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DEPARTMENT OF BUSINESS OVERSIGHT SAN FRANCISCO

FRANCHISE DISCLOSURE DOCUMENT

COWBOY CHICKEN WOOD FIRE ROTISSERIE

COWBOY CHICKEN FRANCHISING, LP
(a Texas limited partnership)
3450 E Hebron Parkway
Carrollton, Texas 75010
(214) 505-9883
www cowboychicken com
kdavidson@cowboychicken com

The franchise is for the establishment and operation of fast casual restaurants ("Stores") with limited service offering flavorful roasted natural chicken and side items prepared from scratch, such as vegetables, desserts and other complementary foods and beverages, under the Cowboy Chicken® trade name and business system

The total investment necessary to begin operation of a single Store ranges from $511,996 to $844,907, exclusive of real estate acquisition costs See Item 7 This includes $41,000 to $46,500 that you must pay to us or our affiliates for single Store development fees, initial franchise fees, architectural and engineering plans, review of final construction plans and grand opening costs

If your development agreement grants you development rights to develop, open and operate more than one Store, you must pay us a development fee equal to the total of $20,000 multiplied by the total number of Stores to be developed

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, please contact our Franchise Department at 3450 E Hebron Pkwy, Carrollton, Texas 75010 or (214) 505-9883

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

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

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

Date of Issuance April 20, 2017

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE YOU TO SUE AND ARBITRATE WITH US ONLY IN DALLAS, TEXAS OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US OR TO SUE US IN TEXAS THAN IN YOUR HOME STATE

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

3 WE DO NOT HAVE A FEDERAL REGISTRATION FOR ONE OF OUR PRINCIPAL TRADEMARKS THEREFORE, ONE OF OUR PRINCIPAL TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK IF OUR RIGHT TO USE THIS TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES

4 THERE MAY BE OTHER RISKS IN BUYING AND OWNING A COWBOY CHICKEN FRANCHISE

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

State registration effective dates, if any, are listed below

COWBOY CHICKEN FRANCHISING, LP
STATE REGISTRATIONS

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

State	Effective Date
California	
Michigan	
North Dakota	
South Dakota	
Wisconsin	

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EXHIBITS

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Cowboy Chicken Franchising, LP, Its Parents, Predecessors and Affiliates

Cowboy Chicken Franchising, LP offers the franchises we describe in this disclosure document For simplicity, we refer to Cowboy Chicken Franchising, LP as "Cowboy Chicken" or by a first person plural pronoun ("we", "us" and "our") "You" means the individual or business entity (corporation, partnership, etc) that buys a franchise Except for sole proprietorships, "you" does not include a business entity's owners

We are a Texas limited partnership formed on January 31, 2007 and have our principal place of business at 3450 E Hebron Parkway, Carrollton, Texas 75010 We do business under our legal name and do not operate or conduct business under any other name We have never engaged in any business except franchising and providing services to Cowboy Chicken® franchises

Cowboy Chicken Airpark L P , a Texas limited partnership formed June 2007, is the operator of a company-owned Store in Carrollton, Texas Cowboy Chicken Airpark L P is our affiliate Its principal place of business is 3450 E Hebron Parkway, Carrollton, Texas 75010

Cowboy Chicken Enterprises, LP ("CCE"), a Texas limited partnership formed in December 2002, owns the Cowboy Chicken® intellectual property, is our predecessor and an affiliate and is also the operator of two company-owned Stores in Dallas, Texas Its principal place of business is 17437 Preston Road, Dallas, Texas 75252 See Items 13 and 14 regarding the license from CCE to us to use and franchise the use of the intellectual property of CCE

CCE Capital Partners, LP, a Texas limited partnership formed October 2012, is the operator of a company-owned Store in Longview, Texas CCE Capital Partners, LP is our affiliate Its principal place of business is 3080 North Eastman Road, Suite 100, Longview, Texas 75605

Cowboy Chicken Overton, LP, a Texas limited partnership formed April 2013, is the operator of a company-owned Store in Fort Worth, Texas Cowboy Chicken Overton, LP is our affiliate Its principal place of business is 4972 Overton Ridge Blvd , Ft Worth, Texas 76132

Cowboy Management, LLC, a Texas limited liability company formed in September 2015 ("Cowboy Management"), provides restaurant consulting services to 5 franchised stores in North Texas Its principal place of business is 17437 Preston Road, Dallas, Texas 75252

The agents for service of process for each of the companies described above are listed in Exhibit E

Phil Sanders and his wife, Jeannette, perfected the original recipes for the Cowboy Chicken concept in their own backyard open rotisserie grill In February 1981, Phil and his partner Elias Sacal formed Cowboy Chicken, Inc ("CCI"), a Texas corporation, which opened the first Cowboy Chicken Store in August 1981 in Dallas, Texas In October 1984 and April 1993, CCI opened two more Stores in Dallas In the spring of 1994, CCI sold the assets of two of the Stores to non-affiliated companies that operated the restaurants under different trade names CCI suspended operations in June 1994 when Cowboy Chicken Franchise, Inc ("CCFI"), a subsidiary of Brice Foods, Inc ("BFI") in Dallas, Texas, acquired the Cowboy Chicken concept and one Store in north Dallas from CCI to further develop the Cowboy Chicken chain Cowboy Chicken Licensing Corp ("CCLC"), a company formed by Phil Sanders in July 1996 after the separation from BFI, began offering Cowboy Chicken franchises in July 1996 and franchised one Store in north Dallas, Texas In 2002, CCLC sold the Cowboy Chicken concept, including the intellectual property, to CCE CCE acquired the one franchised Store from the Cowboy Chicken franchisee, and now operates two Stores Phil Sanders is still part of the Cowboy Chicken chain-he is now the brand ambassador for CCE's Stores in Dallas, Texas

Phil and Jeannette Sanders and CCLC are our predecessors Their address is 13500 Noel Road #550, Dallas, Texas 75240 Our predecessors have never offered franchises in any other line of business

In the last 10 years, none of these companies have offered other franchises Neither we nor our predecessors have any affiliates that supply goods or services to you We have no parents

Cowboy Chicken's Business and Description of the Franchise

We offer franchises to qualified candidates to operate Cowboy Chicken® restaurants (which we refer to as "Stores") The franchise includes distinctive exterior and interior design, decor, and color scheme, furnishings, special recipes and menu items, uniform standards, specifications, policies and procedures for operations, quality and uniformity of the 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 us from time to time We do not engage in or franchise any other line or type of business We have never owned or operated any Stores or restaurants similar to Stores As of the date of this disclosure document, CCE operates two Stores, both located in the Dallas metropolitan area, and our three affiliates described above operate three other Stores located in Carrollton, Texas, Fort Worth, Texas and Longview, Texas

Stores offer seasoned chickens cooked on a rotating spit in a wood-burning rotisserie oven in the Store, referred to in this disclosure document as "rotisserie chicken " They also sell signature items, including Famous Twice Baked Potaters™, our famous chicken enchiladas, and signature sandwiches and salads, as well as soft drinks and other non-alcoholic beverages Stores sell their products for in-Store dining, customer carry-out, delivery service and offer catering service for corporate events, church and other personal occasions Stores operate under the Cowboy Chicken® trade name and use a registered distinctive logo as a service mark, which appears above our name on the cover page of this disclosure document In 2011, we celebrated our 30th year

A Cowboy Chicken franchise entitles you to operate one Store at an approved location Our Development Agreement governs a Store's development phase The Development Agreement gives you the right to obtain a franchise for your Store after you complete our site location procedures and sign a lease for a location we have approved As soon as you sign the lease, you must also sign a Franchise Agreement for the Store Your Development Agreement also states the terms on which you may develop more than one Store, if we allow you to become a multi-Store operator

You must operate your Store under the business system and operating procedures we developed, as described in our Brand Standards Manual We have developed a proprietary blend of spices (called "Spice Blend" in the Franchise Agreement) for our chicken seasoning and proprietary enchilada sauce (called "Sauce", but which also includes other sauces we may develop in the future), which you must purchase from a supplier we designate (see Item 8) You must buy your cups and other branded items from suppliers we designate (see Item 8), and you must use other ingredients that meet our grade and quality specifications The person responsible for daily operations must have experience in retail food service and one of your owners must be knowledgeable about the daily operation of the Store (see Item 15)

Stores are designed to be located in shopping centers in mixed residential and commercial (offices, retail businesses, universities, "big-box" retailers) neighborhoods, to capitalize on our healthy menu items and growing catering business Our menu appeals to consumers of all ages, and especially to families for eat-at- home meals, students at nearby universities and those attending catered events, such as churches, business meetings and seminars Although the current operating Stores are not standard in their sizes, the typical area will now range from 2,200 to 2,900 square feet of leased retail space Stores offer customer seating for approximately 55 to 110 people The trade dress consists of brown, orange and gray colors, vibrant murals and the same color floors Wall decorations consisting of historical and current publicity about Cowboy Chicken and western memorabilia add interest

Stores market their products predominantly to all customers in residential neighborhoods, areas in which universities and other schools are located and business customers As typical with most restaurants, Stores may encounter lower sales after major consumer spending seasons (Christmas and the start of the school year)

Stores compete generally with all kinds of fast casual, quick service and casual dining food establishments, including the major chains that serve primarily chicken Stores also compete with grocery stores, convenience stores and other retail outlets that feature food for take-out

We have a single area representative (Marquis Brands, LLC) who performs certain post-franchise sales services for us in the State of California We do not currently offer any type of area representative business and, except for Marquis Brands, LLC, we do not have area representatives perform any services for us, but if in the future we do offer an area representative program and/or we later authorize an area representative to operate in the territory in which your Store(s) are or will be located, the area representative may perform certain services for us and be compensated for those services

Industry Specific Regulation

The restaurant industry is heavily regulated in the United States Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to restaurants In addition, the Affordable Care Act of 2010 and regulations subsequently issued by the U S Food and Drug Administration require certain restaurants and other retail establishments to disclose to consumers, on the menu, certain nutritional information regarding menu items Other laws have particular applicability to restaurants, including food safety, health and sanitation laws, liquor license laws, and liquor liability and dram shop laws

Your development and operation of Stores will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits and other employee matters It is likely that a significant number of your Store's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs

Some states and municipalities also might require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation Some areas have also adopted or are considering proposals that would regulate indoor air quality

We highly recommend that you check with your state and local agencies to determine which laws apply to the operation of a Store in your area You should consider these laws and regulations when evaluating your purchase of a franchise

ITEM 2
BUSINESS EXPERIENCE

D Sean Kennedy President, CEO and Director of CCE and Cowboy Chicken

Sean has served as President of CCE since December 2002, and as President of Cowboy Chicken since January 2007 In addition to his responsibilities for operations and marketing, he has responsibility for the sale and operations of franchises

Chris Mastin Director of New Store Development

Chris Mastin has served as the Director of New Store Development since December 2016 From August 2010 to November 2016, Chris served as Director of Franchise Operations Chris was the Training Store General Manager for CCE from June 2006 to August 2010

James Lanoux Director of Franchise Operations

James Lanoux has served as the Director of Franchise Operations since December 2016 From July 2015 to November 2016, James served as a Franchise Support Agent From October 2011 to June 2015, James served as our General Manager for one of our company-affiliated Stores in Texas

Kathy Davidson Director of Franchise Development

Kathy Davidson has served as the Director of Franchise Development since April 2013 From June 2011 to April 2013, Ms Davidson served as Manager, Franchise Sales for Church's Chicken in Atlanta, Georgia From January 2011 to June 2011, Ms Davidson served as a Recruiter/Business Development for Staffingtime in Atlanta, Georgia From February 2010 to January 2011, Ms Davidson served as a Recruiter for Church's Chicken in Atlanta, Georgia

We have authorized the below area representative to perform certain post-franchise sales services for us in in the State of California

Marquis Brands, LLC (Kevin Roche and Phil A Fontes)

Marquis Brands, LLC has been a post-sale service provider for us since September 2016 Kevin Roche has served as Manager of Marquis Brands, LLC since September 2016 From 2013 to 2016, Mr Roche served as President of R&R Restaurants in Bakersfield, California Phil A Fontes has served as a Member of Marquis Brands, LLC since September 2016 From 1984 to present, Mr Fontes served as a Real Estate Broker for Newmark Grubb and Associates in Bakersfield, California

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

Our Director of New Store Development Chris Mastin filed for personal bankruptcy under Chapter 13 of the US Bankruptcy Code on February 22, 2012 The case was filed in the U S Bankruptcy Court Northern District of Texas (Dallas) and assigned case number 12-31061 An order confirming the Chapter 13 plan was confirmed on October 23, 2012

Other than the one bankruptcy described above, no bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

Initial Fees

The initial franchise fee for a Store is $15,000 The initial franchise fee is fully earned when received in consideration of the grant of each franchise

If you purchase an existing Store franchise, you do not pay an initial franchise fee Instead, we charge a transfer fee equal to the greater of (i) 25% of the then-current franchise fee for the first Store franchise or (ii) $5,000, from either you or the transferee

When you sign your Development Agreement, you must pay us a development fee of $20,000 times the number of Store franchises we allow you to develop You must pay the development fee in full when you sign the Development Agreement The development fee is fully earned when received in consideration of the grant of development rights

The initial fees described in this Item 5 are uniformly imposed in all cases We do not refund franchise fees, development fees or transfer fees

Construction Related Fees You must reimburse us for our cost to have our architect review your construction plans and specifications if you use an architect other than one we have designated (See Item 8) We estimate that cost will range from $1,000 to $1,500

We add the proceeds from all fees and services described in this Item to our general working capital We use the funds, to the extent necessary, to pay expenses we incur to provide initial services to our franchisees Except for the fees and charges described in this Item 5, you are not required to pay us or any person affiliated with us any funds in order to obtain a Store franchise

Grand Opening Fee Costs We will require you to expend a minimum of $5,000 on a grand opening plan We currently require you to deposit $5,000 with us when you sign your Franchise Agreement to be used to fund your grand opening plan We will use this $5,000 to either pay your approved grand opening vendors directly or reimburse to you your approved grand opening marketing expenditures, as we determine appropriate

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalties	5% of Gross Sales	Payable weekly by automatic debit to your account on Wednesday of each week for	Gross Sales includes all revenue from your Store, but excludes sales tax, coupon

Type of Fee[1]	Amount	Due Date	Remarks
		Gross Sales during the week ended the preceding Sunday	credits and employee discounts
Ad Fund	Currently 2%, and not to exceed 2% of annual Gross Sales absent franchisee vote	Payable weekly the same as royalties	We established the Ad Fund in February 2016 Franchisees may increase the rate by majority vote (we do not vote)
Ad Customization Fee	Reasonable charge	On delivery of customized advertising materials	If we elect to provide you customized copies of our advertising materials that show information about your Store, we may charge you a reasonable customization fee We have not begun charging this fee
Internet Fee	Currently $50	Monthly, with royalties for the first week of the month	We cannot charge more than $100/month
Indemnification	Unlimited	On demand by us	You must indemnify us and our affiliates from liability for any claim based on or arising from your operation of your Store or your use of the Cowboy Chicken Web site or Intranet
Audit Fees	Cost of audit, including travel, meal and lodging expenses of auditor	On invoice	You pay only if you have understated the annual Gross Sales in any year by 1% or more
Interest	The Franchise Agreement provides for interest on past-due obligations to Cowboy Chicken and its affiliates at the lesser of (i) 2% above the commercial prime rate announced in the *Wall Street Journal*, or (ii) the highest rate permitted by Texas and federal law	Due on invoice if you pay obligations more than 5 business days late	
Late Fee for Monthly and Annual Financial Reporting	$250	On demand by Us	Payable if you fail to timely submit monthly or annual financial statements to us
Transfer Fee	The greater of 25% of the then-current initial franchise fee or $5,000	Before Effective Date of transfer	
Renewal Fee	25% of the then-current initial franchise fee	With the notice of intention to renew	

Unless otherwise indicated, all fees relate to the Franchise Agreement's requirements The table does not mention inventory purchase requirements, which we cover in Items 7 and 8

(1) Except as described above, the fees are uniformly imposed and payable to us and are nonrefundable

(2) There are no local advertising cooperatives We therefore have no Stores that exercise voting power over any local cooperative's contribution rate or other charges Further, no provision of the Franchise Agreement or other agreement reserves disproportionate voting power to any Stores we operate

(3) Neither we nor any of our affiliates sell insurance

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A STORE

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee and Development Fee for a single Store[2]	$35,000	Lump Sum	Signing of Franchise Agreement	Cowboy Chicken, Fees are non-refundable
Lease Security Deposits[3]	$0 to $13,000	Lump Sum	Per Lease/Utility Co Requirements	Landlord/Utilities
Opening Promotions Advertising[4]	$5,000 to $8,000	Per agreement with suppliers,	Per Contract Terms	Suppliers
Architectural/Engineering Fees[5]	$7,000 to $10,000	Per Contract	Per Contract Terms	Architect
Construction Plan Review[6]	$0 to $1,500	Lump Sum	On Invoice	Architect
Leasehold Improvements [7]	$210,000 to $430,000	Negotiable	Per Contract Terms	General Contractor
Signs	$8,000 to $23,407	Supplier's Terms	Supplier's Terms	Approved Sign Maker
Furniture, Fixtures and Equipment, Freight and Installation[8]	$192,296 to $230,000	Supplier's Terms	Supplier's Terms	Approved Independent Suppliers
Opening Inventory and Smallwares[9]	$17,000 to $18,000	Supplier's Terms	Supplier's Terms	Approved Independent Suppliers
Utility Deposits[10]	$3,200 to $5,000	Lump sum	On Invoice	Providers and Government Authority
Training Expenses[11]	$8,000 to $20,000	As incurred	During Training	Employees, managers
Insurance Premiums[12]	$3,500 to $5,000	Per Contract Terms	Before opening	Insurance Agency
Professional Fees	$3,000 to $6,000	As incurred	As incurred	Attorney, accountant
Additional Funds[13]	$20,000 to $40,000	As incurred	As incurred	Various
TOTAL FOR A SINGLE FRANCHISE	**$511,996 to $844,907**			
Development Fee for 2 or more Stores[14]	$20,000 to $180,000	Lump Sum	Signing of Development Agreement	Cowboy Chicken, Fees are non-refundable

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds – 3 months[15]	$15,000	As incurred	As incurred	Various
TOTAL FOR AN A DEVELOPMENT AGREEMENT	**$35,000 to $195,000**			

NOTES FOR INVESTMENT SUMMARY

(1) The initial fees represent actual amounts, we have estimated all other amounts, based on the experience of CCE and three affiliates in developing, constructing and/or operating five Stores dating back to 2004 for the first Store and our experience assisting franchisees to develop and open Stores beginning in 2010 For purposes of estimating costs related to real estate (rent, security deposits, leasehold improvements, etc), we assumed that you will lease space for your Store in a shopping center Your investment could be substantially higher if you decide to buy property for your Store or to lease space in an enclosed mall or similar high-rent facility

(2) See Item 5 for a description of the initial franchise fee and development fee

(3) Landlords typically charge a security deposit equal to one month's rent You may also have to pay the first month in advance when you sign the lease agreement

(4) See Items 5 and 11 for information about the grand opening promotional program

(5) The low range represents the cost of plans and specifications for full construction drawings from our designated architect, including inspections, printing and special circumstances (see Item 8) *The estimated amount does not include any fee charged by a local architect to bring these plans and specifications into compliance with local laws and regulations or fees for construction management*

The higher estimate assumes that you choose to use your own architectural firm (see Item 5) The amount excludes construction management The high range will apply if the agency from which you obtain your building permit requires complete mechanical/electrical drawings for the Store

(6) The zero amount assumes you use our architect The estimated range if you do not use our designated architect is $1,000 to $1,500 to reimburse us for our architect to review your construction plans

(7) Store size will range from 2,200 to 2,900 square feet CCE's stores are located in strip shopping centers in neighborhood and light commercial areas End-cap and free-standing locations generally have better visibility and access, but are not mandatory You must be able to install a sign with our trade name on the store front that will be visible from street and foot traffic A proposed site must have sufficient parking available during peak traffic times (lunch and dinner) The cost of leasehold improvements can vary significantly, depending on such factors as (i) whether pre-construction demolition of existing walls and partitions is required, (ii) whether the space was previously used as a restaurant and already contains facilities required by code, such as a grease trap, ventilation system and fire extinguisher system, (iii) whether, and to what extent, your landlord will provide a finish-out allowance, (iv) regional differences in materials and

labor costs, and (v) expense to install a rotisserie oven in accordance with our specifications and local regulations (refer back to Item 5)

The high amount reflects new construction for a 2,500 square foot store without landlord finish out allowance New store construction finish out allowance in the Dallas, Texas area in our experience is approximately $20 to $25 per square foot If the landlord pays a finish out allowance, your new construction costs will decrease by approximately $40,000 to $50,000, more or less, depending on the square footage of the Store and how successful you are in your negotiations with the landlord

The low amount reflects conversion of an existing 2,500 square foot space without a landlord finish out allowance

(8) The high and low amounts represent the price to buy (not lease) and install new equipment, including the rotisserie oven (excluding the sign), which is noted separately in this chart Equipment costs range from approximately $130,000 to $175,000, Furniture and fixtures cost approximately $40,000 Freight is approximately $6,000, Installation is about $5,000 The installation amount excludes (i) additional charges for installation on Friday and Saturday, (ii) electrical and network cabling, (iii) installation of a firewall in the file server, and (iv) office printer The ranges exclude sales tax, which will vary from state to state, and any interest on equipment financing

(9) Opening Inventory cost ranges from approximately $8,000 to $9,000, Smallwares cost is approximately $10,000 You will incur these amounts during pre-opening and the first month Expenses for months two and three are included in Additional Funds and depend on sales volume

(10) Utility companies typically charge security deposits that vary by locale and in relation to the customer's credit history

(11) The amounts assume training for three persons for six weeks Included are travel, lodging, out-of-pocket expenses, and wages and related taxes The high range assumes trainees do not reside in the Dallas, Texas area and that the General Manager is not the Operating Principal You could incur additional costs if one or more of your persons do not achieve passing scores on our first two written tests or are required to remain in our initial training program for longer than the scheduled six week period due to a non-passing final test score See Item 11

(12) See description of minimum insurance coverage in Item 11

(13) This represents operating cash during the initial phase (first three months) of your Store's operation The ranges assume you will require the indicated amounts for rent, utilities, wages, smallwares and inventory during months two and three, monthly internet fee, payments to delivery drivers, secret shopper or other guest feedback services (the cost is $50/week/location, however, we pay 50% and your share is $25/week/location, plus $20/month/location for survey services), POS maintenance and support fees (see Item 11, **COMPUTER HARDWARE AND SOFTWARE** for an explanation), business management systems software with support and service (currently $250/month/location), debt service, and other costs and expenses during the initial phase of your Store's operation, which we estimate to be three months The Franchise Agreement contemplates a monthly fee for website management, which we do not now collect, but may in the future The ranges assume no revenues

(14) You must sign a Development Agreement whether you will develop 1 Store or multiple Stores You will be charged a development fee equal to $20,000 times the number of

Stores to be developed under the Development Agreement The estimated low column of the chart shows the additional development fee for a Development Agreement with a Development Schedule that requires you to develop 2 Stores (the development fee for the first Store is covered in the first row of the chart - see Note 2) The estimated high column of the chart shows the additional development fee you would pay when signing a Development Agreement with a Development Schedule that requires you to develop 10 Stores This amount is $180,000 ($20,000 times 9)

(15) Because your primary obligations under the Development Agreement are to develop Stores under Franchise Agreements and in some situations you may sign the first Franchise Agreement when you sign the Development Agreement and incur costs under the Franchise Agreement as you develop your first Store, your initial investment in connection with the Development Agreement consists of your development fee plus any additional professional and administrative fees and expenses related to reviewing and signing the Development Agreement

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use ingredients and supplies that satisfy our grade, quality and specification standards and you must buy certain products and services from designated suppliers, each as described in this Item 8 With the exception of the items described in this Item 8 (proprietary products, architectural services, Coca Cola and Dr Pepper products, the rotisserie ovens, the POS System and a business systems management program with support and updating services) from approved or designated suppliers, all other suppliers and purchases must comply with our grade and quality standards and meet our specifications as directed by the Brand Standards Manual Our standards and specifications lists are part of our Brand Standards Manual and apply to company-owned and franchised Stores When we change our standards and specifications, which we may do at our discretion, we will advise you of the changes by sending you revisions and supplements to the Brand Standards Manual We may designate ourselves or our affiliates as approved suppliers of any item Except for miscellaneous items that you may purchase from us at our cost, such as table tents and gift cards, currently, neither we nor any of our affiliates are approved suppliers of products or services used or offered for sale at the Store

Proprietary Products

The Franchise Agreement requires that you use our proprietary Spice Blend to season the uncooked chickens and that you purchase the Spice Blend and other proprietary items only from us or a source we designate You also must use our proprietary enchilada sauce, and any other Sauces that we develop in the future and purchase the Sauces only from us or a source we designate The Franchise Agreement also requires that you purchase logo-imprinted cups and other disposable items (such as bags) from a source we designate or approve, currently Ben E Keith, Dallas, TX Illes Foods of Dallas, Texas is currently our only approved supplier of Spice Blend We reserve the right to change these suppliers in the future

We distribute our proprietary and other food products (including our Spice Blend and Sauces), and our logoed products and paper products through Ben E Keith and its DMA affiliates, a broad-line grocery supplier with national alliances in many cities, from which you must purchase all of your food and paper supplies As part of our initial services, we will introduce you to Ben E Keith and/or its DMA affiliate in your area, who are currently the sole approved distributors for all company-owned and franchised Stores, although as noted above in certain parts of the country Ben E Keith contracts directly with other DMA affiliate distributors to service Stores (including currently Merchants Foodservice, but there may be others in the future) We will help you find a local distributor of fresh produce that satisfies our standards Our arrangement with Ben E Keith and its DMA affiliates permit Store operators to buy commodities and supplies at discounted prices from Ben E Keith and their DMA affiliates

Our specifications for our proprietary Spice Blend and Sauces are trade secrets that we disclose only under a confidentiality agreement and only to the independent laboratory that produces the Spice Blend and Sauces for us

Purchases from Designated Sources or According to Specifications

Architecture Firm Currently, we and CCE use Landry Architects, Richardson, TX, as our designated architecture firm Landry Architects will provide you with full construction plans, including an interior layout consisting of kitchen placement, furniture plan, finish specifications and schedules, as well as specialty details for custom millwork consistent with our trade dress If you choose not to use Landry Architects, you must use an architect approved by us Landry will then provide a prototype plan Landry Architects must review your complete construction plans before you submit them for approval (see Items 5 and 7 for estimated fees)

Site Selection and Construction You must locate a site for the Store that satisfies our site selection requirements You must have an initial layout of your Store prepared in accordance with our specifications and submit it to us You must adapt our prototypical architectural and design plans for the construction or remodeling of your Store, as needed and in accordance with the initial layout, and provide them to us within 15 days after you acquire the site for the Store We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans If we do not notify you of any objections within that time, you may use the plans If we do object within the 15-day time period, you may not use the plans Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable We will notify you within 15 days after we receive your revised plans if they are acceptable If we do not object to your revised plans within the 15-day period, you may use the revised plans

Construction Services You must engage a general contractor that we have approved to construct your Store

Advertising and Marketing 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 approve or disapprove them within 20 business 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, whether or not we have previously approved them, if we notify you to do so See Item 11 for additional information on advertising and marketing

Guest Feedback Services Currently, you must contract with Sentry Marketing Group, LLC, Frisco, TX, (or another supplier of these services that we approve) to provide weekly secret shopper services Sentry Marketing also provides survey services that give you feedback on your Store and the Cowboy Chicken concept by directing customers to a website where they may describe their consumer experience, in exchange for a variable discount See Item 7, Note 15 for the charges for these services

We have also contracted with Fishbowl (to provide email and reputation management services and promotions analytics) and Levelup (to provide mobile customer engagement services) We currently pay Fishbowl and Levelup for their services through Ad Fund contributions, but may require franchisees to pay their pro-rata share of Fishbowl and/or Levelup costs in the future We may also periodically contract with other service providers to provide additional advertising and media support for the system

<u>Chicken and other Food Products</u> We have a contract with Tyson Chicken to provide for ongoing chicken purchases for us and our franchisees

<u>Beverage Products</u> Currently, you must offer and sell soft drink products manufactured by The Coca-Cola Corporation at the Store You must purchase these products from our sole approved distributors Ben E Keith and Merchants Foodservice Coca Cola will send you a rebate based on an amount per gallon of syrup that you purchase We have the same arrangement for Dr Pepper products Our affiliates that operate Stores also receive similar rebates We also currently receive an annual $1,500 payment per store based on number of stores open from Coca-Cola, but we currently apply these amounts to general marketing and advertising costs for Restaurants and the system generally, including franchise sales efforts We reserve the right to change our required or approval beverage providers from time to time

<u>Rotisserie Ovens and Kitchen Equipment</u> You must buy your rotisserie ovens from the supplier we approve to ensure that you purchase the correct rotisserie oven(s) Our manufacturing source has patented the design of the rotisserie ovens that we require you to use You must purchase certain other kitchen equipment required for operating your Store from our only currently approved supplier, Best Equipment Company, Columbus, OH Approved supplier for smallwares is Best Equipment Company

<u>Linens and Kitchen Supply Chemical Program</u> We have entered into a supply contract with G&K Linen to supply linens to Stores at reduced prices based on volume purchases from the Stores We have also entered into a supply contract with SSDC to provide kitchen supply chemicals to Stores We currently require you to use these vendors if they are able to service your Store in your geographic area

<u>POS System, Business Management Systems with Support and Services</u> We currently specify NCR's Radiant Aloha Point of Sale QuickService software and related hardware for our financial software and cash registers ("POS System") (see Item 11) NCR specifies that you purchase the software and the related hardware from them, and we have an arrangement with NCR to bundle online ordering, gift card/stored value administration, Insight online polling services and RestaurantGuard services for an initial installation fee (currently $750) and a monthly subscription fee (currently $332 a month) NCR will coordinate the installation of the bundled software on your hardware and provide training in the use of the POS System (see **TRAINING** and **COMPUTER HARDWARE AND SOFTWARE** under Item 11 below for additional information)

You must also purchase business management system software and contract with NCR, Dallas, TX, for support, updating and maintenance services for that software (see Item 7 for estimated cost and **TRAINING** and **COMPUTER HARDWARE AND SOFTWARE** under Item 11 below for additional information)

You must also purchase and use SecurePCI Enhanced Service Bundle from NuArx The current cost for this is an initial fee of $250 (only payable if you choose to have NuArx come onsite for installation) and a continuing monthly fee of $129 (all currently paid directly to the vendor, but we may collect payments from you and other franchisees and remit then to the vendor in the future)

Vehicles Any vehicle you use in the operation of the Store must meet our image and standards (including any technical and equipment specifications, if applicable, for vehicles used in catering), You must place the signs and other decor items we require on the vehicle and keep it clean and in good working order at all times You cannot use anyone to operate the vehicle who is under 21 years of age or who does not have a valid driver's license in the state in which the Store is located You must require each vehicle operator to comply with all laws, regulations and rules of the road and use due care and caution in operating and maintaining the vehicle

System Merchandise We make available to you for resale in the Store merchandise identifying the System This may include Cowboy Chicken memorabilia, like T-shirts, cups and mugs If we make this type of merchandise available, we may require you to purchase it through us or a supplier we designate in amounts necessary to meet your customer demand

Other Suppliers For all other equipment and smallware purchases, we only require that the items you select are capable of performing their intended functions in a reliable way

We maintain lists of the manufacturers or brand names of the fixtures and equipment that we specify or recommend you buy for your Store We also maintain a list of the distributors and suppliers from whom we recommend that you buy these items None of our officers owns an interest in any of our third party suppliers

We may require you to purchase other items that are proprietary or according to our specifications in the future We will notify you of such changes through the Brand Standards Manual or by other written notice

Supplier Approval If you wish to purchase products from someone other than a supplier we know and trust, you must tell us the source you propose to use and allow us to verify that the supplier can satisfy our standards and specifications You must submit to us a written request for approval You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing We have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria You must reimburse us for the costs that we incur in the supplier approval process Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time We will normally approve or disapprove a proposed supplier within 45 days of the date on which we receive all information we request about the proposed supplier Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers, except for proprietary products We disclose specifications for proprietary products only to a supplier who signs a confidentiality agreement

We have negotiated prices on some inventory items with suppliers, based on the quantity of purchases We will negotiate with the supplier to extend these same prices to you and other franchisees As the Cowboy Chicken® chain grows we will continue to negotiate regional or national contracts for commodities used in the Cowboy Chicken® concept We may negotiate additional purchase arrangements (including price terms) for the purchase of certain items, such as logoed paper products, cups, and certain food products, with suppliers In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor At this time, we have no plans to offer you any material benefits when you buy from a designated supplier or approved source

Rebates, Etc As noted above, Coca Cola will pay us an annual rebate based on the number of Stores that are open, which we currently use to subsidize our advertising expenses for the Cowboy Chicken chain, including franchise sales Ben E Keith currently pays each Store a rebate based on purchases of food and paper supplies The rebate calculation is the currently the same for company owned and franchised Stores Otherwise, we do not receive any rebates, commissions, revenues or other consideration from any supplier who furnishes goods or services to you or other franchisees However, we may do so in the future

Percent of Required Purchase Revenues to Total Revenues We estimate that required purchases (proprietary items and purchases made according to our specifications or from designated sources) will equal approximately 90% of the total cost to establish your Store We estimate that purchases we currently require will equal approximately 80% to 90% of your ongoing operating expenses, depending upon sales and your control of expenses

Insurance Coverage The Franchise Agreement requires that you purchase various kinds of liability and workers' compensation insurance We do not specify the companies from which you may purchase your insurance Before your Store opens and within 10 days after each policy renewal date, we require that you purchase the minimum insurance coverage described below from an insurance carrier with an A M Best's rating of A/VIII or better and that you have the minimum insurance coverage described below We may change the minimum coverage by revisions to the Brand Standards Manual or by written notice to you (Section 7(c)(26)(i) of the FA)

- Additional Insureds Cowboy Chicken Franchising LP, Cowboy Chicken Enterprises LP and each of their officers, directors, shareholders, partners and members,

- comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage in the amount of $1,000,000, combined single limit per occurrence, $2,000,000 general aggregate, or any greater amounts as your lessor may require,

- "All Risks" coverage for the full cost of replacement of the Store premises and all other property in which we may have an interest with agreed amount endorsement for the premises naming us as loss payee,

- automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 combined single limit,

- business interruption insurance covering at least 24 months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence,

- worker's compensation insurance with employer liability limit of bodily injury by accident $1,000,000 each accident, by disease $1,000,000 policy limit, and by disease $1,000,000 each employee, and

- any other insurance required by the state or locality in which your Store is situated

Lease Provisions The Development Agreement requires your lease for the Store premises to contain provisions that permit us to remove any signs or other uses of our trademarks or protected trade dress upon expiration or termination of the lease if you fail to do so (see Exhibit C, Lease Rider)

Purchasing or Distribution Co-operatives We have no purchasing or distribution cooperatives serving our franchise system Except for the arrangements with the rotisserie oven manufacturer, Ben E Keith, Coca-Cola, Dr Pepper, NCR, Landry Architects and Best

Restaurant Equipment, we have not negotiated purchase arrangements with suppliers for the benefit of our franchisees as a group

Revenues from Required Purchases and Leases During 2016, we received $24,000 from vendors based on required purchases and leases of products and services or purchases made based on our specifications (i e , our Coca-Cola contract), which is 1 9% of our total revenues of $1,249,328 during 2016

ITEM 9
YOUR 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

As used in the table's column headings, "DA" means Development Agreement and "FA" means Franchise Agreement

Obligation	§ in DA or FA	Item in Disclosure Document
a Site selection & acquisition/lease	DA §§ 3(b),4 , Exhibit C Lease Rider	Item 11
b Pre-opening purchases/leases	FA §6(a)	Items 5, 7 and 8
c Site development & other pre-opening requirements	DA §§3 and 4 FA §7(b) and (c)	Items 5, 7 and 11
d Initial & ongoing training	FA §§6(a)(5), 7(c)(4), 7(c)(8)	Item 11
e Opening	DA §§3 and 4 FA §7(c)(6)	Item 11
f Fees	DA §6 FA Summary Pages, §§3, 8(a), 8(b), 9(a)(3) & (4), 10, 11(b)(4), 13(b)(11) and 19(c)	Items 5, 6, 7 and 11
g Compliance with standards and policies/ Operating Manual	FA §§5, 7 and 9(b)	Item 11
h Trademarks and proprietary information[(1) (2)]	FA §§7(c)(13), 7(c)(14), 7(c)(28) and 12	Items 8, 13 and 14
i Restrictions on products/ services offered	FA §§2(c), 7(c)(12), 12(a)(3)	Items 8 and 16
j Warranty & customer service requirements	Not applicable	Not applicable
k Territorial development and sales quotas	DA §§3, 4 and 7 FA §§4	Item 12
l Ongoing product/ service purchases	FA §7(c)(7)	Items 6 and 8
m Maintenance, appearance and remodeling requirements	FA §§5, 7(c)(2), 7(c)(16), 7(c)(17) and 11(b)	Item 17
n Insurance	FA §7(c)(26)	Item 6
o Advertising	FA §§8 and 9	Items 6 and 11
p Indemnification[(2)]	FA §7(c)(27)	Item 6
q Owner's participation/ management/staffing	FA §§7(c)(4) & (10), Glossary of Terms - General Manager	Item 15

Obligation	§ in DA or FA	Item in Disclosure Document
r Records and reports	FA §§7(c)(21)-(23), 7(c)(25) and 8(c)(3)	Items 6 and 17
s Inspections and audits(2)	FA §§7(c)(18) and 7(c)(24)	Items 6 and 11
t Transfer(2)	DA §11 FA §13	Item 17
u Renewal	DA §8 FA §§11(b) – 11(f)	Item 17
v Post-termination obligations(2)	FA §§11(f), 12(a)(10), 12(b)(2), 17	Item 17
w Non-competition covenants(2)	FA §§ 18(a), (c) & (d), and 19	Item 17
x Dispute resolution(2)	DA §13, 14(d) FA §24	Item 17

