	STATE	ZIP	COUNTY
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 G

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and
Innovation
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 280
Saint. Paul, MN 55101-2198

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

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 Insurance
Securities Regulation
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 H

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	701.098.0772	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.	701.032.0071	Chili's – Little Rock Airport Bill and Hilary Clinton National Airport 1 Airport Road Gate 16 Little Rock, AR 72202	Little Rock	AR	72202	501-940-5991
Host International, Inc.	701.032.0051	Chili's Too – Jacksonville International Airport 2400 Yankee Clipper Drive	Jacksonville	FL	32218	904-741-0400 Ext. 25
Compass Group USA, Inc.	701.871.0006	Chili's – Florida International University MMC Graham Center Building #156 11200 SW 8th Street	Miami	FL	33199	305-348-2667
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
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

Franchisee Name	Store ID	Address	City	State	Zip	Phone
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
Hielan Restaurant Group (SE), LLC	701.811.0008	Chili's – Brunswick 177 Altama Connector	Brunswick	GA	31525	912-275-8433
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
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
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
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

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Hielan Restaurant Group, LP	701.856.0402	Chili's – W. Wichita 10520 W. Central	Wichita	KS	67212	316-721-2700
Tinsley Family Concessions	701.880.0001	Chili's – Louisville Louisville International Airport 600 Terminal Drive	Louisville	KY	40209	863-299-7177
Host International, Inc.	701.032.0073	Chili's – MSY Airport Louis Armstrong New Orleans Intl Airport Terminal B, Space 2711 900 Airline Drive	Kenner	LA	70062	504-221-7047
Midfield Concession Enterprises	701.872.0001	Chili's-Detroit Detroit Metropolitan Airport McNamara Terminal	Detoirt	MI	48242	734-941-1406
Host International, Inc.	701.032.0072	Chili's – MSP Airport Minneapolis-St. Paul Intl Airport 4300 Glumack Drive Terminal 1, Location LT2244	St. Paul	MN	55111	612-356-5881
Hielan Restaurant Group, LP	701.856.0765	Chili's – Columbia 41 Conley Road	Columbia	MO	65201	573-442-6067
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
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.	701.032.0044	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
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
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
Hielan Restaurant Group, LP	701.856.0003	Chili's – LaVista Relo 8373 Barmettler Drive, Suite A	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
Host International, Inc.	701.032.0014	Chili's Too – Jersey Gardens Mall 651 Kapowski Road	Elizabeth	NJ	07201	908-282-4813
Compass Group USA, Inc.	701.871.0001	Chili's – Montclair Montclair State University 1 Normal Avenue	Montclair	NJ	07043	973-655-3229
Host International, Inc.	701.032.0067	Chili's – Las Vegas McCarran International Airport	Las Vegas	NV	89119	702-261-4380

Franchisee Name	Store ID	Address	City	State	Zip	Phone
		Terminal D, Delta Concourse 5757 Wayne Newton Boulevard				
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
Chilgo LLC	406.002.0378	Chili's – Montrose 4022 Medina Road	Akron	OH	44333-2447	330-668-2882
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
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
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
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	888-652-4628
DN TUL, LLC	701.090.0009	Chili's – Tulsa Airport Tulsa International Airport Main Concourse 7777 E. Apache	Tulsa	OK	74115	716-491-3428
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	701.811.0556	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
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
Air Star-LTS/Marquis	701.873.0001	Chili's – Love Field 8008 Cedar Springs Road Room C2396	Dallas	TX	75235	214-35-2722
ARD-FB LLC	701.889.0001	Chili's – Ft. Bliss 1617 Pleasonton Road Suite G-133	Ft. Bliss	TX	79906	915-257-1995

Franchisee Name	Store ID	Address	City	State	Zip	Phone
Military Restaurants Holdings – Fort Hood, LLC	701.858.0005	Chili's – Ft. Hood Building 50 TJ Mills Blvd.	Ft. Hood	TX	76544	254-526-7271
Military Restaurants, Inc.	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
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
Bighorn Associates, L.C.	701.814.0912	Chili's – Cheyenne 1320 Del Range Blvd.	Cheyenne	WY	82009	307-635-1224
Bighorn Associates, L.C.	701.814.0003	*Chili's – Casper 510 E. Lathrop Road	Evansville	WY	82636	TBD
Bighorn Associates, L.C.	701.814.0001	Chili's – Laramie 2523 Grand Avenue	Laramie	WY	82070	307-745-3540