(1) You must ask each supervisor and Store manager to sign a confidentiality agreement in a form acceptable to us and enforceable in your state, obligating those who sign to honor the confidentiality restrictions

(2) If you are a business entity, the Guaranty and Acknowledgment attached to the Franchise Agreement imposes these obligations on your general partners (if you are a partnership) or on people who own 15% or more of your voting equity (if you are a corporation or limited liability company)

ITEM 10
FINANCING

We do not offer direct or indirect financing We will not guarantee your note, lease or other obligation

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

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

Site Selection Under the Development Agreement, in connection with the development of your first Store and your additional Stores

(1) We provide you a copy of our written site selection guidelines and give you the site selection assistance we believe to be necessary in choosing a site for your Store **[§3(a) of the DA]** We do not own any real estate on which Stores are located and do not lease Store sites to franchisees

(2) We provide you with access to our prototypical design plans and specifications for a typical Store's lay-out, utility requirements and signs, and a Lease Rider that contains provisions we require in every Store lease **[§§3(a) and 3(b)(i) of the DA]**

(3) We review all lease proposals you submit for our consideration and may, at our option, visit your development area to inspect the sites you propose **[§3(b)(i) of the DA]** Whether or not we physically visit a proposed site, you may not proceed with negotiations to lease the site before we give you written authorization to do so, and you must copy us on all letters of intent and lease negotiation communications you have with your landlord

The proposed sites must be located inside the trade area described in your Development Agreement After you provide us information about each site, we will evaluate the information you submit and tell you which of them we favor or particularly disfavor Our review process may or may not involve a physical site inspection We will not take an unreasonable amount of time to review your site selections However, we are not obligated to respond within a specified time You then finalize your selection, and we either approve or reject it We will not unreasonably withhold our approval of a site, but can reject one we consider inappropriate Although we reserve the right to accept or reject a Store's location, we will not select or designate a site for a Store Consequently, you must actively participate in the site selection process You have sole risk for your location's business and financial suitability

Factors we consider in evaluating the suitability of proposed Store sites include (1) a site's visibility from adjacent traffic arteries, (2) ease of entry from and exit to adjacent streets, (3) traffic patterns on adjacent arteries, (4) the size and density of the population in the surrounding area, (5) the rental market in the area, and (6) the projected cost of leasehold improvements The Store concept has worked best for CCE in a strip shopping center, CCE has no experience with mall or free-standing locations, and each one should be evaluated on its own merits

The Development Agreement requires that you complete your development obligations by the Scheduled Opening Date for each Store The Schedule Opening Date for the first Store is usually 90 days after we sign the Development Agreement If you cannot complete your obligations by that date, you can extend the Scheduled Opening Date one time for 45 days For your second and each additional Store you commit to develop, you must sign a lease and open your Stores on or before the dates we specify in the Development Schedule to your Development Agreement We discuss the dates by which Stores must open with you before we fill in the dates in the Development Schedule contained in the Development Agreement If you are unable to find an acceptable site, you will lose the development fee for that franchise

(4) We review drafts of your Store lease to determine whether it contains particularly burdensome or restrictive terms and to ensure the lease contains the provisions described in the Lease Rider, and advise you about any objectionable provisions You must copy us on all letters of intent and lease negotiation communications you have with your landlord When you have successfully negotiated an acceptable Store lease, we evidence our satisfaction with the site by signing a Franchise Agreement for your Store **[§3(b) of the DA]**

We only sign the Franchise Agreement after you have signed the lease for your Store The Franchise Agreement requires that you open your Store on or before the Scheduled Opening Date we insert on the Franchise Agreement's signature page, but contains no other time restrictions We calculate the Scheduled Opening Date by estimating the time it should take you to finish out your Store, usually 6 to 10 weeks from the time we sign the Franchise Agreement

If you are unable to find a site after using diligent efforts and professional assistance, or we are unable to approve one or more sites that you select within the time frames described in the Development Agreement (typically 90 days for the first Store and a time frame agreed in the Development Schedule for additional Stores), we will terminate the Development Agreement for default and will not refund the development fee, as compensation to us for keeping the development area off of the market and reserved for you

Pre-Opening Assistance Between the time you sign a Franchise Agreement and the time your Store opens

(1) We will furnish you a list that describes or shows the specifications for the

fixtures and equipment that you must install in your Store We will also provide your architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Store **[§6(a)(1) of the FA]**

(2) We will furnish you a list that generally describes the mechanical, electrical and plumbing specifications for a Store **[§6(a)(2) of the FA]**

(3) We will furnish you lists of the inventory, supplies, paper goods and smallwares you will need to stock and operate your Store, together with the names of any suppliers we have designated or approved, including us and our affiliates These lists include the quality and grade specifications that we have adopted for ingredients and supplies you will need **[§6(a)(3) of the FA]**

(4) We will provide you a list of the qualifications a General Manager and District Manager should possess **[§6(a)(4) of the FA]**

(5) We will provide a training program at one of our training Stores in the Dallas, Texas area If your Franchise Agreement relates to your first Store, we will provide training without tuition charge for you, those of your equity owners who wish to enroll, your General Manager (or for you and one other individual if you will act as the General Manager) We will train up to three persons for your franchised Store If you wish additional persons to attend, we may charge a reasonable tuition to cover our extra costs for materials and access to computers If your Franchise Agreement relates to your second or subsequent Store, we will provide training without tuition charge for the Store's General Manager Subject to availability of pupil space and to payment of a reasonable tuition charge, you may re-enroll or enroll others in the training program occasionally for initial or refresher training In all cases, you must pay the travel, lodging and incidental expenses that you, the General Manager and your other trainees incur to attend the training program You must complete training not less than 21 days before the earlier of your scheduled opening date for your Store or the date you actually intend to open your Store You may incur additional time and costs in initial training if your personnel fail one or more of our training exams **[§6(a)(5) of the FA]**

(6) We will assist you in planning a grand opening promotional program The grand opening promotional advertising is at your expense **[§6(a)(9) and §8(a) of the FA]**

(7) We will help you establish an account with the distribution company from which you must purchase our propriety Spice Blend, packaging and other inventory items **[§6(a)(7) of the FA]**

(8) We will help you find a local supplier of perishable ingredients, paper goods and supplies that meet our specifications **[§6(a)(8) of the FA]**

(9) When you arrive for training, we will loan you a copy of the Brand Standards Manual **[§6(a)(3) of the FA]** The Table of Contents to the Brand Standards Manual appears as Exhibit F to this disclosure document The Brand Standards Manual contains 358 total pages In no case will the System or Brand Standards Manual include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Brand Standards Manual or otherwise for your optional use You will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at your Store We neither dictate nor controls labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of your Store employees or patrons

If you purchase an existing Store franchise, we will not provide the services described in paragraphs (1), (2) and (6) of the preceding section, because those services relate to the opening of a new Store

Operational Assistance We provide you the following assistance after your Store opens

(1) For the first Store you open and for your other Stores at our discretion, we will send one or more operations specialists to your Store for at least four days of opening assistance before, during and immediately after the period your Store first opens for business to assist with the grand opening of your Store and to verify that you are operating the Store in accordance with the Brand Standards Manual Our scheduled training team will arrive approximately 21 days after you receive your Certificate of Occupancy **[§6(b)(1) of the FA]**

(2) We will advise and assist you in planning publicity and promotions for your Store's opening and in identifying community involvement opportunities for your General Manager **[§6(b)(2) of the FA]**

(3) We will make our staff accessible to your General Manager for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication We will occasionally visit your Store to conduct quality/service/cleanliness reviews and to consult with your General Manager regarding standards compliance, but we will not provide routine field supervision **[§6(b)(3) of the FA]**

(4) We will arrange for the production and distribution of our proprietary spice blend in quantities sufficient to satisfy your Store's reasonable needs **[§6(b)(4) of the FA]**

(5) We will loan you additions and supplements to the Brand Standards Manual as they become available, and will disclose to you additional trade secrets, if any, we develop that relate to the operation of Stores **[§6(b)(5) of the FA]**

(6) So long as you comply with your financial, operational and reporting obligations under your Franchise Agreement, we will invite you to attend (at your expense) all conventions, seminars and other franchisee-oriented functions that we plan and sponsor **[§6(b)(6) of the FA]**

(7) We will let you purchase equipment and inventory from or through any distribution network we establish **[§6(b)(7) of the FA]**

(8) We will determine the delivery territories and other policies for delivery service **[§6(b)(8) of the FA]**

(9) We will use your contributions to our Ad Fund (see **Advertising Assistance** below) to create marketing and promotional materials, to run advertising campaigns in markets we select (including on Social Media), to pay for public relations projects, and to help defray part of our marketing overhead expenses and part of our costs to set up and maintain an Internet Website **[§8(a)(2) of the FA]**

(10) We will include a "Store locator" page on our Internet Website that includes information about your Store **[§9(a)(2) of the FA]**

Advertising

Advertising Assistance The Franchise Agreement contemplates grand opening advertising and four other levels of advertising system-wide advertising, which we coordinate through our Ad Fund, local advertising, which you handle with materials we create or approve, cooperative advertising with other Store operators in your market, and Internet advertising You may not use your own advertising materials without prior permission from us

Grand Opening You must conduct a grand opening promotional program for the Store during the 90 day period before, during and after opening the Store We will consult with you in planning the grand opening promotional program You must spend at least $5,000 This amount is in addition to the other required advertising expense described in this section We currently require you to deposit $5,000 with us when you sign your Franchise Agreement to be used to fund your grand opening plan We will use this $5,000 to either pay your approved grand opening vendors directly or reimburse to you your approved grand opening marketing expenditures, as we determine appropriate **[§8(a) of the FA]**

Ad Fund We established an Ad Fund in February 2016 to which all Stores, including our company-owned Stores, must contribute The current rate of contribution is 2% of Gross Sales, which is also the current maximum rate See Items 6 and 9 However, by majority vote franchisees can raise the contribution ceiling above 2% of Gross Sales, we cannot unilaterally increase the ceiling nor can we vote on a proposal to increase it During our 2016 fiscal year, contributions to the Ad Fund were spent as follows 28% on creative/production, 49% on media placement (including Social Media) and 23% on administration and other expenses

The Franchise Agreement permits us to spend Ad Fund contributions only to create marketing materials, to place media in various markets at our discretion, to pursue public relations projects that enhance the Cowboy Chicken® system's image, and to help defray our marketing overhead expenses, including part of the cost of maintaining our Website **[§8(b)(2) of the FA]** We do not guarantee that each Store will receive equal benefits or identical coverage from expenditures of Ad Fund contributions We may or may not spend all the Ad Fund contributions in the fiscal year we collect them

We are not required to account to franchisees for the way we spend Ad Fund contributions However, we may provide periodic Ad Fund reports upon request, subject to currently availability

We will not use any of the Ad Fund contributions to promote franchise sales

The Franchise Agreement contains no provisions regarding an advertising council or committee on which franchisees serve, and we currently have no plans to establish one If we do, we will reserve the right to disband it or change the scope of its functions at any time

Local Advertising We have advertised our Stores primarily through print distributed in local markets and the Internet, and we expect that you will follow the same pattern You must spend up to 2% of your Gross Sales on local advertising and promotions (we set the amount at our discretion from time to time, the current required amount is 1% of your Gross Sales), but we do not specify how you must spend these monies, except that you must participate in all system-wide promotions we originate Contributions you make to the Ad Fund do not count towards this required spend percentage You must submit a Local Area Marketing Report ("LAM") to us within 30 days after the end of each fiscal quarter that shows the local advertising you have conducted during the previous quarter **[§8(c) of the FA]**

We have engaged an advertising agency (Propaganda) to produce advertising materials, but your requests for advertising materials must come to us and we deal directly with the advertising agency See paragraphs (9) and (10) above under **Operational Assistance** You may use your own advertising agency, subject to our right to approve all uses of our trademarks on materials we do not provide you You must submit your request for approval in writing **[§8(c)(2) of the FA]** We plan to respond within 14 days after we receive a request for approval We employ personnel dedicated to support marketing of the catering services for our company-owned Stores

Advertising Cooperatives When you and at least one other Store operator (including us) have opened Stores in the same Designated Market Area (or "DMA", an advertising term that is defined in the Franchise Agreement Glossary), we may require that you and the other operator(s) form and actively participate in a cooperative advertising association We will credit your contributions to a cooperative advertising association to your local advertising requirements for the period in which the contributions are made Each cooperative's members will set their own contribution rate, but we have the right to disapprove a rate lower than 1% of Gross Sales The members of the advertising cooperative will administer the cooperative, we will step in only to resolve disputes the members cannot settle in 45 days **[§8(d)of the FA]** No advertising cooperatives have been created to date

Internet Advertising and Social Media We advertise Cowboy Chicken® products, services and Stores through a Website that we maintain at www cowboychicken com We have set up "site locator" pages on the Website that show the addresses and telephone numbers of Stores in the Cowboy Chicken® network We will include information about your Store in the site locator

Unless we agree in writing, neither you nor your owners, employees or agents may use the Marks or otherwise mention your Store, the Cowboy Chicken network or System in connection with any business or personal uses of the Internet or on Social Media, which we define as any and all existing or future forms of electronic communication, whether for business or personal use (including via Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos) through which users create or use online networks or communities (including but not limited through online communities such as Facebook, Twitter, Instagram, LinkedIn, YouTube, MySpace, Yelp or Wikipedia and other similar content sharing outlets) to share information, ideas, personal messages, and other online content In all cases, we have sole discretion and control over any profiles using or relating to the Marks, Store, Cowboy Chicken network or System, or that display the Marks that are maintained or posted on Social Media We may (but need not) establish guidelines pursuant to which you may establish profiles or otherwise establish a presence on Social Media In such event, you will comply with the standards, protocols and restrictions that we impose, and we can revoke any prior permissions We can assess you up to $100 per month to pay for the Website's maintenance and improvement, and we may use part of the Ad Fund monies to pay or reimburse the costs associated with the development, maintenance and update of profiles on Social Media You will indemnify us if we incur losses and expenses from any authorized or unauthorized use of Social Media **[§9 of the FA]**

Cowboy Chicken® Intranet We may establish and maintain an intranet facility through which members of the Cowboy Chicken® network of Stores may communicate with each other and through which we may disseminate updates to the Brand Standards Manual and other confidential information We will have no obligation to maintain the Cowboy Chicken® Intranet indefinitely We will establish policies and procedures for the Cowboy Chicken® Intranet's use These policies, procedures and other terms of use will address issues such as (1) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications, (2) restrictions on communications that endorse or encourage breach of any franchisee's franchise agreement, (3) confidential treatment of materials that we transmit via the Intranet, (4) password protocols and other security precautions, (5) grounds and procedures for our suspending or revoking a franchisee's access to the Cowboy Chicken® Intranet, and (6) a privacy policy governing our access to and use of electronic communications that franchisees post on the Cowboy Chicken® Intranet The Cowboy Chicken® Intranet facility and all communications that are posted to it will become our property You must purchase and install all necessary additions to your Store's information system and establish and continually maintain electronic connection with the Cowboy Chicken® Intranet that allows us to send messages to and receive messages from you Your obligation to maintain connection with the Cowboy Chicken® Intranet will continue until your Franchise Agreement's expiration or termination (or, if earlier, until we dismantles the facility) You must contribute to the cost of the Cowboy Chicken® Intranet's maintenance and further development in accordance with the same terms and conditions as established under the Website provisions above **[§9 of the FA]**

Customer Information/Privacy and Data Protection

All customer information we obtain from you and all customer information you collect from Store customers (collectively, "Customer Information") and all revenues we derive from such Customer Information will be our property and our confidential information that we may use for any reason without compensation to you, including making a financial performance representation in our franchise disclosure documents You will assign all rights in Customer Information to us You will provide copies of all Customer Information to us upon request At your sole risk and responsibility, we may grant you the right to use Customer Information that you acquire from third parties solely in connection with operating the Store to the extent that your use is permitted by law Upon expiration of your Franchise Agreement, all copies of Customer Information must be returned to us and removed from your Technology and Information Systems **[§9 of the FA]**

You will (i) comply with all applicable privacy laws ("Privacy Laws"), (ii) comply with all Brand Standards that relate to Privacy Laws and the privacy and security of Customer Information, (iii) comply with any posted privacy policy and other representations made to the individual identified by Customer Information you process, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws, (iv) refrain from any action or inaction that could cause us to breach any Privacy Laws, (v) maintain reasonable physical, technical and administrative safeguards for Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification, or use that would violate the Franchise Agreement or any Privacy Law, (vi) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to keep us in compliance with the Privacy Laws, and (vii) immediately report to us the theft or loss of Customer Information (other than the Customer Information of your own officers, directors, shareholders, employees or service providers)

You will, upon request, provide us with information, reports, and the results of any audits performed on you regarding your data security policies, security procedures, or security technical controls related to Customer Information You will, upon our request, provide us or our representatives with access to your systems, records, processes and practices that involve processing of Customer Information in order to mitigate a security incident or so that an audit may be conducted

You will indemnify, defend and hold us harmless from loses arising out of or relating to (i) any theft, loss or misuse of Customer Information, and (ii) your breach of any of the terms, conditions or obligations relating to data security, privacy, or Customer Information set forth in the Franchise Agreement

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Information You will, at our direction, (i) undertake remediation efforts at your sole expense, (ii) undertake effort to prevent the recurrence of the same type of incident, and (iii) reasonably cooperate with any remediation efforts undertaken by us You will not make any public comment regarding and data security incident without our approval Any notifications to the media or to Store customers regarding theft or loss of Customer Information will be, at our discretion, handled exclusively by us and you may not contact Store customers relating to such theft or loss unless we tell you to do so or you are under a legal obligation to do so, in which event (i) you must notify us in writing promptly after concluding that you have the legal obligation to notify Store customers and (ii) you will limit the notices to Store customers to those required by the legal obligation or as pre-approved by us You will reasonably cooperate in connection with any notices to Store customers regarding theft or loss and you will assist with sending such notices if so requested **[§9 of the FA]**

Computer Hardware and Software

You must install and maintain an IBM-compatible computer at the Store that is capable of running the software that we require The computer must have equipment, software, accessories (such as a DSL or cable modem) and capabilities meeting our standards and specifications for, among other things, processing speed, high speed Internet connectivity (DSL or cable), memory and electronic mail capabilities You may acquire computer hardware and Internet provider from any supplier You must install an electronic information system that is equipped and configured to our specifications **[§7(c)(21) of the FA]**

The system currently is NCR's Radiant Systems Aloha QS Touchscreen System, which includes a file server, 3-4 touchscreen terminals, 3-4 cash drawers, 2 remote kitchen printers and related accessories, Aloha QS Software for 3-4 terminals, and credit card software You must provide your own office printer NCR bundles online ordering, gift card/stored value administration, Insight online polling services and RestaurantGuard services for an initial installation fee (currently $850) and a monthly subscription fee (currently $332 a month) You must also install the Aloha Takeout ("ATO") software to process online orders from customers We may designate or update the specifications for the hardware and software as technological needs arise Our designated source for this system is NCR (See Item 8) NCR provides the warranty on the installation for the first 90 days at no charge for telephone support during their office hours If you contract with TCR for maintenance and support, the current fees range from $1,000 per year for service 8 a m to midnight to $1,500 per year for 24/7 services, and are subject to change If you do not contract with NCR, you must pay their then-current hourly rate for any services rendered, which ranges from $40 to $200 depending on the length of time and the time when services are delivered The computer workstation carries a one year parts and labor warranty NCR will customize the software for the Cowboy Chicken Network with the bundled services described above Your system must be configured in a way that enables you to record and store financial information in the way we specify, and that enables us to have direct remove access to communicate directly with your computer for sales data and product mix data, and to make periodic database and configuration changes We will poll our franchisees' cash registers regularly, and you must allow us to maintain continual access to your cash register via phone line and modem We may use financial operating information obtained from your Store for any business reasons we deem appropriate The computer hardware will provide Internet access capability Currently, NCR provides initial training at no additional charge (see Item 11, **TRAINING**)

You must install the POS guest services survey software (see Item 7, note15) and Item 8 This software encourages a guest to go to a secure website and answer questions about the guest's dining experience, in exchange for a variable discount on the next visit It is very similar to a secret shopper program, but offers a clearer picture of a Store's performance than just one or two mystery shopper visits would We may change service providers, replace this service with other performance measuring services or discontinue this service upon reasonable advance notice to you

You must install any other hardware or software for the operation of the Store that we may require in the future, including any enhancements, additions, substitutions, modifications and upgrades Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in your computer systems, including information concerning your Store's Gross Sales, at the times and in the manner that we may specify from time to time There is no contractual limitation on the frequency or cost of these obligations We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Cowboy Chicken Stores See Item 16 regarding restrictions on your use of electronic media

You are responsible for implementing and maintaining an approved Payment Card Information (PCI) compliance program that complies with our Brand Standards Manual, which includes purchase of a PCI compliant router Unless otherwise approved, you must use or approved hardware (router) supplier, ANX You must provide to us such monthly, quarterly or other SAQ reports and other information regarding the operational status of your PCI compliance program as we may require from time to time

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system Currently, there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system, however, if we change our point of sale and electronic information system, we will require you to purchase support and upgrading for this system

We reserve the right and discretion to modify the equipment standards to require the use of new or different electronic data processing and communications equipment and facilities, and you must update or upgrade your computer and other electronic equipment at our request **[§5(a) of the FA]** If we adopt changes to the equipment standards that necessitate the addition of upgraded equipment or the removal of obsolete equipment, we will establish a schedule for you to implement the change **[§5(c) of the FA]** There is no limit on the cost to bring the equipment to the level of compliance with the modified equipment standards However, the costs will be taken into consideration when establishing the schedule for you to implement the change

Training

The following table describes our training program The times indicated in the Hours of Training column are estimates Training lasts approximately 6 weeks We schedule training classes as needed, depending on the number of trainees

The Operating Principal and each General Manager or Store Manager for each Store must attend and successfully complete our initial training program All persons who attend our initial training program must pass their first two written tests with a score of 80% or better to remain in our initial training program If a person does not pass the final exam with a score of 80% or better, the person must remain in our initial training program until the person can pass with a score of 90% or better You may incur additional costs if you have trainees fail, or require additional initial training In all cases, you have the sole responsibility and authority for your employees' terms and conditions of employment

Our Director of Training Tony Stevens is responsible for supervising the training program for CCE and for Cowboy Chicken Tony has 18 years in restaurant training generally and almost two years with us Except for guest speakers, all of the instructors will have experience in operating a Store as a General Manager and have completed our training

We may ask others who have expertise in a particular area to provide instruction, such as an insurance agent, banker, sanitation engineer or a representative of the computer hardware and software company All of the training Stores are located in the Dallas area

Instructional materials for training include the Brand Standards Manual and the FDA Food Code

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction/Company Philosophy/ History	0	5	Certified Company-owned training Store
Restaurant and Associate Safety	0	5	Certified Company-owned training Store
Ops Manual/System Overview/ Guest Service	0	15	Certified Company-owned training Store
Food Preparation, Purchasing & Storage	0	40	Certified Company-owned training Store
Food Safety & HACCP	0	15	Certified Company-owned training Store
Specific Position Training	0	70	Certified Company-owned training Store
Personnel – Hiring & Training	0	5	Certified Company-owned training Store
Cash Administration	0	5	Certified Company-owned training Store
Use of the POS System*	4	16	At Texas Cash Register's offices (4 hrs) in Dallas, Texas and in Store (up to 16 hrs)
Cleaning, Sanitation, & Maintenance	0	3	Certified Company-owned training Store
Marketing, Advertising, Catering & Promotions	0	40	Certified Company-owned training Store
Accounting & Labor Scheduling	0	10	Certified Company-owned training Store
New Store Opening & Operations	0	10	Certified Company-owned training Store
Store Management	0	70	Certified Company-owned training Store
Reviews & Final Examination	0	2	Certified Company-owned training Store
Total Training (Hours)	**4**	**311**	

* The POS System training must occur within 30 days after you open your Store

Typical Time Required

The length of time between signing the Development Agreement and opening your first Store is typically 3 to 6 months Factors affecting this length of time include the selection and approval of the Store site, time required to obtain necessary permits, construction or remodeling of the facility, local ordinance and/or building code compliance, delayed installation or availability of equipment and signs, completion of our training program, delivery and stocking of inventory, and delaying events arising from factors outside your control **[§7(c) of the DA]** The signature pages of the Development Agreement and Franchise Agreement state target dates, but not length of time

ITEM 12
TERRITORY

Development Agreement Provisions The boundaries of the area in which you may develop Stores (called the "Development Area") depend on the population and other demographic features of the locale in which you want to develop your Stores Your Development Area may range from a sector of a large metropolitan area to the city limits of a smaller municipality

To begin the process of defining your Development Area, you tell us the general vicinity in which you want to locate your Stores and provide evidence of your experience (including experience as a restaurant operator) and your financial means, and then we jointly decide on the number of Stores you can develop under your Development Agreement Based on this information, we identify and describe the boundaries of an appropriately sized area This description appears in your Development Agreement as the area inside which you may locate your Stores The Development Agreement contains no provision that permits us to change the boundaries of your Development Area after they are established, unless you default in the performance of your development obligations

Your Development Agreement will contain a schedule of the dates by which you must open each Store The Development Agreement requires that you sign a separate Franchise Agreement for each Store The Development Agreement only governs your development rights, it grants no operating rights and is not the equivalent of a franchise for the Development Area

During the time your Development Agreement remains in effect, we will not grant anyone else the right to develop or operate a Store in your Development Area, with one exception The exception applies if you become a multi-Store operator and transfer your franchise for an operating Store to a new owner In that case, we can allow the new owner to sign a Development Agreement for more Stores in the Development Area, and we can allow the new owner to relocate a Store inside the Development Area in accordance with the new owner's Franchise Agreement

The competitive protection you enjoy under your Development Agreement relates to Stores only

The Development Agreement expressly excludes protection for Special Outlets, which we define as express units, mini-Stores, or similar installations that contain a rotisserie oven (or similar ovens) or may be served by a Store nearby and are located in a hospital, airport, sports arena, student center, military or exchange service location or other special use facility or in the food court of an enclosed shopping mall The Development Agreement places no restrictions on our right to open and allow others to open Special Outlets in your Development Area

Your competitive protection as a developer relates only to retail establishments that operate under the Cowboy Chicken trade name, the Development Agreement imposes no restrictions on our right to operate or franchise establishments that operate under different trade names, or to offer our proprietary products and Cowboy Chicken memorabilia through department stores, supermarkets and similar establishments

If you default under your Development Agreement, we may either cancel your development rights altogether, or allow other developers to build Stores in the Development Area at the same time you are pursuing development After your Development Agreement expires or terminates, your exclusive right to develop Stores in the Development Area ends We may then grant additional development rights and Store franchises in your Development Area and may open our own Stores there This consequence follows even if you have completed your development obligations on time and in strict compliance with your Development Agreement However, termination of your development rights does not affect the status of your franchise for any Store you are operating when the Development Agreement expires or terminates

Franchise Agreement Provisions The Franchise Agreement provides you competitive protection in a Trade Area around your Store in which we will not open or grant a franchise for another Store We base the size of the Protected Area generally on population density, income level and the number of households and businesses in the area The Trade Area for your Store will be described in Exhibit B to your Franchise Agreement Your Trade Area under the Franchise Agreement will not, in any event, extend beyond the boundaries of your Development Area as defined in your Development Agreement You must select the site for your Store from within the Development Area identified in the Development Agreement

If you are in compliance with the Development and Franchise Agreements and any other agreement you have with us or our affiliates, we and our affiliates will not establish or authorize anyone except you to establish a Cowboy Chicken Store in your Trade Area or in your Development Area

The Franchise Agreement provides you no competitive protection at all from Cowboy Chicken brand competitors located outside the physical boundary of your Store's Trade Area, whether or not these competitors market Cowboy Chicken brand products and services in, provide catering in, or draw customers from your Trade Area

Except as described in this Item 12, you will not receive an exclusive territory You may face competition from other franchisees, from outlets that we or our affiliates own or from other channels of distribution or competitive brands that we control We do not pay any compensation to you for soliciting or accepting orders from customers in your area

A Store's Trade Area is not the equivalent of a franchised territory in which you may operate multiple units The Franchise Agreement does not allow you to open more than one Store in your Trade Area or to relocate your Store within your Trade Area without our permission

Our Reservation of Rights

The Franchise Agreement expressly excludes protection for Special Outlets (as defined in the section of this Item that describes the Development Agreement provisions) The Franchise Agreement places no restrictions on our right to open and allow others to open Special Outlets in your Store's Trade Area

The Franchise Agreement expressly permits us and our affiliates to grant franchises, licenses and other concessions for retail establishments that operate in your Store's Trade Area under different trade names, even if these establishments sell the same products and services that your Store sells

The Franchise Agreement expressly permits us and our affiliates to market our proprietary products and memorabilia into your Store's Trade Area through catalogues, Internet Web sites, telemarketing campaigns and other direct-order techniques Also, the Franchise Agreement expressly permits us and our affiliates to distribute our proprietary products and memorabilia to business customers that are not affiliated with the Cowboy Chicken franchise system These non-affiliated customers may operate inside your Store's Trade Area, there are no geographic limitations on the territory in which we or our affiliates may distribute proprietary products or memorabilia to non-affiliated customers Further, non-affiliated customers may engage in direct competition with your Store, there are no restrictions on the type of merchandise or services a non-affiliated customer may offer

The Franchise Agreement requires that we resolve all disputes between us by private negotiation, then mediation and, if those approaches fail, by binding arbitration Thus, if we disagree over the distance we can locate another franchise from your Store, or whether we can allow a competing franchise or a non-affiliated customer to carry some of the products you offer, we are both committed to avoid litigation in solving the problem

Continuation of the competitive protection the Franchise Agreement provides for your Store's Trade Area is not dependent on your achieving or satisfying contingencies such as sales volumes, market penetration or other goals

You may alter the boundaries of your Store's Trade Area or relocate your Store only with our written permission The Franchise Agreement permits you to relocate your franchise if you follow the same procedures you follow to select a site You may only relocate your Store within the vicinity of its original Trade Area, and the new location may not infringe upon another Store's trade area If your lease expires or the premises are condemned, you must re-open in the new location within 60 days after your Store closes If you suffer a closing on account of a fire or other casualty, you must re-open in the new location within 120 days after the casualty occurs

You may advertise your Store outside of its Trade Area, and you may offer catering service from your Store We define catering as the preparation on-site (meaning at the Store) and service of rotisserie chicken and complementary menu items at church carnivals, school events, charity functions, community festivals, business gatherings, private parties and similar events that last for no more than five consecutive days You must offer delivery service from your Store We define delivery as the delivery of ready-to-eat product in carry-out containers to residential and commercial customers We define the territories in which you may deliver from your Store and we will publish these policies in the Brand Standards Manual from time to time

The Franchise Agreement grants you no rights to acquire additional franchises within or contiguous to your Store's Trade Area The Development Agreement alone embodies additional development and franchise acquisition rights

We set no minimum sales quota, nor do we revise any of your rights if the population increases in your Development Area or Trade Area

ITEM 13
TRADEMARKS

The following table identifies the principal trademarks and service marks we license you to use

Marks	Registration Number (Application Number)	Registration Date (Application Date)
Cowboy Chicken® (design logo)	1,620,524	October 30, 1990, renewed August 27, 2010
Cowboy Chicken® (block letters)	3,338,009	November 20, 2007
Cowboy Chicken, Wood Fire Rotisserie, Est , 1981 (stylized and/or with design)	(87/406,526)	(April 11, 2017)

We do not have a federal registration for one of our principal trademarks Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses

The Cowboy Chicken service mark is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") We have not registered any of our marks under any state's trademark law, and have no intention of doing so

There are no agreements in effect that limit our rights to use or license the use of our marks The Franchise Agreement contains several restrictions on your right to use the marks You may not use them to sell or distribute any goods or services we have not approved, nor as part of your company's name You must use the marks only in the precise form we prescribe You must stop using any mark that we determine is obsolete or does not represent the image we want to project

You must report to us any infringing uses of the marks of which you become aware We reserve the right to make a final decision to pursue infringement actions or other litigation, to conduct all legal proceedings relating to the marks, and to settle all infringement claims Although not contractually obligated to protect our marks or your right to use them, as a matter of corporate policy, we defend our marks vigorously We have no obligation to defend you in infringement actions or to indemnify you if you are forced to change or abandon your use of a mark because we lose an infringement action Section 11(a)(1) of the Franchise Agreement contains a disclaimer by you of any interest in our marks, except that of a licensee

Section 5 of the Franchise Agreement obligates you to conform to changes we may adopt to the Cowboy Chicken system, concept or image, either voluntarily or as a result of our losing an infringement action

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court that might affect our ownership, use or licensing of any of the marks we currently use Further, there are no pending interference, opposition or cancellation proceedings, and no pending litigation involving any of our principal marks that might affect our ownership, use or licensing of them We have no knowledge of any superior prior rights or of any infringing uses of any of our principal marks

We claim common law protection for marks that we use in the Dallas, Texas metropolitan area for which we do not yet have federal or state trademark registrations That protection would include "Famous Twice Baked Potaters™" until such time as we receive a registration

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We claim copyright protection for our Brand Standards Manual, for promotional literature related to our franchise program, and for the Internet Cowboy Chicken Website pages See Item 11 for limitations on your use of the Brand Standards Manual We own no other patents or copyrights that are material to our franchisees

The Franchise Agreement's Glossary contains a definition of "trade secrets" Trade secrets means our proprietary formulas and recipes, the components of our business system, the contents of the Brand Standards Manual and of all memoranda and bulletins through which we convey changes in our Brand Standards Manual, all training materials and computer programs we develop, and all confidential information we impart to you with respect to your Store's operation and management

Our trade secrets include the formula for the Spice Blend for our chicken, the formula for our enchilada sauce and our recipes for our signature menu items (such as our sour cream enchiladas and Twice-Baked Potatoes), the procedures for preparing and cooking our signature chicken and other dishes, and other operating procedures We do not disclose the formulas for our proprietary Spice Blend or enchilada sauce or other Sauces to you, we disclose those formulas only to the labs that blends the Spice Blend and the Sauces, subject to a confidentiality agreement Other trade secrets include financial information about the operation of the Store and the Cowboy Chicken Network (unless this information has previously been disclosed publicly by us), and demographic information about our customers that we gather

We are not aware of any current infringing uses of any of our copyrights or trade secrets Our right to use or license copyrighted materials and trade secrets is not materially limited by any agreement

You must notify us if you become aware of infringements on the use of our Brand Standards Manual or our trade secrets You have the same obligations and restrictions on your use of the copyrighted materials as apply to your use of our marks The same provisions regarding infringement of our marks apply to our copyrighted materials and trade secrets See Item 13

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

Under the Development Agreement, you must appoint one person who is approved by us to serve as the Operating Principal The Operating Principal is your main contact with us regarding your business and, unless otherwise agreed in writing, the Operating Principal will be required to devote their full time best efforts to the development and operation of Cowboy Chicken® Stores

Under the Franchise Agreement, an Operating Principal is the person that has primary responsibility for the Franchised Business A Store Manager is the person who has primarily responsibility for managing the Store's day-to-day operations The Operating Principal must have at least a 15% voting ownership interest in the entity that owns the Store and the franchise The Operating Principal should have at least four years' experience in a similar food service business The Operating Principal must complete training before the Store opens and may also serve as the Store Manager

Unless a District Manager is appointed, as discussed below, your Operating Principal must devote his or her full time and best efforts to the supervision of your operations under the Development Agreement and Franchise Agreements and may not engage in any other business He or she must satisfy our standards and must guaranty your performance under the Agreements Your Operating Principal will be individually, jointly and severally bound by all of your obligations and the obligations of the Operating Principal and a Principal under the Agreements (See Item 1) If you are an individual, your spouse must guaranty your performance under the Agreements

If you are an individual, we prefer and encourage you to manage your Store personally, but do not require that you do so If you choose not to manage your Store or if you have more than one Store franchise, you must appoint an individual, called a Store Manager, to assume personal responsibility for managing the Store's day-to-day operations There are two types of

Store Managers A General Manager who must devote full time to the operation of one Store, and a District Manager, who must devote full time to the operation of the Franchised Business, which may comprise more than one Store

You may, at your option and subject to our written consent, designate a District Manager to supervise your operations under the Franchise and Development Agreements The District Manager under the Development Agreement and any Franchise Agreement executed pursuant to the Development Agreement must be the same person Even if we permit you to designate a District Manager to supervise your operations under the Development Agreement and Franchise Agreements, your Operating Principal remains ultimately responsible for the District Manager's performance

We highly recommend that you compensate the Store Manager under a bonus program We expect you to provide your Store Manager a strong incentive to contribute to the Store's economic growth and its reputation in the neighborhood

The person you hire to serve as a Store Manager must be a full-time employee, must complete training and should have at least four years' experience in a similar food service business You must ensure that each successive Operating Principal and Store Manager also meets our ownership requirements and completes the training program

All management personnel (including assistant managers) must sign confidentiality agreements with you under which they agree to hold our trade secrets and the contents of our Brand Standards Manual in strict confidence If you are a business entity, each person who owns 15% or more of your equity must agree to be bound by certain provisions of the Franchise Agreement, including those relating to confidential treatment of our trade secrets (see Item 14) and to non-competition (see Item 17) These requirements apply whether or not an equity owner is involved in your Store's management

Persons who own 15% or more of the voting equity interest in you (a "Principal") must sign the Guaranty and Acknowledgment form attached to the Franchise Agreement as Exhibit E

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement obligates you to sell products made with our proprietary Spice Blends, our Sauces and in accordance with our proprietary recipes You may not offer any other products and you may only serve Cowboy Chicken® menu items for carryout in authentic Cowboy Chicken® carry-out bags The Franchise Agreement also requires that you sell all food and beverages items included on our standard menu, as periodically revised It also prohibits you from offering any food, beverage or other merchandise that is not included on our authorized Store menu, as periodically revised, without first obtaining our written consent We impose these requirements to control the quality and uniformity of the goods and services you and other franchisees may offer through use of our trade name and trademarks

A Cowboy Chicken® franchise relates to the retail operation of a single Store at a specific location Without our prior written permission, you may not distribute at wholesale any of our proprietary or branded products and you may not sell any raw or prepackaged chicken products or ingredients from the Store You may offer catering in your Store's Trade Area, which means the preparation at your Store and service of Cowboy Chicken® menu items at church carnivals, school events, charity functions, community festivals, university functions, business gatherings, private parties and similar events that last for no more than five consecutive days You must also provide delivery service from your Store We determine the delivery areas and other policies governing delivery Our policies regarding delivery are contained in our Brand Standards Manual

Although there are no other restrictions on the retail customers or trade area you may serve from your Store, as a practical matter you will be limited to serving retail customers who choose to visit the Store, who place orders for pickup, who place orders for delivery service and to catering events in the neighborhood around the Store (except with our prior consent) See Item 12

We have the right to add and delete items from the standard Store menu, and to add or delete memorabilia and other merchandise from the list of approved Store merchandise There are no limits on our right to make these changes

We describe the ways in which you may use our Marks in Section 9 of the Franchise Agreement You will have no right, license or authority to use any of the Marks on or in connection with the Internet, except as stated in and permitted by the Franchise Agreement

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement and the Development Agreement You should read these provisions in the agreements attached to this disclosure document

FRANCHISE AGREEMENT

PROVISION	SECTION OF FA	SUMMARY
a Length of the franchise term	§11(a)	The term is 10 years from the Commencement Date (or balance of seller's term, if a transfer is involved)
b Renewal or extension of the term	§11(b)	If you are in full compliance, you can extend the franchise for an additional 10-years
c Requirements for you to renew or extend	§11(b) - (f)	You must give timely notice of your intent to renew, sign a current franchise agreement (which may contain materially different terms and conditions as the original agreement), and remodel to our new specifications
d Termination by you	Not applicable	Not applicable
e Termination by us without cause	Not applicable	Not applicable
f Termination by us with cause	§16	We can terminate the franchise only if you default
g "Cause" defined – curable defaults	§§16(b) and 16(c)	For §16(b) defaults, you have 5, 10, 15, or 30 days to cure, depending on the type of default For §16(c) defaults, you must voluntarily cure the default before we terminate
h "Cause" defined – non-curable defaults	§16(d)	- breach of non-competition covenant or confidentiality restrictions - unauthorized transfer or abandonment - refusal to allow QSC inspection - disabling or tampering with the Store's cash register or computer or with our ability to poll these devices by modem - revoking the automatic debit agreement under which we collect royalties and marketing fees, or closing the

PROVISION	SECTION OF FA	SUMMARY
		account from which we collect royalties and marketing fees without first setting up a new account - bankruptcy, insolvency or unsatisfied judgment of more than$5,000 - we decide not to exercise our purchase option if you die and your heirs do not qualify to run the business - 3 or more events of default occur in a 12-month period
i Your obligations on termination/nonrenewal	§§17 (a)-(j)[1]	Obligations include - de-identification - payment of all sums due - assignment of phone numbers - payment of damages - honor our purchase option
j Assignment of contract by us	§13(i)	We may assign to any reasonably competent company that assumes our obligations
k "Transfer" by you - definition	§13(a)[1]	Includes any transfer of controlling interest in the franchise or franchisee and any sale of the Store's assets
l Our approval of transfer by you	§§13(b)-(f)[1]	We have the right to approve all transfers We have the right to investigate all proposed buyers
m Conditions for our approval of transfer	§13(b)[1] §13(c) §13(d) §13(f)	You must be in full compliance with the FA You must sell your complete interest in the franchise Your buyer must qualify as a new franchisee, pay the transfer fee and sign our current franchise agreement We must be satisfied with the transaction's financial aspects and receive certain releases
n Our right of first refusal to acquire your business	§§13(g)[1] and 13(h)(3)	We have 30 days to accept or reject matching offers and 30 days to close the transaction, applies if you die or become disabled under certain circumstances
o Our option to purchase your business	§13(h)	Applies only if your heirs do not meet our requirements See "p" below
p Your death or disability	§13(h)[1]	Management personnel evaluated for 120 days If approved, new owners must sign a new guarantee If not approved, new owners must present a qualified buyer within 120 days
q Non-competition covenants during the term of the franchise	§19[1]	You must have no involvement in a competing business anywhere
r Non-competition covenants after the franchise is terminated or expires	§19[1]	For two years after the franchise ends, you must have no involvement in a competing business in your DMA or in any other DMA where a Store exists or is under development
s Modification of the agreement	§26(b)	No modifications without a written agreement
t Integration/merger clause	§27(a)[1]	
u Dispute resolution by arbitration or mediation	§19(a)(4)[2] §24[1]	You must deliver certain information and materials to us or our legal counsel if required by law, in connection with dispute resolution, even if the dispute does not involve your Store Parties must use best efforts to resolve and settle disputes by private negotiations, non-binding mediation or binding arbitration, except for intellectual property matters and for collection of royalties and other

PROVISION	SECTION OF FA	SUMMARY
		amounts you owe us
v Choice of forum	§ 24(a)[1]	Arbitration must take place in Dallas, Texas Litigation *re* intellectual property takes place in Dallas, Texas This requirement may not be enforceable in some states See the State Cover Page of this disclosure document and/or the state-specific Amendments to the Franchise Agreement
w Choice of law	§24[1]	Texas law applies, except for U S Arbitration Act and Lanham Act This requirement may not be enforceable in some states See the State Cover Page of this disclosure document and/or the state-specific Amendments to the Franchise Agreement

(1) Guarantors (your general partners or holders of 15% or more of your voting equity interests) are also bound by these provisions They become bound by signing the Guaranty and Acknowledgment attached to the Franchise Agreement

(2) Your officers, directors, partners, members, General Managers and other employees who must sign a confidentiality agreement, and those of your affiliates, are also bound by this section

DEVELOPMENT AGREEMENT

PROVISION	SECTION OF DA	SUMMARY
a Length of the development term	§2(a) and Signature Page	Term is based on time required to open the number of Stores you agree to develop in accordance with the time frame indicated in the development schedule
b Renewal or extension of the development term	§§5 and 8	One 45-day extension if we confirm you used due diligence
c Requirements for you to renew or extend the Development Agreement term	§§8(b) and 8(c)	You must be in full compliance with Development Agreement and Franchise Agreements, meet financial criteria, and sign a new development agreement (which may contain materially different terms and conditions as the original agreement)
d Termination by you	Not applicable	Not applicable
e Termination by us without cause	Not applicable	Not applicable
f Termination by us with cause	§10	We can terminate your exclusivity or your development rights if you default
g "Cause" defined – curable defaults	Not applicable	Not applicable
h "Cause" defined – non-curable defaults	§10	- you fail to sign approved lease signed in time - you sign an unapproved lease - you fail to open any Store by Scheduled Opening Date - you fail to meet development schedule - you fail to timely cure an Event of Default under a Franchise Agreement - you attempt to make an unapproved assignment of development or franchise rights - you negotiate or sign a lease/option to lease outside your development area
i Your obligations on termination/nonrenewal	Not applicable	Not applicable

PROVISION	SECTION OF DA	SUMMARY
j Assignment of contract by us	Not applicable	Not applicable
k "Transfer" by you - definition	Not applicable	Not applicable
l Our approval of transfer by you	§§11(a) and 11(b)	You may only transfer to a corporation, limited liability company or partnership controlled by initial equity owners, otherwise you may not transfer development rights
m Conditions for our approval of transfer	§11(b)	Receipt of documentation and information *re* assignment and new owners, release from any retiring shareholder if we agree to release
n Our right of first refusal to acquire your business	Not applicable	Not applicable
o Our option to purchase your business	Not applicable	Not applicable
p Your death or disability	§11(c)	An individual may devise by will or by laws of descent and distribution
q Non-competition covenants during the term of the franchise	§15	You must have no involvement in a competing business anywhere
r Non-competition covenants after the franchise is terminated or expires	§15	For two years after the agreement ends, you must have no involvement in a competing business in your DMA or in any other DMA where a Store exists or is under development
s Modification of the agreement	§16(b)	No modifications without a written agreement
t Integration/merger clause	§16(a)	
u Dispute resolution by arbitration or mediation	§§14(b) -14(d)	Parties shall use best efforts to resolve and settle disputes by private negotiations, non-binding mediation or binding arbitration
v Choice of forum	§14(c)	Arbitration must take place in Dallas, Texas This requirement may not be enforceable in some states See the State Cover Page of this disclosure document and/or the state-specific Amendments to the Development Agreement
w Choice of law	§§14(a), 14(d)(vi)	Texas law applies, except for Federal Arbitration Act This requirement may not be enforceable in some states See the State Cover Page of this disclosure document and/or the state-specific Amendments to the Development Agreement

ITEM 18
PUBLIC FIGURES

We do not employ any public figure or celebrity in our management, nor do we use a public figure or celebrity to promote our franchises

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if 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 possible performance at a particular location or under particular circumstances

****

With the exception of the information provided below, we do not provide any information regarding actual or potential revenues, expenses, income or profits of franchisor-owned or franchised Stores Actual results vary from Store to Store and we cannot estimate the results of operations of any particular franchised Store No assurances can be given that you will achieve any particular level of revenues or that your operations will ever be profitable

We consider the below information confidential You must sign the Confidentiality and Non-Disclosure Agreement (see Exhibit G to this disclosure document) when you sign the Receipt and Acknowledgment (see Item 23) In that agreement, you acknowledge that the information provided below is confidential, agree not to disclose it to any person except with those who are potential owners, lenders and your professional advisors

We do not otherwise use or furnish statements of actual, average, projected or forecasted sales, costs, profits or earnings in marketing our franchises We will not guarantee, nor do we represent, that you will or can expect to attain any specific amount or range of sales, profits or earnings from the operation of your Store

Except for the information below, we do not authorize any of our officers, employees or sales representatives to make any other claims, statements or representations regarding the sales, costs, profits or earnings, or the prospects or chances of success, that you can expect to achieve or that any other franchisee has achieved

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FIVE COMPANY-AFFILIATED COWBOY CHICKEN® STORES FINANCIAL PERFORMANCE REPRESENTATION
PREPARED FROM UNAUDITED HISTORICAL INCOME STATEMENTS

THIS FINANCIAL PERFORMANCE REPRESENTATION CONTAINS INFORMATION RELATING SOLELY TO HISTORICAL GROSS REVENUES, SELECTED COST OF SALES, SELECTED OPERATING EXPENSES AND NET-PRETAX PROFITS OF ALL FIVE EXISTING STORES OWNED AND OPERATED BY CCC AND THREE OF OUR AFFILIATES NO FRANCHISED STORES ARE INCLUDED

THIS FINANCIAL PERFORMANCE INFORMATION INCLUDES INFORMATION OVER THE LAST THREE FISCAL YEARS FOR FIVE STORES THAT HAVE BEEN OPEN AND IN OPERATION BY CCC OR ONE OF OUR AFFILIATES FOR OVER THREE FULL YEARS TWO OF THE STORES WERE OPENED (OVERTON RIDGE) OR REPURCHASED FROM A FRANCHISEE (LONGVIEW, TEXAS) IN SEPTEMBER 2013 AND HAVE ONLY BEEN OPEN AND IN OPERATION BY OUR AFFILIATES FOR JUST OVER THREE FULL FISCAL YEARS

YOU SHOULD DRAW NO INFERENCE AS TO GROSS REVENUES, COST OF SALES, OPERATING EXPENSES, SIMILAR DISCLOSED COSTS AND EXPENSES OR NET-PRETAX PROFIT FOR A FUTURE STORE NEITHER COWBOY CHICKEN NOR CCC WARRANTS, REPRESENTS, PROMISES, PREDICTS OR GUARANTEES THAT YOU CAN OR WILL ATTAIN THESE FINANCIAL RESULTS TO THE CONTRARY, A NEW FRANCHISEE'S FINANCIAL RESULTS WILL LIKELY DIFFER FROM THE RESULTS STATED IN THIS FINANCIAL PERFORMANCE REPRESENTATION

Please read the explanatory Notes following the financial information provided

We will make available to you upon reasonable request the information used to prepare this Financial Performance Representation

<u>THE FINANCIAL DATA IS CONFIDENTIAL AND IS SUBJECT TO THE CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT YOU HAVE SIGNED</u>

FIVE COWBOY CHICKEN® STORES[1]

<u>GREENVILLE AVENUE COWBOY CHICKEN® STORE</u>

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015 AND 2016
FROM <u>UNAUDITED</u> HISTORICAL INCOME STATEMENTS

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Gross Revenues[2]						
Sales – Retail	$1 797,714	73 55%	$1 867 389	73 53%	$1 899 040	71 80%
Sales - Catering	683,696	27 97%	717 715	28 26%	798 294	30 18%
Sales Discounts	(38 679)	-1 58%	(46 369)	-1 83%	(53 522)	-2 02%
Other Income	1,333	0 05%	890	0 04%	1 120	0 04%
Total Revenues	**2,444,064**	**100 00%**	**2,539,625**	**100 00%**	**2,644,932**	**100 00%**
Cost of Sales						
Cost of Goods[3]	926 419	37 90%	957 027	37 68%	941 967	35 61%
Hourly Payroll Costs + Payroll Taxes[4]	439 214	17 97%	481,449	18 96%	501,206	18 95%
Total Cost of Sales	**1,365,633**	**55 88%**	**1,420,807**	**55 95%**	**1,443,173**	**54.56%**
Gross Profit	**1,078,431**	**44 12%**	**1,118,818**	**44 05%**	**1,201,759**	**45 44%**
Expenses						
Rent or Lease Expense[5]	107,456	4 40%	120 313	4 74%	115 024	4 35%
Salaries – Management[6]	125,039	5 12%	117 375	4 62%	142 777	5 40%
Bonus - Management	53 162	2 18%	41 504	1 63%	42,258	1 60%
Advertising and Marketing[7]	11 858	0 49%	22 578	0 89%	38,847	1 47%
All Other Expenses[8]	215 703	8 83%	228 974	9 02%	259 075	9 80%
Total Expenses	**513,218**	**21 00%**	**530,744**	**20 90%**	**597,981**	**22 61%**
Net Pre-Tax Income[9]	**<u>565,213</u>**	**<u>23 13%</u>**	**<u>$588,074</u>**	**<u>23 16%</u>**	**<u>$603,778</u>**	**<u>22 83%</u>**
Marketing Salaries & Commissions[10]	**33,526**	**1 37%**	**16,840**	**0 66%**	**38,535**	**1 46%**

<u>PRESTON ROAD COWBOY CHICKEN® STORE</u>

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015 AND 2016
FROM <u>UNAUDITED</u> HISTORICAL INCOME STATEMENTS

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Gross Revenues[2]						
Sales - Retail	$1 045,542	79 14%	$1,030 572	76 73%	$1,045 231	79 45%
Sales - Catering	297,906	22 55%	336 236	25 03%	297 885	22 64%
Sales Discounts	(23 489)	-1 78%	(24 637)	-1 83%	(28 485)	-2 17%
Other Income	1,154	0 09%	928	0 07%	999	0 08%
Total Revenues	**1,321,113**	**100 00%**	**1,343,099**	**100 00%**	**1,315,630**	**100 00%**

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Cost of Sales						
Costs of Goods[3]	498,515	37 73%	499 631	37 20%	452 706	34 41%
Hourly Payroll Costs + Payroll Taxes[4]	270,631	18 69%	266 259	19 82%	263 202	20 01%
Total Cost of Sales	**745,453**	**56 43%**	**756,710**	**56.34%**	**715,908**	**54 42%**
Gross Profit	**575,660**	**43.57%**	**586,389**	**43 66%**	**599,722**	**45.58%**
Expense						
Rent or Lease Expense[5]	44,933	3 40%	$45 792	3 41%	$47,407	3 60%
Salaries – Management[6]	62,507	4 73%	$64 639	4 81%	$75 068	5 71%
Bonus - Management	30,366	2 30%	$16 585	1 23%	$9,841	0 75%
Advertising and Marketing[7]	3 911	0 30%	$11 218	0 84%	$18 214	1 38%
All Other Expenses[8]	149 651	11 33%	$165 746	12 34%	$181,280	13 78%
Total Expenses	**291,368**	**22 05%**	**303,980**	**22 63%**	**331,810**	**25 22%**
Net Pre-Tax Income[9]	**284,292**	**21.52%**	**$282,409**	**21 03%**	**$267,912**	**20.36%**
Marketing Salaries & Commissions[10]	**33,098**	**2 51%**	**36,083**	**2 69%**	**37,769**	**2 87%**

AIRPARK COWBOY CHICKEN® STORE

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015 AND 2016
FROM UNAUDITED HISTORICAL INCOME STATEMENTS

	2014*		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Gross Revenues[2]						
Sales – Retail	$1 100 175	85 89%	$1,249 368	81 08%	$1,188,690	86 38%
Sales - Catering	193,505	15 11%	256 425	16 64%	214 644	15 60%
Sales Discounts	(19 370)	-1 51%	(25 311)	-1 64%	(28 082)	-2 04%
Other Income	6,573	0 51%	60,332	3 92%	827	0 06%
Total Revenues	**1,280,883**	**100 00%**	**1,540,814**	**100 00%**	**1,376,079**	**100 00%**
Cost of Sales						
Cost of Goods[3]	492 089	38 42%	564,371	36 63%	509,882	37 05%
Hourly Labor Costs + Payroll Taxes[4]	247,082	19 29%	301 475	19 57%	296 207	21 53%
Total Cost of Sales	**739,221**	**57 71%**	**855,045**	**55 49%**	**806,089**	**58 58%**
Gross Profit	**541,662**	**42 29%**	**685,769**	**44 51%**	**569,990**	**41 42%**
Expenses						
Rent or Lease Expense[5]	101 517	7 93%	102,297	6 64%	100,029	7 27%
Salaries – Management[6]	90,635	7 08%	80,209	5 21%	87 035	6 32%
Bonus - Management	29,789	2 33%	16,655	1 08%	4,734	0 34%
Advertising & Marketing[7]	4 939	0 39%	14769	0 96%	20676	1 50%
All Other Expenses[8]	159 717	12 47%	191308	12 42%	197598	14 36%
Total Expenses	**386,657**	**30 18%**	**405,238**	**26.30%**	**410,072**	**29 80%**
Net Pre-tax Income[9]	**155,065**	**12 11%**	**$280,531**	**18 21%**	**$159,918**	**11 62%**
Marketing Salaries & Commissions[10]	**0**	**0%**	**19,098**	**1 24%**	**36,856**	**2 68%**

*The Airpark Store was closed from November 24, 2014 to December 22 2014 during 2014 for repairs

OVERTON RIDGE COWBOY CHICKEN® STORE

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015 AND 2016 FROM UNAUDITED HISTORICAL INCOME STATEMENTS

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Gross Revenues[2]						
Sales – Retail	$1 010,363	80 59%	$1 024,043	79 12%	$1 029 259	80 04%
Sales - Catering	267 485	21 33%	291,243	22 50%	285 753	22 22%
Sales Discounts	(25,088)	-2 00%	(21 624)	-1 67%	(29 769)	-2 32%
Other Income	1 023	0 08%	611	0 05%	660	0 05%
Total Revenues	**1,253,783**	**100 00%**	**1,294,273**	**100 00%**	1 285,903	100 00%
Cost of Sales						
Cost of Goods[3]	472 879	37 72%	466,580	36 05%	444,898	34 60%
Hourly Payroll Costs + Payroll Taxes[4]	254,453	20 3	269 949	20 86%	250 498	19 48%
Total Cost of Sales	**727,332**	**58 01%**	**727,008**	**56 17%**	**695,396**	**54 08%**
Gross Profit	**526,451**	**41 99%**	**567,265**	**43 83%**	**590,507**	**45 92%**
Expenses						
Rent or Lease Expense[5]	82 815	6 61%	83 159	6 43%	83,440	6 49%
Salaries – Management[6]	62 303	4 97%	58,851	4 55%	88,473	6 88%
Bonus - Management	22 502	1 79%	5 177	0 40%	5 821	0 45%
Advertising and Marketing[7]	10 422	0 83%	18 236	1 41%	21 853	1 70%
All Other Expenses[8]	160 480	12 80%	164,326	12 70%	189 207	14 71%
Total Expenses	**3338,522**	**27 00%**	**329,749**	**25 48%**	**388,794**	**30 24%**
Net Pre-Tax Income[9]	**$187,929**	**14 99%**	**$237,516**	**18.35%**	**$201,713**	**15 69%**
Marketing Salaries & Commissions[10]	**57,256**	**4 57%**	**40,973**	**3 17%**	**38,909**	**3 03%**

LONGVIEW COWBOY CHICKEN® STORE

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015 AND 2016 FROM UNAUDITED HISTORICAL INCOME STATEMENTS

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Gross Revenues[2]						
Sales – Retail	$848,716	86 24%	$857 144	87 19%	$901 373	89 03%
Sales - Catering	163 864	16 65%	148 128	15 07%	136,537	13 49%
Sales Discounts	(28 880)	-2 93%	(22 667)	-2 31%	(26,054)	-2 57%
Other Income	448	0 05%	456	0 05%	563	0 06%
Total Revenues	**984,148**	**100 00%**	**983,061**	**100 00%**	**1,012,419**	**100 00%**
Cost of Sales						
Cost of Goods[3]	386,919	39 32%	376 196	38 27%	371 025	36 65%

	2014		2015		2016	
	Amount	% of Gross Revenues	Amount	% of Gross Revenues	Amount	% of Gross Revenues
Hourly Payroll Costs + Payroll Taxes[4]	252,352	25 64	246 031	25 03%	237 419	23 45%
Total Cost of Sales	**639,271**	**64 96%**	**613,859**	**62 44%**	**608,444**	**60 10%**
Gross Profit	**344,877**	**35 04%**	**369,202**	**37 56%**	**403,975**	**39 90%**
Expenses						
Rent or Lease Expense[5]	$71 277	7 24%	$71,694	7 29%	$76,001	7 51%
Salaries – Management[6]	$72,212	7 34%	$72 182	7 34%	$72 395	7 15%
Bonus - Management	$0	0 00%	$0	0 00%	$0	0 00%
Advertising and Marketing[7]	$5,730	0 58%	$846	0 09%	$14 539	1 44%
All Other Expenses[8]	$1410488	14 38%	$135 653	13 80%	$132 711	13 11%
Total Expenses	**290,707**	**29 54%**	**280,375**	**28 52%**	**295,646**	**29 20%**
Net Pre-Tax Income[9]	**$54,170**	**5 50%**	**$88,827**	**9 04%**	**$108,329**	**10 70%**
Marketing Salaries & Commissions[10]	**0**	**0%**	**19,125**	**1 95%**	**32,360**	**3 20%**

NOTES TO FINANCIAL PERFORMANCE REPRESENTATION

1 **General Information About Stores**

(a) Menu and Services Each of the Stores offers the same menu and services to the public None of the Stores offer alcoholic beverages The Preston Road Store has less seating than the other two Stores

(b) Accounting System The Stores use the same accounting system

(c) Hours of Operation The Stores are each open from 11 a m to 9 p m , every day of the year except for Thanksgiving Day and Christmas Day As footnoted, the Airpark Store was temporarily closed from November 24, 2014 to December 22, 2014 for repairs

(d) Operating History The Preston Road Store opened in April 1993 The Greenville Avenue Store opened in October 2004 Therefore, these two Stores have generated good will in their trade areas over a period of years The Airpark Store opened in early May 2008 The Overton Ridge Store is located in Fort Worth, Texas and opened in September 2013 The Longview Store originally opened as a franchised Store in December 2010 and was repurchased by our affiliate in September 2013

2 **Revenues** Revenues excludes sales taxes

3 **Costs of Goods** Cost of Goods includes food costs, and paper and other disposable product cost, but does not include costs of wood

4 **Salaries and Wages** Salaries and Wages are for an hourly staff of 12 to 15 full time persons and 8 to 10 part-time persons for 7 days per week all year (except Thanksgiving and Christmas) Also included in this amount are expenses we incur to train employees

Occasionally, a management person will fill in for hourly workers when needed The amounts reflected do not include any pro-rated amount for management services

Your hourly labor costs will be affected by prevailing wage rates and by personnel policies and practices We pay above minimum wage, and you will also likely have to pay your staff above minimum wage in order to attract and retain good employees

5 **Premises**

Size The Preston Road Store is 2,200 square feet The Greenville Avenue Store is 2,500 square feet The Airpark Store is 2,196 square feet The Greenville and Preston Stores are located in an interior bay in a strip shopping center with adequate parking The Airpark Store is located at an endcap in a small strip shopping center with adequate parking The Overton Ridge Store is 2,500 square feet and located on an encap strip mall in a suburban area The Longview Store is 2,500 square feet and located on an endcap strip mall in a suburban area

Visibility Each Store has visibility from main thoroughfares

Signage No Store has a pole or monument sign The Greenville and Preston Stores are listed on the shopping center sign

Location These Stores are located in well-developed areas, with substantial commercial, residential and office populations on well-traveled main streets in an urban setting

6 **Management Food-service Experience** Each member of our senior management team has more than 10 years of Store experience, including experience with other restaurant chains

7 **Advertising and Marketing** See Item 11 for a description of our marketing and advertising These amounts do not include (i) the salaries and commissions for the catering marketing personnel (see note 10), or (ii) any deduction for Coca Cola rebates The advertising and marketing expense excludes the salaries of persons who create advertising in-house for CCE, therefore, the percentages may be less than your required minimum advertising and marketing expenditures of 2%

The advertising and marketing totals exclude the following

- discounts from retail prices on redemption of coupons (see "Sales Discounts" in tables above),

- Store opening expenses for AirPark (See Item 7)

8 **"All Other Expenses" Description** "All Other Expenses" are items such as utilities, insurance, delivery expenses, professional services (such as legal and accounting), non-capital equipment and inventory replacement (including wood), repairs, computer and software, data management, maintenance and support fees, credit card fees, office expenses, security, telephone/internet, property taxes, cash shortages, uniform expense, equipment lease payments for dishwashers and ice machines, cleaning and other laundry expenses and bank service charges The amounts that you might incur for these expenses will vary depending upon your location, prices you are able to negotiate with vendors and providers and other local variables See Item 9 for more information on some of these expenses The "All Other Expenses" amount **excludes** debt service, amortization, depreciation and other non-cash items

9 **Additional Expenses** These Stores are similar to one you would open, although the size of the space may differ In addition, you will incur other expenses that Cowboy Chicken does not incur, including the following

(a) Royalties You would pay 5% of Gross Sales royalties each month to us

(b) Ad Fund We currently collect 2% of your Gross Sales for the Ad Fund See Item 11

10 **Marketing Salaries & Commissions** We added a line item for Marketing Salaries and Commissions **after** our Net Pre-Tax Income line The person(s) fulfilling this position primarily markets catering services for our company-owned Stores We attribute the growth in our catering services volume to the efforts of this person(s) We strongly encourage franchisees to consider budgeting for catering marketing, however, we do not require franchisees to do so We estimate the salary to employ a person to market catering services at approximately $35,000/year, plus commissions, taxes and benefits If you elect not to hire a catering marketing person, you will not have this expense

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	4	7	+3
	2015	7	11	+4
	2016	11	16	+5
Company-Owned	2014	5	5	0
	2015	5	5	0
	2016	5	5	0
Total Outlets	**2014**	**9**	**12**	**+3**
	2015	**12**	**16**	**+4**
	2016	**16**	**21**	**+5**

TABLE NO 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2014 to 2016

State	Year	Number of Transfers
Totals	**2014**	**0**
	2015	**1**
	2016	**0**

TABLE NO 3
FRANCHISED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2014 to 2016

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets Operating At Year End
Alabama	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Louisiana	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Nebraska	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Texas*	2014	4	3	0	0	0	0	7
	2015	7	2	0	0	0	0	9
	2016	9	4	0	0	0	0	13
Totals	**2014**	**4**	**3**	**0**	**0**	**0**	**0**	**7**
	2015	**7**	**4**	**0**	**0**	**0**	**0**	**11**
	2016	**11**	**5**	**0**	**0**	**0**	**0**	**16**

*Our affiliate Cowboy Management provides restaurant consulting services to 5 franchised stores in North Texas

TABLE NO 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2014 to 2016*

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
Texas	2014	5	0	0	0	0	5
	2015	5	0	0	0	0	5
	2016	5	0	0	0	0	5
Totals	**2014**	**5**	**0**	**0**	**0**	**0**	**5**
	2015	**5**	**0**	**0**	**0**	**0**	**5**
	2016	**5**	**0**	**0**	**0**	**0**	**5**

* This table presents information about the development of company-owned Stores including those owned by CCE

TABLE NO 5
PROJECTED OPENINGS
AS OF JANUARY 1, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
California	0	2	0
Georgia	0	2	0
Iowa	0	1	0
Louisiana	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Nebraska	0	0	0
Oklahoma	1	2	0
South Dakota	0	1	0
Texas	4	3	0
Totals	**5**	**12**	**0**

List of Current Franchisees

The following is a list of the names, addresses and telephone numbers of our current franchisees and their franchised outlets as of December 31, 2016

Franchisee	Franchised Location(s)
ALABAMA	
Dia Zuaiter 8008 Woodfern Drive Indian Springs, AL 35124 205-218-5151 diazuaiter@gmail com	830 Inverness Corners Birmingham, AL 35242
CALIFORNIA	
TEXACAL FOODS, LLC 101 N Irwin St , #207, Hanford, CA 93230 Kevin Roche, Owner - Operations Expertise 559-362-3257 kroche32@vahoo com	No Stores open as of December 31, 2016
LOUISIANA	
V2V Management Mark Verinder 17552 Kaitlyn Dr Baton Rouge, LA 708517 225-772-6775 markverinder@yahoo com	6555 Siegen Ln Baton Rouge, LA , 70809 Phone (225) 778-7855
NEBRASKA	
RJB Franchise and Consulting Group, LLC Randy Mutchie 2500 Devoe Dr Lincoln, NE 68506 402-202-6394 bigmutch@gmail com	2801 Pine Lake Rd Lincoln, NE 68516
FRCG Chicken, LLC Brendan Crowley - Owner 752 N 129th, Omaha, NE 68154 402-216-4411 (mobile) brendan @frcgroup net	No Stores open as of December 31, 2016
OKLAHOMA	
Southern Fired Chicken Bryan Neal 2090 Equestrian Lane Tyler, Texas 75703 bneal@ccim net 903-780-7626	No Stores open as of December 31, 2016
TEXAS	
Vesta Restaurant Group LLC Campfire Allen, LLC Attn Mark D Jordan 2435 N Central Expressway, Suite 1650 Richardson, TX 75080	190 E Stacy Rd # 1300 Allen, TX 75002-8766 (972) 678-3020

Franchisee	Franchised Location(s)
(972) 458-7600	
Vesta Restaurant Group LLC Campfire Denton, LLC Attn Mark D Jordan 2435 N Central Expressway, Suite 1650 Richardson, TX 75080 (972) 458-7600	2520 W University Dr , Ste 1150 Denton, TX 76201 Phone (940) 320-3272
MJY Cowboy LLC Jimmy Hajeer 1127 W Remington Park Terrell, TX 75160 whajeer@aol com	780 E US Hwy 80 Forney, Texas 75126 972-552-2646 508 N Hwy 77 Waxahachie, TX 75165 972-937-8600 3360 W FM 544 #950 Wylie, TX, 75098 Phone (972) 442-0606
Vesta Restaurant Group LLC Campfire Frisco, LLC Attn Mark D Jordan 2435 N Central Expressway, Suite 1650 Richardson, TX 75080 (972) 458-7600	4984 W Main St Frisco, TX 75034 469-362-8002
Vesta Restaurant Group LLC Campfire Irving, LLC Attn Mark D Jordan 2435 N Central Expressway, Suite 1650 Richardson, TX 75080 (972) 458-7600	3351 Regent Blvd #100 Irving, TX, 75063 Phone (214) 496-0724
Fisher Rothchild 1, LLC Barry Fisher Joe Rothchild 920 S Fry Road Katy, Texas 77450 832-752-7102 713-857-0567 Bfishe7@mac com rothchil@yahoo com	20702 Katy Freeway #1A Katy, TX, 77449 Phone (281) 676-8202
Cowboy C West LLC Brent Shankle 4215 Glenaire Dr Dallas, TX 75229 830-203-8183	2407 9th St Lubbock, TX, 79401 Phone (806) 701-5671 4415 S Loop 289 Lubbock, TX 79424 (806) 795-0881
Alvie Capital LLC Alvie Britton 5111 N 10th St McAllen, TX 78504 alviebritton@gmail com	1020 Nolana St McAllen, TX 78501 956-686-7777
Vesta Restaurant Group LLC Campfire Plano, LLC Attn Mark D Jordan 2435 N Central Expressway, Suite 1650 Richardson, TX 75080 (972) 458-7600	8300 Preston Road, Suite 190 Plano, TX 75024 (214) 494-4463
TBI Chicken, LLC	3811 N Hwy 75 #200

Franchisee	Franchised Location(s)
Steven Bitoni 5612 Cherokee Road Austin, Texas 78738 tbifoods@yahoo com 512-507-7738	Sherman, TX , 75090 Phone (903) 892-6000

List of Former Franchisees

Except as set forth below, we have never terminated or refused to renew a franchise, no franchise has been transferred or terminated, and no franchisee has failed to communicate with us during the 10 weeks preceding the date of this disclosure document

The following franchisee left the system during our 2016 fiscal year and our affiliate repurchased their Store

None	

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

Confidentiality Clauses

During the last 3 fiscal years, we have signed agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experiences as a franchisee in our franchise system

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this disclosure document

ITEM 21
FINANCIAL STATEMENTS

Exhibit A of this disclosure document contains the following financial statements of Cowboy Chicken Franchising, LP

Audited Statements

1 Independent Auditor's Report

Balance Sheet as of December 31, 2016 and December 31, 2015

Statement of Income and Partners/ Equity for Years Ended December 31, 2016 and December 31, 2015

Statement of Cash Flows for Years Ended December 31, 2016 and December 31, 2015

Notes to Financial Statements

2 Independent Auditors' Report

Balance Sheet as of December 31, 2015 and December 31, 2014

Statement of Income and Partners/ Equity for Years Ended December 31, 2015 and December 31, 2014

Statement of Cash Flows for Years Ended December 31, 2015 and December 31, 2014

Notes to Financial Statements

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this disclosure document

Exhibit B	Development Agreement
Exhibit C	Franchise Agreement and Exhibits Authorization Agreement for Preauthorized Payments Assignment of Telephone Numbers(s) and E-mail Address Guaranty and Acknowledgment
Exhibit G	Applicant Confidentiality Agreement and Authorization

ITEM 23
RECEIPTS

The last pages of the disclosure document are detachable documents acknowledging your receipt of the disclosure document When you receive this disclosure document, you must sign both Receipts, return one to us and retain the other for your records

EXHIBIT A

FINANCIAL STATEMENTS

EXHIBIT B

DEVELOPMENT AGREEMENT

EST 1981

COWBOY CHICKEN

WOOD FIRE ROTISSERIE

DEVELOPMENT AGREEMENT
FOR
COWBOY CHICKEN® STORES

TABLE OF CONTENTS

SUMMARY PAGE

These pages summarize certain provisions of the Cowboy Chicken Development Agreement to which they are attached The Development Agreement's provisions will control in the event of any conflict

Effective Date ______________

Development Area ____

____

Development Fee ______________

Initial Franchise Fee ______________

Transfer Fee ______________

DEVELOPER (you) ______________________________

Address for Notices ____________________________

____

Attention ________________

Phone ____________________

FAX ____________________

E-mail ____________________

Controlling Principals of Developer

Name	Address	% of Equity Ownership

Operating Principal ____

COMPANY Cowboy Chicken Franchising, LP

Address for Notices 3450 E Hebron Parkway
Carrollton, Texas 75010
Attention President

Disclosure Law Compliance

Delivery Date of Franchise Disclosure Document _________, 20 ___

Delivery Date of completed copy of this Agreement ________, 20____

Development Schedule

Store #	Lease Execution Date	Scheduled Opening Date	Required # of Operating Stores

COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into between Cowboy Chicken Franchising, LP, a Texas limited partnership (Company), and the Developer set forth in the Summary Pages (Developer) Capitalized terms shall have the meaning defined in the Glossary, which is incorporated herein by reference

1 **Recitals** Company sells franchises for Stores that operate restaurants featuring Cowboy Chicken® brand rotisserie chicken, slow roasted over an open wood-burning fire on the premises, and complementary foods and beverages Developer is a prospective franchisee whose application to become a Cowboy Chicken® franchisee has been approved by Company

2. **Area Development Rights**

(a) In consideration of the development fee Developer pays in accordance with Section 6(a), Company grants to Developer the right (and Developer undertakes the obligation) to develop the number of Stores indicated in the Development Schedule set forth in the Summary Pages in the Development Area described in the Summary Pages

(b) In order to retain the right to develop Stores, Developer must

(i) develop and open Stores in compliance with Section 3 and 4 of this Agreement and the development schedule indicated in the Lease Execution Date and Scheduled Opening Date columns of the Development Schedule, and

(ii) as of each Store's Scheduled Opening Date, be operating in the Development Area the cumulative total number of Stores indicated in the Required # of Operating Stores column of the Development Schedule