EXHIBIT I

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

DELAWARE
Grayling Corporation (1 Restaurant)
4220 Edison Lakes Parkway
Mishawaka, IN 46545
Phone: 574-271-4600

FLORIDA
Aramark Educational Services
2400 Market Street
Philadelphia, PA 19103
214-238-4013
(still operates other restaurants)

IDAHO
Paradigm Restaurants, L.C.
5929 Fashion Point Drive, Suite 501
South Ogden, UT 84403
801-621-0905
(still operates other restaurants)

KENTUCKY
Aramark Educational Services, LLC
2400 Market Street
Philadelphia, PA 19103
214-238-4013
(still operates other restaurants)

MARYLAND
Chesapeake Foods, Inc. (6 Restaurants)
8027 Leesburg Pike, Suite 300
Vienna, VA 22182
703-663-6312

MICHIGAN
Grayling Corporation (9 Restaurants)
4220 Edison Lakes Parkway
Mishawaka, IN 46545
Phone: 574-271-4600

MONTANA
Paradigm Restaurants, L.C. (2 Restaurants)
5929 Fashion Point Drive, Suite 501
South Ogden, UT 84403
801-621-0905

NEW JERSEY
Grayling Corporation (5 Restaurants)
4220 Edison Lakes Parkway
Mishawaka, IN 46545
Phone: 574-271-4600

OHIO
Compass Group USA, Inc.
2400 Yorkmont Road
Charlotte, NC 28270
Phone: 704-329-4000

Grayling Corporation (4 Restaurants)
4220 Edison Lakes Parkway
Mishawaka, IN 46545
Phone: 574-271-4600

PENNSYLVANIA
Grayling Corporation (15 Restaurants)
4220 Edison Lakes Parkway
Mishawaka, IN 46545
Phone: 574-271-4600

WASHINGTON
Paradigm Restaurants, L.C. (1 Restaurant)
5929 Fashion Point Drive, Suite 501
South Ogden, UT 84403
801-621-0905
(still operates other restaurants)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT J

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. The California Department of Financial Protection and Innovation 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, Franchise Agreement, and Development Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. The State Cover Page is supplemented by the addition of the following risk factor:

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.

B. 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.

C. 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, transfer or non-renewal of a franchise. If the franchise agreement or development agreement contains a provision that is inconsistent with the law, the law will control.

b. The franchise agreement and development agreement provide 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 and development agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

d. The franchise agreement and development agreement require application of the laws of the State of Texas. This provision may not be enforceable under California law.

e. The franchise agreement and development agreement contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE

CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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 California Corporations Code requires us to give to you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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 the Development Agreement until such time as such requirement is removed ("Fee Deferral Period"). Therefore, if you sign a Franchise Agreement with us during the Fee Deferral Period, then you will not be required to pay us the initial franchise fee or any other initial payments until the Restaurant is open and initial training has been provided. If you sign a Development Agreement with us during the Fee Deferral Period, then you will not be required to pay us the development fee or any other initial payments until the first and at the time each subsequent Restaurant opens and initial training has been completed, at which time, for each Restaurant developed under the Development Agreement, you will pay us the proportional amount of the development fee allocated to each such Restaurant. The allocation will be determined by dividing the development fee by the number of Restaurants to be developed. 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. Illinois law governs the Franchise Agreement.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law or Illinois is void.

4. Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure act.

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. 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 Maryland, the Maryland Securities Division has required that we defer your obligation to pay initial fees and any initial payments under the Franchise Agreement and the Development Agreement until such time as such requirement is removed ("Fee Deferral Period"). Therefore, if you sign a Franchise Agreement with us during the Fee Deferral Period, then you will not be required to pay us the initial franchise fee or any other initial payments until the Restaurant is open and initial training has been provided. If you sign a Development Agreement with us during the Fee Deferral Period, then you will not be required to pay us the development fee or any other initial payments until the first Restaurant opens and initial training has been completed. At such time, and when each subsequent Restaurant opens under the Development Agreement, you will pay us the proportional amount of the development fee allocated to each such Restaurant. The allocation will be determined by dividing the development fee by the number of Restaurants to be developed. 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 and payments as contemplated by Item 5 and Item 7 of the Franchise Disclosure Document."