(c) Subject to earlier termination in accordance with Section 12 and to renewal under Section 10, Developer's development rights will continue from the Effective Date of this Agreement until the earlier of (i) the Scheduled Opening Date for the last Store Developer is scheduled to open, as indicated in the Development Schedule, or (ii) the date Developer's last Store actually opens After Developer's development rights terminate or expire, Company may grant franchises and development rights to other franchisee/developers, and Company and its affiliated companies may open Stores in the Development Area, whether or not Developer opens the full number of Stores indicated in The Development Schedule However, neither Company nor its affiliate companies may infringe the protected Trade Area of any Store that Developer operates

3 **First Store Development Procedure**

(a) Promptly after the Effective Date, Company will furnish Developer

(i) A list of points that Developer should look for and consider in identifying potential sites for the first Store, and

(ii) Information about the interior lay-out, utility requirements and signs for a typical Store

(b) Not later than the Scheduled Opening Date for the first Store set forth in the Development Schedule, Developer must complete the following steps in the sequence shown

(i) Developer must locate at least three available sites that appear suitable for a Store and submit for Company's evaluation a landlord's summary of the lease terms available for each site Developer must also give each landlord a copy of the Lease Rider attached to this Agreement as Exhibit A and obtain written verification that each landlord is willing to include the Rider's provisions in its lease Developer must copy Company on all letters of intent and lease negotiation communications Developer has with its potential landlord After Developer provides the required documentation, Company will review the information on each site and review the lease summary in consultation with Developer Company may, but will not be required, to visit and inspect the sites that Developer proposes The zoning or other applicable governmental regulations and the proposed lease agreement for the proposed sites must permit the installation of a fire wood-burning rotisserie oven on the premises of the building to be constructed on the proposed site

(ii) If and when Company is satisfied that one or more of the sites and lease summaries are reasonably acceptable, Company will give Developer verbal authorization to proceed with preliminary lease negotiations Company's authorization to negotiate a lease will not be unreasonably withheld However, Company reserves the right to reject any site or lease proposal Developer submits and to require that Developer obtain information on additional sites Under no circumstances will Company authorize Developer to pursue a site located inside the protected Trade Area of another Store that is either operating or under development

(iii) After receiving Company's authorization to negotiate, Developer must copy Company on all letters of intent and lease negotiation communications with a prospective landlord, negotiate a Store lease to Developer's satisfaction and submit a final, unsigned copy of the lease to Company for its verification that the Lease Rider and the Store's street address are included and that the lease permits the installation of the wood-burning fire rotisserie oven in the building of the leased premises and the removal of that oven upon expiration or termination of the lease Developer acknowledges that Company will have no responsibility for evaluating or advising Developer with respect to any business or legal aspects of the lease, but that Company may withhold authorization for Developer to sign a lease that omits a Lease Rider in substantially the form attached as Exhibit A to this Agreement, or contains provisions Company considers excessively onerous or restrictive

(iv) When Company is satisfied with the Store lease, Company will give Developer written authorization to sign it At the same time, Company will furnish Developer a ready-for-signature copy of the Franchise Agreement for the Store The Franchise Agreement will be substantially the same as the Franchise Agreement attached to the Franchise Disclosure Document that Developer received prior to the execution of this Agreement, with all blanks filled in and the boundaries of the Store's protected Trade Area identified

(v) After receiving Company's authorization to sign the Store lease, Developer must sign and furnish Company a photocopy of the executed lease, including all exhibits, attachments and addenda When Company verifies that the executed lease contains no variances from the form Company approved, it will notify Developer that it is prepared to sign the Franchise Agreement

(vi) Developer must sign the first Franchise Agreement, pay the balance of any initial fees due within ten days after Developer signs the Lease, and timely open the first Store for business with customers

4 **Second and Additional Store Development Procedure** Not later than the Scheduled Opening Date for the second and each additional Store, Developer must complete the following steps, in the sequence shown, for a Store's development

(a) Not later than 30 days before a particular Store's lease Execution Date, Developer must notify Company that Developer is prepared to commence the Store's development If Company's then-current form of Franchise Disclosure Document bears a more recent date than the most recent franchise disclosure document that Developer received, Company will furnish the current Franchise Disclosure Document to Developer Developer agrees and acknowledges that Company's then-current form of Franchise Agreement may differ materially from its now-current form of Franchise Agreement, including, without limitation, additional and increased fees

(b) Developer must comply, in order, with the requirements of Sections 3(b)(i) through 3(b)(iii), except that Developer will not be required to submit a site evaluation form or lease summary for more than one site under Section 3(b)(i)

(c) After receiving Company's written authorization to sign the Store lease in accordance with Section 3(b)(iv), Developer must comply with the requirements of Section 3(b)(v) with respect to the Store's lease not later than the date shown in the Lease Execution Date column of The Development Schedule

(d) Within ten days after Developer signs the Store lease, Developer must sign a Franchise Agreement for the Store, pay Company the balance of any required initial fee

(e) Developer must complete the Store build-out procedures set out in the Franchise Agreement and timely open the Store for business with public consumers

5 Store Development Extensions, Force Majeure

(a) If Developer is unable to secure a lease for the any Store by its scheduled Lease Execution Date, Developer may apply for one (but only one) 45-day extension of the Lease Execution Date and of the corresponding Scheduled Opening Date To obtain an extension, Developer must request it in writing not later than 15 days before the relevant Lease Execution Date Company will grant the extension if, in its reasonable judgment, Developer has made a good faith effort to comply with the requirements of Section 3(b), but has experienced delays beyond Developer's reasonable control

(b) An extension obtained under Section 5(a) will apply only to the Store for which Developer obtained it, an extension will not delay the Lease Execution Date or the Scheduled Opening Date of any subsequent Store

(c) If any Store's opening (but not the execution of its lease) is delayed beyond its Scheduled Opening Date on account of a natural disaster, an act of terrorism, fire or other casualty, labor dispute, materials shortage or similar event over which Developer lacks control, that Store's Scheduled Opening Date will be extended for the time reasonably necessary to remedy the event's effects The extension provided in this Section 5(c) will be available only if Developer gives Company prompt notice of the event's occurrence and an estimate of the time required to remedy its effects

(d) An extension under Section 5(c) will apply only to the Scheduled Opening Date of the Store whose development is interrupted, an extension will not delay the Lease Execution Date or the Scheduled Opening Date of any subsequent Store

6. Fees

(a) Development Fees When Developer signs this Agreement, Developer must pay Company a development fee (Development Fee) equal to $20,000 times the number of Stores Developer commits to develop under this Agreement The Development Fee is fully earned by Company in consideration of the development rights granted in this Agreement and is not refundable

(b) Franchise Fees The initial franchise fee for each franchise is $15,000, payable upon the earlier of the date when Developer or its Affiliate signs the lease or signs the Franchise Agreement for each Store

7 Competitive Protection, Territorial Scope of Development Rights

(a) Except to the extent indicated in Section 7(b), Developer's right to develop Stores in the Development Area will initially be exclusive So long as Developer retains exclusive development rights, Company will not open or grant a franchise for a Store in the Development Area or enter into another development agreement relating to a Store to be located in the Development Area This Agreement applies nowhere outside the Development Area, either in terms of Developer's development rights or the competitive protections this Section 7 provides

(b) Developer may lose the exclusive development rights in accordance with Section 10 Moreover, if Developer transfers the franchise for any operating Store, Developer's rights will become non-exclusive in relation to the transferee Company may enter into a development agreement with the Store's new owner and may permit the new owner to relocate the Store and to open Special Outlets inside the Development Area in accordance with the provisions of Company's then-current Franchise Agreement

(c) The exclusivity provided in Section 7(a) will not to any extent prohibit or restrict Company from developing and operating, or awarding rights to franchisees or licensees to develop and operate, Special Outlets in the Development Area This Agreement does not apply to the development of Special Outlets and does not itself authorize or permit Developer to develop Special Outlets (A Special Outlet is an express unit, a mini-Store, or similar installation that contains a wood-burning open fire rotisserie oven and is located in a hospital, airport, sports arena, student center or other special use facility or in the food court of an enclosed shopping mall, or at a military post or military service facility)

(d) The exclusivity provided in Section 7(a) will not to any extent prohibit or restrict Company from engaging in the distribution of its proprietary or branded products and other merchandise to or through commercial establishments that are not affiliated with Company or associated with the Cowboy Chicken service mark or franchise system, including (for example) department stores, supermarkets and convenience stores Company may exercise its distribution rights, both inside and outside the Development Area, without infringing Developer's competitive protection rights

(e) Company and its affiliated companies may acquire or be acquired by (in any manner of structure) or merge with another company that operates restaurants under other trademarks and trade names that are located within the Development Area Such a transaction will not violate the exclusive development rights

(f) Developer expressly disclaims any right to claim against Company and its affiliate companies arising from any act contemplated by Sections 7(c), (d) and (e)

8 Renewal

(a) Developer will have a conditional right to secure a renewal of the exclusive right to develop Stores in the Development Area

(b) Company will permit Developer to renew the term of this Agreement only if all four of the following conditions are satisfied

(i) Developer opens the full number of Stores indicated in the Development Schedule (taking into account any deadline extensions that Developer obtains in compliance with Section 5),

(ii) Developer does not cause or permit a default to occur under Section 10(b), 10(e),10(f) or 10(g), whether or not Company exercises its right to terminate Developer's exclusive rights under this Agreement on account of the default,

(iii) All of Developer's Stores are being operated in compliance with Company's quality control and other operational standards, and Developer is not delinquent in paying royalty or other monetary obligations to Company or in submitting required financial reports to Company, and

(iv) Based on its review of the financial information that Developer submits in accordance with Section 8(c)(i), Company is satisfied that Developer is financially capable of completing the development of the additional Stores that Developer proposes to develop

(c) To secure a renewal of the development rights, Developer must comply with the following procedures

(i) Not later than the Lease Execution Date of the last Store listed in The Development Schedule, Developer must notify Company of Developer's intention to continue developing Stores in the Development Area and must submit to Company current financial information for Developer and its equity owners on a form acceptable to Company Developer's notice must specify the number of additional Stores Developer proposes to develop and indicate any changes Developer seeks in the Development Area's boundaries

(ii) Company will evaluate Developer's financial information and development proposal If Company determines that Developer qualifies to develop additional Stores, it will furnish Developer a new Development Agreement on the form Company is then using The exhibits to that agreement will reflect the development area boundaries, number of Stores and development schedule that Company is willing to accept, which may differ from Developer's proposal

(iii) Within 21 days after Company furnishes the new Development Agreement to Developer, Developer must sign and return it to Company, together with the development fee specified in that agreement

9 If Developer is a Business Entity, the following requirements apply

(a) Developer must be properly organized and in good standing under applicable law, and its governing document must provide that Developer's purposes and activities are restricted exclusively to developing Cowboy Chicken® Stores

(b) True, complete and duly authenticated copies of Developer's governing document and of a resolution of Developer's board of directors, general partner or other managing body authorizing Developer to enter into and perform this Agreement must be furnished to Company prior to the execution of this Agreement

(c) Developer's governing documents shall impose transfer restrictions that give effect to Section 11, and each certificate representing an ownership interest in Developer shall contain or have conspicuously noted upon its face a statement in a form satisfactory to Company to the effect that any Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers

(d) Developer shall maintain a list of all record and beneficial owners of ownership interests in Developer and shall furnish a current version of the list to Company between December 15th and 31st of each year and upon request

(e) Developer shall appoint one person who will serve as the Controlling Principal who is approved by Company to be the Operating Principal The Operating Principal shall be Developer's main contact with Company regarding Developer's business and, unless otherwise agreed in writing, will be required to devote their full time best efforts to the development and operation of Cowboy Chicken® Stores If the initial or any successor Operating Principal resigns or otherwise leaves Developer's employment, Developer shall notify Company within five days and appoint a suitably qualified replacement Operating Principal within a reasonable time which shall in no case exceed 30 days from the date of departure

10 Default and Termination If Developer

(a) Fails to sign a Franchise Agreement for a Store as required by Section 3 or 4,

(b) fails to sign an approved lease for any Store in compliance with Section 3 or 4 not later than its Lease Execution Date (taking into account any extension of that date that Developer obtains under Section 5(a)),

(c) signs a lease without express written authorization from Company or otherwise proceeds with a Store's development before signing a Franchise Agreement or paying the franchise fee for the Store,

(d) fails to timely open any Store in compliance with this Agreement on or before its Scheduled Opening Date (taking into account any extension of that date that Developer obtains under Section 5(a) or 4(c)),

(e) without Company's express prior written permission, fails to have open and operating in the Development Area the cumulative total number of Stores indicated in the Required # of Operating Stores column of the Development Schedule as of the Scheduled Opening Date of any Store (taking into account any extension of a particular Store's Scheduled Opening Date that Developer obtains under Section 5(a) or 5(c)),

(f) allows an Event of Default to occur under any Franchise Agreement that is not cured by the end of the related remedial period provided in the Franchise Agreement,

(g) repeatedly fails to operate any Store in compliance with Company's operating standards and procedures, whether or not Company terminates the Franchise Agreement for that Store on account of the default,

(h) attempts a Transfer in contravention of Section 11, or

(i) enters negotiations to lease or obtains an option to lease a site for a Store located outside the Development Area, except pursuant to another effective development agreement between Company and Developer,

then Developer will be in default under this Agreement If a default occurs, Company may either (i) terminate Developer's exclusive rights to develop Stores in the Development Area, or (ii) terminate all of Developer's rights under this Agreement, in either case by giving Developer written notice of Company's election Termination of this Agreement will not affect the status of any Franchise Agreement then in effect between Company and Developer

11 Transfer

(a) Except as permitted in Sections 11(b) and 11(c), Developer may not attempt or effect a Transfer, either contractually or by operation of law In that connection, Developer expressly acknowledges and agrees that Company does not permit its franchisee/developers to subfranchise Cowboy Chicken Stores or to partition or sell undeveloped territory

(b) If Developer is a corporation, limited liability company or partnership, Company will consent to assignments and transfers of ownership interests among Developer's original equity owners upon its receipt of such documentation and information concerning the assignment or transfer and the resulting ownership of Developer as Company may reasonably request, which may include execution of an assignment of this Agreement in a form approved by Company or execution of a then-current development agreement reflecting the remaining rights and obligations of Developer under this Agreement If Company agrees to release any retiring equity owner from further liability under this Agreement, the retiring equity owner must also give Company an unconditional, general release of any claims the equity owner may have against Company If the retiring equity owner is the Operating Principal, Developer will appoint another Controlling Principal as Operating Principal within 30 days after the equity ownership in Developer of the retiring equity owner ceases

(c) The rights of an individual Developer may be devised by will or distributed to the individual's heirs pursuant to the laws of descent and distribution

(d) No Transfer in contravention of this Section 13 will be binding on Company, and Company will not be obligated to issue any Franchise Agreement under Section 3 or 4 in the name of any person or business entity other than Developer or a person to whom an individual Developer's rights are devised or distributed in accordance with Section 11(c)

12 Notices All notices or demands required or permitted under this Agreement shall be in writing and shall be delivered either by certified or registered mail, first class postage prepaid, or by commercial courier Notices delivered by mail or courier shall be addressed to Developer at the address for notices shown in the Summary Page, and to Company as shown on the first page of this Agreement, except that either party may at any time change its address for notices by giving the other party at least 10 days' prior notice in accordance with this Section 12 Notices delivered by mail will be deemed delivered three business days after deposit with the United States Postal Service, first class postage prepaid, certified or registered mail, return receipt requested, addressed, and notices delivered by courier will be deemed delivered on the delivery date shown in the courier's records

13 Status of Parties This Agreement is not intended to create, and shall not be interpreted or construed as creating, a franchise, partnership, joint venture, agency, employment, personal services or similar relationship between Company and Developer No representation to the contrary shall be binding upon Company

14 Law Governing, Arbitration of Disputes

(a) EXCEPT AS OTHERWISE STIPULATED IN SECTION 14(d), THIS AGREEMENT SHALL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICT OF LAW RULES SHALL NOT APPLY

(b) The parties agree to use their best efforts to resolve and settle by direct, private negotiation any claim, controversy or dispute (a Dispute) that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement

(c) If the parties cannot resolve and settle a Dispute by private negotiation within 60 days after one party gives the other written notice that a Dispute exists, the parties mutually agree to submit the Dispute to non-binding mediation, as follows

(i) Mediation shall occur in Dallas, Texas before a single mediator, using the facilities and mediation rules of a professional dispute-resolution organization selected by Company and reasonably acceptable to Developer (the Mediation Organization) If the parties cannot agree on a Mediation Organization, they will use the facilities and mediation rules of the National franchise Mediation Program

(ii) The parties shall jointly select a mediator from the panel of mediators maintained by the Mediation Organization The mediator must be either a retired judge or a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party If the parties are unable to agree on a mediator within 30 days after the Dispute is submitted to mediation, the Mediation Organization will select a mediator who possesses the indicated qualifications

(iii) Unless otherwise required by the Mediation Organization's rules, the parties will share the mediation filing fee equally They will otherwise separately bear their own costs and expenses (including legal fees) of participating in the mediation process Each party agrees to send at least one representative to the mediation conference who has authority to enter into binding contracts on that party's behalf Each party further agrees to sign a confidentiality agreement that exempts the mediator from disclosing, orally or in writing, any information the other party discloses to the mediator in confidence at any stage of the mediation process

(iv) If either party fails or refuses to participate in mediation in accordance with this Section 14(c), the other may immediately apply for binding arbitration in accordance with Section 14(d)

(d) If the parties cannot fully resolve and settle a Dispute through mediation within 30 days after the mediation conference concludes, all unresolved issues involved in the Dispute shall be submitted to binding arbitration, as follows

(i) Either party may make a demand for arbitration

(ii) Arbitration proceedings shall be conducted in Dallas, Texas before a single arbitrator, using the facilities and commercial arbitration rules of the Mediation Organization or another professional dispute-resolution organization selected by Company and reasonably acceptable to Developer (the Arbitration Organization) If Company selects an Arbitration Organization other than the Mediation Organization and Developer reasonably objects to Company's choice, the parties will use the facilities and commercial arbitration rules of the American Arbitration Association (the AAA)

(iii) The Arbitration Organization's expedited arbitration procedure shall apply to the arbitration proceedings To the greatest extent permitted by law, Company and Developer waive the application of all rules of discovery and evidence the Arbitration Organization's expedited procedure does not expressly make applicable

(iv) The parties shall jointly select an arbitrator from the panel of arbitrators maintained by the Arbitration Organization The arbitrator must be either a retired judge or an attorney experienced in the practice of franchise law who has no prior business or professional relationship with either party and who agrees to follow and apply the express provisions of this Agreement in determining his or her award If the parties are unable to agree on an arbitrator within 30 days after the arbitration demand is filed, the Arbitration Organization will select an arbitrator who possesses the indicated qualifications

(v) The arbitrator's award shall be final and binding on all parties, and neither party shall have any right to contest or appeal the arbitrator's award except on the grounds expressly provided by the United States Arbitration Act (the Arbitration Act) The party who demands arbitration shall pay the arbitration filing fee, but the parties will otherwise separately bear their own costs and expenses (including legal fees) of participating in the arbitration process Responsibility for the arbitrator's fees and expenses shall be determined as part of the arbitrator's award

(vi) The procedures contemplated by and the enforceability of this Section 14(d) shall be governed by the Arbitration Act and shall be interpreted and enforced in accordance with United States federal judicial interpretations of the Arbitration Act

15 Covenant Against Competition

(a) In consideration of Company's providing operations and management training to Developer and disclosing to Developer the System and other Trade Secrets in connection with this Agreement and the Franchise Agreements, Developer covenants and agrees that, during the term of this Agreement and for two years after its expiration or termination, Developer will not own or operate, directly or indirectly, or accept employment by or hold an interest in any retail food business that serves chicken as a primary menu item, except as a developer or franchisee of Company For purposes of this provision, "primary" means that the gross sales of chicken constitutes 30% or more of gross sales of the business

(b) During the term of this Agreement, Developer's covenant not to compete will apply universally, for the two-year period after the franchise expires or is terminated, Developer's covenant will apply in the DMA in which any Store is located and in each other DMA in which a Company-owned or franchised Store is then operating or under development For purposes of calculating the duration of the two-year period, any time during which Developer is in violation or breach of the covenant shall be excluded

(c) Developer acknowledges that Developer's covenant not to compete is reasonable and necessary to protect the business and goodwill of the Cowboy Chicken® franchise system and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets Developer acknowledges and confirms that Developer possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that serves rotisserie chicken as its primary product

16 Miscellaneous

(a) The term Developer includes the plural as well as the singular, the masculine and feminine genders, and corporations, partnerships and other business entities as well as individuals

(b) This Agreement may not be amended or modified except by a written agreement executed by Company and Developer

(c) Time is of the essence of this Agreement, Developer's compliance with the deadlines stated in this Agreement are vitally important

(d) If required by law, Developer, its affiliates, and each of their officers, partners, members, directors and employees bound by confidentiality agreements with Company (all of the preceding collectively, the Covered Persons) will promptly deliver to Company or its legal counsel upon request of Company or its legal counsel the following data or material

(i) Computer hard drives, portable drives and any copies of either used by the Covered Persons in part or wholly in any matter related to the development of Stores,

(ii) Copies of Subscriber Identify Module cards or other records of calls made or received through cell or other phones, personal digital assistants or similar equipment used by the Covered Persons in part or wholly in any matter related to the development of Stores,

(iii) Copies of electronic mail received or sent by the Covered Persons relating to the development of Stores, and

(iv) Any other similar materials required to be delivered pursuant to a proceeding for dispute resolution

Company will use or disclose these materials to others only in connection with resolution of disputes, which may not relate to the development of Store(s) or other Cowboy Chicken stores

17 Developer's Acknowledgments

(a) Developer acknowledges and agrees that this Agreement, together with any duly signed amendment or addendum attached to this Agreement, contains the entire agreement between the parties with respect to Developer's rights to develop and acquire franchises for Stores in the Development Area, and that this Agreement supersedes any prior or contemporaneous agreements between the parties, written or oral, with respect to those development and franchise acquisition rights ____________ **[DEVELOPER'S INITIALS]**

(b) Developer confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings concerning Developer's development or franchise acquisition rights were made to or with Developer that are not expressly stated in this Agreement and any duly signed amendment or addendum or in the Franchise Disclosure Document Company delivered to Developer as required by applicable federal and state franchise laws ____________ **[DEVELOPER'S INITIALS]**

(c) Developer acknowledges (i) that this Agreement is not a franchise agreement and that it provides Developer neither a license to use the Cowboy Chicken® trade name or service marks nor any right to operate a Store, (ii) that Developer's rights under this Agreement are solely contractual and that no property rights are granted in or with respect to the Development Area, and (iii) that until a Franchise Agreement for a particular Store location is issued in accordance with this Agreement, Developer will not have or be entitled to exercise any of the rights or privileges of a Cowboy Chicken® franchisee at or with respect to that location ____________ **[DEVELOPER'S INITIALS]**

(d) **DEVELOPER ACKNOWLEDGES THAT THE WRITTEN AUTHORIZATIONS REQUIRED BY SECTIONS 3 and 4 WILL BE VALID ONLY IF SIGNED BY COMPANY'S PRESIDENT DEVELOPER MAY NOT RELY ON VERBAL OR WRITTEN APPROVALS FROM ANY EMPLOYEE BELOW THE RANK OF PRESIDENT OR FROM ANY AGENT WHO MIGHT REPRESENT COMPANY IN THE FIELD DEVELOPER ASSUMES FULL RISK AND FINANCIAL RESPONSIBILITY FOR SIGNING A LEASE WITHOUT COMPANY'S PRIOR WRITTEN AUTHORIZATION, INCLUDING THE RISK THAT COMPANY MAY TERMINATE THIS AGREEMENT UNDER SECTION 10(b) ON ACCOUNT OF AN UNAUTHORIZED LEASE SIGNING COMPANY WILL HAVE NO OBLIGATION TO ISSUE A FRANCHISE FOR A STORE UNLESS AND UNTIL DEVELOPER COMPLIES FULLY WITH ALL APPLICABLE REQUIREMENTS OF SECTIONS 3 and 4** ____________ **[DEVELOPER'S INITIALS]**

(e) Company has instructed the vendors with whom Company's franchisees do business not to accept work orders or purchase orders for a Store for which a Franchise Agreement has not signed by Company Developer acknowledges that Developer will be unable to order fixtures, equipment, signs and inventory for any Store before a Franchise Agreement for that particular Store has been signed by Company ____________ **[DEVELOPER'S INITIALS]**

(f) Developer acknowledges that all amounts payable under Section 8 represent fees, not deposits, and that none of those fees are refundable in whole or in part under any circumstances ____________ **[DEVELOPER'S INITIALS]**

(g) Developer acknowledges and agrees that, by evaluating and accepting a particular Store location, providing any other site selection assistance to Developer, or authorizing Developer to negotiate or sign a Store lease, Company does not guarantee the suitability of any site for the operation of a Store or warrant that Developer can profitably operate a Store at any location that Company accepts Company disclaims (and Developer recognizes and accepts Company's disclaimer of) any warranties, express or implied, with respect to the suitability or profit potential of any site Developer selects for a Store ____________ **[DEVELOPER'S INITIALS]**

COMPANY	DEVELOPER
COWBOY CHICKEN FRANCHISING, LP	________________
By ____________________________	By ________________________
Title ___________________________ Cowboy Chicken Franchising GP, LLC General Partner	Title ______________________
Date __________________________*	Date ______________________

*Considered the Effective Date of this Agreement for all purposes

EXHIBIT A

LEASE RIDER

LEASE ADDENDUM TERMS

1 Rights of Franchisor

(a) [LANDLORD'S NAME] ("Landlord") acknowledges that [TENANT'S NAME]("Tenant") is a franchisee of Cowboy Chicken Franchising, LP, a Texas limited partnership ("Franchisor"), and that the Cowboy Chicken Store (the "Store") located at [ADDRESS] ("Premises") is operated under the system developed by Franchisor for establishing and operating Cowboy Chicken Stores (the "Cowboy Chicken System"), pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Cowboy Chicken System as Franchisor may prescribe for the Store During the term of the Franchise Agreement, the Premises may be used only for the operation of the Store

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the lease for the Premises ("Lease") and the Premises at the same time that such letters and notices are sent to Tenant Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice") Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to cooperate with Franchisor with respect to any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises in order to pursue such action to a conclusion

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following

(1)Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor, or

(2)At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options In such event, Landlord and Franchisor shall enter into an agreement to document such assumption Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided

(e) If, during the six (6) month period set forth in Section (d)(1) above or at any time after the assignment contemplated in Section (d)(2), Franchisor shall notify Landlord that the franchise for the Store is being granted to another Cowboy Chicken franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement Thereafter, Franchisor shall be released from any and all further liabilities under the Lease The parties agree to execute any commercially reasonable documents in furtherance of this section

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Cowboy Chicken System and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to this Addendum

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease For purposes of notice under the Lease, Franchisor's mailing address shall be 3450 E Hebron Pkwy, Carrollton, TX 75010 which address may be changed by written notice to Landlord in the manner provided in the Lease

(1)Tenant's Exclusive Tenant shall have the exclusive right to sell Chicken for on and off premises consumption (the "Exclusive Right") within the land, buildings, Common Areas and improvements commonly known as the [NAME OF SHOPPING CENTER] ("Shopping Center") During the term of the Lease, no part of the Shopping Center may be leased, sold, used or occupied for the Exclusive Right other than (a) the Premises, or (b) any portion of the Shopping Center leased and/or occupied by another tenant or Shopping Center user of Landlord whose existing lease or right of possession was executed or entered into prior to the date of this Lease and expressly permitted such use or such tenant has the right to change its use without consent of the Landlord

(2)Tenant's Signs Tenant may install, maintain and replace the signs ("Tenant's Signs") in the color, size and other specifications set forth in the Signage Criteria attached to this Lease as [Exhibit "__"], subject to the Tenant's compliance with applicable laws and governmental regulations Tenant may designate the contractor for the fabrication and installation of Tenant's Signs Landlord will maintain the structural portions of any monument or pylon signage in good condition and will illuminate them daily from dusk to the time Tenant closes it Store for the day Tenant shall have a first priority right to install its sign panels on the Shopping Center pylon sign After the expiration or earlier termination of the Lease, Tenant may remove all of Tenant's Signs at its cost and Tenant must repair any damage caused by its removal thereof Tenant shall have the right to place temporary "Now Hiring" and "Grand Opening" banners outside of the Premises

(3)Parking Tenant may mark and reserve up to four (4) parking spaces in the immediate vicinity of the Premises for the exclusive use of its "take-out" customers

(4)Landlord's Representations Landlord represents and warrants to Tenant that, to the best of its knowledge, (i) the Shopping Center complies with all applicable laws, rules and regulations, (ii) it is the owner of the real property and improvements in the Shopping Center, (iii) it has the full right and authority to enter into the Lease without any subsequent action and the execution of the Lease, and the performance of Landlord's obligations therein, do not violate any agreement binding on Landlord, (iv) as of the date of the Lease, there are no restrictions (including pre-existing tenant exclusives) except those disclosed in writing to Tenant prior to the date of the Lease that would prevent Tenant from selling rotisserie chicken within the Premises If Landlord breaches any of these representations and warranties then, in addition to any other remedy, Landlord agrees to indemnify, save and hold Tenant harmless from any loss, cost, expense or damage (including reasonable attorney's fees and court costs) that Tenant may incur as a result of such breach by Landlord

(5)Common Area Maintenance Costs Common Area Maintenance Costs ("CAM"), if any, shall not include the depreciation of any buildings or equipment, leasing commissions, legal expenses related to the making or enforcement of other leases, mortgages, ground rents or increases thereof, Landlord's executive salaries, the cost of constructing replacing or improving any part of the Shopping Center or the Common Areas or any other cost properly chargeable to the capital account under generally accepted accounting principles Tenant's pro-rata share of CAM, tax and insurance costs will be based on the total leasable square footage of the Shopping Center, whether or not leased In no event shall CAM increase by more than five (5%) percent in any year over the prior Lease Year If Tenant is paying CAM monthly based upon anticipated actual costs such monthly payments shall be based upon the prior year's actual costs with reasonable increases for anticipated costs Such estimated monthly costs shall be compared to the actual costs for any applicable Lease Year and appropriate remittance for any underpayment or refund for overpayment shall be made within fifteen (15) days after calculation, as the case may be Tenant shall have the right to audit and inspect Landlord's books and records with respect to CAM upon thirty (30) days prior written notice Such audit and inspection shall be made at Landlord's offices and Landlord shall make such books and records and any reasonably appropriate supporting documentation available for Tenant's review In the event that Tenant's audit or inspection shall reveal an error in the calculation of CAM, then adjustment shall be made by appropriate payment or refund within fifteen (15) days after such audit or inspection results shall be delivered to Landlord Landlord agrees to credit to Tenant's obligation to pay rent under the Lease to Tenant, upon written notice with supporting documentation, the reasonable cost of its audit or inspection if an error was discovered as a consequence requiring adjustment, as herein provided

(6)Leasing Restriction No part of the Shopping Center shall be leased, sold or used for (i) a restaurant (other than the Premises) that serves chicken as its primary menu item, (ii) a car dealership, rental or leased car business or any other like business which shall store or shuttle automobiles, or (iii) a theater, bingo parlor or other place of gambling (whether legal or illegal) or any sexually-oriented business In addition, the area adjacent to the Premises shall not be leased for a veterinary clinic or pet shop

(7) Landlord Agreements Landlord, on behalf of itself and its successors and assigns, covenants and agrees that

(a) Landlord and its employees, agents or contractors shall not engage in any action that would materially (i) obstruct the visibility of the Premises or Tenant's Signs, (ii) reduce the number of parking spaces available to Tenant's customers in the immediate vicinity of the Premises as shown on the site plan which is attached as [Exhibit "__"] to this Lease, or (iii) restrict or prohibit access to the Premises

(b) Regardless of any designated Shopping Center business hours, only Franchisor shall have the right to diminish or extend Tenant's business hours, which are initially Sunday through Thursday, 11 00 AM to 10 00 PM and Friday and Saturday, 11 00 AM to 11 00 PM Tenant may close on national holidays or other observed holidays applicable to the location

(c) Landlord shall, at all times, maintain a policy of commercial general liability insurance in an amount of not less than $3,000,000 together with an "all risks" policy of casualty insurance covering the Shopping Center for not less than the full replacement cost thereof, and all such policies shall be underwritten with companies having at least an "A-" rating in Best's Insurance Guide

(d) Landlord shall not add or diminish the area of the Shopping Center or the Common Areas thereof if such action would increase the Tenant's obligations under the Lease or diminish its rights thereunder

(e) Landlord shall assist Tenant in order to facilitate Tenant's securing of all necessary permits and governmental approvals for the operation of its business at the Premises, including any signage permitted under this Lease and this Addendum

(8) Tenant Financing Tenant may grant a mortgage or other security interest in all or part of the Tenant's property ("Tenant Property") located within the Premises (including Tenant's trade fixtures) Landlord agrees that any lien that it may have against Tenant's Property (whether by statute or under the terms of the Lease or otherwise) will be subject and subordinate to the security interest of Tenant's lender Landlord shall execute and deliver to Tenant any commercially reasonably subordination documents requested by Tenant's lenders within ten (10) days after Landlord receives the documents Landlord shall execute and deliver a similar subordination agreement if requested by an equipment lender of Tenant

(9) Landlord's Financing Landlord shall obtain and deliver to Tenant within thirty (30) days after the date of the Lease a commercially reasonable agreement ("Non-Disturbance Agreement") with the holder of any existing mortgage, deed of trust, ground lease or other security interest (any one or more, an "Encumbrance") affecting the Shopping Center containing the following provisions (the "Non-Disturbance Provisions") (i) the Lease and Tenant's rights under the Lease shall not be disturbed by any foreclosure or termination action so long as Tenant is not in default under the Lease beyond all applicable notice and opportunity to cure periods, (ii) Tenant will not be joined in any foreclosure or termination actions related to the Encumbrance, (iii) the Lease will automatically become a direct lease between any successor to Landlord's interest, as landlord, and Tenant In addition, the Lease will not become subordinate to any subsequent Encumbrance affecting the Shopping Center unless and until Landlord

obtains from the holder of the Encumbrance an agreement containing such Non-Disturbance Provisions

(10) Conflicts The provisions of this lease addendum will supersede and control conflicting provisions of the lease

(11) Landlord's Acknowledgment Landlord acknowledges that Franchisor is not a party to the Lease and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Franchisor

[The rest of this page left blank on purpose]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written

COMPANY

COWBOY CHICKEN FRANCHISING, LP
a Texas limited partnership

By ______________________________

Name ____________________________

Title ____________________________

LANDLORD

____

By ______________________________

Name ____________________________

Title ____________________________

FRANCHISEE

____

By ______________________________

Name ____________________________

Title ____________________________

GLOSSARY

Affiliate means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means

Arbitration Organization means a single arbiter in Dallas, Texas who uses the arbitration rules of the Mediation Organization or another professional dispute-resolution organization selected by Company and acceptable to Developer

Controlling Interest means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise

Controlling Principals means one or more of the owners of Developer who (a) individually or collectively own a Controlling Interest in Developer or (b) have been designated by Company and Developer as Controlling Principals The initial Controlling Principals are listed on the Summary Pages to this Agreement

Development Schedule means the schedule in the Summary Pages to this Agreement setting forth the number, timing and related deadlines for the development and opening of Stores under this Agreement

Dispute means any claim, controversy or dispute that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement

Franchise Agreement(s) means one or more franchise agreements which grant Developer a Franchise at a specific, single location, executed or to be executed pursuant Sections 3 of this Agreement

Lease Execution Date means the date of the lease was executed for each Store described in the Development Schedule in the Summary Pages of this Agreement

Mediation Organization means a professional dispute-resolution organization selected by Company and reasonably acceptable to Developer

Operating Principal means one of Developer's Controlling Principals who is appointed by Developer, who meets Developer's requirements and who is approved by Company, and who shall supervise and manage all aspects of Developer's business and with whom Company and its staff may deal exclusively for purposes of administering and coordinating the relationship created by this Agreement Developer's first Operating Principal is identified in the Summary Pages of this Agreement

Required # of Operating Stores means the number of Stores required to be open and operating as described in the Development Schedule in the Summary Pages of this Agreement

Scheduled Opening Date means the date the Stores are to be open as described in the Development Schedule in the Summary Pages of this Agreement

Store is a retail food-service establishment that operates continuously at a fixed location under the Cowboy Chicken® trade name

Transfer means

(a) the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of the rights under this Agreement, any interest in or right under this Agreement, or all or substantially all of Developer's assets, including (1) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law, or (2) any transfer upon Developer's death or the death of any of the Controlling Principals by will, declaration of or transfer in trust or under the laws of intestate succession, and

(b) the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of any direct or indirect ownership interest in Developer, including (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in Developer or any business entity that has a Controlling Interest in Developer or of any interest convertible to or exchangeable for a legal or beneficial ownership interest in Developer or any business entity that has a Controlling Interest in Developer, (2) any merger or consolidation between Developer or any business entity that has a Controlling Interest in Developer and another business entity, whether or not Developer is the surviving business entity, (3) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law, (4) any transfer upon Developer's death or the death of any of the Controlling Principals by will, declaration of or transfer in trust or under the laws of interstate succession, or (5) any foreclosure upon the business contemplated by this Agreement No employee or independent contractor may hold any ownership interest in this Agreement other than an undivided interest in the Developer's rights as a whole, and then only in compliance with the provisions of Section 11

STATE SPECIFIC AMENDMENTS (IF ANY)

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA

The Cowboy Chicken Franchising, LP Development Agreement between ______________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the "Amendment")

CALIFORNIA LAW MODIFICATIONS

1 The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL CORPORATIONS CODE Section 31000 et seq , and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 et seq To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a Developer will not be required to pay the initial development fees due to Company and/or its Affiliates under the Development Agreement, until Company has completed all of its pre-opening obligations to Developer under the Development Agreement and first Franchise Agreement and Developer begins operating its first Cowboy Chicken Store pursuant to its first Franchise Agreement with Company

b California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning termination of the Development Agreement The Federal Bankruptcy Code also provides rights to You concerning termination of the Development Agreement upon certain bankruptcy-related events To the extent the Development Agreement contains a provision that is inconsistent with these laws, these laws will control

c If Developer is required in the Development Agreement to execute a release of claims, such release will exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act

d If the Development Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable

e If the Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Development Agreement, the covenant may be unenforceable under California law

f If the Development Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law g If the Development Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, Developer 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 Development Agreement on ______________________, ________

COMPANY	**DEVELOPER**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________ ____________________
By ____________________ Print Name ____________ Its ____________________	By ________________ Print Name ________ Its ________________
Effective Date _________	Date _____________

**AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS**

The Cowboy Chicken Franchising, LP Development Agreement between ______________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development 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, Ill Rev Stat ch 815 para 705/1 - 705/44 (1994) (the "Act") To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows

a Sections 705/19 and 705/20 of the Act provide rights to franchisees concerning nonrenewal and termination of a franchise If the Development 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 Development 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, are unenforceable with respect to claims under the Act

c Any provision that designates jurisdiction or venue or requires Developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois

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 Illinois law, Illinois law will control

e To the extent that the Act prohibits the disclaimer of representations contained in Company's Franchise Disclosure Document, the Development Agreement is amended to include representations made in Company's Franchise Disclosure Document to the extent required by law

f Section 41 of the Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void " To the extent that any provision in this Agreement is inconsistent with Illinois law, Illinois law will control

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Illinois law applicable to the provision are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, Developer 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 Development Agreement on ____________________, ________

COMPANY	DEVELOPER
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	__________________ __________________
By __________________ Print Name____________ Its __________________	By _______________ Print Name ________ Its _______________
Effective Date _________	Date _____________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

The Cowboy Chicken Franchising, LP Development Agreement between ______________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development 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 Code Ann , Bus Reg Sections 14-201 - 14-233 (1998 Repl Vol & Supp 2002) 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 will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

b This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

c This Agreement requires litigation to be conducted in a forum other than the State of Maryland The requirement will not be interpreted to limit any rights Developer may have under Sec 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland

d If 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 will exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments will be void with respect to claims under the Law

e Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise

2 Each provision of this Amendment will 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 will have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, Developer 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 Development Agreement on ____________________, ________

COMPANY	DEVELOPER
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________ ____________________
By ____________________ Print Name____________ Its ____________________	By ________________ Print Name ________ Its ________________
Effective Date _________	Date ______________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK

The Cowboy Chicken Franchising, LP Development Agreement between ______________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated __________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the "Amendment")

NEW YORK LAW MODIFICATIONS

IN WITNESS WHEREOF, Developer 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 Development Agreement on ______________________, ________

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 (1989) To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If Developer is required in the Development 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 will exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments will 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 Development Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon Developer under the New York General Business Law, Article 33, Sections 680 through 695

c Notwithstanding any rights you may have in the Development Agreement permitting You to terminate the Development Agreement, You may also have additional rights to terminate the Development Agreement on any grounds available by law

d With respect to any transfer or assignment by Company, no assignment will be made except to an assignee who, in good faith and judgment of Company, is willing and financially able to assume Company's obligations under the Development Agreement

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

COMPANY	**DEVELOPER**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	__________________ __________________
By __________________ Print Name____________ Its __________________	By _______________ Print Name _______ Its _______________
Effective Date _________	Date _____________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Cowboy Chicken Franchising, LP Development Agreement between ________________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Franchisor") dated ________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development 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 (1993) To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If Developer is required in the Development 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 North Dakota Law, or a rule or order under North Dakota Law, such release will exclude claims arising under North Dakota Law, and such acknowledgments will 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 Development Agreement are enforceable only under certain conditions according to North Dakota Law If the Development Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable

c If the Development 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 North Dakota Law

d If the Development Agreement requires that it be governed by a state's law, 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 Development Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under North Dakota 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

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of North Dakota Law, with respect to each such provision, are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date will be the date first above written

COMPANY	**DEVELOPER**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	__________________ __________________
By __________________ Print Name____________ Its __________________	By _______________ Print Name ________ Its _______________
Effective Date _________	Date _____________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF VIRGINIA

The Cowboy Chicken Franchising, LP Development Agreement between ______________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated _________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the "Amendment")

VIRGINIA LAW MODIFICATIONS

1 The Virginia State Corporation Commission, Division of Securities and Retail Franchising requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Virginia law applicable to the provision are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, Developer 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 Development Agreement on ____________________, _______

COMPANY	DEVELOPER
Cowboy Chicken Franchising, LP, a Texas limited partnership	________________ ________________
By ________________ Print Name____________ Its ________________	By ______________ Print Name _______ Its ______________
Effective Date ________	Date ____________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

The Cowboy Chicken Franchising, LP Development Agreement between ________________________ ("Developer" or "You") and Cowboy Chicken Franchising, LP ("Company") dated __________________ (the "Development Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the "Amendment")

WASHINGTON LAW MODIFICATIONS

1 The state of Washington has a statute, RCW 19 100 180 which may supersede the Development 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 Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

2 In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

3 In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW will prevail

4 A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Development 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 a s right to a jury trial may not be enforceable

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

IN WITNESS WHEREOF, Developer 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 Development Agreement on ______________________, ________

COMPANY	**DEVELOPER**
Cowboy Chicken Franchising, LP, a Texas limited partnership	__________________ __________________
By __________________ Print Name____________ Its __________________	By ______________ Print Name ________ Its ______________
Effective Date _________	Date ____________

EXHIBIT C

FRANCHISE AGREEMENT

EST 1981

COWBOY CHICKEN

WOOD FIRE ROTISSERIE

COWBOY CHICKEN FRANCHISING, LP

FRANCHISE AGREEMENT
FOR A
COWBOY CHICKEN® STORE

TABLE OF CONTENTS

SUMMARY PAGE

Effective Date ______________________ Store No ____________

Scheduled Opening Date ______________________

Commencement Date ______________________ (actual opening date)

Term 10 years from the Commencement Date

Renewal Exercised? ____________ (10 years)

Franchisee ______________________________________

Entity type ______________________________________

Store Street Address ______________________________________

____

Store Phone Number ____________ Store Fax Number ____________
E-Mail Address ______________________________________

General/District Manager ______________ Ownership Interest of Gen Manager ___ %
Tele # of GM/DM ____________ E-mail for GM/DM ____________

Operating Principal ______________________________________
Phone # of OP ____________ E-mail for OP ____________

The Trade Area boundaries are described in Exhibit B

Franchise Fee $15,000

Royalty Rate 5% Ad Fund Rate 2% (2% max unless by vote)

Website/Intranet Fees $25/month $100/month (max)

Architect ______________________________________
Contact Person ______________________________
Telephone ____________ E-mail ____________

Contractor ______________________________________
Contact Person ______________________________
Telephone ____________ E-mail ____________

Insurance Coverage

Additional Insureds Cowboy Chicken Franchising LP, Cowboy Chicken Enterprises LP and each of their officers, directors, shareholders, partners and members as additional insureds (Section 7(c)(26)(i) of the FA)

(A) Comprehensive general liability insurance for any claims or losses arising or resulting from the development or operation of the Store, with limits of $1,000,000 per occurrence and $2,000,000 aggregate Such insurance shall be on an occurrence policy form and shall include blanket contractual, products liability, advertising injury, broad form property damage, and personal injury coverage

(B) Motor vehicle comprehensive liability and property insurance covering owned, non-owned, and hired vehicles for combined single limits of bodily injury and property damage of not less than $1,000,000 per occurrence

(C) Workers' compensation insurance on all employees of the Store, as prescribed or permitted by applicable state law

ADDRESSES FOR NOTICES

Company COWBOY CHICKEN FRANCHISING, LP
3450 E Hebron Parkway
Carrollton, TX 75010
Attn D Sean Kennedy
E-mail Address Sean@cowboychicken com

Franchisee If different from mailing address for Store shown above (no PO Box Numbers)

____
____
____
Attn __________________________
E-mail Address ____________________

PRINCIPALS OF FRANCHISEE

Name	Address	% of Equity Ownership

Important Papers

Received from Franchisee	Check Off/Fill in Date	To Whom Delivered
Receipt for FDD dated __________	__________	__________
Copies of Governing Documents	__________	__________
Copy of Lease	__________	__________
Copy of Draft Plans	__________	__________
Plans approved by CCF on	__________	__________
Assignment of Telephone Numbers	__________	__________

Authorization for Preauthorized
Payments ____________ ____________
Ad Fund Participation Agreement ____________ ____________
Certificate of Insurance ____________ ____________
List of all record and beneficial owners ____________ ____________
of equity interests in Franchisee (due by 12/31 each year)

Brand Standards Manual #__________ delivered to Franchisee on ____________
Signed Acknowledgment received ____________

Closed ______________________________

Transferred To ______________________________ Date of Transfer ____________

STORE NO ___________

FRANCHISE AGREEMENT
FOR A
COWBOY CHICKEN® STORE

THIS AGREEMENT is entered into on the Effective Date by and between Cowboy Chicken Franchising, LP , a Texas limited partnership ("Company") whose principal business office is 3450 E Hebron Pkwy, Carrollton, TX 75010, and the Franchisee identified on the Summary Page Certain terms are used in this Agreement with the meanings assigned in the Glossary of Terms appended to this Agreement That Glossary is incorporated into and made an integral part of this Agreement by reference All references to section numbers are to this Agreement

1 **Recitals** Cowboy Chicken Enterprises, LP, an affiliate of Company, has developed and licensed to Company, with the right to license to Cowboy Chicken® franchisees, a System to guide and govern the operation of Stores that (i) make and sell Cowboy Chicken® brand rotisserie chicken that is slow-roasted in a wood-burning rotisserie oven on the premises of the Store, and (ii) operate under the Cowboy Chicken® trade name Company franchises the operation of Stores (in addition to conducting other business activities) Franchisee has completed the site selection requirements of a Development Agreement for a Store to be located at the address shown in the Summary Page The parties are now ready to embark on a franchise relationship and have entered into this Agreement to evidence the terms and conditions of their relationship

2 Grant of Franchise

(a) Grant Subject to the terms, conditions and limitations of this Agreement, Company grants Franchisee a franchise to operate a Store at the location shown in the Summary Page Franchisee's use of any of the Marks or any element of the System in the operation of a business at any other location or in any other channel of distribution without Company's express written authorization will constitute willful infringement of Company's rights in the Marks and the System

(b) Rights The franchise includes the following rights and licenses

(1) Authorization to operate the Store under the Cowboy Chicken® trade name, in association with the Marks and in accordance with the System,

(2) Authorization to install the Trade Dress and exterior and interior signs bearing the Cowboy Chicken® name and logo at the Store,

(3) Authorization to provide Catering in compliance with policies published in the Brand Standards Manual (i) in the Trade Area, and (ii) in any other area that is outside of a trade area for a Store or the territory of a Store developer, unless otherwise authorized in a given market area,

(4) Authorization to provide Delivery Service in compliance with policies published in the Brand Standards Manual in the Trade Area, and

(5) Authorization to use the Marks to identify, advertise and promote the Store's products and services

(c) Exclusions Franchisee shall acquire no rights or authority under this Agreement or as an element of the franchise

(1) To sell to any wholesale or retail customer Spice Blends or uncooked seasoned chickens,

(2) To sell to any wholesale or retail customer Sauces without the prior written authorization of Company,

(3) To operate a Special Outlet without prior written authorization from Company,

(4) To provide Delivery Service outside the Trade Area,

(5) To provide Catering outside of the Trade Area except as provided by this Agreement and in accordance with the Brand Standards Manual,

(6) To sell Cowboy Chicken® brand rotisserie chicken, memorabilia or other merchandise from catalogues, an Internet Website or a Special Outlet without Company's express prior permission, or

(7) To establish a 1-800 telephone number, catering hotline or any other implied company-wide procedure

(d) Reserved Rights of Company Company reserves all rights that this Agreement does not expressly grant to or confer upon Franchisee

3 Franchise Fee

(a) In consideration of Company's granting the franchise, Franchisee must pay Company a franchise fee of $15,000 for the Store upon the earlier of the execution of the lease for the Store or the execution of this Agreement

(b) Franchise fees are not refundable under any circumstances

4 Competitive Protection

(a) Company does not grant exclusive territories, but does provide its franchisees protection against some forms of competition inside a geographic trade area Exhibit B describes the Trade Area that Company has assigned to the Store Franchisee will enjoy competitive protection in the Trade Area to the extent the following paragraphs of this Section 4 expressly provide

(b) Company will not open or authorize anyone except Franchisee to operate a Store in the Trade Area

(c) Notwithstanding Section 4(b), Franchisee will have no competitive protection from Special Outlets that Company, its Affiliates, a franchisee or a licensee operates, either permanently, temporarily or seasonally, in the Trade Area

(d) Franchisee will have no protection against competition from Stores, Special Outlets or other establishments anywhere outside the Trade Area's physical boundaries, whether or not these establishments market their products and services in or draw customers from the Trade Area On the other hand, there will be no limitation on the geographic area in which Franchisee may advertise and promote the Store, or from which the Store may draw customers {subject to the limits for Catering described in Section 2(b)(3)(ii)}

(e) This Section 4 will not to any extent prohibit or restrict Company or its Affiliates from engaging in the distribution of private label Cowboy Chicken® Spice Blends, Sauces, frozen or refrigerated Cowboy Chicken® brand chicken or Cowboy Chicken® shirts, hats and other memorabilia, and other products and merchandise, whether or not identified by or associated with the Cowboy Chicken® brand name or logo, to or through (i) commercial establishments that are not affiliated with Company or associated with the Cowboy Chicken® Network, including (for example) department stores, supermarkets and convenience stores, (ii) telemarketing campaigns, Internet websites, television and radio broadcast and other direct order techniques, and (iii) initiation of, acceptance of and filling of telephone orders from residents within the Trade Area

Company and its Affiliates may exercise their distribution rights, both inside and outside the Trade Area, without infringing Franchisee's competitive protection rights

(f) Franchisee acknowledges and agrees that Company and its Affiliates have no express obligation or implied duty to insulate or protect Franchisee's revenues from erosion as the result of the Store's competing with other Stores with Special Outlets in the ways and to the extent this Section 4 provides or contemplates Franchisee expressly waives and relinquishes any right to assert any claim against Company based on the existence, actual or arguable, of any such obligation or duty

(g) Company or its Affiliates may acquire or be acquired by (regardless of the form of transaction) any business, including one which operates or licenses others to operate restaurants of any kind within the Trade Area, or in any area contiguous to the Trade Area, and Company, its Affiliates or their successors or assigns will have the right to operate and license others to operate such restaurants under the trademarks or service marks of such other business at, from and/or physically contiguous to such restaurant premises within the Trade Area regardless of proximity to or competitive impact upon Franchisee's Store

5 Modification of Concept, Trade Dress and Equipment Standards

(a) Company, in its sole discretion, may modify the System, the Marks, Trade Dress, training programs and equipment package from time to time for a variety of reasons These reasons include the need (i) to respond to changes in consumer expectations and buying trends, (ii) to seize efficiencies made possible by growth of the Cowboy Chicken® Network, (iii) to implement efficiencies made possible by technological advances or as a result of Company's research and development activities, (iv) to implement co-branding alliances with other companies, (v) to meet competition, (vi) to comply with changes in applicable law or judicial or administrative decisions, (vii) to improve the quality of services, training or products offered and (viii) to protect its Marks and goodwill

(b) If the addition of a menu item or product to the authorized merchandise list would not require the installation of new fixtures or equipment (other than items Company classifies as smallwares), Company may instruct Store franchisees to begin offering the new menu item as of a date specified in a supplement to the Brand Standards Manual Similarly, if the deletion of a menu item or product from the authorized Store merchandise list would not require the removal of fixtures or equipment (other than items Company classifies as smallwares), Company may direct Store franchisees to cease offering the product as of a date specified in a supplement to the Brand Standards Manual Franchisee will comply with Company's instructions as of the date Company specifies, which need not be more than 30 days after Company distributes the Brand Standards Manual supplement

(c) If Company abandons or adopts changes in the Store operating concept that necessitate the addition or removal of furniture, fixtures, equipment, signs or Trade Dress items, Company may instruct Store franchisees to adapt their Stores to the concept change, at Franchisee's expense, through a supplement to the Brand Standards Manual Company, in consultation with Franchisee, will establish a schedule for Franchisee to implement the concept change that will depend, among other factors, on the Store's size, age, and the amount Franchisee has spent in recent periods to refurbish and upgrade the Store Franchisee will remove from the Store any items Company designates as obsolete and will purchase and install any different or additional items Company specifies as meeting its new standards, all in accordance with the schedule Company establishes for Franchisee's Store

(d) Company may require any changes permitted by Sections 5(a) through (c) by geographic areas Therefore, Company may not require such changes to be completed throughout the Cowboy Chicken® chain simultaneously

(e) If Company allows the Store to participate in any new product test, Franchisee will participate in the test in accordance with Company's standards and specifications and will discontinue offering any product that Company decides not to add permanently to the authorized Store merchandise list

(f) If Franchisee develops or suggests an innovation or improvement that Company decides to incorporate into the System, either temporarily or permanently, the innovation or improvement will become Company's property without compensation other than Company's giving Franchisee recognition and credit for the innovation or improvement in announcing it to members of the Cowboy Chicken® Network Franchisee hereby assigns each such innovation or improvement to Company and agrees to execute and deliver all such additional instruments and documents as Company may request to evidence the assignment and Company's ownership of the innovation or improvement

6 Company Services and Assistance

(a) <u>Development Stage Assistance</u> Company will provide the following services and assistance to Franchisee before Franchisee opens the Store

(1) Company will furnish Franchisee a list that describes or shows the specifications for the fixtures and equipment that Franchisee must install in the Store Company will also provide Franchisee's architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Store

(2) Company will furnish Franchisee a list that generally describes the mechanical, electrical and plumbing specifications for a Store

(3) Company will furnish Franchisee lists of the inventory, supplies, paper goods and smallwares needed to stock and operate a Store, together with the names of any suppliers Company has designated or approved, including Company and its Affiliates These lists include the quality and grade specifications that Company has adopted for chicken, Spice Blends, Sauces and other ingredients and supplies Franchisee will need

(4) Company will provide Franchisee a list of the qualifications a General Manager and District Manager should possess The General Manager (but not a District Manager) must own a minimum of 15% voting equity interest in Franchisee Company

highly recommends that the Franchisee provide the General Manager with a bonus program

(5) Company will provide a training program at a training facility in Dallas, Texas If this Agreement relates to Franchisee's first Store, Company will provide training without tuition charge for Franchisee and the General Manager or District Manager and other management personnel (for up to three individuals) If this Agreement relates to Franchisee's second or subsequent Store, Company will provide training without tuition charge for the Store Manager Subject to availability of pupil space and to payment of a reasonable tuition charge, Franchisee may re-enroll or enroll others in the training program from time to time for initial or refresher training Franchisee and its personnel must complete Company's initial training program at least 21 days before the earlier of the original Scheduled Opening Date or such other date that Franchisee intends to open the Store In all cases, Franchisee must pay the travel, lodging and incidental expenses that Franchisee and Franchisee's other designated trainees incur to attend the training program

(6) When Franchisee arrives for training, Company will loan Franchisee one set of the Brand Standards Manual

(7) Company will help Franchisee establish an account with the distribution company from which members of the Cowboy Chicken® Network purchase Spice Blends, Sauces, Cowboy Chicken® carry-out bags and other branded disposable items and other inventory items

(8) Company will help Franchisee find a local supplier of perishable ingredients, paper goods and supplies that meet Company's specifications

(9) Company will help Franchisee plan the grand opening promotional advertising Company may require Franchisee to deposit $5,000 with Company upon execution of this Agreement to be used to fund the grand opening plan Company will use this $5,000 to either pay Franchisee's approved grand opening vendors directly or reimburse to Franchisee its approved grand opening marketing expenditures, as Company determines appropriate

(b) <u>Operational Assistance</u> Company will provide the following services and assistance to Franchisee after the Store opens

(1) For the first Store Franchisee opens and for other Stores at Company's discretion, Company will send one or more operations specialists to the Store for at least four days of opening assistance before, during and immediately after the period the Store first opens for business to assist with the grand opening of the Store and to verify that Franchisee is operating the Store in accordance with the Brand Standards Manual Company's scheduled training team will arrive approximately 21 days after Franchisee receives its Certificate of Occupancy

(2) Company will advise and assist Franchisee in planning publicity and promotions for the Store's opening and in identifying community involvement opportunities for the Store Manager

(3) Company will make its staff accessible to the Store Manager for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication Company will occasionally visit the Store to conduct QSC

Reviews and to consult with the Store Manager regarding standards compliance, but will not provide routine field supervision

(4) Company will arrange for the production and distribution of Spice Blends, Sauces and other proprietary items in quantities sufficient to satisfy the Store's reasonable needs Company will be relieved of any obligations to Franchisee under this Section 6(b)(4) if Franchisee fails to maintain a satisfactory payment history with the distributor from which Franchisee purchases Spice Blends, Sauces and other proprietary items, or if Franchisee becomes significantly or habitually late in paying royalties or marketing fees on time Franchisee acknowledges that Company may receive a rebate on purchases by Franchisee and other Cowboy Chicken® franchisees from suppliers and vendors

(5) Company will loan Franchisee additions and supplements to the Brand Standards Manual as they become available, and will disclose to Franchisee additional Trade Secrets, if any, Company develops that relate to the operation of Stores

(6) So long as Franchisee complies with Franchisee's financial, operational and reporting obligations under this Agreement, Company will invite Franchisee to attend (at Franchisee's expense) all conventions, seminars and other Franchisee-oriented functions Company from time to time plans and sponsors

(7) Company will permit Franchisee to purchase equipment and inventory from or through any distribution network Company establishes

(8) Company will determine the delivery territories and other policies for Delivery Service

(c) Third Party Assistance Although Company does not currently have third party area representatives, if Company develops an area representative program, Company may authorize an area representative ("AR") to perform any of Company's duties under this Section or otherwise specified by this Agreement or the Brand Standards Manual Franchisee will cooperate with any AR that Company assigns to the territory in which the Store is located and will comply with the requirements of this Agreement at all times in a manner that permits the AR to perform the duties, obligations and services of Company in accordance with this Agreement Nothing in this Agreement constitutes any AR as an associate, joint venturer, partner, employee or servant of Company or Franchisee for any purpose Company shall be relieved of any direct obligation to perform any duties under this Agreement for as long as an AR continues to serve in such capacity and to provide such services to Franchisee in accordance with this Agreement

7 Franchisee's Performance

(a) Business Entity Requirements If Franchisee is a Business Entity, the following requirements apply

(1) Franchisee must be newly organized and its Charter Documents must provide that Franchisee's purposes and activities are restricted exclusively to operating Cowboy Chicken® Stores

(2) True, complete and duly authenticated copies of Franchisee's Charter Documents and of a resolution of Franchisee's board of directors, general partner or other managing body authorizing Franchisee to enter into and perform this Agreement must be furnished to Company prior to the execution of this Agreement

(3) Franchisee's Charter Documents shall impose transfer restrictions that give effect to Section 13(a), and each certificate representing an ownership interest in Franchisee shall contain or have conspicuously noted upon its face a statement in a form satisfactory to Company to the effect that any assignment or transfer of the certificate is subject to all restrictions this Agreement imposes on transfers and assignments

(4) Franchisee shall maintain a list of all record and beneficial owners of voting equity interests in Franchisee and shall furnish a current version of the list to Company between December 15th and 31st of each year and upon request Franchisee represents to Company that the Principals listed on Schedule 1 to this Agreement are all of the record and beneficial owners of voting equity interests in Franchisee in the percentage of ownership disclosed on Schedule 1 as of the Effective Date

(5) Franchisee will designate an Operating Principal who is approved by Company and will devote their full time best efforts to the development and operation of the Store and any other Stores developed by Franchisee or its Affiliates

(6) The Principals of Franchisee must sign and deliver the Guaranty and Acknowledgment form attached to this Agreement as Exhibit E Any transferee of a Principal must sign the Guaranty and Acknowledgment form as a condition of Company's consent to the Transfer of interest

(b) Pre-Construction Procedures

(1) Within 30 days after the Effective Date, Franchisee must locate and furnish Company the name of an experienced general contractor who has built at least two restaurants The contractor must furnish Company a statement of the contractor's qualifications, including at least five client references, and a copy of the construction contract the contractor proposes to sign with Franchisee Company will have 10 calendar days after it receives these documents to advise Franchisee of any reservations Company has about the contractor's reputation or ability If Franchisee decides not to hire a particular contractor, Franchisee will have an additional 15 days to locate another general contractor and to submit the new candidate's qualifications to Company for its review

(2) Franchisee must submit for Company approval a complete set of construction documents for the Store, including mechanical, electrical and plumbing specifications Franchisee must develop the documents in cooperation with an approved, licensed architect, and must base them on the standards and information Company provides, including the kitchen/storage area lay-out Company suggests, including the construction of a wood-burning rotisserie oven, and Company's required Trade Dress package The documents will be subject to Company's review and approval Franchisee agrees to defer signing contracts for the Store's construction, equipment, fixtures or signage until Franchisee has received Company's written approval of Franchisee's final construction documents

(c) Construction and Operations In connection with the construction and operation of the Store, Franchisee agrees to fulfill the requirements, to perform the obligations and to observe the restrictions stated in this Section 7(c)

(1) Franchisee will construct, finish out, equip, furnish and decorate the Store in compliance with Company's equipment, Trade Dress, Information Systems and signage specifications and the construction documents Company approves in

accordance with Section 7(b)(2) After the Store opens, Franchisee will not alter its fixtures, equipment, signs or Trade Dress in any fashion without Company's express prior permission

(2) Franchisee will affix to an exterior window or display prominently on an interior wall of the Store a decal or placard containing the following statement "This store is owned and operated by ________________________ under a license from Cowboy Chicken Franchising, LP" and never make a statement or representation to any Person that is contrary to or inconsistent with Section 22

(3) (i) Unless Franchisee is an individual who will operate and manage the Store personally and devote their full time best efforts to the Store, Franchisee will recruit and hire a full-time General Manager who satisfies Company's eligibility standards, as stated in the Brand Standards Manual If the initial or any successor General Manager resigns or otherwise leaves Franchisee's employment, Franchisee will notify Company promptly and will recruit and hire a suitably qualified replacement General Manager within a reasonable time, which will in no case exceed 30 days

(ii) Notwithstanding Section 7(c)(3)(i), Franchisee may, at its option and subject to Company's prior written consent, designate a District Manager to supervise the operation of the Store, provided that Franchisee or its Operating Principal shall remain fully responsible for District Manager's performance A District Manager is not required to devote his/her full time efforts to the supervision of the Store

(4) Franchisee (or one or more of its owners who will serve as an Operating Principal) will attend and send each Store Manager to the training program described in Section 6(a)(3) Franchisee (or the Operating Principal) and each Store Manager must complete Company's training program with a passing grade at least 14 days before the Store opens for business

(5) As soon as Franchisee obtains a telephone number for the Store, Franchisee will sign and deliver to Company an Assignment of Telephone Number(s) for the number in the form attached to this Agreement as Exhibit D If the Store's telephone number changes during the franchise's term, or if Franchisee adds additional lines for a modem or other purposes, Franchisee will promptly sign and deliver to Company a new Assignment of Telephone Number(s) for the new or additional number(s)

(6) Franchisee will conduct the grand opening promotional described in Section 8(a) and open the Store for business not later than the Scheduled Opening Date specified on the Summary Page Franchisee will operate the Store continuously throughout the entire term of the franchise solely under the Cowboy Chicken® trade name and System If the Store's completion is interrupted by a natural disaster, fire or other casualty, labor dispute, materials shortage or similar event over which Franchisee lacks control, the Scheduled Opening Date will be extended for the time reasonably necessary for the effects of the occurrence to abate

(7) Franchisee will (i) comply with and adhere to the policies and procedures set forth in the Brand Standards Manual, as revised and supplemented from time to time, (ii) follow Company procedures in the storage, preparation, presentation and dispensing of chicken products, other authorized menu items and other authorized Store merchandise, (iii) purchase and use fresh, processed and prepackaged ingredients that satisfy or exceed the minimum grade or quality standards and specifications that Company from time to time specifies, (iv) purchase from a source Company designates and exclusively use the Spice Blends, Sauces and other proprietary ingredients in all

recipes the Store produces, and (v) purchase inventory and supplies in accordance with our specifications only from suppliers Company designates or approves from time to time

(8) Franchisee will provide appropriate training, supervision and security for all personnel employed in the Store, maintain standards of prompt and courteous customer service, and instruct all employees of the Store in the proper use and display of the Marks and the confidential handling of the Trade Secrets and the Brand Standards Manual, as stated in Section 12 In all cases, Franchisee has the sole responsibility and authority for Franchisee's employees' terms and conditions of employment In no case will the System or Brand Standards Manual include any personnel policies or procedures or security-related policies or procedures that Company (at its option) may make available to Franchisee in the Brand Standards Manual or otherwise for Franchisee's optional use Franchisee will determine to what extent, if any, personnel or security-related policies and procedures might apply to operations at the Store Company neither dictates nor controls labor or employment matters for franchisees and their employees, and Company is not responsible for the safety and security of Franchisee's Store employees or patrons

(9) Franchisee will ensure that all the Store's employees follow Company's grooming and dress code and wear the Cowboy Chicken® uniform items developed or approved by Company

(10) If the General Manager is not a Principal of Franchisee, Franchisee will ensure that each new General Manager is employed on a full-time basis (with no second jobs of any sort) and is properly trained to understand and perform a Store Manager's duties

(11) Without prior permission of the affected employer, Franchisee will not, directly or through others, contact, solicit or offer any inducements to any employee of Company, a Company Affiliate or another Cowboy Chicken® franchisee for the purpose of persuading or attempting to persuade the employee to accept employment by Franchisee in any capacity

(12) Franchisee will offer all foods and beverages included on Company's standard Store menu, as revised from time to time, and will not offer any food, beverage or other merchandise that is not included on Company's authorized Store menu, as revised from time to time, without Company's prior written consent

(13) Franchisee will imprint the Cowboy Chicken® logo on all cups, containers, carry-out bags, take-out menus and other disposable goods used in the Store in accordance with instructions in the Brand Standards Manual, and will purchase items imprinted with the Cowboy Chicken® logo only from suppliers Company designates or approves, which may include Company or its Affiliate

(14) Franchisee will purchase as they become available and display in the Store all (i) product identification materials, (ii) point-of-purchase promotional materials, (iii) promotional memorabilia, merchandise and prizes, and (iv) other advertising and marketing materials Company creates or authorizes for use by Store operators Franchisee will purchase these materials from a source Company designates or approves, which may include Company or its Affiliate

(15) At Company's request, Franchisee will display in a prominent, accessible place a "franchise opportunity" display furnished by Company at its expense for the purpose of increasing public awareness of the availability of Store franchises

(16) Franchisee will follow Company procedures in maintaining and cleaning the Store's equipment and fixtures, and will maintain the customer area, wood-burning rotisserie oven, kitchen, storage and restroom areas of the Store in a safe and sanitary condition at all times

(17) Franchisee will maintain the physical appearance and integrity of the Store in accordance with the repair, refurbishing and remodeling standards stated in the Brand Standards Manual

(18) Franchisee will permit Company representatives to conduct unannounced QSC Reviews of the Store at any time during normal business hours Franchisee will promptly correct any condition noted as "unsatisfactory" or "needs improvement" in a QSC or staff evaluation report

(19) Franchisee will maintain Store business hours and days of operation in accordance with System standards, unless Company grants a written exception

(20) Franchisee will comply strictly with all federal, state and local laws and government regulations applicable to Franchisee's franchised business, including those relating to taxation, employment (including rules against sexual harassment and discrimination) and promotion practices, employee wages, child and immigrant labor, anti-terrorism laws, disabled persons, workers' compensation, truth-in-advertising, occupational safety and health, and sanitation Franchisee will promptly provide Company with copies of any notices of non-compliance received by Franchisee relating to such laws and regulations

(21) Franchisee will (i) adopt and follow Company's fiscal year for accounting purposes, (ii) adopt and follow the accounting principles, policies and practices Company prescribes, including use of Company's standard chart of accounts, (iii) acquire, install and use the Information Systems Company specifies from time to time in the Brand Standards Manual, and implement and maintain an approved Payment Card Industry (PCI) compliance program Company specifies from time to time in the Brand Standards Manual, including with respect to periodic reporting of the PCI program's operational status, (iv) install and continually maintain a dedicated telephone line that facilitates communication between Company's computer system and Franchisee's Information Systems, and (v) furnish Company the dedicated line's telephone or other access number, as originally assigned and as changed from time to time

(22) Franchisee will accurately calculate and report Gross Sales to Company at the times and through the procedures Company from time to time specifies (which may include a web-based reporting system and a daily reporting requirement) Franchisee acknowledges that Company will have direct remote access to communicate directly with your computer for sales data and product mix data, and to make periodic database and configuration changes, and may electronically poll the Store's Information Systems to obtain Gross Sales data, as well as other financial and operating information Franchisee agrees to maintain continual data network access to the Store's Information Systems for use by Company Company may use this data for any business purpose it deems appropriate

(23) At Company's request, Franchisee will furnish Company copies of all federal and state income and sales tax returns filed by Franchisee with respect to the Store's income or sales

(24) Franchisee will permit Company, at any time during the term of the franchise and for three years after it expires or terminates, or a Principal transfers an interest in Franchisee, to conduct a special audit of Franchisee's books and records relating to the Store's operation To assist Company in planning and conducting its audit program, Franchisee expressly authorizes Company to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with the vendor If an audit establishes that Franchisee's royalty/marketing fee reports or profit and loss statements have understated Gross Sales for any fiscal year by more than 1%, Franchisee shall pay the audit's cost, including the travel, lodging and meal expenses of the individuals who conduct the audit Otherwise, Company will bear the audit's entire cost Franchisee will promptly pay Company any royalty and marketing fee deficiencies established by an audit, together with interest as provided in Section 14

(25) Franchisee will maintain complete and accurate books and records relating to the operation of the Store in accordance with Section 7(b)(21), permit Company representatives to inspect such books and records at reasonable times Within 30 days after the end of each calendar month, Franchisee will submit monthly financial statements to Company Further, within 45 days after the end of each fiscal year of the Store, submit to Company a balance sheet, income statement and statement of cash flow for the year then ended These financial statements shall disclose separately the items specified by Company on forms it provides, and shall be prepared in accordance with the accounting principles and practices Company prescribes If Franchisee fails to timely submit monthly or annual financial statements, Company may charge Franchisee a late fee of $250 If Franchisee is at any time required to furnish any lender, lessor, government agency or other Person audited financial statements with respect to Franchisee's franchised business, Franchisee will concurrently furnish Company a copy of such audited financial statements

(26) (i) Franchisee will carry continuously during the term of the franchise insurance of the types (including worker's compensation and various special liability coverages), in the amounts and with the coverages the Brand Standards Manual specifies from time to time Until the Brand Standards Manual specifies otherwise, Franchisee will carry insurance with the policy limits specified in the Summary Page Each policy must (1) be obtained from an insurance carrier that has and maintains a Best's Insurance Reports rating of A, Class VIII, or better, (2) name Company and Cowboy Chicken Enterprises LP and each of their officers, directors, shareholders, partners and members as additional insureds and afford separate coverage to each named insured, (3) provide for a deductible of not more than $500 per occurrence, (4) contain no provision that limits or reduces Franchisee's coverage on account of a claim against Franchisee by Company, and (5) provide for not less than 30 days' prior notice to Company of cancellation or non-renewal

(ii) Franchisee shall furnish Company certificates of insurance to prove that such insurance coverage is in effect, both prior to the opening of the Store and within 10 days after each policy renewal date If Franchisee fails to maintain the required insurance, Company may obtain coverage on Franchisee's behalf and charge the cost to Franchisee Franchisee agrees to reimburse Company for the premium costs it incurs to provide such coverage, plus interest as provided in Section 14, within ten days after Company submits a statement for its costs

(27) (i) Franchisee will indemnify, hold harmless and timely defend Company, Company's Affiliates and their respective officers, directors, shareholders, employees, agents, successors and assigns (collectively, "Indemnified Parties") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of or are attributable to Franchisee's operation of the Store or use of any Internet site or Cowboy Chicken® Intranet network Company develops

(ii) Company may elect (but under no circumstance will be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "Indemnified Matter"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter Company will pay the legal fees and other expenses it incurs in connection with the investigation, defense and settlement of any Indemnified Matter it undertakes to defend or assumes If a proposed settlement of any Indemnified Matter will result in an admission of liability or financial contribution by Franchisee, Company will not settle the Indemnified Matter without Franchisee's participation and concurrence Otherwise, Company's election to undertake or assume the defense or settlement of an Indemnified Matter will in no way or circumstance extinguish or diminish Franchisee's obligation to indemnify and hold the Indemnified Parties harmless

(28) Franchisee will not, without Company's prior written consent, sell any interior or exterior sign bearing or representing any of the Marks, sell all or substantially all the Store's assets, or assign or sublease the Store's premises to any Person who has not agreed in accordance with Section 13 to continue operating a Store in the premises

8 Advertising and Promotions

(a) Opening Promotion Franchisee, at its expense, will conduct a grand opening promotional program for the Store during the 90 day period before, during and after the opening of the Store Company will consult with and advise Franchisee in planning the grand opening promotional program Franchisee must spend at least $5,000 for such grand opening promotional program and will provide proof of such expenditures to Company within 90 days after the Store opens Franchisee will deposit $5,000 with Company if directed to do so pursuant to Section 6(a)(9) of this Agreement Grand opening expenses are in addition to any other advertising expenditures or contributions required to be made pursuant to Section 8