2. (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 THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. The following is added to Item 13 of the disclosure document:

We will protect your right to use the trademarks, service marks, trade names, logos, or other commercial symbols or will indemnify you against any liability to third parties for infringement resulting from your use of the trademarks licensed under the franchise agreement to the extent required by Minnesota law. We will not indemnify you against third-party liability for trademark infringement. Minnesota considers it unfair for franchisors not to protect the franchisee's right to use the trademarks. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

2. The following is added to Item 17 of the disclosure document:

Item 17 of the disclosure document is supplemented by the following language:

Under Minnesota law, and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of our intention not to renew a franchise and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with Minnesota law, Minnesota law will control.
To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with Minnesota franchise law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of Minnesota franchise law.

3. To the extent you are required to execute a general release in our favor, such release will exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

4. Sec. 80C.17, Sudb. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than 3 years after the cause of action accrues.

5. Sec. 80C.21 of the Minnesota Franchises Act and Minn. Rules 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements 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 by the laws of the jurisdiction.

6. All sections of the disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

7. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021? injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

To the extent required by the New York General Business Law, you may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

The following applies to franchisers and franchisees subject to North Dakota statutes and regulations. Item numbers correspond to those in the main body:

THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

A. **Restrictive Covenants**: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

B. **Situs of Arbitration or Mediation Proceedings**: Franchise agreements providing that the parties must agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business.

C. **Restrictions on Forum**: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. **Liquidated Damages and Termination Penalties**: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. **Applicable Laws**: Franchise Agreements that specify that they are to be governed by the laws of a state other than North Dakota.

F. **Waiver of Trial by Jury**: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. **Waiver of Exemplary & Punitive Damages**: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. **General Release**: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. **Limitation of Claims**: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. **Enforcement of Agreement**: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

Notwithstanding anything to the contrary in the Brinker International Payroll Company, L.P. Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Brinker International Payroll Company, L.P. franchises offered and sold in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. Item 5 is supplemented by the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

2. 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

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:

1. Item 5 and Item 7 are supplemented by the following:

"In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Are Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location."

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

5. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted

annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all franchises offered and sold in the state of Wisconsin:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.

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.

EXHIBIT K

STATE EFFECTIVE DATES PAGE

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	September 27, 2022
Hawaii	October 2, 2022
Illinois	October 27, 2022
Indiana	[PENDING]
Maryland	September 29, 2022
Michigan	September 29, 2022
Minnesota	[PENDING]
New York	[PENDING]
North Dakota	[PENDING]
Rhode Island	October 5, 2022
South Dakota	September 23, 2022
Virginia	September 28, 2022
Washington	November 23, 2022
Wisconsin	September 26, 2022

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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***
Doug Comings	3000 Olympus Blvd, Dallas, TX 75019	972-770-8860
Blair Wilson	3000 Olympus Blvd, Dallas, TX 75019	972-770-9369
David Weston	3000 Olympus Blvd, Dallas, TX 75019	972-770-5855
Bob Bartley	3000 Olympus Blvd, Dallas, TX 75019	972-770-9007
Troy Duzsik	3000 Olympus Blvd, Dallas, TX 75019	780-886-2028

Issuance Date: September 23, 2022

I received a disclosure document dated September 23, 2022. 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	–	Limited Time Offering Program Addendum to Franchise Agreement(s)
Exhibit E	–	Table of Contents of Chili's Franchise Manual
Exhibit F	–	Agents for Service of Process
Exhibit G	–	List of State Administrators
Exhibit H	–	List of Current U.S. Franchisees
Exhibit I	–	List of Franchisees Who Have Left the System
Exhibit J	–	State Specific Addenda to Franchise Disclosure Document
Exhibit K	–	State Effective Dates

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)

[Keep this page for your records.]

ITEM 23
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If 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.

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Exhibit J	–	State Specific Addenda to Franchise Disclosure Document
Exhibit K	–	State Effective Dates

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.]