(b) Ad Fund

(1) Company has established a separate and segregated advertising fund ("Ad Fund") that it administers for the purpose of enhancing the goodwill and public image of the Cowboy Chicken® franchise system through advertising and promotions All Stores, both Company-operated and franchised, must contribute to the Ad Fund Franchisee agrees to make contributions to the Ad Fund in the manner (including payment by automatic debit), and at the rate Company establishes Except for increases authorized in accordance with Section 8(b)(5), Company may not establish an Ad Fund contribution rate in excess of 2% of annual Gross Sales

(2) Company will use the Ad Fund (i) to develop marketing materials relating to the Cowboy Chicken® franchise system and the products Stores sell, (ii) for the cost of maintaining the Cowboy Chicken® Website, as authorized in Section 9(a)(3), (iii) to

place and run advertisements, commercials and promotional materials in local, regional and national media (including on Social Media), (iv) to pay for public relations projects (including sponsorships) intended to enhance the goodwill and public image of the Cowboy Chicken® franchise system, and (v) to reimburse Company or its Affiliates (based on reasonable allocations calculated by Company's management) for salaries and other overhead expenses that are directly related to projects of a character described in this Section 8(b)(2) However, Company will not use Ad Fund contributions to pay for those components of the Website that publicize the Cowboy Chicken® franchise program or the sale of Cowboy Chicken® franchises

(3) To the greatest extent feasible, Company will strive to spend Ad Fund Franchisee contributions in a manner that provides advertising benefits to all participating Stores However, Company reserves the right to allocate Ad Fund contributions to various permitted uses as it sees fit Company does not guarantee that all Stores will receive identical media exposure or equal advertising benefits in view of regional differences in media costs, varying degrees of market penetration in different DMAs and other relevant factors

(4) The Ad Fund contribution rate may be increased above 2% of Gross Sales by the affirmative vote of franchisees who own a majority of the Stores that comprise the Cowboy Chicken® Network at the time a vote is taken Any increase in the Ad Fund contribution rate approved in accordance with the preceding sentence will constitute an amendment to this Agreement and will be binding on Franchisee without the need for a signed amendment Company may not vote on a proposal to increase the contribution rate

(5) Company reserves the right to structure the Ad Fund's organization and administration in ways that, in Company's judgment, most effectively and efficiently accomplish the Ad Fund's objectives Company may therefore organize or reorganize the Ad Fund as a separate non-profit corporation or other appropriate entity and transfer the Ad Fund's assets to the entity If Company establishes a separate entity to administer the Ad Fund, Franchisee agrees to become a member of the entity and, in that regard, to sign a participation agreement and take such other steps as Company reasonably specifies

(c) Local Advertising

(1) Franchisee agrees to spend up to 2% of Gross Sales annually to advertise and promote the Store locally We will set the specific minimum amount to be spent (up to 2%) from time to time at our discretion

(2) Franchisee agrees to participate in all system-wide promotions Company originates Franchisee also agrees to participate in all system-wide advertising campaigns Company creates Except for Franchisee's commitments to participate in system-wide promotions and advertising campaigns and to use Company-produced marketing materials in accordance with Section 7(b)(13), Franchisee will initially have discretion over the approach Franchisee takes to local advertising and promotions This discretion will continue until an Area Cooperative is established in the Store's DMA under Section 8(d) As provided in Section 13(a)(6), Company must approve in advance of use by Franchisee any graphic materials or commercials developed by Franchisee that feature any of the Marks

(3) Within 30 days after the end of each fiscal quarter, Franchisee shall submit a Local Area Marketing ("LAM") Report to Company on a form Company

provides Each LAM Report shall show the amount Franchisee spent for local advertising and promotions during the preceding quarter and the way Franchisee spent those funds Upon Company's request, Franchisee shall also submit documents substantiating that Franchisee incurred and paid particular expenditures during the quarter

(d) Area Cooperatives

(1) At the time the DMA in which the Store is located encompasses Stores operated by at least two owners, the owners in the DMA will, at Company's request and with its advice and assistance, form a cooperative advertising association among themselves (an "Area Cooperative") for the purpose of jointly advertising and promoting their Stores

(2) If, in connection with an Area Cooperative's formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, "spill" policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Company for resolution Company's decision with respect to the issue's resolution will be binding on all members of the Area Cooperative In addition, Company reserves the right to review each Area Cooperative's contribution rate on an annual basis and to disapprove a rate of less than 1% of Gross Sales

(3) Franchisee agrees (i) to join, participate in, and actively support any Area Cooperative established in the Store's DMA, and (ii) to make contributions to each Area Cooperative on the payment schedule adopted by the Area Cooperative's members and at the contribution rate approved by Company

(e) Customer Feedback Program Franchisee must participate in any mandatory Customer feedback program adopted by Company, which may include a mystery shopper service, the purchase of software and other continuing fees

9 Concerning the Internet, Customers and Privacy

(a) Cowboy Chicken® Website

(1) Company has established and plans to maintain the Cowboy Chicken® Website to provide information about the Cowboy Chicken® concept and the products and services that Stores offer Company will have sole discretion and control over the Cowboy Chicken® Website's design and contents Company will have no obligation to maintain the Cowboy Chicken® Website indefinitely, but may dismantle it at any time without liability to Franchisee

(2) The Cowboy Chicken® Website includes a series of interior pages that identify participating Stores by name, address, telephone number and e-mail address Company will include information about Franchisee's Store in those pages

(3) Franchisee agrees to contribute a reasonable amount toward the cost of the Cowboy Chicken® Website's (including the Intranet described below) maintenance and further development, which amount may not exceed $100 per month Company will set the contribution amount, in March of each year, and Franchisee will pay one quarter of its annual contribution quarterly within 30 days after Company sends Franchisee an invoice for the contribution Any balance of a quarterly payment that remains unpaid 30 days after the invoice date will bear interest from that date until paid at the rate of 12%

per annum (or, if less, the highest rate permitted by applicable law) In addition or alternatively, Company may use part of the Ad Fund contributions that Company collects under Section 8(b) to maintain and further develop the Cowboy Chicken® Website

(4) If Franchisee fails to pay when due any fees or other amounts payable to Company under this Agreement, Company may remove information about Franchisee's Store from the Cowboy Chicken® Website until such time as Franchisee pays its outstanding obligation in full

(5) Franchisee will have no right, license or authority to use any of the Marks on or in connection with the Internet, except as stated in and permitted by this Section 9(a)

(b) <u>Cowboy Chicken® Intranet</u>

(1) Company may, at its option, establish and maintain a so-called intranet through which members of the Cowboy Chicken® Network may communicate with each other and through which Company may disseminate updates to the Brand Standards Manual and other confidential information Company will have no obligation to maintain the Cowboy Chicken® Intranet indefinitely, but may dismantle it at any time without liability to Franchisee

(2) Company will establish policies and procedures for the Cowboy Chicken® Intranet's use These policies, procedures and other terms of use will address issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) restrictions on communications between or among Franchisees that endorse or encourage breach of any Franchisee's Franchise Agreement, (iii) confidential treatment of materials that Company transmits via the Intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Company's suspending or revoking a Franchisee's access to the Cowboy Chicken® Intranet, and (vi) a privacy policy governing Company's access to and use of electronic communications that franchisees post on the Cowboy Chicken® Intranet Company expects to adopt and adhere to a reasonable privacy policy However, Franchisee acknowledges that, as administrator of the Cowboy Chicken® Intranet, Company can technically access and view any communication that anyone posts on the Cowboy Chicken® Intranet Franchisee further acknowledges that the Cowboy Chicken® Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other Person may assert

(3) Upon receipt of notice from Company that the Cowboy Chicken® Intranet has become operational, Franchisee agrees to purchase and install all necessary additions to the Store's Information System and to establish and continually maintain electronic connection with the Cowboy Chicken® Intranet that allows Company to send messages to and receive messages from Franchisee Franchisee's obligation to maintain connection with the Cowboy Chicken® Intranet will continue until the Franchise Agreement's expiration or termination (or, if earlier, until Company dismantles the facility)

(4) Franchisee agrees to contribute a reasonable amount, not to exceed $100 per month, toward the cost of the Cowboy Chicken® Intranet's maintenance and further development Company will set the contribution amount in March of each year and Franchisee will pay one quarter of its annual contribution quarterly within 30 days

after Company sends Franchisee an invoice for the contribution Any balance of a quarterly payment that remains unpaid 30 days after the invoice date will bear interest from that date until paid at the rate of 12% per annum (or, if less, the highest rate permitted by applicable law)

(5) If Franchisee fails to pay when due any amount payable to Company under the Franchise Agreement, or if Franchisee fails to comply with any policy or procedure governing the Cowboy Chicken® Intranet, Company may temporarily suspend Franchisee's access to any chat room, bulletin board, list serve or similar feature the Cowboy Chicken® Intranet includes until such time as Franchisee fully cures the breach

(c) Social Media Unless otherwise expressly agreed, neither Franchisee nor any of Franchisee's owners, employees or agents may use the Marks or otherwise mention the Store, Cowboy Chicken network or System in connection with any business or personal uses of Social Media In all cases, Company has sole discretion and control over any profiles using or relating to the Marks, Store, Cowboy Chicken network or System, or that display the Marks, that are maintained or posted on Social Media Company may (but need not) establish guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on Social Media In such event, Franchisee will comply with the standards, protocols and restrictions that Company imposes from time to time on such use, and Company will have the right to revoke any prior permissions as it deems appropriate due to any violations thereof Company may use part of the Ad Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of profiles on Social Media In all cases, Franchisee will indemnify the Indemnified Parties with respect to any Losses and Expenses incurred by the Indemnified Parties arising from third party claims with respect to any such authorized or unauthorized use of Social Media

(d) Customers and Privacy Laws Franchisee will (i) comply with all applicable Privacy Laws, (ii) comply with all Brand Standards Manual that relate to Privacy Laws and the privacy and security of Customer Information, (iii) comply with any posted privacy policy and other representations made to the individual identified by Customer Information that Franchisee processes, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws, (iv) refrain from any action or inaction that could cause Company or its Affiliates to breach any Privacy Laws, (v) maintain reasonable physical, technical and administrative safeguards for Customer Information that is in Franchisee's possession or control in order to protect such Customer Information from unauthorized processing, destruction, modification, or use that would violate this Agreement or any Privacy Law, (vi) do and execute, or arrange to be done and executed, each act, document and thing Company deems necessary in its business judgment to keep Company and its Affiliates in compliance with the Privacy Laws, and (vii) immediately report to Company the theft or loss of Customer Information (other than the Customer Information of Franchisee's own officers, directors, shareholders, employees or service providers) Franchisee will, upon request, provide Company with information, reports, and the results of any audits performed regarding Franchisee's data security policies, security procedures, or security technical controls related to Customer Information Franchisee will, upon Company's request, provide Company or its representatives with access to Franchisee's Information Systems, records, processes and practices that involve processing of Customer Information in order to mitigate a security incident or so that an audit may be conducted Franchisee will indemnify, defend and hold the Indemnified Parties harmless in connection with any claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) arising out of or relating to (i) any theft, loss or misuse of Customer Information, and (ii) Franchisee's breach of any of the terms, conditions or obligations relating to data security, privacy, or Customer Information set forth in this Agreement Franchisee will immediately notify

Company upon discovering or otherwise learning of any theft, loss or misuse of Customer Information Franchisee will, at Company's direction, (i) undertake remediation efforts at Franchisee's sole expense, (ii) undertake effort to prevent the recurrence of the same type of incident, and (iii) reasonably cooperate with any remediation efforts undertaken by Company Franchisee will not make any public comment regarding and data security incident without Company's approval Any notifications to the media or to Store Customers regarding theft or loss of Customer Information will be handled exclusively by Company at Company's election and Franchisee may not contact Store Customers relating to such theft or loss unless Franchisee is told to do so by Company or is under a legal obligation to do so, in which case (i) Franchisee must notify Company in writing promptly after concluding that Franchisee has the legal obligation to notify Store Customers and (ii) Franchisee will limit the notices to Store Customers to those required by the legal obligation or as pre-approved by Company Franchisee will reasonably cooperate in connection with any notices to Store Customers regarding theft or loss and Franchisee will assist with sending such notices upon request by Company

10 Royalties

(a) In consideration for Franchisee's continuing use of the Marks and the System, Franchisee agrees to pay Company continuing royalties equal to 5% of Gross Sales

(b) Royalties (and Ad Fund contributions under Section 8(a) when assessed) will be payable weekly by automatic debit of Franchisee's account Franchisee will authorize Company and its bank to debit Franchisee's account directly by signing and delivering an Authorization Agreement for Preauthorized Payments in the form attached to this Agreement as Exhibit D Royalties will be payable without notice or demand on Wednesday of each week with respect to Franchisee's Gross Sales for the week ending the preceding Sunday By notice in writing to all franchisees, Company may from time to time change the payment interval, the payment date, the manner of payment

(c) By noon on Wednesday of each week, Company will calculate Franchisee's royalty payment and draft Franchisee's account based on such amount If Company is unable to calculate the royalty payment and Franchisee fails to report Gross Sales for any week by the noon Wednesday deadline, Company will calculate Franchisee's royalty payment on the basis of 200% of Gross Sales for the last week in which Company was able to calculate Gross Sales and will draft Franchisee's account accordingly Adjustments in the royalties actually due will be calculated and settled within 10 days after the required Gross Sales information is available

(d) Franchisee will not be entitled to withhold payment of royalties on account of Company's breach or alleged breach of its obligations under this Agreement, Company's performance under this Agreement constitutes no part of the consideration for Franchisee's obligation to pay royalties

11 Term and Renewal

(a) The franchise will continue for a primary term of 10 years from and after the Commencement Date, subject to earlier termination in accordance with Sections 16 and 17

(b) If, upon the expiration of the 10-year primary term, Franchisee is in full compliance with Franchisee's agreements and obligations under this Agreement, Franchisee shall have the option to renew the franchise for an additional term of 10 years by (1) notifying Company of Franchisee's intention to renew not earlier than 180 days nor later than 90 days before the primary term's scheduled expiration date, (2) not earlier than 14 calendar days after receipt of the Franchise Disclosure Document and returning the dated receipt page, signing

Company's then-current renewal form of Franchise Agreement (which will define Franchisee's subsequent renewal rights), (3) not later than 30 days before the primary term's scheduled expiration date, completing the remodeling, refurbishing and modernizing of the Store's interior and exterior, including its furniture, fixtures, signs, equipment, Information Systems and Trade Dress, to conform to the standards Company then stipulates, and (4) paying to Company a renewal fee equal to 25% of the then-current initial franchise fee when Franchisee signs the renewal Franchise Agreement

(c) Franchisee's failure or refusal to comply with any of the three conditions to renewal stated in Section 11(b), each of which Franchisee acknowledges to be reasonable and material, will be interpreted as a conclusive, irrevocable election on Franchisee's part not to renew the term of the franchise

(d) The relationship between Company and Franchisee during the renewal period will be governed by the provisions of Company's then current renewal form of Franchise Agreement, including those pertaining to royalties, advertising, competitive protection and concept modifications Whether or not Franchisee actually signs a then current renewal form of Franchise Agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate the Store for one day past the primary term's expiration date

(e) If Franchisee does not qualify to renew, or elects not to renew, the franchise, Company will permit Franchisee to transfer the franchise to a qualified purchaser in accordance with Section 13 If, in the exercise of diligent, good faith efforts by Franchisee, the transfer cannot be completed before the franchise's scheduled expiration date, Company may, in its sole discretion, extend the franchise's term from month-to-month for so long as Company believes that Franchisee is continuing to make a conscientious effort to negotiate and complete a transfer If Company allows Franchisee to extend in order to complete a transfer, Franchisee will operate the Store during the interim period in accordance with Company's then current form of Franchise Agreement

(f) If Franchisee does not qualify to renew, or elects not to renew, the franchise and it therefore expires, immediately after expiration, Franchisee must comply with the requirements of Section 17(a), and Company will have the rights and remedies provided in Sections 17(a) through 17(j)

12 Use of Intellectual Property

(a) <u>Marks and Copyrighted Materials</u> Franchisee acknowledges that Company is authorized by law to prevent the unauthorized use of the Marks, to control the quality of goods and services associated with the Marks, and to control the copying and distribution of the Copyrighted Materials Recognizing the importance to Company and other members of the Cowboy Chicken® Network of the protection and preservation of the Marks and Copyrighted Materials, Franchisee agrees to perform and abide by the following provisions

(1) Franchisee acknowledges that Company is the lawful and rightful owner of each and all of the Marks and the Copyrighted Materials, that Franchisee's interest in the Marks and the Copyrighted Materials is solely that of a licensee, and that all uses of the Marks and the Copyrighted Materials by Franchisee will be attributed to Company for purposes of trademark and copyright law Franchisee unconditionally disclaims any ownership interest in any of the Marks and the Copyrighted Materials

(2) Franchisee shall not use "Cowboy Chicken," or any abbreviation, acronym or variation of those words as part of its name or as part of the name of any

Business Entity in which Franchisee owns or holds an interest However, Franchisee may, if required by law, file an assumed name or fictitious name certificate to the effect that Franchisee is operating the Store under a trade name that includes the Cowboy Chicken® service mark

(3) Franchisee shall not use any of the Marks or the Copyrighted Materials in connection with the advertisement, promotion, sale or distribution of any merchandise not listed in Company's authorized Store menu, or of any service not customarily offered by Stores Specifically, Franchisee shall not use menus, Customer checks, take-out or delivery bags, drink cups, discount coupons, labels or other materials bearing the Cowboy Chicken trademark, service mark or logo to advertise, promote, sell or distribute any unapproved merchandise, product or service

(4) Franchisee shall not copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement

(5) Franchisee shall not use any of the Marks or the Copyrighted Materials in connection with the development or operation of any Store (except the one covered by this Agreement) until Company and Franchisee have both signed a Franchise Agreement for the additional Store, or of any Special Outlet until Company has given Franchisee written authorization to install and operate the Special Outlet

(6) Franchisee shall (i) adopt and use all additional trade names, trademarks, brand names, copyrighted materials, slogans, commercial symbols and logos Company develops from time to time, (ii) use all the Marks in the precise form Company prescribes, and (iii) observe Company directions regarding the use, copying and distribution of the Copyrighted Materials, the presentation of the Marks and the manner of the Marks' display and use Franchisee shall promptly abandon and discontinue the use of any Mark or Copyrighted Materials that Company judges to be obsolete or no longer characteristic of the image Stores should project Franchisee shall submit to Company all paper goods, advertisements and promotional materials not furnished by Company for its approval prior to use

(7) Franchisee shall not use any of the Marks on any goods and/or for any services otherwise than in compliance with specifications Company issues from time to time, and with such other quality control measures that Company may adopt to promote and defend the goodwill associated with the Marks

(8) Franchisee shall not knowingly permit, and shall promptly report to Company, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and shall actively cooperate with the Company in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions Company reserves the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims

(9) At no time shall Franchisee make any written or oral admission that a Mark or any of Company's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack, but shall promptly notify Company of any allegation of invalidity or infringement of which Franchisee becomes aware Company

intends to defend its rights in the Marks and the Copyrighted Materials vigorously, but does not warrant to Franchisee that Company's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third party

(10) Upon the expiration or termination of the franchise, Franchisee shall immediately discontinue all further uses of the Marks and Copyrighted Materials and shall take appropriate action to remove the Marks from the premises in which the Store is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Company's trade name Franchisee acknowledges and agrees that failure or refusal to comply fully with these requirements will constitute willful trademark and copyright infringement

(b) The System, Trade Secrets and Brand Standards Manual Franchisee acknowledges that the System and the Trade Secrets belong exclusively to Company and that the ideas and information in the Brand Standards Manual are Company's sole and exclusive property Franchisee further acknowledges that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Brand Standards Manual contains may adversely affect the business, competitive position and goodwill of Company and its franchisees Accordingly, Franchisee agrees to perform and abide by the following provisions and restrictions, each of which shall survive the expiration or termination of this Agreement and shall be perpetually binding upon Franchisee

(1) Franchisee shall hold the elements of the System, the Trade Secrets and the contents of the Brand Standards Manual in strict confidence, shall not disclose any Trade Secret or any operating or management procedure to any Person other than the Store Manager and bona fide employees of the Store to whom such disclosure is necessary in relation to their job duties, and shall instruct and routinely remind Franchisee's employees that the System, the Trade Secrets and the contents of the Brand Standards Manual are confidential and may not be disclosed or appropriated If Franchisee is a Business Entity, it will not disclose any element of the System, any of the Trade Secrets or the contents of the Brand Standards Manual, or make the Brand Standards Manual available, to any shareholder, director, officer, partner, member or manager of Franchisee other than its Operating Principal, Store Manager and other senior executive officers, if any, who are actively and regularly involved in the Store's management, each of whom must agree to be bound by the promises in Section 12(b)

(2) Franchisee shall not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures the Brand Standards Manual contains in connection with the operation of any establishment or enterprise other than the Store, and shall promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures the Brand Standards Manual contains upon the expiration or termination of the franchise

(3) Franchisee shall not, without Company's prior written consent, copy or permit any Person to copy or reproduce any part of the Brand Standards Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets or otherwise permit their use or inspection by any Person other than Franchisee, the Store Manager, bona fide employees of the Store to whom such disclosure is necessary in relation to their job duties, and authorized Company representatives

(4) Franchisee acknowledges and agrees that the version of the Brand Standards Manual on file in Company's offices constitutes the standard, official version

for purposes of resolving any question or dispute concerning the Brand Standards Manual's contents

(5) Franchisee shall obtain from each of Franchisee's Store Managers, supervisors and managerial level employees of the Store a confidentiality agreement that is valid and enforceable under the laws of the state in which the Store operates and that imposes the restrictions and limitations of this Section 12(b) on each such individual for the longest period applicable law permits Each confidentiality agreement shall designate Company as a third party beneficiary and shall entitle Company to enforce its provisions directly against the signatory Store Manager, supervisor or manager

(6) Franchisee shall keep the Brand Standards Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets in the Store at all times and shall promptly return them to Company upon the expiration or termination of the franchise

(7) Franchisee expressly acknowledges that all employee training materials (regardless of format) and all computer programs developed by Company or in accordance with its specifications contain information, embody procedures or facilitate business practices that are proprietary to Company and fall within the parameters of its Trade Secrets

(8) The obligations of this Section 12(b) are subject to the exception described in Section 19(d)

(c) Internet Domain Name and Intranet Network

(1) Franchisee acknowledges that Company is the lawful, rightful and sole owner of the www cowboychicken com domain name and unconditionally disclaims any ownership interest in that phrase or any colorably similar Internet domain name Franchisee agrees not to register any Internet domain name in any class or category that contains the words Cowboy Chicken® or any abbreviation, acronym or variation of those words

(2) If and when Company develops an Intranet network through which Company and its franchisees can communicate by e-mail or similar electronic means, Franchisee agrees to use the facilities of the Cowboy Chicken® Intranet in strict compliance with the standards, protocols and restrictions Company includes in the Brand Standards Manual Franchisee especially recognizes the crucial importance of a user's not transmitting confidential information, documents or data via the Cowboy Chicken® Intranet without first encrypting the transmission with the encryption program Company adopts Franchisee also recognizes the importance of a user's refraining from making derogatory, defamatory or libelous statements in an Intranet transmission

13 Transfers

(a) Limitations on Transfer Franchisee acknowledges that the integrity of the Cowboy Chicken® Store concept and the stability of the Cowboy Chicken® Network depend on the business qualifications, financial capabilities, honesty and integrity of Company's franchisees Franchisee further acknowledges that Company's lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed transfer could irreparably damage the Cowboy Chicken® franchise system Consequently, Franchisee agrees not to effect a Transfer, except as permitted by Section 13(f)(5), without Company's prior written consent Any Transfer lacking Company's prior written consent or that otherwise violates the restrictions in this Section 13 will be ineffective against Company and will constitute a default under Section 16(c)(2)

(b) Conditions to Voluntary Transfer of Rights Franchisee may not assign or Transfer the franchise before the Store opens for business under any circumstances except those described in Section 13(f) After the Store opens, Company's consent to a voluntary Transfer will not be unreasonably withheld, provided that

(1) At the time of Transfer, Franchisee is in full compliance with Franchisee's obligations under this Agreement, including payment of all monetary obligations due Company

(2) The proposed Transfer involves the complete disposition of the franchise, and Franchisee relinquishes the franchise and related rights under this Agreement in writing

(3) Franchisee returns the Brand Standards Manual and all Copyrighted Materials to Company

(4) The transferee meets Company's standards for qualifying as a new Store Franchisee

(5) Franchisee furnishes Company a copy of the contract of sale, including price and payment terms, and Company, in its sole discretion, determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from the Store's operation

(6) The transferee provides Company pro forma profit and loss and cash flow projections for the 24 months following the Transfer (including provision for principal and interest on any obligations payments to Franchisee) These projections must demonstrate to Company's reasonable satisfaction that the transferee can operate the Store without experiencing a loss or negative cash flow If these projections, as adjusted to take into account factors Company points out, indicate that the transferee may experience a loss or negative cash flow, but Franchisee and the transferee prevail upon Company to approve the Transfer anyway, the transferee must waive any claims against Company related to Company's approval of an economically questionable transaction

(7) The transferee executes then current form of Franchise Agreement (which will limit the term of the transferee's franchise to the unexpired term of Franchisee's franchise), Assignment of Telephone Number(s), Authorization Agreement for Preauthorized Payments, and other collateral agreements Company may then require

(8) The transferee provides Company a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee

(9) Each general partner or holder of 15% or more of the transferee's equity executes a Guaranty and Acknowledgment (a "Guaranty") in the form of Exhibit E to this Agreement

(10) The transferee and the transferee's Store Manager satisfactorily complete Company's training program

(11) Company receives a Transfer fee equal to the greater of (i) 25% of the then-current franchise fee for the first Store franchise, or (ii) $5,000, from either the transferor or the transferee

(12) If Company agrees to release Franchisee or any other Person from further liability under this Agreement or under a Guaranty, Franchisee and each such other Person must also give Company an unconditional, general release of all claims they may have against Company and its Affiliates

(c) Involuntary Transfers No involuntary Transfer or partitioning of Franchisee's interest in the franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Company unless and until the transferee (1) furnishes Company a signed Guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) unless the Transfer encompasses Franchisee's total interest in the franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Company may deal for all purposes expressed in or contemplated by this Agreement

(d) Conditions to Equity Transfer Company will not permit the Transfer of an equity interest in a corporate, partnership or limited liability company franchisee before the Store opens for business under any circumstances except those described in Section 13(f) After the Store opens, Company's consent to a voluntary or involuntary sale, assignment or transfer of an equity interest in a franchisee that is a corporation, partnership or limited liability company will not be unreasonably withheld, provided that

(1) At the time of transfer, Franchisee is in full compliance with its obligations under this Agreement, including payment of all monetary obligations due Company

(2) Each proposed transferee of a general partnership interest in a partnership Franchisee and each proposed transferee of a 15% or greater interest in a corporate or limited liability company Franchisee's equity meets Company's standards for qualifying as a new Store Franchisee and delivers a signed Guaranty to Company

(3) If the transfer involves 50% or more of the equity interest in Franchisee, the transferees comply with Sections 13(b)(5), 13(b)(6), 13(b)(8), 13(b)(9) and 13(b)(10)

(4) If Company agrees to release Franchisee from further liability under this Agreement or its owners from further liability under a Guaranty, Franchisee and each of its owners must also give Company an unconditional, general release of all claims they may have against Company and its Affiliates

(e) Waiver of Interference Claims Franchisee acknowledges that Company has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee Franchisee also acknowledges that Company's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct Franchisee expressly authorizes Company to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions Franchisee waives any claim that action Company takes in relation to a proposed transfer to protect its business interests constitutes tortuous interference with contractual or business relationships

(f) Special Transfers

(1) If Franchisee is an individual or partnership who at any time advises Company that Franchisee wants to assign the franchise to a corporation or limited liability company in which Franchisee will own a 100% voting equity interest (and, in the case of a partnership, with share ownership in the corporation or limited liability company apportioned substantially the same as were the partnership interests), Company will consent to the assignment and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and information concerning the corporation or limited liability company and its equity owners as Company may reasonably request The required documentation will include, without limitation, (i) a certified list of the corporation's stockholders or beneficial owners (designating the amount and percentage of stock or units of beneficial ownership each equity owner owns), (ii) a Guaranty signed by each holder of 15% or more of the corporation's equity, and (iii) an express assumption by the corporation of Franchisee's obligations under this Agreement

(2) If Franchisee is a Business Entity, Company will consent to assignments and transfers of ownership interests among Franchisee's original stockholders, partners or members and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and information concerning the assignment or transfer and the resulting ownership of Franchisee as Company may reasonably request The required documentation will include, without limitation, a Guaranty signed by any replacement Principal that is a holder of 15% or more of a corporate or limited liability company Franchisee's stock or units of beneficial ownership, or of a general partnership interest in a partnership Franchisee who has not previously signed a Guaranty If Company agrees to release any retiring stockholder, partner or beneficial owner from further liability under a Guaranty, the retiring stockholder, partner or beneficial owner must also give Company an unconditional, general release of any claims the stockholder, partner or beneficial owner may have against Company

(3) If Franchisee is an individual, Franchisee may effect a Transfer under Section 13(f)(1) and simultaneously or later transfer a cumulative total of not more than 49% of the Business Entity's equity securities to any combination of Franchisee's spouse, natural or adopted children or an *inter vivos* (lifetime) trust created for the benefit of Franchisee's spouse and/or children Company will consent to the Transfer and waive payment of a transfer fee and its right of first refusal under Section 13(f) upon its receipt of such documentation and information concerning the Transfer and the resulting ownership of the Franchisee's stock or units of beneficial ownership as Company may reasonably request The required documentation will include, without limitation, (i) a certified list of the corporation's equity owners (designating the amount and percentage of stock or units of beneficial ownership each equity owner owns), and (ii) a Guaranty signed by each holder of 15% or more of the corporation's equity who has not previously signed a Guaranty

(4) If Franchisee is a Business Entity, each of Franchisee's equity owners may transfer a cumulative total of not more than 49% of his or her ownership interest in Franchisee to any combination of the individual's spouse, natural or adopted children or an *inter vivos* trust created for the benefit of the individual's spouse and/or children Company will consent to the Transfer and waive payment of a transfer fee and its right of first refusal under Section 13(g) upon its receipt of such documentation and

information concerning the transfer and the resulting ownership of Franchisee as Company may reasonably request The required documentation will include, without limitation, (i) a certified list of the Franchisee's equity owners (designating the amount and percentage of stock, partnership interests or units of beneficial ownership each Person owns), and (ii) a Guaranty signed by each holder of 15% or more of Franchisee's equity who has not previously signed a Guaranty

(5) Franchisee may grant a security interest in this Agreement or the franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code Any such security interest may only attach to an interest in the proceeds of the Store's operations and may not under any circumstances entitle or permit the secured party to take possession of or operate the Store or to transfer Franchisee's interest in the franchise without Company's express prior written consent The grant of a security interest in a manner consistent with this Section 13(f)(5) will not be subject to the prohibition in Section 13(a)

(g) Right of First Refusal Notwithstanding Sections 13(b), 13(c) or 13(d), Franchisee may not effect a Transfer without first offering in writing to sell the interest to Company upon the terms and conditions, including price and payment terms, that are recited in a bona fide written offer the proposed seller obtains Franchisee must furnish Company a copy of the written offer, together with (1) a recent balance sheet of the Store (or of Franchisee if it is a Business Entity), (2) copies of Franchisee's building and equipment leases, (3) a schedule of notes and trade accounts then payable by Franchisee, and (4) copies of any other information that Franchisee or the proposed seller furnishes to the offeror Company shall have 30 days following its receipt of Franchisee's written offer and related information to accept or reject it, and at least 30 additional days to consummate the purchase

(h) Franchisee's or Principal's Death or Disability This Section 13(h) applies only if (i) an individual Franchisee or the beneficial owner of 50% or more of the outstanding equity securities of a Business Entity Franchisee dies or becomes disabled during the term of the franchise, and (ii) the death or disability results in a change in executive-level responsibility for managing the franchised business Upon the death or claim of permanent disability of Franchisee or any covered Principal, Franchisee or a representative of Franchisee must promptly notify Company of such death or claim of permanent disability

(1) At Company's request, within a reasonable period of time not to exceed 30 days from the date of death or permanent disability, the executor, administrator or other personal representative of the deceased or disabled person shall provide for interim management of the Store until such time as a transfer has been effected in accordance with the provisions of Section 13, such interim management to be conducted in accordance with the terms of this Agreement Company may (but is not obligated to) assume such interim management of the Store, provided that (i) interim management of the Store by Company shall not relieve Franchisee of its obligations under this Agreement, (ii) Company shall not be liable for any debts, losses, costs or expenses incurred in the operation of the Store during any such period of interim management, (iii) Company shall have the right to charge a reasonable fee for its management services, and (iv) Franchisee shall, and hereby does, indemnify and hold Company harmless against any and all judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with Company's interim management of the Store, except by reason of Company's gross negligence or willful misconduct

(2) If Company is not providing interim management, during the first 120 days after the death or disability occurs, Company will evaluate the interim

management's willingness and ability to operate the Store in compliance with this Agreement By the end of the 120-day evaluation period, Company will decide whether the interim management is qualified to manage the Store and will notify management of its decision As conditions to continuing the franchise relationship, each new proprietor, general partner or beneficial owner of 15% or more of Franchisee's equity must furnish Company a signed Guaranty, and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured Further, Company may require the interim management to attend and satisfactorily complete the training program provided under Section 6(a)(3)

(3) If any of the conditions stated in Section 13(h)(2) are not satisfied, or if Company decides that the interim management has not adequately demonstrated its business qualifications or commitment to the franchise relationship, the owners of the franchise will have 120 days after delivery of Company's notice to sign a binding contract to sell the franchise to a buyer approved by Company in accordance with, and in a transaction structured to comply with, Section 13(b) or 13(d), whichever is applicable The proposed sale will be subject to Company's right of first refusal under Section 13(g)

(4) If any of the franchise's owners fail to sign a binding contract of sale before the 120-day selling period expires, or if a contract is signed, but the proposed sale is not concluded within 30 days after Company relinquishes its option under Section 13(g), Company will have an additional option during the next 30 days to purchase the interest in the franchise or in the Franchisee the deceased or disabled person held at the date of death or disability The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing If Company delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period

(5) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Company's notice, the issue will be submitted as promptly as possible to a group of three appraisers who are experienced in valuing similar franchises, one of whom will be selected by Company, another by the decedent's estate, and the third by the first two appraisers All parties agree to submit to such appraisal proceedings, to be bound by the decision of a majority of the appraisers and to share payment of the appraisers' fees and expenses equally

(i) Assignment by Company Company may assign this Agreement and its rights and obligations as franchisor of the Cowboy Chicken® franchise system to any assignee who, in Company's sole judgment and discretion, is capable of performing Company's obligations under this Agreement in a reasonably competent manner Nothing in this Agreement will be interpreted to place any restrictions on the issuance, sale or transfer of any shares of Company's capital stock

14 Interest on Delinquent Accounts If Franchisee fails to make any royalty, marketing fee, Ad Fund contribution or trade account payment to Company within five business days after it is due, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (i) 2% in excess of the prime commercial rate of interest reported in the Wall Street Journal (Southwestern edition), adjustable daily, or (ii) the highest lawful rate of interest permitted by applicable Texas and federal law Nothing in this Agreement shall obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Company to collect, interest in excess of the maximum rate applicable law permits If, for any reason, Company charges or receives interest in excess of the maximum rate permitted by applicable law, the excess shall be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement If no other obligations are due, Company shall promptly refund the excess payment to the party that paid it

15 Store Relocation

(a) If the lease for the Store expires or is terminated before the end of the franchise's term, Franchisee may move the Store to another location chosen in accordance with the site selection procedure outlined in the Development Agreement The new location (i) must be in the original Store's general trade area (as determined by Company in its sole judgment), and (ii) may in no case infringe another Store's protected Trade Area When Company approves the location for the new Store, Company will prepare a new Exhibit B to this Agreement that describes the new Store's Trade Area The new Exhibit B will replace the Exhibit B attached to this Agreement for all purposes of this Agreement, including that of identifying the area in which Franchisee will enjoy competitive protection pursuant to Section 4

(b) If Franchisee loses possession of the original Store's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of a default termination, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 60 days after the original Store closes If Franchisee's lease is terminated on account of a fire or other casualty, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Store for business within 120 days after the lease for the original Store terminates

16 Default

(a) Default of Agreement If any event or condition listed in this Section 16 (an "Event of Default") occurs, Franchisee will be in default under this Agreement, whether or not Company gives notice of the default Company's failure to take prompt action with respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default

(b) Defaults Curable During Remedial Period Following are Events of Default that Franchisee (or another responsible Person) may cure by taking appropriate remedial action within a prescribed time after Company demands remedial action Unless Franchisee (or another responsible Person) cures such an Event of Default before the end of the indicated remedial period, Company may terminate the franchise or take any of the other actions Section 17 permits If the Event of Default is cured to Company's satisfaction before Company gives Franchisee notice of termination, Company will not proceed under Section 17

(1) Franchisee fails to construct and open the Store in compliance with Sections 7(b), 7(c)(1), 7(c)(2) or 7(c)(5) , or to complete Company's training program in accordance with Section 7(c)(3) REMEDY - Franchisee must complete any unfulfilled requirement within 15 days after Company notifies Franchisee in writing of the action to be taken

(2) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in Sections 5, 7(a), 7(c)(1) through 7(c)(4), 7(c)(6) through 7(c)(9), 7(c)(11) through 7(c)(14), 7(c)(16), 7(c)(17), 7(c)(19), 7(c)(21), 7(c)(25) or 7(c)(26) REMEDY - Franchisee must correct any element of noncompliance within 30 days after Company notifies Franchisee in writing of the remedial action to be taken

(3) Franchisee fails to comply with any law or regulation regarding occupational safety and health or sanitation as required by Section 7(c)(20), or fails to remedy such non-compliance in accordance with any notice from a regulatory authority, or whether or not Company gives notice of the Event of Default REMEDY – Franchisee must correct any non-compliance with an occupational safety, health or sanitation law or regulation within the earliest to occur of (i) five days after notice from Company, or (ii) the date stated in the notice from a regulatory authority

(4) Franchisee fails to pay any trade obligation due to a vendor with whom Company or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Company, any Company Affiliate or another franchisee REMEDY - Franchisee must pay the obligation in full within 10 days after Company makes written demand for payment, unless Franchisee is actively contesting the amount or validity of the vendor's claim in good faith and promptly furnishes Company a statement of the reasons Franchisee is withholding payment and the action Franchisee is taking to resolve the dispute So long as Company concurs that Franchisee is actively contesting the claim in good faith, Franchisee may continue withholding payment of the disputed amount until the dispute is resolved

(5) Franchisee fails to take appropriate action to correct any condition noted as "unsatisfactory" or "needs improvement" in any QSC Inspection report within 15 days after receiving a copy of the report REMEDY - Franchisee must initiate appropriate corrective action within five business days after Company notifies Franchisee in writing of the condition to be corrected and must complete the corrective action within a reasonable time

(6) Franchisee fails to submit when due a report required by Section 7(a)(4) or a financial statement required by Section 7(c)(25), or to furnish a tax return required by Section 7(c)(23) promptly after Company requests it REMEDY - Franchisee must submit the report, financial statement or tax return within 10 days after Company makes written demand upon Franchisee for its submission, and pay a late fee of $100

(7) Franchisee fails to fulfill any requirement or to perform any obligation set forth in Section 8 with respect to advertising and promotions (other than a failure to make marketing fee or Ad Fund contributions, which are covered by Section 16(c)(1)), or in Sections 13(i) and 13(j) with respect to ownership restrictions and reports REMEDY - Franchisee must correct the failure or breach within 30 days after Company gives Franchisee written notice specifying the default

(8) Franchisee or any other Person bound under Section 23 attempts to hire an employee of Company or another franchisee in violation of Section 7(c)(10), fails or refuses to honor a request for indemnification under Section 7(c)(27), breaches any restriction or obligation set forth in Section 10 or any related Terms of Use agreement, breaches any covenant or obligation set forth in Sections 13(a), 13(b)(5), or 13(b)(6), or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System REMEDY - The breaching party must remedy the breach, honor the request or permanently cease the unauthorized use within 10 days after Company makes written demand upon Franchisee to take specified curative action

(9) Franchisee asserts a claim to the Cowboy Chicken® domain name, any Mark, any item of Copyrighted Materials or any element of the System adverse to Company's interests REMEDY - Franchisee must unconditionally withdraw the claim within 10 days after Company makes written demand that Franchisee do so

(10) The lease for the Store expires or is terminated and Franchisee fails to relocate the Store in accordance with Section 15 REMEDY - Franchisee must reopen the Store in another approved location within 15 days after Company makes written demand that Franchisee do so

(11) Franchisee knowingly engages in any activity or business practice that Company reasonably considers detrimental to the goodwill and public image of the Cowboy Chicken® franchise system REMEDY - Franchisee must permanently cease the activity or business practice within 10 days after Company makes written demand upon Franchisee to cease any activity specified in the notice

(c) Defaults Curable Only Before Notice of Termination Following are Events of Default that Franchisee can cure only by taking voluntary remedial action of the indicated character before Company gives Franchisee notice of termination or, with respect to Section 16(c)(2), an unauthorized transfer occurs Company has no obligation to give notice of the Event of Default

(1) Franchisee fails to pay in full when due any royalty or marketing fee payment in accordance with Section 10(b), any Ad Fund contribution in accordance with Section 8, or any trade account (including shipping charges) payable to Company or its Affiliates ACTION - Franchisee must make payment in full, with interest as provided in Section 14, before Company gives Franchisee notice of termination

(2) Franchisee or any other Person bound under Section 23 either (i) fails to observe or comply with the requirements of Section 13 in connection with any sale, assignment or transfer, or (ii) makes a material representation in any transfer request or document in support of a transfer request ACTION - Franchisee must correct all elements of non-compliance, including misrepresentations, before the sale, assignment or transfer is completed (including correction of misrepresentations in time for Company to have a reasonable opportunity to consider and act on the corrected information)

(d) Defaults Without Opportunity to Cure Following are Events of Default that are irreversible and cannot be cured, Franchisee will have no opportunity to cure these Events of Default Company will have no obligation to send notice of the Event of Default or of termination

(1) Franchisee or any other Person bound under Section 23 breaches the non-competition and confidentiality covenants in Section 19(a), the covenants concerning use of the System, the Brand Standards Manual or the Cowboy Chicken® Intranet in Sections 12(b)(1), 12(b)(2), 12(b)(3), or 12(c)(2), or any of the representations, warranties and covenants stated in Section 19(b) with respect to terrorist activities and money laundering

(2) Franchisee sells the Store's assets or transfers possession of its premises in violation of Section 7(c)(28), or abandons the Store Franchisee will be conclusively presumed to have abandoned the Store if Franchisee fails to open it for retail trade during normal business hours on more than three consecutive days or on more than four of any 10 consecutive days, in either case excluding periods the Store is undergoing major renovations or remodeling in accordance with a schedule Franchisee has worked out with Company

(3) Franchisee or any other Person bound under Section 23 tampers with or disables the Store's Information Systems or Company's ability to access them, or

refuses to permit Company to conduct a QSC Inspection permitted under Section 7(c)(18), an audit permitted under Section 7(c)(24) or a financial records inspection permitted under Section 7(c)(25), or to electronically poll the Store's Information Systems in accordance with Section 7(c)(22)

(4) Franchisee or any other Person bound under Section 23 is convicted of, or pleads guilty or no contest to (even if a final court order has not issued), a felony or a crime involving moral turpitude, consumer fraud, or any other crime or offense, or commits any act (regardless of whether such act constitutes a crime) that in Company's sole opinion is reasonably likely to have an adverse effect on the System or the Marks, or the goodwill associated with the System or the Marks

(5) Franchisee intentionally revokes the direct debit authorization agreement Section 10(b) requires, or closes the account to which the authorization agreement applies without first having established another royalty payment account and having signed and delivered to Company a new Authorization Agreement for Preauthorized Payments on a form acceptable to Company and its bank

(6) Company decides not to exercise the additional option provided in Section 13(h)(4) with respect to the sale of the franchise by a deceased Franchisee's heirs

(7) Franchisee and/or any Person bound under Section 23 commits or allows to occur three or more Events of Default in any 12-month period, whether or not the Events of Default are related types of default and whether or not they are cured

(8) Franchisee or any guarantor of Franchisee's monetary obligations to Company becomes insolvent, admits in writing the inability to pay the monetary obligations of Franchisee or the guarantor as they mature, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute

(9) A receiver or trustee is appointed for all or a substantial part of Franchisee's assets, or a judgment for an amount in excess of $5,000 is entered against Franchisee that Franchisee does not pay or cannot stay within 30 days after the judgment is entered

17 Termination, Other Remedies

(a) If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Company may at its sole discretion, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the franchise and Franchisee's rights under this Agreement or compel Franchisee to sell the Store in accordance with Section 17(d) Upon termination or expiration of the franchise, Franchisee's right and privilege to use the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Brand Standards Manual shall absolutely and unconditionally cease Franchisee shall immediately

(1) discontinue use of the Marks, the Copyrighted Materials, the System and the Trade Secrets,

(2) return to Company the entire Brand Standards Manual and any other printed, graphic or audio/visual item designated by Company as containing Trade Secrets,

(3) remove from the Store's premises all interior and exterior Cowboy Chicken® signs and other uses of the Marks, and

(4) alter the Store's interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Store concept

(b) Upon the termination or expiration of the franchise, Company may immediately file with Franchisee's local telephone company all Assignments of Telephone Number(s) that Franchisee provided Company in accordance with Section 7(c)(4), and may instruct the telephone company to transfer use and control of the Store's telephone number(s) to Company or its designee Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of the Store's telephone number(s), including authority to execute and deliver on Franchisee's behalf any Transfer of Service Agreement the telephone company requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company Company shall have no liability to Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of the Store's telephone number(s) in accordance with this Section 17(b) In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 23 to enforce compliance with these requirements

(c) If Franchisee does not comply with the requirements of Section 17(a) within seven days after the franchise's termination or expiration, Company may, at Franchisee's expense, enter the Store's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items Franchisee irrevocably constitutes and appoints Company and its designees as Franchisee's agent and attorney-in-fact to effect compliance with Section 17(a)'s requirements, and Company shall have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance In addition, Company shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 23 to enforce compliance with these requirements

(d) In lieu of immediately terminating the franchise in accordance with Section 17(a), Company may order Franchisee to sell the Store and transfer Franchisee's rights under this Agreement to a purchaser designated by or acceptable to Company After Company orders Franchisee to sell the franchised business, Franchisee shall have no further right or opportunity to remedy a default or to reinstate Franchisee's right to continue operating the Store Except for Company's right to approve a proposed purchaser's financial and business qualifications and to ensure that all royalties, marketing fees and other amounts due Company are paid at the closing of the sale, Franchisee shall be entitled to establish and negotiate the terms of sale If Franchisee does not negotiate definitive terms of sale with a qualified purchaser, either designated by Company or located by Franchisee and approved by Company, within 90 days after Franchisee receives Company's demand to sell, or does not consummate the sale within 45 days after negotiations are completed, Company may terminate the franchise under Section 17(a) without further notice

(e) In addition to the preceding rights and remedies (and in lieu of immediately exercising its rights under Section 17(a)), Company may notify each distributor of Cowboy Chicken® brand products and merchandise that Franchisee is no longer authorized to purchase these items or any paper goods imprinted with any of the Marks, and that sales of such merchandise to Franchisee must therefore be discontinued until further notice from Company

(f) In addition to the preceding rights and remedies, Company may recover all royalties, marketing fees, Ad Fund contributions and trade obligations due Company, plus interest under Section 14, with or without terminating the franchise If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Company's reasonable attorneys' fees and costs of collection, plus a reasonable charge for the staff and administrative time Company expends to enforce its claims

(g) In addition to the preceding rights and remedies, Company may cancel Franchisee's account on the Cowboy Chicken® Intranet network and deny Franchisee further access to communication via the Intranet, with or without terminating the franchise

(h) In addition to the preceding rights and remedies, Company may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under Section 23 restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the franchise

(i) In addition to the preceding rights and remedies, Company may recover damages from Franchisee and any other Person bound under Section 23 for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of customer or future Franchisee goodwill in the Store's Trade Area

(j) In addition to the preceding rights and remedies, Company shall have an option (but no obligation) to purchase all or any part of the Store's signs, equipment, fixtures and useable inventory from Franchisee for 60 days after the franchise expires or is terminated The purchase price for signs and equipment will equal their net book value (cost, less depreciation) or fair market value, whichever is lower, the purchase price for useable inventory will equal its invoiced cost to Franchisee The purchase price will be payable in cash (except that Company may assume any note or lease covering signs, equipment or fixtures) Franchisee agrees to provide Company the information necessary to establish the purchase price, to sign and deliver to Company a bill of sale or an assignment of lease, and otherwise to cooperate with Company in its taking title to and delivery of the items Company purchases If Franchisee fails or refuses to comply with its obligations under this Section during the option period, Company's option will be extended until 15 days after Franchisee complies

NOTE Termination of the franchise shall ordinarily become effective upon Company's delivery of written notice of termination to Franchisee However, if (1) an Event of Default occurs, and (2) before Company delivers notice of default and/or notice of termination, a voluntary or involuntary petition is filed under any chapter of the United States Bankruptcy Code by, on behalf of, or against Franchisee, and (3) the Event of Default remains unremedied at the time the bankruptcy or reorganization petition is filed, no notice of default or termination shall be required Instead, if Franchisee files a voluntary petition for liquidation or reorganization under the United States Bankruptcy Code, termination shall automatically become effective the instant a petition is signed by or on behalf of Franchisee If an involuntary petition is filed, termination shall automatically become effective the instant the petition is submitted to the clerk of the Bankruptcy Court for filing

18 Damages

(a) <u>Liquidated Damages</u>

(1) If, after (i) the expiration of the franchise in accordance with Section 11, (ii) the termination of the franchise by Company in accordance with Section 17, or (iii) a transfer by Franchisee or any of the Principals of an interest in Franchisee, Franchisee or a Principal directly or indirectly continues to use any of the Marks or element of the System in connection with the continued operation of the Store or otherwise, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to collect from Franchisee, and Franchisee agrees to pay a weekly royalty for such use of the Marks and/or the System equal to 150% of the royalties that Franchisee would otherwise have been obligated to pay under Section 10

(2) If Franchisee unilaterally repudiates and surrenders the franchise before the expiration of its term and, within 24 months after the date of termination, Franchisee or a Principal directly or indirectly commences operation of a retail food business that would violate Section 19(a)(1), then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive throughout the entire remaining term of the franchise, and Franchisee agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Sales in the Glossary attached to this Agreement

(3) If Franchisee or a Principal directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in Section 19(a), then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay, a weekly fee equal to 10% of the competing operation's revenues, measured in accordance with the definition of Gross Sales in the Glossary attached to this Agreement

(4) If Franchisee disposes of the Store's operating assets or premises in violation of Section 7(b)(28) and the purchaser refuses to sign a Franchise Agreement for the continued operation of the Store as a Cowboy Chicken® restaurant, then, in addition to any other remedies available to Company at law or in equity, Company shall be entitled to receive, and Franchisee agrees to pay, a sum equal to the royalties Company would otherwise have received during the remaining term of the franchise, discounted to present value In calculating the royalties Company would otherwise have received, Franchisee will be deemed to have earned annual Gross Sales for the balance of the franchise term equal to one third of the Store's Gross Sales for the 36 months preceding the date on which the violative disposition occurs

(b) <u>Limitation on Damages</u> Except with respect to Franchisee's and each Principal's obligation to indemnify Company pursuant to Section 7(c)(27)(i), the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other and agree that, in the event of an action or claim arising from a dispute between the parties, the parties bringing an action or claim shall be limited to equitable relief and to recovery of any direct or general damages it sustains, provided, however that Company shall have the right to recover lost profits and all applicable liquidated damages in the event of termination of this Agreement

(c) <u>Time Limitations</u> EXCEPT FOR ACTIONS OR CLAIMS ARISING FROM FRANCHISEE'S NONPAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES COMPANY PURSUANT TO THIS AGREEMENT, OR ACTIONS OR CLAIMS RELATED TO FRANCHISEE'S UNAUTHORIZED USE OF THE MARKS, ANY AND ALL ACTIONS OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY SHALL BE BARRED UNLESS SUCH ACTION OR CLAIM IS

COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH ACTION OR CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH ACTION OR CLAIM

19 Special Representations, Warranties and Covenants

(a) Covenant Against Competition

(1) In consideration of Company's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee covenants and agrees that, during the term of the franchise and for two years after its expiration or termination, Franchisee will not own or operate, directly or indirectly, or accept employment by or hold an interest in any retail food business that serves chicken as a primary menu item, except as a franchisee of Company For purposes of this provision, "primary" means that the gross sales of chicken constitutes 30% or more of gross sales of the business

(2) During the term of the franchise, Franchisee's covenant not to compete will apply universally, for the two-year period after the franchise expires or is terminated, Franchisee's covenant will apply in the DMA in which the Store is located and in each other DMA in which a Company-owned or franchised Store is then operating or under development For purposes of calculating the duration of the two-year period, any time during which Franchisee is in violation or breach of the covenant shall be excluded

(3) Franchisee acknowledges that Franchisee's covenant not to compete is reasonable and necessary to protect the business and goodwill of the Cowboy Chicken® franchise system and to avoid misappropriation or other unauthorized use of the System and Company's other Trade Secrets Franchisee acknowledges and confirms that Franchisee possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a business that serves rotisserie chicken as its primary product

(4) Franchisee will require its Store Manager and any other employees with access to the Trade Secrets to execute agreements as provided in the Operating Manual, that will include similar covenants Company will expressly be a third party beneficiary of all such agreements Franchisee agrees to maintain a file of such agreements executed by its Store Managers and each of its employees for a period of five years following the termination or resignation of each employee and to provide copies to Company upon receipt This provision will survive the termination, expiration or a transfer of any interest in this Agreement, the franchise or by a Principal

(b) Terrorist and Money Laundering Activities Franchisee represents and warrants to Company that neither Franchisee, nor any owner of an equity interest in Franchisee, nor any executive officer of Franchisee, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U S Treasury Department's Office of Foreign Assets Control (texts available at www treas gov/offices/enforcement/ ofac/) Further, Franchisee represents and warrants that neither it nor any equity owner, executive officer or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U S Patriot Act (text available at http //www epic org/privacy/terrorism/ hr3162 html), U S Executive Order 13244 (text available at http //www treas gov/offices/ enforcement/ofac/sanctions/terrorism html), or any similar law The foregoing constitute continuing representations and warranties, and Franchisee shall immediately notify Company in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading

(c) Security Interest in Gross Sales To secure payment by Franchisee of royalties, Ad Fund contributions, Website Fees and other amounts due Company under this Agreement, Franchisee grants to Company a first priority security interest and lien in the Store's Gross Sales To perfect this security interest, concurrently with the execution of this Agreement, Franchisee will sign and deliver to Company a Form UCC-1 financing statement suitable for filing with the Secretary of State of the state in which the Store is located Franchisee also agrees to execute and deliver such additional documents and to do all such further acts and things as Company may request to evidence and further perfect its security interest in the Store's Gross Sales Company and Franchisee mutually agree that Franchisee will enjoy unrestricted use of the Store's Gross Sales until (1) Franchisee defaults in the payment of an obligation secured by the Store's Gross Sales, (2) any other creditor of Franchisee asserts a security interest in or claim to the Store's Gross Sales superior to Company's security interest, (3) Franchisee files a petition for relief under any chapter of the United States Bankruptcy Code, or (4) Franchisee becomes the subject of an involuntary petition under any chapter of the United States Bankruptcy Code that is not dismissed within 30 days after its filing Upon the occurrence of any such event, Franchisee will be in default under the security agreement this Section 19(c) establishes, and Company may immediately exercise all the right of a secured creditor with respect to the Store's Gross Sales that are provided in Article 9 of the Uniform Commercial Code

(d) Legal Obligations to Disclose or Deliver Information or Materials If required by law, Franchisee, its Affiliates, and each of their officers, partners, members, directors and employees bound by Section 19(a)(4) or confidentiality agreements signed by such persons (all of the preceding collectively, the "Covered Persons") will promptly deliver to Company or its legal counsel upon request of Company or its legal counsel the following data or material

(1) Computer hard drives, portable drives and any copies of either used by the Covered Persons in part or wholly in any matter related to the Store and this franchise,

(2) Copies of Subscriber Identify Module cards or other records of calls made or received through cell or other phones, personal digital assistants or similar equipment used by the Covered Persons in part or wholly in any matter related to the Store and this franchise,

(3) Copies of electronic mail received or sent by the Covered Persons relating to the Store or this franchise, and

(4) Any other similar materials required to be delivered pursuant to a proceeding for dispute resolution

Company will use or disclose these materials to others only in connection with resolution of disputes, which may not relate to the Store or this franchise This section shall survive the termination, expiration or transfer of the franchise or this Agreement

20 Partial Invalidity The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in full force and effect

21 Notices All notices or demands required or permitted under this Agreement shall be in writing and shall be delivered either by certified or registered mail, first class postage prepaid, or by commercial courier Notices delivered by mail or courier shall be addressed to Franchisee at the address for notices shown in the Summary Page, and to Company as shown on the first page of this Agreement, except that either party may at any time change its address for notices by giving the other party at least 10 days' prior notice in accordance with this Section 21 Notices delivered by mail will be deemed delivered three business days after deposit with the United States Postal Service, first class postage prepaid, certified or registered mail, return receipt requested, addressed, and notices delivered by courier will be deemed delivered on the delivery date shown in the courier's records

22 Status of Parties This Agreement is not intended to create, and shall not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other "special" relationship between Company and Franchisee, and no representation to the contrary shall be binding upon Company

23 Binding Effect This Agreement shall be binding upon and inure to the benefit of Company and Franchisee and their respective successors, assigns, executors, heirs and personal representatives If Franchisee is, or subsequently transfers the franchise to, a Business Entity, each holder of 15% or more of Franchisee's equity securities shall also be personally and individually bound by the provisions of Sections 7(c)(10), 7(c)(24), 7(c)(27), 7(c)(28), 12, 13, 19(a), 19(b), 19(d) and 24

24 Law Governing, Dispute Resolution

(a) EXCEPT AS OTHERWISE STIPULATED IN SECTIONS 24(d) AND 24(e), OR UNLESS EXPRESSLY PROHIBITED BY THE FRANCHISING STATUTES OF THE STATE IN WHICH THE STORE IS LOCATED, THIS AGREEMENT SHALL EXCLUSIVELY AND FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICT OF LAW RULES SHALL NOT APPLY

(b) The parties agree to use their best efforts to resolve and settle by direct, private negotiation any claim, controversy or dispute (a "Dispute") that arises under or in relation to this Agreement or that concerns the relationship created by this Agreement

(c) If the parties cannot resolve and settle a Dispute by private negotiation within 60 days after one party gives the other written notice that a Dispute exists, the parties mutually agree to submit the Dispute to non-binding mediation, as follows

(1) Mediation shall occur in Dallas, Texas before a single mediator, using the facilities and mediation rules of a professional dispute-resolution organization selected by Company and reasonably acceptable to Franchisee (the "Mediation Organization") If the parties cannot agree on a Mediation Organization, they will use the facilities and mediation rules of the National Franchise Mediation Program

(2) The parties shall jointly select a mediator from the panel of mediators maintained by the Mediation Organization The mediator must be either a retired judge or an individual experienced in business format franchising or franchise law who has no prior social, business or professional relationship with either party If the parties are unable to agree on a mediator within 30 days after the Dispute is submitted to mediation, the Mediation Organization will select a mediator who possesses the indicated qualifications

(3) The parties will share the mediation filing fee equally, but will otherwise separately bear their own costs and expenses (including legal fees) of participating in the mediation process Each party agrees to send at least one representative to the mediation conference who has authority to enter into binding contracts on that party's behalf Each party further agrees to sign a confidentiality agreement that exempts the mediator from disclosing, orally or in writing, any information the other party discloses to the mediator in confidence at any stage of the mediation process

(4) If either party fails or refuses to participate in mediation in accordance with this Section 24(c), the other shall be entitled to immediately submit the Dispute to binding arbitration in accordance with Section 24(d)

(d) IF THE PARTIES CANNOT FULLY RESOLVE AND SETTLE A DISPUTE THROUGH MEDIATION WITHIN 30 DAYS AFTER THE MEDIATION CONFERENCE CONCLUDES, EXCEPT AS PROVIDED IN SECTION 24(e) BELOW, ALL UNRESOLVED ISSUES INVOLVED IN THE DISPUTE SHALL BE SUBMITTED EXCLUSIVELY TO BINDING ARBITRATION, AS FOLLOWS

(1) EITHER PARTY MAY MAKE A DEMAND FOR ARBITRATION

(2) ARBITRATION PROCEEDINGS SHALL BE CONDUCTED IN DALLAS, TEXAS BEFORE A SINGLE ARBITRATOR, USING THE FACILITIES AND COMMERCIAL ARBITRATION RULES OF THE MEDIATION ORGANIZATION OR ANOTHER PROFESSIONAL DISPUTE-RESOLUTION ORGANIZATION SELECTED BY COMPANY AND REASONABLY ACCEPTABLE TO FRANCHISEE (THE "ARBITRATION ORGANIZATION") IF COMPANY SELECTS AN ARBITRATION ORGANIZATION OTHER THAN THE MEDIATION ORGANIZATION AND FRANCHISEE REASONABLY OBJECTS TO COMPANY'S CHOICE, THE PARTIES WILL USE THE AMERICAN ARBITRATION ASSOCIATION'S FACILITIES AND COMMERCIAL ARBITRATION RULES

(3) THE ARBITRATION ORGANIZATION'S EXPEDITED ARBITRATION PROCEDURE SHALL APPLY TO THE ARBITRATION PROCEEDINGS TO THE GREATEST EXTENT PERMITTED BY LAW, COMPANY AND FRANCHISEE WAIVE THE APPLICATION OF ALL RULES OF DISCOVERY AND EVIDENCE THE ARBITRATION ORGANIZATION'S EXPEDITED PROCEDURE DOES NOT EXPRESSLY MAKE APPLICABLE

(4) THE PARTIES SHALL JOINTLY SELECT AN ARBITRATOR FROM THE PANEL OF ARBITRATORS MAINTAINED BY THE ARBITRATION ORGANIZATION THE ARBITRATOR MUST BE EITHER A RETIRED JUDGE OR AN ATTORNEY EXPERIENCED IN THE PRACTICE OF FRANCHISE LAW WHO HAS NO PRIOR SOCIAL, BUSINESS OR PROFESSIONAL RELATIONSHIP WITH EITHER PARTY AND WHO AGREES TO FOLLOW AND APPLY THE EXPRESS PROVISIONS OF THIS AGREEMENT IN DETERMINING HIS OR HER AWARD (INCLUDING THOSE PERTAINING TO DAMAGES) IF THE PARTIES ARE UNABLE TO AGREE ON AN ARBITRATOR WITHIN 30 DAYS AFTER THE ARBITRATION DEMAND IS FILED, THE ARBITRATION ORGANIZATION WILL SELECT AN ARBITRATOR WHO POSSESSES THE INDICATED QUALIFICATIONS

(5) THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON ALL PARTIES, AND NEITHER PARTY SHALL HAVE ANY RIGHT TO CONTEST OR APPEAL THE ARBITRATOR'S AWARD EXCEPT ON THE GROUNDS EXPRESSLY PROVIDED BY THE UNITED STATES ARBITRATION ACT (THE "ARBITRATION ACT") THE PARTY WHO DEMANDS ARBITRATION SHALL PAY THE ARBITRATION FILING FEE, BUT THE PARTIES WILL OTHERWISE SEPARATELY BEAR THEIR OWN COSTS AND EXPENSES (INCLUDING LEGAL FEES) OF PARTICIPATING IN THE ARBITRATION PROCESS RESPONSIBILITY FOR THE ARBITRATOR'S FEES AND EXPENSES SHALL BE DETERMINED AS PART OF THE ARBITRATOR'S AWARD

(6) THE PROCEDURES CONTEMPLATED BY AND THE ENFORCEABILITY OF THIS SECTION 24(d) SHALL BE GOVERNED BY THE ARBITRATION ACT AND SHALL BE INTERPRETED AND ENFORCED IN ACCORDANCE WITH UNITED STATES FEDERAL JUDICIAL INTERPRETATIONS OF THE ARBITRATION ACT

(e) NOTWITHSTANDING SECTIONS 24(c) AND 24(d), THE PARTIES MUTUALLY AGREE THAT COMPANY WILL NOT BE OBLIGATED TO MEDIATE OR ARBITRATE ANY CLAIM ARISING FROM FRANCHISEE'S ALLEGED INFRINGEMENT OF THE MARKS OR THE COPYRIGHTED MATERIALS, OR OTHER ALLEGED MISAPPROPRIATION OF COMPANY'S INTELLECTUAL PROPERTY THE PARTIES AGREE THAT ANY ACTION BASED ON INFRINGEMENT OF ANY OF THE MARKS OR COPYRIGHTED MATERIALS, OR MISAPPROPRIATION OF COMPANY'S OTHER INTELLECTUAL PROPERTY SHALL BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE UNITED STATES TRADEMARK (LANHAM) ACT OR THE UNITED STATES COPYRIGHT ACT (WHICHEVER APPLIES TO THE PARTICULAR ACTION), AND SHALL BE LITIGATED IN ANY FEDERAL DISTRICT COURT SITTING IN DALLAS COUNTY, TEXAS THE PARTIES FURTHER AGREE TO SUBMIT TO THE JURISDICTION AND VENUE OF ANY SUCH FEDERAL DISTRICT COURT AND THAT SERVICE OF PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, SHALL BE SUFFICIENT TO CONFER IN PERSONAM JURISDICTION OVER THEM IN CONNECTION WITH ANY INTELLECTUAL PROPERTY LITIGATION

FURTHER, NOTWITHSTANDING SECTIONS 24(c) AND 24(d), THE PARTIES MUTUALLY AGREE THAT COMPANY SHALL NOT BE OBLIGATED TO MEDIATE OR ARBITRATE ANY CLAIM ARISING FROM FRANCHISEE'S FAILURE TO PAY WHEN DUE ANY ROYALTY OR OTHER MONETARY OBLIGATION TO COMPANY, UNLESS FRANCHISEE ASSERTS A COUNTER-CLAIM BASED ON COMPANY'S ALLEGED BREACH OF A MATERIAL OBLIGATION UNDER THIS AGREEMENT, IN WHICH CASE COMPANY'S SUIT WILL BE STAYED AND THE ENTIRE MATTER WILL BE REFERRED TO ARBITRATION THE PARTIES AGREE THAT ANY ACTION TO COLLECT ANY SUMS THAT FRANCHISEE OWES COMPANY SHALL BE LITIGATED IN ANY FEDERAL OR STATE DISTRICT COURT SITTING IN DALLAS COUNTY, TEXAS THE PARTIES FURTHER AGREE TO SUBMIT TO THE JURISDICTION AND VENUE OF ANY SUCH FEDERAL OR STATE DISTRICT COURT AND THAT SERVICE OF PROCESS BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, SHALL BE SUFFICIENT TO CONFER *IN PERSONAM* JURISDICTION OVER THEM IN CONNECTION WITH ANY COLLECTION LITIGATION

______ [FRANCHISEE'S INITIALS ACKNOWLEDGE THAT FRANCHISEE HAS HAD AN OPPORTUNITY TO REVIEW SECTION 24 WITH COUNSEL OF ITS CHOICE, UNDERSTANDS SECTION 24, AND AGREES TO ALL OF SECTION 24 REGARDING ARBITRATION]

25 Condition Precedent If Franchisee is a Business Entity, this Agreement will not be binding on Company and no franchise will be granted unless and until each holder of 15% or more of Franchisee's equity securities executes and delivers a Guaranty and Acknowledgment in the form appended to this Agreement

26 Miscellaneous

(a) The term "Franchisee" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals

(b) Except as provided in Section 8(d)(3), this Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Company and Franchisee The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct This provision does not apply to changes in the Brand Standards Manual, which Company may modify unilaterally

27 Franchisee's Acknowledgments

(a) Franchisee acknowledges and agrees that this Agreement, together with any duly executed amendment or addendum attached to this Agreement, contain the entire agreement between the parties with respect to Franchisee's franchise for the Store, and that it supersedes any prior or contemporaneous agreements between the parties, written or oral, with respect to the franchise for the Store

_____ [FRANCHISEE'S INITIALS]

(b) Franchisee confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement or in the Franchise Disclosure Document required by applicable federal and state franchise law delivered by Company to Franchisee or its Principals

_____ [FRANCHISEE'S INITIALS]

(c) Franchisee confirms and acknowledges that, except for information provided in the Franchise Disclosure Document required by applicable federal and state franchise law delivered by Company to Franchisee or its Principals or historical data delivered with respect to the sale of a company-owned Store, no Person representing Company made any oral, written or visual claim, presentation or representation to Franchisee that stated or suggested that Franchisee's Store might attain any actual, projected or forecasted level of sales, income or profits _____ [FRANCHISEE'S INITIALS]

(d) Franchisee confirms and acknowledges that no representation, warranty, guaranty or promise other than those expressly set forth in this Agreement and in the Franchise Disclosure Document Company required by applicable federal and state franchise law delivered by Company to Franchisee or its Principals was made by Company or any other Person to induce Franchisee to sign this Agreement Franchisee recognizes that neither Company nor any other party can guarantee Franchisee's business success or state the exact costs of opening and operating a Store, and that such success and costs will depend primarily upon Franchisee's own efforts and business ability Franchisee also recognizes that any new business venture is speculative _____ [FRANCHISEE'S INITIALS]

(e) Franchisee acknowledges that no document that Section 26(b) requires will be binding on Company unless it is signed on Company's behalf by an authorized officer or partner _____ [FRANCHISEE'S INITIALS]

(f) Franchisee acknowledges that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Company bestows on Franchisee, or by inference from a party's conduct

_____ [FRANCHISEE'S INITIALS]

[completed and executed on the following page]

COMPANY	**FRANCHISEE**
COWBOY CHICKEN FRANCHISING, LP	____________________
By ______________________________	By ______________________________
Title ______________________________ Cowboy Chicken Franchising GP, LLC General Partner	Title ______________________________
Date ______________________________ (the "Effective Date")	Date ______________________________

EXHIBIT A

DESCRIPTION OF PRINCIPAL MARKS

	Description of Mark	Registration Number	Registration Date
®	Cowboy Chicken (design logo)	1,620,524	October 30, 1990
®	Cowboy Chicken (block letters)	3,338,990	November 20, 2007

EXHIBIT B

DESCRIPTION OF TRADE AREA

The Store's Trade Area is the area lying inside the following boundaries or as shown on the attached map ____
____
____
____
____

EXHIBIT C

AUTHORIZATION AGREEMENT
FOR PREAUTHORIZED PAYMENTS

COWBOY CHICKEN FRANCHISING, LP ("COMPANY")
ID NUMBER ______________________________

The undersigned ("DEPOSITOR") authorizes COMPANY to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries COMPANY initiates

DEPOSITORY
NAME ______________________________ BRANCH ____________________

CITY ______________________________ STATE ____________________

CHECKING ACCOUNT NO ______________________________

ROUTING NUMBER ____________________

DEPOSITOR agrees that this authorization will remain in full force and effect until DEPOSITOR has given COMPANY written notice of its revocation in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on the notice

DEPOSITOR'S
NAME ______________________________ ID NUMBER____________________
DEPOSITOR'S SIGNATURE ______________________________
TITLE OF PERSON SIGNING (if signed in a representative capacity) ______________
DATE ______________________________

NOTE ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (COMPANY) IN THE MANNER SPECIFIED IN THE AUTHORIZATION

EXHIBIT D

ASSIGNMENT OF TELEPHONE NUMBER(S) AND E-MAIL ADDRESSES

This Assignment relates to

Name of Franchisee ____
Address of Store ____
Telephone Number(s) (___) ____________, (___)______________, (___) ______________
E-mail Address ____

For valuable consideration, the Franchisee identified above ("Franchisee") assigns and transfers to Cowboy Chicken Franchising, LP ("Company") all of Franchisee's rights and interests in each and all of the telephone numbers and e-mail addresses listed above (the "Numbers")

Franchisee authorizes Company to file this Assignment with the telephone company and any registrar for domain names that issued the Numbers for the purposes of establishing Company's claim to and right to designate the user of the Numbers

Franchisee irrevocably constitutes and appoints Company as Franchisee's agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company or registrar requires to transfer the rights in the Numbers from Franchisee to Company or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions Franchisee has issued to the telephone company with respect to any of the Numbers, with full power to sign Franchisee's name and otherwise to act in Franchisee's name, place and stead

Franchisee agrees to reimburse Company (i) the full amount of any local service and long distance charges the telephone company requires that Company paid to obtain the Numbers, together with interest as provided in the Franchise Agreement for the Store, and (ii) any fees payable to the registrar of the domain name for the purposes contemplated by this Assignment

Franchisee represents and warrants to Company that Franchisee obtained the Numbers in his or her own name, and that Franchisee is the person of record the telephone company and/or the registrar of the domain name will recognize as registered user or "owner" of the Numbers

____

By _________________________________

Title ________________________________

EXHIBIT E

GUARANTY AND ACKNOWLEDGMENT

The undersigned (whether one or more, herein called "Guarantors"), general partners or holders of 15% or more of the outstanding voting equity interests in the Franchisee under the Franchise Agreement to which this Guaranty and Acknowledgment is annexed, jointly and severally, absolutely and unconditionally guarantee to Cowboy Chicken Franchising, LP, its successors and assigns ("Company")

(1) The faithful and punctual performance of each and every duty and obligation of the Franchisee under the Franchise Agreement,

(2) The payment in full when due of all royalties, marketing fees and trade accounts payable by the Franchisee to Company,

(3) The payment in full when due of all contributions payable by the Franchisee to any Area Cooperative or the Ad Fund that the Franchisee may join pursuant to Section 8 of the Franchise Agreement, and

(4) The payment in full when due of any and all amounts for which the Franchisee may become obligated pursuant to Sections 13, 14, 17, 18 and 24 of the Franchise Agreement

The monetary obligations described in clauses (2) through (4) above are called "Debts"

This is a continuing Guaranty and applies to all Debts for or with respect to which the Franchisee may become obligated, whether during the initial term of the franchise, any renewals or extensions thereof, or, with respect to Debts described in clause (4) above, after the franchise's expiration, termination or cancellation This Guaranty shall be binding upon each Guarantor's heirs, executors, administrators, guardians, successors and assigns, and under no circumstances will any Guarantor's obligations under this Guaranty be released or extinguished without Company's written consent and release or until all Debts have been paid in full, whether or not a Guarantor's interest in the Franchisee is transferred, sold or otherwise surrendered

Guarantors expressly waive demand and diligence on the part of the Company in the collection of any of the Debts and agree to all extensions that may be granted to the Franchisee by Company Company shall be under no obligation to notify Guarantors of any sales or extensions of credit to the Franchisee in reliance on this Guaranty, or of the failure of the Franchisee to pay any of the Debts when due, or to use diligence in preserving the liability of any person on the Debts or in bringing suit or in taking other action to enforce collection of the Debts

If the Franchisee's status should change through merger, consolidation or otherwise, this Guaranty shall cover the Debts of the Franchisee under its new status, according to the terms of this Guaranty

Company shall not be required to pursue or exhaust any remedies against the Franchisee, to foreclose its interest in any collateral now or hereafter held by Company as security for the payment of the Debts, to terminate the Franchise Agreement or to take any other action before requiring payment under this Guaranty Without in any manner impairing or diminishing the obligations of Guarantors under this Guaranty, Company may elect to pursue any legal or equitable remedy available against the Franchisee or against any collateral held by

Company, even though the exercise by Company of such remedy results in loss to Guarantors of any right of subrogation or right to proceed against the Franchisee for reimbursement

If the Franchisee is not liable on any of the Debts because the act of their creation is *ultra vires*, or if the officers or persons incurring any of the Debts acted in excess of their authority, and therefore the Debts cannot be enforced against the Franchisee, Guarantors shall nevertheless be liable under this Guaranty

If any payment by the Franchisee to Company is held to be a preference under the United States Bankruptcy Code, or if for any other reason Company is required to refund such payment or pay the amount thereof to any other person, such payment by the Franchisee shall not constitute a discharge of Guarantors from any liability under this Guaranty, and Guarantors agree to pay such amount to Company upon demand

Each Guarantor represents that he or she owns a substantial equity interest in the Franchisee and that he or she is receiving consideration from the Debts that is a material, direct benefit to such Guarantor

Each Guarantor agrees that this Guaranty is to be performed by Guarantors in Dallas, Dallas County, Texas, that this Guaranty shall be deemed to be a contract made under the laws of Texas and that this Guaranty and the rights of the parties hereto shall be governed by, interpreted in accordance with, and enforced under Texas law Guarantors agree to pay Company's reasonable attorney's fees if this Guaranty is placed in the hands of an attorney for collection, or if it is collected through a proceeding in any court

Each Guarantor hereby subordinates its right to collect any obligation of Franchisee to Guarantor to the rights of Company until such time as the Debts are paid in full

The provisions of Sections 7(c)(10), 7(c)(24), 7(c)(27), 7(c)(28), 12, 13, 19(a), 19(b), 19(d) and 24 of the Franchise Agreement are incorporated into this Guaranty and Acknowledgment by this reference Each Guarantor acknowledges the contents of and agrees to be personally bound by the restrictions, limitations and obligations set forth in each of those Sections to the same extent as though each Guarantor were the Franchisee The undersigned each acknowledge that Company would not enter into the Franchise Agreement without the execution of this Guaranty by the undersigned

GUARANTORS' SIGNATURES

Signature ______________________________
Name Printed ______________________________
Street Address ______________________________
Telephone Number ______________ E-mail ______________

Signature ______________________________
Name Printed ______________________________
Street Address ______________________________
Telephone Number ______________ E-mail ______________

Signature ______________________________
Name Printed ______________________________
Street Address ______________________________
Telephone Number ______________ E-mail ______________

Signature ____
Name Printed ____
Street Address ____
Telephone Number ________________ E-mail ________________________

GLOSSARY OF TERMS

The following terms are used in the preceding Franchise Agreement ("Agreement") with the meanings assigned in this Glossary

Affiliate means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means

Brand Standards Manual means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended specifications, standards, procedures, policies and advice relating to a Store's operation and management and to marketing the products Stores serve The Brand Standards Manual discloses the principle elements of Company's proprietary System, and its contents are and shall remain Company's exclusive property Company may provide the Brand Standards Manual to Franchisee in electronic form The Table of Contents of the Brand Standards Manual is included as Exhibit D to this Development Agreement

Business Entity means a corporation, a general or limited partnership, or a limited liability company

Catering means the on-site preparation and service of Cowboy and complementary menu items at church carnivals, school events, charity functions, community festivals, business gatherings, private parties and similar events that last for no more than five consecutive days

Charter Documents means a corporation's articles of incorporation, by-laws and shareholders agreement (if any), a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership, a limited liability company's articles of association and regulations or operating agreement, and comparable governing documents of any other type of business entity

Commencement Date means the earliest to occur of (i) the date the Store opens for business, or (ii) 240 days after the Effective Date

Control refers to an arrangement pursuant to which a person or entity has (i) ownership of more than one-half of the capital or business assets of an entity, its Affiliates, non-individual Principals or any successor or assignee thereof, or (ii) ownership of more than one-half of the ownership interest in and/or of the voting rights of, an entity, its Affiliates, non-individual Principals or any successor or assignee thereof

Copyrighted Materials refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Company, produced on its behalf as works for hire, or derived from works produced by or on behalf of Company (i) all manuals used in a Store's development, operation and marketing activities, including but not limited to the Brand Standards Manual, (ii) training materials (including printed, audio, video or electronic materials), (iii) Store plans and specifications that are works for hire, (iv) menu board designs and graphics, (v) product identification posters and photographs, (vi) advertising and marketing materials, (vii) labels, forms and reports provided by Company, (viii) any computer software developed by Company or as works for hire for use in the operation of Stores, (ix) materials, images or text on and layout of the Cowboy Chicken® Website, and (x) any other materials protected by copyright law or marked or identified by Company as protected by copyright

Cowboy Chicken® Intranet means a web-based communications network that permits members of the Cowboy Chicken® Network to communicate electronically with each other and through which Company may, at its option, make the Brand Standards Manual accessible to franchisees and deliver training materials and official notices to franchisees

Cowboy Chicken® Network means the entire network of Stores, both franchised and company-operated

Cowboy Chicken® Website means an Internet website that Company developed and maintains to advertise and promote the Cowboy Chicken® Network and the products and services that members of the Cowboy Chicken® Network offer Company may, at its option, expand the website to include and facilitate the sale of franchises for Stores

Customer is a paying or other customer of the Store who purchases or considers purchasing products or services at the Store

Customer Information means any information that (i) can be used (alone or when used in combination with other information within Franchisee's control) to identify, locate or contact an individual, or (ii) pertains in any way to an identified or identifiable individual Customer Information can be in any media or format, including computerized or electronic records as well as paper-based files

Delivery Service means the delivery of ready-to-eat Cowboy Chicken® products in boxes to residential and commercial customers

Development Agreement means the Area Development Agreement between Company and Franchisee under which Franchisee undertook the Store's development

District Manager means an individual who meets the qualifications for a Store Manager but who is not required to own an interest in Franchisee, whom Franchisee designate and Company approves to supervise Franchisee's operations under this Agreement A District Manager may supervise the operation of more than one Store

DMA means Designated Market Area, an advertising term that Neilson Rating Service uses to demarcate the primary coverage of broadcast and print media in given markets The boundaries of a particular DMA will be determined by reference to television coverage

Effective Date means the date Company signs the Agreement, as indicated in its signature block

General Manager is an individual who meets the qualifications for a Store Manager who must have a minimum equity interest in Franchisee and must devote full-time to the operation of the Store

Gross Sales means the aggregate revenues the Store receives from the sale of, or the provision of services with respect to, food, beverages, other menu items and other merchandise, whether for cash or on credit, less applicable sales taxes Franchisee collects and remits, and valid coupon credits and employee discounts deducted from revenues initially recorded as Gross Sales, but without deduction of any other costs or expenses whatsoever

Information Systems means electronic systems an operator uses to collect, compute, store and report a Store's Gross Sales, other financial data and operating information, such as cash registers, computers, peripheral equipment and related software programs

Marks refers to and includes (i) the Cowboy Chicken service mark and logo, (ii) the Cowboy Chicken trade name, (iii) the elements and components of a Store's Trade Dress, and (iv) any and all additional or different trade names, trademarks, service marks, logos and slogans that Company adopts to identify the Cowboy Chicken® franchise system and the products and services Stores offer

Operating Principal refers to a person who owns directly or indirectly at least a 15% voting equity interest in Company The Operating Principal must be approved by Company, complete the Cowboy Chicken® training program and must serve as the General Manager and devote their full time best efforts to the Store and have operating responsibility for the Store unless Company approves a General Manager or District Manager to have direct operating responsibility for the Store

Person means an individual or a Business Entity

Principal refers to (i) an owner (direct, indirect or beneficial owner) of a voting equity interest in Franchisee that is 15% or more of the outstanding shares or interests in Franchisee, and (ii) a general or limited partner of Franchisee The Principals of Franchisee are listed on the Summary Page

Privacy Laws means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing of Customer Information in any way, including data protection laws, laws regulating marketing communications and/or electronic communications, information security regulations, the most current Payment Card Industry Data Security Standard, ISO 27001, ISO 27002, and security breach notification rules

QSC Reviews means physical, on-site visits to a Store during which Company's representatives conduct either (i) formal inspections to determine the degree to which the Store's operation satisfies Company's quality, service and cleanliness standards, or (ii) informal reviews to evaluate the staff's compliance with Company's operations policies and procedures

Sauces refers to one or more proprietary sauces developed by CCE for use in the Cowboy Chicken® Network and for distribution as described in the Franchise Agreement

Social Media means any and all existing or future forms of electronic communication, whether for business or personal use (including via Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos) through which users create or use online networks or communities (including but not limited through online communities such as Facebook, Twitter, Instagram, LinkedIn, YouTube, MySpace, Yelp or Wikipedia and other similar content sharing outlets) to share information, ideas, personal messages, and other online content

Special Outlet means (i) an express unit, a mini-Store, mobile unit, kiosk, booth or similar installation that contains a wood-burning rotisserie oven and is located in a hospital, airport, sports arena, student center or other special use facility or in the food court of an enclosed shopping mall, (ii) a Store located within a military or an exchange service facility, or (iii) a temporary facility offering Cowboy Chicken® menu items solely for promotional purposes

Spice Blends means Company's proprietary blend of spices that are used to make one or more Cowboy Chicken® brand products

Store means a retail establishment that operates on a year-round basis at a fixed (permanent) location under the Cowboy Chicken® trade name and System The term does not include any type of Special Outlet

Store Manager means an individual appointed by Franchisee to supervise and manage all aspects of the Store's day-to-day operations and with whom Company and its staff may deal exclusively for purposes of administering and coordinating the franchise relationship with respect to operation of the Store Franchisee's first Store Manager is identified beneath the signature block of the Agreement An Operating Principal may serve as the Store Manager The definition of "Store Manager" includes a General Manager and a District Manager

Summary Page means the pages that appear at the beginning of this Agreement that summarize certain key information concerning the parties' relationship and the terms of this Agreement

System means the compilation of operating procedures, marketing concepts, management techniques, and communications methods and procedures that Company has developed or adopted to govern the operation of Stores, the marketing of their products and services, and the methods of communication between and among Company and Store operators

Trade Area means the area described in Exhibit B in which Franchisee may provide Catering and in which Franchisee will enjoy the competitive protection described in Section 4

Trade Dress means decorative, non-functional components of a Store that provide the establishment a distinctive, memorable appearance

Trade Secrets means the components of the System, the contents of the Brand Standards Manual and of all employee training materials and computer programs developed by Company or in accordance with its specifications, and any other confidential information that Company imparts to Franchisee with respect to a Store's operation or management, whether through the Brand Standards Manual or otherwise

STATE SPECIFIC AMENDMENTS (IF ANY)

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Cowboy Chicken Franchising, LP Franchise Agreement between ________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the "Amendment")

CALIFORNIA LAW MODIFICATIONS

1 The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL CORPORATIONS CODE Section 31000 et seq , and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 et seq To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a Franchisee will not be required to pay the initial franchise fees and construction-related fees due to Company and/or its Affiliates under the Franchise Agreement, until Company has completed all of its pre-opening obligations to Franchisee under the first Franchise Agreement and Franchisee begins operating its first Cowboy Chicken Store

b California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning nonrenewal and termination of the Franchise Agreement The Federal Bankruptcy Code also provides rights to You concerning termination of the Franchise Agreement upon certain bankruptcy-related events To the extent the Franchise Agreement contains a provision that is inconsistent with these laws, these laws shall control

c If Franchisee is required in the Franchise Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act

d If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable

e If the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement, the covenant may be unenforceable under California law

f If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law

g If the Franchise Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable h Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you

2 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________ ____________________
By ____________________ Print Name ________________ Its ____________________	By ____________________ Print Name ________________ Its ____________________
Effective Date ________________	Date ____________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Cowboy Chicken Franchising, LP Franchise Agreement between ________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Franchise Agreement") will be amended by the addition of the following language, which will be considered an integral part of the Franchise 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, Ill Rev Stat ch 815 para 705/1 - 705/44 (1994) (the "Act") To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows

a Sections 705/19 and 705/20 of the Act provide rights to franchisees concerning nonrenewal and termination of a franchise If the Franchise 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 Franchise 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, are unenforceable with respect to claims under the Act

c Any provision that designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois

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 Illinois law, Illinois law will control

e To the extent that the Act prohibits the disclaimer of representations contained in Company's Franchise Disclosure Document, the Franchise Agreement is amended to include representations made in Company's Franchise Disclosure Document to the extent required by law

f Section 41 of the Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void " To the extent that any provision in this Agreement is inconsistent with Illinois law, Illinois law will control

g Illinois Franchise Disclosure Act paragraph 705/27 provide rights to you concerning periods of limitation for bring claims under this Agreement If this Agreement contains a provision that is inconsistent with the Act, but the Act shall control

2 Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment This Amendment will have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, the parties have signed this Agreement On execution and delivery of this Agreement by both parties, the effective date will be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP,	______________________________
a Texas limited partnership	______________________________
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Its ______________________________	Its ______________________________
Effective Date ____________________	Date ____________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Cowboy Chicken Franchising, LP Franchise Agreement between ________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise 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 Code Ann , Bus Reg §§ 14-201 - 14-233 (1994) To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a Franchisee is required in this Agreement to execute a release of claims and/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 Maryland Franchise Registration and Disclosure Law, and such acknowledgments shall be void with respect to claims under the Law

b This Agreement requires litigation to be conducted in a forum other than the State of Maryland The requirement shall not be interpreted to limit any rights Franchisee may have under Sec 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland

c The 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

d This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

e Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law All representations in this Agreement requiring prospective franchisees to assent to any release, estoppel or waiver of liability are not intended to and shall not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY

Cowboy Chicken Franchising, LP,
a Texas limited partnership

By ______________________________
Print Name ________________________
Its ______________________________

Effective Date _____________________

FRANCHISEE

____
____

By ______________________________
Print Name ________________________
Its ______________________________

Date _____________________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

The Cowboy Chicken Franchising, LP Franchise Agreement between ________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the "Amendment")

MINNESOTA LAW MODIFICATIONS

1 The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn Stat Section 80 01 et seq , and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act") To the extent that the Franchise Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended

a The Minnesota Department of Commerce requires that Company indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that Franchisee's use of the Proprietary Marks infringes trademark rights of the third party Company does not indemnify against the consequences of Franchisee's use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Company of any such claim within 10 days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Company If Company accepts the tender of defense, Company has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect

b Franchise Act, Sec 80C 14, Subd 4 , requires, except in certain specified cases, that Franchisee be given written notice of a Company's intention not to renew 180 days prior to expiration of the franchise and that Franchisee be given sufficient opportunity to operate the franchise in order to enable Franchisee the opportunity to recover the fair market value of the franchise as a going concern If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect

c Franchise Act, Sec 80C 14, Subd 3 , requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect

d If the Franchise Agreement and/or the Franchise Disclosure Document requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act

e If the Franchise Agreement and/or the Franchise Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota

f If the Franchise Agreement and/or the Franchise Disclosure Document requires Franchisee to sue Company outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota

g Minn Rule 2860 4400J prohibits Company from requiring You to consent to liquidated damages and prohibits waiver of a jury trial If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn Rule, the provisions of the Franchise Agreement and/or the Franchise Disclosure Document shall be superseded by the Minn Rule's requirements and shall have no force or effect

2 Each provision of this Agreement and/or the Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP,	______________________________
a Texas limited partnership	______________________________
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Its ______________________________	Its ______________________________
Effective Date ___________________	Date ____________________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Cowboy Chicken Franchising, LP Franchise Agreement between __________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated __________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise 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 (1989) To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If Franchisee is required in the Franchise 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 Franchise Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon Franchisee under the New York General Business Law, Article 33, Sections 680 through 695

c Notwithstanding any rights you may have in the Franchise Agreement permitting You to terminate the Franchise Agreement, You may also have additional rights to terminate the Franchise Agreement on any grounds available by law

d With respect to any transfer or assignment by Company, no assignment will be made except to an assignee who, in good faith and judgment of Company, is willing and financially able to assume Company's obligations under the Franchise Agreement

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

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________________ ____________________________
By ____________________________ Print Name ______________________ Its ____________________________	By ____________________________ Print Name ______________________ Its ____________________________
Effective Date ____________________	Date ________________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
<u>FOR THE STATE OF NORTH DAKOTA</u>

The Cowboy Chicken Franchising, LP Franchise Agreement between ____________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated ____________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the "Amendment")

<u>NORTH DAKOTA LAW MODIFICATIONS</u>

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 (1993) To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a If Franchisee is required in the Franchise 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 North Dakota Law, or a rule or order under North Dakota Law, such release shall exclude claims arising under North Dakota 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 Franchise Agreement are enforceable only under certain conditions according to North Dakota Law If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable

c If the Franchise 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 North Dakota Law

d If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law shall control

e If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under North Dakota 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 shall be determined by the arbitrator

f Section 18 of the Franchise Agreement entitled "Liquidated Damages" is deleted in its entirety

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of North Dakota 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

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________ ____________________
By ____________________ Print Name ________________ Its ____________________	By ____________________ Print Name ________________ Its ____________________
Effective Date ________________	Date ____________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Cowboy Chicken Franchising, LP Franchise Agreement between _________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated _________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise 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 ch 395 Sec 19-28 1-1 -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 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 Sec 19-28 1-14

c If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	______________________________ ______________________________
By ______________________________ Print Name ________________________ Its ______________________________	By ______________________________ Print Name ________________________ Its ______________________________
Effective Date ______________________	Date __________________________

AMENDMENT TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Cowboy Chicken Franchising, LP Franchise Agreement between ________________________ ("Franchisee" or "You") and Cowboy Chicken Franchising, LP ("Company") dated _________________ (the "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Franchise Agreement (the "Amendment")

WASHINGTON LAW MODIFICATIONS

1 The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev Code §§ 19 100 010 to 19 100 940 (1991) To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended

a Washington Franchise Investment Protection Act provides rights to You concerning nonrenewal and termination of the Franchise Agreement If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act shall control

b If Franchisee is required in the Franchise Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act, except when the release is executed under a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel If there are provisions in the Franchise Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable

c If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

d If the Franchise Agreement requires that it be governed by a state's law, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act shall control

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

2 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met

independent of this Amendment This Amendment shall have no force or effect if such jurisdictional requirements are not met

3 As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

IN WITNESS WHEREOF, the parties hereto have signed this Agreement Upon execution and delivery of this Agreement by both parties the effective date shall be the date first above written

COMPANY	**FRANCHISEE**
Cowboy Chicken Franchising, LP, **a Texas limited partnership**	____________________ ____________________
By ____________________ Print Name ____________________ Its ____________________	By ____________________ Print Name ____________________ Its ____________________
Effective Date ____________________	Date ____________________

EXHIBIT D

STATE ADMINISTRATORS

STATE ADMINISTRATORS

CALIFORNIA
Commissioner of Business Oversight
320 West 4th Street, Suite 750
Los Angeles California 90013
(213) 576-7500 or (866) 275-2677

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

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(312) 814-3892

INDIANA
Indiana Secretary of State
302 W Washington St, Room E-111
Indianapolis Indiana 46204
(317) 232-6681

MARYLAND
Office of Attorney General
Securities Division
200 St Paul Place
Baltimore Maryland 21202
(410) 576-7042

MICHIGAN
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
P O Box 30213
Lansing Michigan 48909

MINNESOTA
Commissioner of Commerce
85 7th Place East Suite 500
St Paul, Minnesota 55101-2198
(612) 296-6328

NEW YORK
Bureau of Investor Protection and Securities
Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH DAKOTA
Securities Commissioner
North Dakota Securities Department
600 East Blvd, Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Director of Department of Business Regulation
1511 Pontiac Avenue
John O Pastore Complex – Building 69-1
Cranston Rhode Island 02920
(401) 222-3048

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 S Euclid Suite 104
Pierre SD 57501
(605) 773-4823

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road S W
Tumwater Washington 98501
(360) 902-8760

WISCONSIN
Division of Securities
Department of Financial Institutions
P O Box 1768
Madison Wisconsin 53701 or
345 West Washington Avenue, 4th Floor
Madison Wisconsin 53703
(608) 266-8559

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles California 90013

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

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield Illinois 62706

INDIANA
Secretary of State
201 State House
200 W Washington Street
Indianapolis Indiana 46204

MARYLAND
Maryland Securities Commissioner
Office of the Attorney General
200 St Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Department of Labor & Economic Growth
Commercial Services & Corporations Bureau
611 W Ottawa Street
Lansing, Michigan 48909

MINNESOTA
Commissioner of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101

NEW YORK
Secretary of State of the State of New York
41 State Street
Albany, New York 11231

NORTH DAKOTA
Securities Commissioner
North Dakota Securities Department
600 East Blvd Fifth Floor
Bismarck North Dakota 58505

OREGON
Department of Consumer & Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem Oregon 97310

RHODE ISLAND
Director of Department of Business Regulation
1511 Pontiac Avenue
John O Pastore Complex – Building 69-1
Cranston Rhode Island 02920

SOUTH DAKOTA
Director
Department of Labor and Regulation
Division of Securities
124 S Euclid Suite 104
Pierre SD 57501
(605) 773-4823

TEXAS
Scott Osborn
Adair, Morris Osborn P C
325 N St Paul St, Suite 4100
Dallas Texas 75202

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road, S W
Tumwater Washington 98501

WISCONSIN
Division of Securities
Department of Financial Institutions
345 West Washington Avenue 4th Floor
Madison, Wisconsin 53703

EXHIBIT F

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BRAND STANDARDS MANUAL

Cowboy Chicken
Brand Standards Manual

Human Resources **58 pgs**

358 Total Pages

EXHIBIT G

APPLICANT CONFIDENTIALITY AGREEMENT AND AUTHORIZATION

APPLICANT CONFIDENTIALITY AGREEMENT AND AUTHORIZATION

This Applicant Confidentiality Agreement and Authorization ("Agreement") is entered into this __ day of ___________, 20__, by and between the entity(ies) and/or individually listed in the signature page below (collectively, "Applicant," "you," or "your") and Cowboy Chicken Franchising, LP, a Texas limited partnership ("Cowboy Chicken", "we", "us" or "our"), with reference to the following facts

RECITALS

Cowboy Chicken has developed a system for the establishment and operation of fast casual restaurants ("Stores") with limited service offering flavorful roasted natural chicken and side items prepared from scratch, such as vegetables, desserts and other complementary foods and beverages, under the Cowboy Chicken® trade name and business system (the "Cowboy Chicken Franchise")

The distinguishing features of the Cowboy Chicken Franchise include, but are not limited to, the name "Cowboy Chicken", specially designed equipment and other emblems, insignia, logos, trade names, trademarks and service marks (the "Cowboy Chicken Marks"), products, methods, procedures, distinctive products and the formula and quality standards therefor, and instructional materials and training courses (collectively, the "Cowboy Chicken System")

You are considering purchasing a Cowboy Chicken Franchise from us, and we wish to give you access to certain confidential and proprietary information and documents related to our business in order to assist you to evaluate the purchase of a Cowboy Chicken Franchise

You wish to also grant us authorization to conduct a background check and other due diligence on you in connection with your interest in purchase of the Cowboy Chicken Franchise

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

AGREEMENT

1 <u>Definition of Confidential Information</u> The term "Confidential Information" means all information, oral or written, know-how and documents (including, without limitation, our Manuals) relating to the Cowboy Chicken Franchise, furnished by us or our representatives to you or your representatives Confidential Information also includes any analysis or study prepared by or for you which to any extent is based on our Confidential Information

2 <u>Your Agreement to Maintain Confidentiality</u> You acknowledge that it is important to our business to maintain the confidentiality of the Confidential Information and that we are making the Confidential Information available to you only for the limited purpose of investigating the purchase of a Cowboy Chicken Franchise You further acknowledge and agree that the Confidential Information is proprietary to and a valuable trade secret of ours and that any disclosure or unauthorized use of the Confidential Information will cause us irreparable loss and harm In consideration of the opportunity to obtain access to the Confidential Information, you hereby agree as follows

a To use the Confidential Information solely to carry out your evaluation of purchasing a franchise for a Cowboy Chicken Franchise During and after your evaluation, you will not use the Confidential Information for your own use, including in connection with any business, other than a Cowboy Chicken Franchise operated under a valid franchise agreement with us You agree not to disclose the Confidential Information, except (i) as may be required by law, or (ii) to your employees, outside counsel, accountants, and other representatives or affiliates who need to know such information for the purpose of helping you evaluate the purchase of a Cowboy Chicken Franchise In the event you or any persons to whom you disclose the Confidential Information become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, you will give us prompt prior written notice of such requirement so that we may seek a protective order or other appropriate remedy and/or waive compliance with the terms hereof In the event that such protective order or other remedy is not obtained, or we waive compliance with provisions hereof, you agree to furnish only that portion of the Confidential Information which you are advised by written opinion of counsel is legally required and exercise your best efforts to obtain assurances that confidential treatment will be accorded such Confidential Information

b To ensure that all your employees, outside counsel, accountants and other representatives and affiliates who are given access to the Confidential Information on your behalf will be bound by, and will conduct their evaluation in accordance with the terms of this Agreement You will be fully responsible for any breach of this Agreement by any person to whom you give access to the Confidential Information

c Not to make copies of the Confidential Information except as necessary to assist you in your evaluation of the purchase of a Cowboy Chicken Franchise

d If you do not enter into a franchise relationship with us, or upon our request, to promptly return to us all Confidential Information and to retain no copies thereof

e If you do not enter into a franchise relationship with us, you agree that for a period of two years from the date of this Agreement, neither you nor anyone affiliated with Applicant will directly or indirectly, solicit for employment (or for a consulting position) any employee of Cowboy Chicken with whom you or anyone affiliated with Applicant have had contact or who became known to you or your Representatives in connection with your consideration of the Cowboy Chicken Franchise

f If you do not enter into a franchise relationship with us, you agree that for a period of two years from the date of this Agreement, neither you nor anyone affiliated with Applicant will hold a direct or indirect, legal or beneficial ownership interest in, or otherwise materially assist, any restaurant business that directly or indirectly offers and sells roasted chicken products and/or uses any confusingly similar aspects of the Cowboy Chicken Marks or Cowboy Chicken System in the state(s) (i) in which you are currently domiciled, (ii) in which you sought to purchase and operate the Cowboy Chicken Franchise and/or (iii) in which Cowboy Chicken has any then existing company-owned or franchised Stores

3 Absence of Representations or Warranties You understand and acknowledge that we are not making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and neither we nor any of our officers, directors, employees, agents or affiliates will have any liability to you or any other person resulting from your use of the Confidential Information Only those representations and warranties, if any, that are made to you in any franchise and/or development agreements when, as, and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect

4 Ownership You acknowledge and agree that the Confidential Information is owned solely by us and that this Agreement does not grant to you any rights in or to the Confidential

Information except the limited right to use the Confidential Information to evaluate the purchase of a Cowboy Chicken Franchise

5 Remedies You agree that your obligations hereunder are necessary and reasonable in order to protect us and expressly agree that monetary damages would be inadequate to compensate us for any breach of any covenant or agreement set forth herein Accordingly, you agree and acknowledge that any such violation or threatened violation will cause irreparable injury to us and that, in addition to any other remedies that may be available, in law, in equity or otherwise, we shall be entitled to obtain injunctive relief and specific performance against you for the threatened breach of this Agreement or the continuation of any such breach, without proof of actual damages and without posting bond

6 Your Authorizations, Consents and Releases regarding this Agreement and Your Personal Information

a You understand that we will be requesting information from various companies, financial and other institutions, universities, credit reporting agencies, professional and academic certification law enforcement agencies, former employers, and/or the military, and you hereby authorize such entities to release any information that they may have about you to us and our agents and designees, and release them from any liability arising out of or related to their release of such information

b You authorize all financial institutions holding funds or other property on your behalf or on behalf of any business entity in which you hold a beneficial interest, whether or not identified in this Agreement, to release all records including signature cards, statements and all documentation reflecting the source of deposited funds, whether the funds were received in the form of cash, credit, electronic fund transfer or wire transfer

c You also authorize us and our agents and designees to obtain such credit and other civil and criminal investigative reports as they consider necessary to evaluate this Agreement, and understand that these reports may contain information about your background, mode of living, character and personal reputation This authorization is valid for any current and future reports and updates that may be requested and you agree to execute all additional documents, waivers or releases that might be necessary for us or our agents and designees to obtain such information or reports

___ You request a copy of your credit report
___ You do not request a copy of your credit report

d You further authorize us and our agents and designees to contact individuals or entities identified in this Agreement, or whose names arise in connection with the civil and criminal investigative reports described above for purposes of obtaining character references and verifying the information contained in this Agreement You hereby authorize any individual or entity contacted by us or our agent or designee to provide all requested information, and release them from any liability arising out of or related to their release of such information

7 Successors and Assigns This Agreement shall be binding upon and inure to the benefit of the undersigned parties, their successors and assigns, provided however that the Confidential Information shall not be assigned without our prior written consent

8 Amendments and Waiver This Agreement may be amended only in writing executed by the parties hereto THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES Failure to enforce any provision of this Agreement in one or more instances shall not constitute a waiver of any term hereof

9 Governing Law This Agreement shall be governed by and construed in accordance with the laws of the state of Texas (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies

10 Jurisdiction, Venue and Waiver of Jury Trial ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE STATE COURTS OF THE STATE OF TEXAS, COUNTY OF DALLAS, OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS FOR THE PURPOSES OF SUCH EXCLUSIVE JURISDICTION, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY OBJECTIONS WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN SUCH COURTS AND HEREBY FURTHER IRREVOCABLY WAIVE ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM THE PARTIES HEREBY FURTHER IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED AGREEMENTS

The undersigned parties have executed and delivered this Agreement to be effective as of the day and year first above written

APPLICANT

____

[insert name]

By ___________________________
Print Name ____________________
Its ___________________________
Date __________________________

____
[insert name]

By ___________________________
Print Name ____________________
Its ___________________________
Date __________________________

By ___________________________
Print Name ____________________
Date __________________________

By ___________________________
Print Name ____________________
Date __________________________

COWBOY CHICKEN

COWBOY CHICKEN FRANCHISING, LP
a Texas limited liability partnership

By ___________________________
Print Name ____________________
Its ___________________________
Date __________________________

EXHIBIT H

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1 Item 3 of the Disclosure Document is supplemented by the following language

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

2 Item 17 of the Disclosure Document is supplemented by the following language

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

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

The Development Agreement and/or Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement This provision may not be enforceable under California law

The Development Agreement and/or Franchise Agreement requires application of the laws of Texas This provision may not be enforceable under California law

The Development Agreement and/or Franchise Agreement requires submission of dispute to arbitration located in Texas This provision may not be enforceable under California law

The Development Agreement and/or Franchise Agreement requires you to waive your right to a trial by jury This provision may not be enforceable under California law

The California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise

The Development Agreement and/or Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable

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

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 of competitive brands that we control

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 BASED ON OUR FINANCIAL CONDITION, THE CALIFORNIA COMMISSIONER OF BUSINESS OVERSIGHT HAS IMPOSED A FEE DEFERRAL REQUIREMENT ACCORDINGLY, YOU WILL NOT BE REQUIRED TO PAY THE INITIAL DEVELOPMENT FEES, INITIAL FRANCHISE FEES AND CONSTRUCTION-RELATED FEES DUE TO US AND/OR OUR AFFILIATES UNDER THE DEVELOPMENT AGREEMENT OR FIRST FRANCHISE AGREEMENT, UNTIL WE HAVE COMPLETED ALL OUR PRE-OPENING OBLIGATIONS TO YOU UNDER THE DEVELOPMENT AGREEMENT OR FIRST FRANCHISE AGREEMENT AND YOU BEGIN OPERATING YOUR FIRST FRANCHISED STORE

5 OUR WEBSITE (www cowboychicken com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

**ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

The State Cover Page and Item 17 of this disclosure document are amended by adding the following

1 Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois In addition, Illinois law will govern the Franchise Agreement

2 Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning non-renewal and termination of the Franchise Agreement If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control

3 Any release of claims or acknowledgments of fact contained in the Franchise 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 will be void and are deleted with respect to claims under the Act

4 Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void " To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1 Item 17, under the Summary column of parts (c) and (m), is amended to include the following paragraph

> A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law

2 Item 17, under the Summary column of part (h), is amended to include the following sentence

> A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

3 Item 17, under the Summary column of part (v), is modified to include the words "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law "

4 Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE 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

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Company reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1 The following is added to Item 17 of the Disclosure Document

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 its 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 Agreement is inconsistent with the Minnesota law, the Minnesota law will control

To the extent that any condition, stipulation or provision contained in the 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 the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law

Minn Stat §80C 21 and Minn Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction Specifically, we cannot require you to consent to us obtaining injunctive relief, however, we may seek such relief through the court system

Minn Rule 2860 4400J prohibits us from requiring you to assent to a general release To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Agreement will be considered amended to the extent necessary to comply with Minnesota law

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1 Item 3, "Litigation" is hereby amended by deleting the last paragraph in that Item and replacing it with the following language

"Except as described in this Item

Neither franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under the franchisor's principal trademark 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, 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 operation

Neither franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under the franchisor's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application of 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

Neither franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under the franchisor's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent "

2 Item 4, "Bankruptcy", is hereby deleted in its entirety and the following language substituted in lieu thereof

"Neither franchisor, its affiliates, its predecessor, officers or general partner have during the 10-year period immediately before the date of the offering circular (a) filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code, during or within 1 year after the officer or general partner of the franchisor, held this position in the company or partnership "

3 Item 15, "Obligation to Participate in the Actual Operation of the Franchised Business", is supplemented by the following language that will be deemed an integral part thereof

> "If you are a corporation, partnership or other business entity, we do not require your manager to have an equity interest in your Franchised Business "

4 Item 17, "Renewal, Termination, Transfer and Dispute Resolution", is supplemented for the Development Agreement and Franchise Agreement, under the categories entitled "Termination by Dealer" and "Assignment of Contract by Us" respectively, by the following language that will be deemed an integral part thereof

> In Item 17, section d , *Termination by Franchisee* - Notwithstanding any rights you may have in the Agreement permitting you to terminate the Agreement, the franchisee may also have additional rights to terminate the Agreement on any grounds available by law
>
> In Item 17, section j , *Assignment of Contract by Franchisor* - However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement
>
> In Item 17, section w , *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 COWBOY CHICKEN FRANCHISING, LP
DISCLOSURE DOCUMENT
<u>FOR THE STATE OF NORTH DAKOTA</u>

1 Items 6 and 17(i) of this disclosure document are amended to reflect that all liquidated damages provisions in the Development Agreement and/or Franchise Agreement are deleted in their entirety

2 Item 17(v) of this disclosure document is amended to reflect that any jury trial waiver provisions in the Development Agreement and Franchise Agreement are deleted in their entirety

**ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

The following language will apply to Disclosure Documents issued in Rhode Island and be attached by addendum to Agreements issued in the state of Rhode Island

If any of the provisions of this disclosure document (Risk Factor 1 , Cover Page, and Item 17w) are inconsistent with §19-28 1-14 of the Rhode Island Franchise Investment Act, which states that a provision in an Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act, then said Rhode Island law will apply

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1 In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows

Pursuant to 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

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable

Any securities offered or sold by the franchisee as part of the Cowboy Chicken franchise must either be registered or exempt from registration under Section 13 1-514 of the Virginia Securities Act

ADDENDUM TO COWBOY CHICKEN FRANCHISING, LP
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

The state of Washington has a statute, 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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 a s right to a jury trial may not be enforceable

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

Any liquidated damages due to us based on a premature termination of the Development Agreement or Franchise Agreement, or related to an improper transfer of the Development Agreement or Franchise Agreement, are limited to an amount equal to the Royalty Fees we would have received during the lesser of 24 months or the remainder of the term

ITEM 23

RECEIPT
(Your copy to keep)

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 Cowboy Chicken Franchising, LP offers you a franchise, Cowboy Chicken Franchising, LP must provide this disclosure document to you at least 14 calendar days before you sign a binding agreement or make any payment to us or an affiliate in connection with the proposed franchise sale Under Michigan law, Cowboy Chicken Franchising, LP must provide this disclosure document to you 10 business days before you sign any contract or make any payment relating to the franchise relationship Under New York, Oklahoma and Rhode Island law, Cowboy Chicken Franchising, LP must provide this disclosure document to you at the earliest of the first personal meeting or 10 business days before you sign any contract or make any payment relating to the franchise relationship

If Cowboy Chicken Franchising, LP 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the appropriate state agency listed in Exhibit D

The name(s), address(es) and telephone number(s) of the franchise seller(s) is(are)
Sean Kennedy, 3450 E Hebron Parkway, Carrollton, Texas 75010, (972) 816-9410
Chris Mastin, 3450 E Hebron Parkway, Carrollton, Texas 75010, (817) 456-6856
Kathy Davidson, 3450 E Hebron Parkway, Carrollton, Texas 75010, (214) 505-9883

Issuance Date April 20, 2017

The name and address of our registered agent authorized to receive service of process is shown in Exhibit E

I have received a Franchise Disclosure Document dated April 20, 2017

This disclosure document included the following Exhibits

- A Financial Statements
- B Development Agreement
- C Franchise Agreement
- D State Administrators
- E Agents for Service of Process
- F Table of Contents of Brand Standards Manual
- G Applicant Confidentiality Agreement and Authorization
- H State Addenda to Franchise Disclosure Document

Prospective Franchisee	Prospective Franchisee
______________________	______________________
______________________	______________________
Date	Date

ITEM 23

RECEIPT
(Sign on receipt and return to us)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language Read this disclosure document and all agreements carefully

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H State Addenda to Franchise Disclosure Document

Prospective Franchisee	Prospective Franchisee
____________________	____________________
____________________	____________________
Date	Date